Perspectives | Monthly Market Review

August 2024

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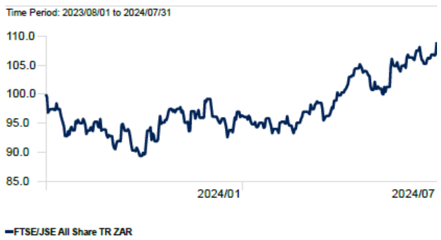
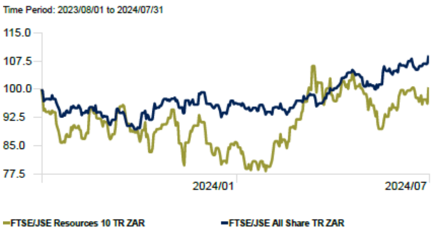
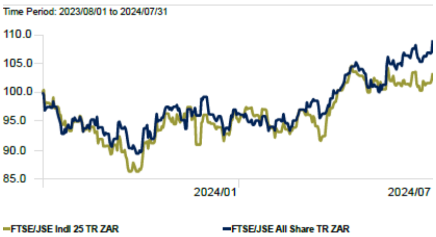
All Share



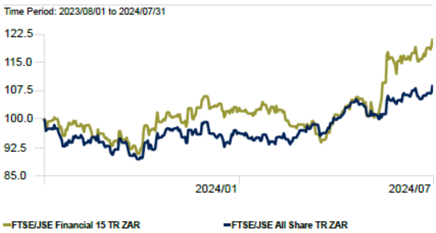
Resources



Industrials



Financials



Index	Value	Jul (%)	YTD (%)
All Share	82,765	▲ 3.9%	▲ 9.9%
S&P 500	5,522	▲ 1.2%	▲ 16.7%
FTSE 100	8,368	▲ 2.5%	▲ 10.6%
Rand/USD	18.19	▼ 0.4%	▼ 0.5%
Rand/GBP	23.37	▲ 1.2%	▲ 0.2%
Gold ($)	2,427	▲ 4.2%	▲ 17.7%
Plat ($)	982	▼ 2.0%	▼ 1.3%
Brent ($)	80.72	▼ 6.6%	▲ 4.8%

Local markets continue rally post GNU announcement

The local bourse rallied for a second consecutive month, continuing its upward momentum since the GNU announcement. The All Share (+3.9%) and Capped SWIX (+4.09%) indices climbed remarkably as market participants' positive reaction to the election outcome continued to spur the bourse's momentum into July. SA Inc. stocks, referring to companies whose earnings are linked to the local economy, fared notably well. Sectors closely linked to the local economy delivered admirable returns, with retail (+4.3%), financials (+5.4%), consumer staples (+7.2%), and local property (+4.4%) emerging as strong contributors to the bourse's notable performance.

The miners turned their fortunes around this month after being the biggest detractors last month. Precious metal and diversified miners enjoyed a resurgence, with gold miners particularly stealing the show. Gold miners benefited from the uptick in gold prices, while PGM miners managed to increase steadily despite platinum sinking 2%. Four out of the five top performers amongst miners were gold miners, with DRDGOLD (+18.2%), Gold Fields (+16.7%), Pan African Resources (+14.2%) and AngloGold Ashanti (13.7%) shining the brightest. Anglo-American Platinum (+17.4%) and Northam (+12.1%) stood out among PGM miners, delivering solid double-digit returns.

Rand Hedge stocks experienced mixed fortunes as British American Tobacco (+13.9%) and Aspen (+8%) rallied soundly whilst technology conglomerates, Naspers (-1.3%) and Prosus (-2.4%), were a drag on the bourse. Bearish sentiment towards the Chinese economy weighed on the local tech giants. The local banking sector (+6.1%) compounded on the share price appreciation it enjoyed last month, as Capitec (+7.9%), Standard Bank (+5.2%), FirstRand (+6.2%), Nedbank (+8.4%) and Absa (+0.9%) all maintained their upward momentum.

