




**Investment  
Market Report  
Week Ended 15  
July 2022**

 **Noble Private  
Portfolios**  
Independent Asset Managers

Stability | Strength | Safety

Market Highlights 15 July 2022		Weekly Move
JSE ALSI	65,088.90	-4.74%
JSE Top 40	58,905.46	-5.16%
SA Inflation (y/y)	6.50%	↑
Prime Rate	8.25%	↔
Dollar/Rand	17.88	+1.24%
Euro/Rand	17.23	+0.23%
Pound/Rand	20.27	-0.20%
Gold Price (\$/oz)	1,707.77	-2.02%

### Domestic Market

Consumers continue to face inflationary and interest rate pressures as retail trade showed the smallest gain since February, rising by 0.1 percent from a year earlier in May. Manufacturing production fell 2.3 percent from a year earlier in May, marking a third straight month of contraction in the sector despite being slightly better than market forecast of 2.4 percent drop. In addition, mining output also fell by 7.8% in May, a slower decline compared with market forecasts of a 10.85 percent contraction.

### Domestic Asset Classes Performance week ended 15 July 2022

	1 Week	1 Month	YTD	1 year
SA Property	-1.4%	-3.6%	-13.9%	-4.0%
Equity	-3.2%	-2.0%	-10.3%	-2.1%
SA Int. Bearing	-0.2%	-0.3%	1.1%	4.2%
Inflation	-	-	3.1%	6.3%

### Market Expectations

**Equity** is expected to remain volatile as effort to rein in inflation will continue to drive interest rates up.

**Interest Bearing securities** are likely to be favoured as increasing rate hikes will see further rise in yields. The reserve bank has indicated the possibility of between 50 to 75 basis point hike in July and 25 basis point September.

**Inflation** is expected to continue to increase as rising food and petrol costs continue to put a strain on consumer spending. The inflation rate is also expected to remain beyond the higher end of the bandwidth as the reserve bank continues to increase the interest rate in a bid to combat inflation and ensure price stability.

**Rand** is expected to weaken as sentiments continue to weigh on investors spending with the currency losing over 3 percent to the dollar last week.

**Property** Higher rates and inflation are expected to put downward pressure on property values but this will also likely to reduce demand for property investment.

### Domestic Equity Sector Performance week ended 15 July 2022

	1 Week	1 Month	YTD	1 year
Industrial*	-2.4%	8.3%	-14.7%	-7.2%
Financials**	-1.8%	-5.7%	-1.3%	14.0%
Resources***	-5.9%	-13.9%	-14.1%	-9.2%
JSE ALSI****	-3.2%	-2.0%	-10.3%	-2.1%
SA Property	-1.4%	-3.6%	-13.9%	-4.0%

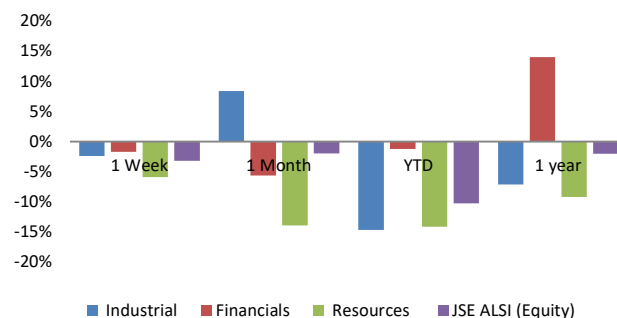
\*25 largest industrial companies in the ALSI.

\*\*15 largest financial companies in the ALSI.

\*\*\*20 largest basic resources and energy companies in the ALSI.

\*\*\*\* Companies with 99% market value in the main board of JSE

### Domestic Equity Sector



### Domestic Equity Investment Style Performance week ended 15 July 2022

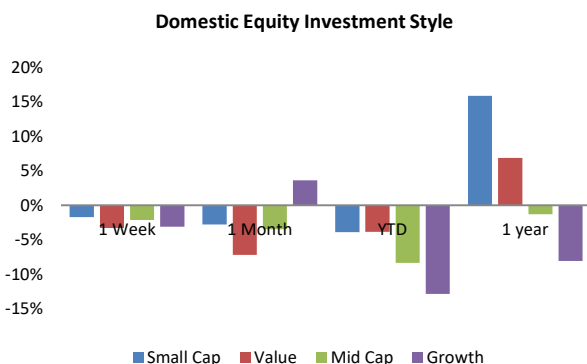
	1 Week	1 Month	YTD	1 year
Small Cap*	-1.7%	-2.8%	-3.9%	15.9%
Value**	-3.3%	-7.2%	-3.9%	6.9%
Mid Cap***	-2.1%	-3.5%	-8.4%	-1.3%
Growth****	-3.1%	3.6%	-12.9%	-8.1%

\*Market cap is below R 1 Billion.

