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# Monthly Market Update

RiG adviesdienste advisory services

## Markets and economic indicators

| Index | 1 Month (% change) | Year to date (% change) | 1 year (% change) | 3-year (% change per year) |
|---|---|---|---|---|
| JSE Top40 | -8.1 | -8.6 | 4.6 | 8.6 |
| JSE Mid cap | -9.4 | -6.6 | 3.9 | 4.5 |
| JSE Small cap | -7.3 | -1.7 | 19.5 | 15.0 |
| All Share Index (ALSI) | -8.0 | -8.3 | 4.7 | 8.2 |
| All Bond Index (ALBI) | -3.1 | -1.9 | 1.3 | 5.8 |
| Resources Index | -17.2 | -16.1 | -7.2 | 5.2 |
| Industrial Index | 1.6 | -16.1 | -7.2 | 5.2 |
| Financial Index | -13.6 | 1.4 | 16.9 | -0.6 |
| Listed Property Index | -10.3 | -12.7 | 0.2 | -9.0 |
| MSCI World Index* | -8.6 | -20.3 | -13.9 | 7.5 |
| S&P 500* | -8.3 | -20.0 | -10.6 | 10.6 |
| Dow Jones* | -6.6 | -14.4 | -9.0 | 7.3 |
| FTSE 100* | -9.0 | -11.2 | -7.0 | 0.9 |
| Hang Seng Index* | 3.0 | -5.4 | -22.7 | -5.8 |
| Nikkei 225 Index* | -8.2 | -21.4 | -23.6 | 1.4 |

(Source: Fundhouse) *Returns in USD

| Currency | 1 Month (% change) | Year to date (% change) | 1 year (% change) | 3-year (% change per year) |
|---|---|---|---|---|
| Rand/Dollar | -5.1 | -2.6 | -14.7 | -5.1 |
| Rand/Euro | -2.6 | 5.6 | -1.1 | -2.2 |
| Rand/GBP Pound | -1.3 | 8.0 | -0.9 | -3.5 |

(Source: Fundhouse)

| Interest rates | |
|---|---|
| Repo rate | 5.50% |
| Prime rate | 9.00% |

(Source: SARB)

| Inflation rates (June 2022) | |
|---|---|
| Headline Inflation (CPI) | 7.4% |
| Producer Price Index (PPI) | 14.7% |

(Source: SARB)

### June overview

The local market followed global markets lower in June with the JSE ending the month in the red. Local equities recorded its biggest monthly fall since the start of the pandemic in March 2020. Challenges at SA's power utility also added to pessimism.

On the local economic data front, SA's economic recovery from the depths of the pandemic-induced lockdowns seems to have been faster than anticipated. Real GDP is now slightly higher than what it was before the Covid-19 pandemic.

The current account figures for the first quarter of 2022, also released in June, showed the current account surplus widening to 2.2% of GDP. Absa Purchasing Managers' Index signaled a contraction in output for a third consecutive month. The destructive flooding in KwaZulu-Natal in April, sustained supply chain friction and significant load-shedding has weighed on output.

It's been a tough first half of the year for global investors as markets faced a list of concerns. These included new COVID-19 lockdowns and an economic slowdown in China, the Russia and Ukraine war, surging inflation, and central-bank tightening.

May inflation, released in June, accelerated by 8.6% year-on-year, the biggest increase since December 1981. In response to the much-higher inflation print, the Federal Reserve Bank hiked its main policy rate by 0.75 basis points – its largest increase in 28 years.

Geopolitical tensions remained elevated as the war in Ukraine continued with Russia. Restrictions on Russian energy imports to Europe were tightened, exacerbating the energy shortfalls there and leading to fears of rationing later in the year.

Commodities sold off as investors positioned for the possibility of commodity demand slowing if a recession were to occur. Iron ore, platinum and palladium dropped by -13%, -7% and -3% respectively. The oil price, while still up +48% year-to-date, was down in June as OPEC and its allied oil-producing countries decided on 30 June to increase crude production.



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