Year-on-year headline inflation eased to 5.1% in June from 5.2% in May. Year-on-year core inflation eased to 4.5% from 4.6%. The softer inflation print is partially due to a slowdown in inflation in food & non-alcoholic beverages, which has reached its lowest level in almost 4 years. Some of the biggest contributors to the softer print for food and non-alcoholic beverages were food categories such as sugar, sweets & desserts, vegetables, fruit, milk, and eggs, all of which saw decreased inflation. Declining fuel prices also contributed to headline inflation cooling, with fuel being 4.6% cheaper in June compared to May. Following global inflation easing and local inflation holding steady over the recent months, the Monetary Policy Committee opted to keep the repurchase rate unchanged at 8.25% and the Prime lending rate unchanged at 11.75%.

In the July Monetary Policy Committee Statement, South African Reserve Bank Governor Lesetja Kganyago stated, “Clearly the battle against inflation is not yet won.” He went on further to elude that despite global inflation easing, due to country-specific circumstances, “there has been some policy divergence”. This likely suggests that the SARB’s stance and commitment to fighting inflation remains firmly focused on South Africa’s unique inflation dynamics and the SARB will not simply cut rates when the Fed or other major central banks choose to do so. In the local bond market, gains were fuelled by the optimism surrounding South Africa’s growth prospects post the GNU announcement. The optimism lifted local bonds as the JSE All Bond Index (+3.96%) rose impressively to cap off the month on a solid note.

Global markets flourish and US tech falters on subdued AI optimism

Global markets strengthened further as the MSCI World and MSCI ACWI picked up where they left off last month, rising 1.8% and 1.6% respectively. Much of the optimism seen in global markets was largely based on expectations of a 25bps rate cut in September. Fed Chair, Jerome Powell, stated that a rate cut in September is "on the table," marking the first time that Powell has distinctly hinted that the US could be set for a rate cut since March 2020.

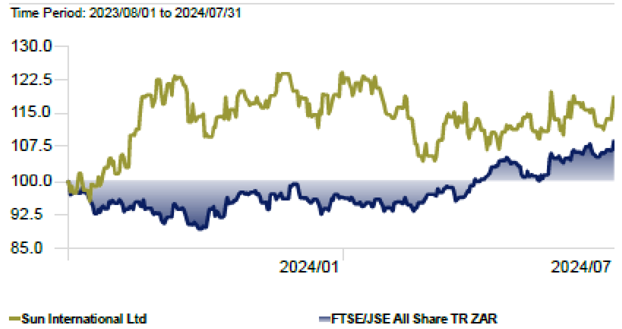
Equity markets in the US were largely positive, with gains in the world's largest stock market being more widespread compared to rallies seen in previous months. July's rally saw flows out of tech and growth stocks and into value and small-cap stocks. The Russell 2000 (+10.2%) surged, while the Dow Jones Industrial Index rose 4.5%. The S&P climbed 1.2%, whereas the tech-heavy Nasdaq Composite slipped 70 basis points, likely reflecting the sell-off in big tech.

The Labour market in the US finally began to show signs of waning, with labour market data out of the US suggesting that the labour market may be showing signs of cooling and potential signs of weakness. US non-farm payrolls came in at 114,000, well below consensus estimates of 175,000 and well below the 179,000 obtained in the period prior. Whilst the jobs print may present some optimistic signs that the labour market may indeed be loosening substantially, it also presents concerns about potential structural weaknesses concerning growth. On the one side, the print is potentially beneficial when it comes to inflation, but on a rather more concerning level, it does reignite fears of a recession creeping in due to potential structural growth weakness serving as a headwind for the world's largest economy. The number of people claiming for unemployment benefits for the first time also rose by 14,000 to 249,000, 13,000 above consensus estimates - adding further concern to the extent to which the US consumer is under pressure. Year-on-year average hourly earnings came in 20 basis points lower than the previous month at 3.6%, while month-on-month average hourly earnings also edged 10 basis points lower to 0.2% compared to the previous month. Much of the fresh labour market data suggests the Fed may be behind the curve and is playing catch up with the timing and frequency of rate cuts.