\*\*with price lower than that of companies in the same industry

\*\*\*Market cap of between R 1 Billion and R 10 Billion.

\*\*\*\* Companies with strong anticipated growth potential



## Global Markets

### Global Equity Performance week ended 15 July 2022 (USD)

	1 Week	1 Month	YTD	1 year
MSCI South Africa	-6.7%	-8.3%	-13.5%	-19.0%
MSCI Europe	-1.7%	-2.8%	-23.8%	-21.6%
MSCI USA	-1.0%	2.0%	-20.1%	-13.3%
MSCI Emerging Markets	-3.8%	-5.7%	-21.9%	-28.7%
MSCI World	1.6%	-6.5%	-19.4%	-15.1%

### Global Equity Risk comparison week ended 15 July 2022 (Standard Deviation)

	1 Week	1 Month	YTD	1 year
MSCI South Africa	-	1.8	3.8	3.3
MSCI Europe	-	2.0	3.1	2.6
MSCI USA	-	1.1	3.2	2.6
MSCI Emerging Markets	-	2.0	2.5	2.4
MSCI World	-	1.0	2.7	2.3

- MSCI is a global provider of securities and portfolio analysis tools.
- Standard deviation is a measure of risk or market volatility

**United States** The US annual inflation rate accelerated 9.1 percent in June rising higher than market forecasts of 8.8 percent, driven largely by energy prices, increasing the probability that the Fed will continue with their aggressive rate stance. The 10-year US Treasury note yield rose as a result.

**Europe** The Euro Area industrial production rose 0.8 percent from May beating market expectations of a 0.3 percent increase. However, the Economic sentiment indicator fell to -53.8 in July, marking the lowest reading since December. Meanwhile, the market is expecting the ECB to hike rates by 25bps later this month.

**Asia** The yield on China's long term government bond fell to 2.81 percent as investors move to safer government assets amidst new COVID restrictions. Retail trade rose by 3.1 percent in June. Also, industrial production rose by 3.9 percent in June.

**Brent Crude** Investors continued to weigh the limited oil supply in relation to the drop in demand and rising dollar. Concerns that OPEC is near maximum capacity continue to put pressure on long-term supply on the commodity.

**Gold** ended the week around \$1,709 an ounce as rising US dollar and expectations of more interest rate increases continue to put downward pressure on demand for the bullion.

## Market Expectations and Impact

We outline expectations of data to be released for the new week and their impact and implications to enable our investors make informed decisions.

### Global

The US Y/Y inflation data and Chinese employment figures are expected this week. The Euro Area industrial production is also expected

## Managing Your Investments in Volatile times

We understand the uncertainty of these times therefore we are providing our clients with some tips that can help them navigate tough times.

- **Keep capital in tact** investors should be more geared towards investment that protects and preserves capital as uncertainty drives performance of asset classes.
- **Spend responsibly** budgeting and priority spending help stay on course with expenses. There might be some spending that needs to be postponed after careful consideration of the economic and revisited at a later stage.
- **Conservative asset class framework** Keep the basket of investment within a conservative asset class structure helps reduce downside risk and of course in line with the investor's risk tolerance and capacity.
- **Stick to a long term strategy** investors should maintain their long term strategic allocation and avoid panic.

### Pensioners

Due to the investment nature of our pension clients, we recommend the following;

- Low equity exposure and higher exposure on interest bearing securities.
- Stick to 20 percent exposure on foreign investments.

### Noble PP BCI Fund Ranking as at 07 July 2022

Fund	Ranking		Count*
Noble PP BCI All Weather FoF	14	/	50
Noble PP BCI Flexible	11	/	50
Noble PP BCI Wealth Creator FoF A	98	/	216
Noble PP BCI Balanced FoF A	46	/	101
Noble PP BCI Strategic Income FoF A	67	/	160
Noble PP BCI Worldwide Flexible FoF A	48	/	58

\*Total number of funds in each fund classification

## TERM OF THE WEEK

### Hawkish Policy

Hawkish policy refers to the policy of a central bank to increase interest rates in order to deal with rising inflation. This often slows down economic growth. It is also referred to as aggressive monetary policy