

# Monthly Market Update

## Markets and economic indicators

Index	1 Month (% change)	Year to date (% change)	1 year (% change)	3-year (% change per year)
JSE Top40	4.0	-4.9	4.1	11.0
JSE Mid cap	4.4	-2.5	5.5	6.8
JSE Small cap	5.9	4.1	27.9	17.0
All Share Index (ALSI)	4.2	-8.3	4.7	8.2
All Bond Index (ALBI)	-3.1	-4.4	4.7	10.6
Resources Index	0.8	-6.9	-2.2	18.6
Industrial Index	5.9	-11.1	-2.7	6.7
Financial Index	4.1	5.6	23.4	3.3
Listed Property Index	8.8	-5.0	9.8	-6.1
MSCI World Index*	8.0	-13.9	-8.7	10.1
S&P 500*	9.2	-12.6	-4.6	13.4
Dow Jones*	6.8	-8.6	-4.1	9.2
FTSE 100*	3.9	-7.8	-4.1	2.7
Hang Seng Index*	-7.4	-12.4	-20.7	-7.4
Nikkei 225 Index*	7.1	-15.9	-14.7	3.6

(Source: Fundhouse) \*Returns in USD

Currency	1 Month (% change)	Year to date (% change)	1 year (% change)	3-year (% change per year)
Rand/Dollar	-1.7	-4.4	-13.9	-5.5
Rand/Euro	0.8	5.6	-1.1	-2.2
Rand/GBP Pound	-1.3	6.4	2.1	-2.5

(Source: Fundhouse)

### Interest rates

Repo rate	5.50%
Prime rate	9.00%

(Source: SARB)

### Inflation rates (July 2022)

Headline Inflation (CPI)	7.8%
Producer Price Index (PPI)	18.0%

(Source: SARB)

### July overview

Along with global markets, local markets made a turnaround in July. It was, however, anything but smooth sailing. The country continued to experience loadshedding in the first half of the month as Eskom was forced to push the rolling blackouts to stage 6 for several days following illegal strikes at its power stations.

This, along with poor domestic sentiment, petrol prices rising to unprecedented levels, and increasing concerns around the prospect of a global recession, combined to drive the local currency to above R17 to the US dollar for the first time since September 2020.

The South African Reserve Bank surprised markets somewhat following its Monetary Policy Committee meeting by increasing the repo rate by 75 basis points to 5.5%.

After a better-than-expected performance in the first quarter of the year, available South African economic data for the second quarter, including manufacturing, mining, and retail sales point to a contraction in local economic growth.

Economic data released in July provided further evidence of a slowing global economy. Purchasing Managers' Index (PMI) surveys showed activity losing momentum and inflation continued to climb across the globe.

To fight inflation, the US Federal Reserve announced a second consecutive 0.75% hike at its July meeting. The European Central Bank also raised rates at its July meeting, surprising markets with a 0.5% hike. After the 1.6% drop in GDP in the first quarter, US GDP contracted 0.9% in the second quarter of 2022.

Geopolitical concerns persisted in July, and fears that Russia might shut off supplies to Europe spiked European gas prices and commodities in general. Financial markets remain nervous as the macro-economic environment continues to indicate further volatility ahead given inflation and economic risks combined with the ongoing geopolitical tensions.

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