Equity markets in Europe were relatively more positive this month when compared to June. The Euro Stoxx edged 30 basis points lower. Although negative, the returns this month were better than the negative 1.7% it delivered last month. Equity markets in France appeared to experience better fortunes as Paris's bourse climbed 80 basis points, while Germany's blue-chip index completely erased the losses it experienced last month to climb by 1.5%. Markets in the UK experienced similar fortunes as they erased the 1.1% decline they returned last month to climb by 2.5%. Equity markets in Asia largely disappointed as the Nikkei forfeited some of the impressive gains it saw in June to finish the month 1.2% lower. The Hang Seng continued to disappoint as negative investor sentiment surrounding China and the region continued to weigh on Hong Kong's largest bourse. The MSCI AC Asia Pacific and MSCI Asia Pacific delivered mixed returns as the former edged lower by 10 bps whilst the latter climbed by 30bps.

Sun International Limited – Annual financial results for the period ended 31 December 2023

Earnings per share	**R4.19**
Historical PE	**9.79**
EPS growth	**88.74%**
Turnover growth	**8.30%**
ROE	**49.78%**
Debt/Equity	**340.95%**
NAV per share	**R8.73**
Dividend yield	**8.56%**
Share price	**R41.00**



Nature of business

Sun International Ltd. engages in the investment and management of hotel, casino, and entertainment properties. It operates through the Net Gaming Wins and Revenue from Contracts with Customers segments. The company was founded on July 11, 1967, and is headquartered in Johannesburg, South Africa.

Latest results

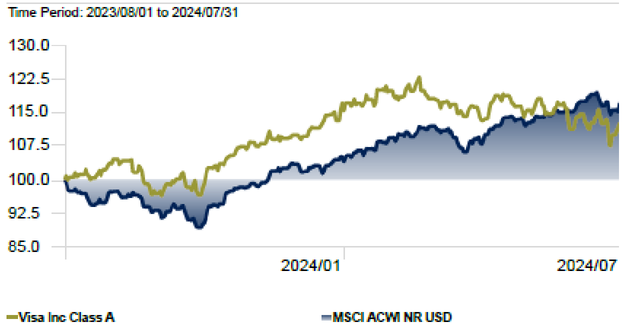
Sun International's robust performance highlights the strength of its operations, strategic execution, and resilience across its omnichannel portfolio, driving shareholder value. The company reported a 7.0% increase in annual income to R12.1 billion, with adjusted EBITDA rising 3.0% to R3.4 billion. Adjusted headline earnings grew by 4.6% to R1.1 billion, translating to 468 cents per share, a 5.9% increase. The South African gaming market continued its growth, with the group's gaming income, which accounts for 76.8% of total income, rising 3.3%. While casino income dipped slightly by 1.0%, SunBet's income surged by 116.2%, surpassing growth targets, and resorts and hotels income soared by 17.4%. Despite challenges like increased diesel costs due to loadshedding, the adjusted EBITDA margin improved from 27.2% to 28.1%. The group's focus on renewable energy aims to protect margins further. Sun International's financial position remains strong, with South African debt reduced to R5.7 billion and a debt-to-adjusted EBITDA ratio of 1.7 times. Leveraging from their current momentum and proven leadership, Sun International's strategy could continue to yield exceptional results.

Dividend

On 18 March 2024, the board of directors declared a final gross dividend of 203 cents per share to ordinary shareholders, which was paid on 15 April 2024.

Visa Inc. – Financial results for the third quarter ended 30 June 2024

Earnings per share	**$9.20**
Historical PE	**28.53**
EPS growth	**18.86%**
Turnover growth	**9.70%**
ROE	**50.64%**
Debt/Equity	**54.17%**
NAV per share	**$18.31**
Dividend yield	**0.77%**
Share price	**$264.47**



Nature of business

Visa, Inc. engages in the provision of digital payment services. It also facilitates global commerce through the transfer of value and information among a global network of consumers, merchants, financial institutions, businesses, strategic partners, and government entities. It offers debit cards, credit cards, prepaid products, commercial payment solutions, and global automated teller machines. The company was founded by Dee Hock in 1958 and is headquartered in San Francisco, CA.

