



Monthly market commentary | October 2024

October was a volatile month for markets, with global equities moving lower after a strong rally during the first nine months of the year. Growth risks remained the primary concern for investors, despite signs of resilience, particularly in the US economy. The US elections and the potential impact of a policy shift on inflation and interest rates further heightened uncertainty. Bond yields were pushed higher, with the US 10-year Treasury ending the month up 0.50%. As a result, all other risky asset classes, including emerging market (EM) equities and bonds, suffered. SA equities (FTSE/JSE Capped SWIX) ended the month 0.9%¹ lower.

After a strong start to the month, developed market equities (MSCI World) sold off to record its second negative month this year, down 2%¹ in US Dollar (USD) terms. The S&P 500 broke its 5-month positive streak, ending the month 0.9%¹ lower in USD terms. The volatility, and expectations of a slower path for the US Federal Reserve's (Fed) interest rate cuts, also spilled over to the property sector. The FTSE EPRA Nareit was down 5.1%¹ for the month in USD terms, giving back some returns after a rally of over 18%¹ during the previous five months. Emerging market equities (MSCI EM) were 4.4%¹ lower in USD terms, with Chinese (MSCI China) and Indian (MSCI India) markets leading the way, down 5.9%¹ and 8.3%¹ respectively.

In fixed income markets, the resilience of the US economy, uncertainty surrounding potential post-election policy changes, and expectations of a slower path to the Fed's interest rate cuts pushed bond yields higher, with the FTSE WGBI ending the month 3.5%¹ lower in USD terms. In the face of a stronger USD and general risk-off sentiment, the rand weakened against the USD, down 2%¹ and ending the month at R17.61¹ to the USD.

After seven consecutive months of positive returns, local equities (FTSE/JSE Capped SWIX) followed global markets lower, ending the month down 0.9%¹, but still outperforming emerging markets by a significant margin. A strong performance from the Resource sector, up 3%¹ for the month, helped to offset negative returns from Financials and Industrials, down 0.7%¹ and 2.8%¹ respectively. Listed property (ALPI) gave back some of the strong returns seen year to date, down 2.7%¹ for the month, but still up a significant 52%¹ over the past year.



After four months of declining yields, local bonds (FTSE/JSE ALBI) weakened in line with global markets, down 2.2%¹ for the month. The yield on SA's 10-year government bond increased during the month from 9.95% to above 10.50%. As the yield curve also steepened, bonds in the 12+ year maturity spectrum were impacted the most, down 3.4%¹, followed by the seven to 12-year and three to 7-year maturity spectrum, down 2.1%¹ and 1.2%¹ respectively.

SA's inflation slowed for the fourth month in a row to 3.8% as at the end of September (year-on-year), compared to 4.4% in August. It is now at the lower end of the reserve bank's 3% to 6% target range, strengthening the case for further interest rate cuts by the South African Reserve Bank. Local cash (STeFI) returned 0.7%¹ for the month and 8.5%¹ over the last 12 months.

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