



glacier
invest



Glacier Invest | Market snapshots

Monthly edition | August 2024 recap



glacier
invest



Monthly market recap | August in review

Market news

- South Africa's mining production declined by 3.5% y/y in June, with the most significant negative contributions coming from gold, platinum group metals, coal, and other metallic minerals.
- The US S&P Manufacturing Purchasing Managers' Index (PMI) declined to 48, below expectations, while the Services PMI increased to 55.2, which was above expectations.
- US consumer confidence reached its highest level in six months in August, reflecting increased optimism about the economic outlook. The Conference Board's consumer confidence index increased to 103.3 in August, the highest level since February, from an upwardly revised 101.9 in July.
- In the Eurozone, the composite PMI exceeded consensus expectations, at 51.2. This growth was primarily fueled by an expansion in the services sector, especially in France, probably bolstered by activity around the Olympic Games. However, manufacturing activity continued to contract.

International markets

MSCI World (\$)	2.64%
Global Bonds (\$)	2.37%
Global Property (\$)	6.31%
MSCI EM (\$)	1.65%
FTSE (£)	0.45%
S&P 500 (\$)	2.43%

Bond market

All Bond	2.38%
Bonds 1-3 years	0.99%
Bonds 3-7 years	1.72%
Bonds 7-12 years	2.47%
Bonds 12+ years	3.14%

Local markets

FTSE/JSE All Share	1.38%
Industrials	2.98%
Resources	-10.14%
Property	8.25%
Financials	5.30%
Cash	0.69%

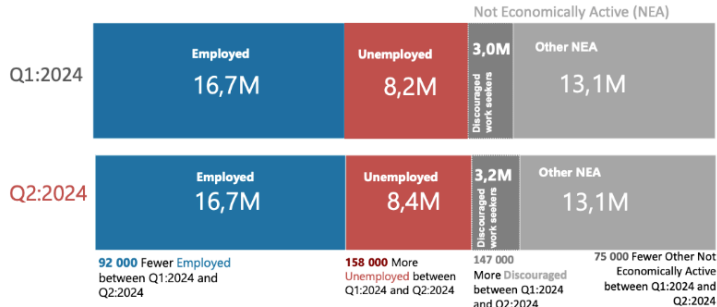
Currency

Rand vs USD	2.46%
Rand vs EURO	0.16%
Rand vs GBP	0.13%
Rand vs JPY	0.19%
Rand vs AUD	0.0007%



SA unemployment rate rises to two-year high

- South Africa's unemployment rate increased unexpectedly in Q2 2024.
- The Statistics South Africa (Stats SA)'s Quarterly Labour Force Survey showed the official unemployment rate increased by 0.6% from 32.9% in Q1 2024 to 33.5% in Q2 2024, the highest level since 2022.
- Stats SA reported a 92 000 decrease in the number of employed persons to 16.7 million in Q2 2024.



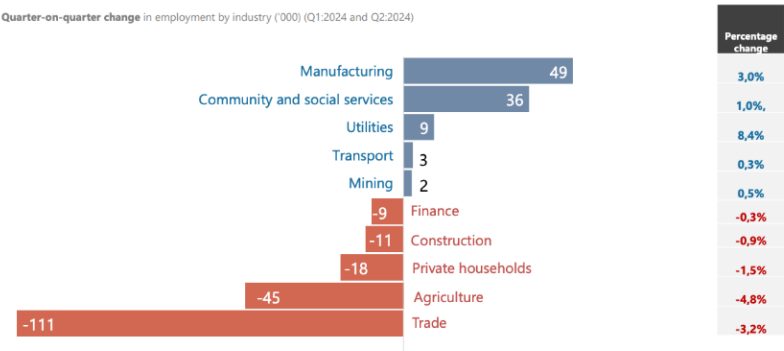
Source: Stats SA

Source: BusinessTech, Stats SA, Reuters – August 2024

Glacier Financial Solutions (Pty) Ltd is a licensed discretionary financial services provider, trading as Glacier Invest FSP 770.