Latest results

Visa delivered strong results in the third quarter, with net revenue growth of 10% and earnings per share growth of 20%Key business drivers were relatively stable, with payments volume up 7%, cross-border volume up 13%, and processed transactions up 10%. Visa continues to build its strong relationships and partnerships with clients around the world through driving innovation and the future of commerce.

Dividend

On 23 July 2024, the board of directors declared a quarterly dividend of $0.52 per share to ordinary shareholders, which is payable on 3 September 2024.

Snippets

Be warned of scam emails purported to be from SARS!

Please be warned of scam emails that may appear to be official and from SARS, especially those referring to tax refunds.

- Please do not click on a link in an email unless you are certain of its source and validity.
- Please rather contact our tax department to verify the email by forwarding it to tax@privateclient.co.za. We will contact you to confirm whether the email is valid or not.

Visit the Private Client Financial website for more information on our tax and accounting services.

Corporate Cash Manager Rates

FUND	BALANCE	RATE
CALL ACCOUNT	0.00 – 9 999.99	7.90
	10 000 – 24 999.99	7.90
	25 000 – 49 999.99	7.90
	50 000 – 99 999.99	7.90
	100 000 – 249 999.99	7.90
CALL MONEY FUND: *Individuals*	250 000 – 999 999.99	8.12
	1 000 000 – 9 999 999.99	8.12
	10 000 000 upwards	8.12
CALL MONEY FUND: *Non-Individuals*	250 000 – 999 999.99	7.82
	1 000 000 – 9 999 999.99	7.82
	10 000 000 upwards	7.82

Dividends Payable

Dividends in LDT order					
Company	**Decl**	**LDT**	**Pay**	**Amt**	**Curr**
Adcorp Holdings Ltd. (ADCORP)	31-May	13-Aug	19-Aug	24.2	ZARc
Anglo American plc (ANGLO)	25-Jul	13-Aug	27-Sep	42	USDc
aReit Prop Ltd. (AREIT)	28-Jun	13-Aug	19-Aug	10.99	ZARc
Hudaco Industries Ltd. (HUDACO)	27-Jun	13-Aug	19-Aug	325	ZARc
Kumba Iron Ore Ltd. (KUMBA)	23-Jul	13-Aug	19-Aug	1877	ZARc
Omnia Holdings Ltd. (OMNIA)	10-Jun	13-Aug	19-Aug	375	ZARc
Omnia Holdings Ltd. (OMNIA)	10-Jun	13-Aug	19-Aug	325	ZARc
Exchange Traded Funds (PIPAMETF)	08-Aug	13-Aug	19-Aug	6.37	ZARc
Grindrod Shipping Holdings Ltd. (GRINSHIP)	17-Jul	15-Aug	21-Aug	1425	USDc
NWK Holdings Ltd. (NWKH)	25-Jul	16-Aug	19-Aug	26	ZARc
Anglo American Platinum Ltd. (AMPLATS)	22-Jul	20-Aug	26-Aug	975	ZARc
Hammerson plc (HAMMERSON)	25-Jul	20-Aug	30-Sep	0.76	GBPp
Investec Ltd. (INVLTD)	23-May	20-Aug	06-Sep	19	GBPp
Investec plc (INVPLC)	23-May	20-Aug	06-Sep	19	GBPp
Mondi plc (MONDIPLC)	01-Aug	20-Aug	27-Sep	23.33	EURc
Shaftesbury Capital plc (SHBCAP)	31-Jul	20-Aug	01-Oct	1.7	GBPp
AngloGold Ashanti plc (ANGGOLD)	06-Aug	27-Aug	13-Sep	22	USDc
Glencore plc (GLENCORE)	21-Feb	27-Aug	20-Sep	6.5	USDc
Globe Trade Centre SA (GTCSA)	26-Jun	27-Aug	27-Sep	22	PLNc
Mpact Ltd. (MPACT)	05-Aug	27-Aug	02-Sep	30	ZARc
Primeserv Group Ltd. (PRIMESERV)	26-Jun	27-Aug	02-Sep	10	ZARc
Quilter plc (QUILTER)	07-Aug	27-Aug	23-Sep	1.7	GBPp
RMB Holdings Ltd. (RMBH)	18-Jul	27-Aug	02-Sep	3.75	ZARc

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