Employment decreases were mainly in the Trade, Agriculture, and Private households industries. However, the largest increases in employment were recorded in Manufacturing and Services.

Quarter-on-quarter change in employment by industry ('000) (Q1:2024 and Q2:2024)

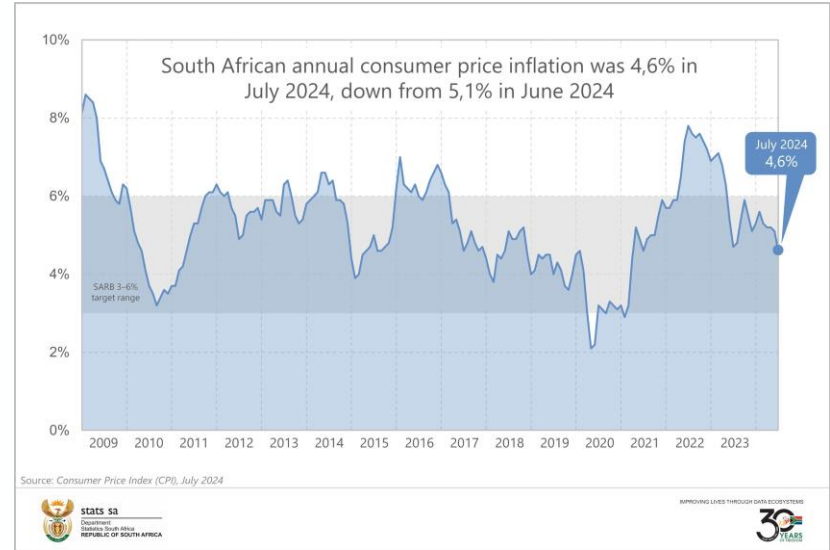
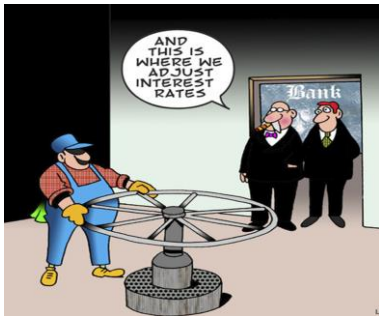


Source: Stats SA



SA: Slower inflation backs case for September rate cut

- Softer-than-expected inflation has boosted consumer spending power, with inflation slowing to 4.6% in July.
- Y/y inflation reached its lowest level in more than three years in July, indicating that the worst price spike in four decades is fading.
- South Africa is expected to avoid a recession in the second quarter of 2024, thanks to a consumer-led rebound.
- The South African Reserve Bank is anticipated to start lowering interest rates, which have been at a 15-year high of 8.25% since July 2023.

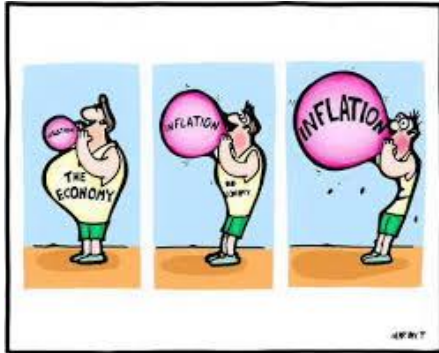


Source: BusinessTech, Moneyweb, Stats SA, Pinterest – August 2024



US inflation slows in July

- The Consumer Price Index (CPI) increased by 0.2% in July, resulting in an annual inflation rate of 2.9%.
- Excluding food and energy, core CPI showed a 0.2% monthly increase and a 3.2% annual rate, meeting expectations.
- The annual rate is the lowest since March 2021, while the core rate is the lowest since April 2021.
- A 0.4% rise in shelter costs was responsible for 90% of the all-items inflation increase. Food prices climbed 0.2% while energy prices were flat.

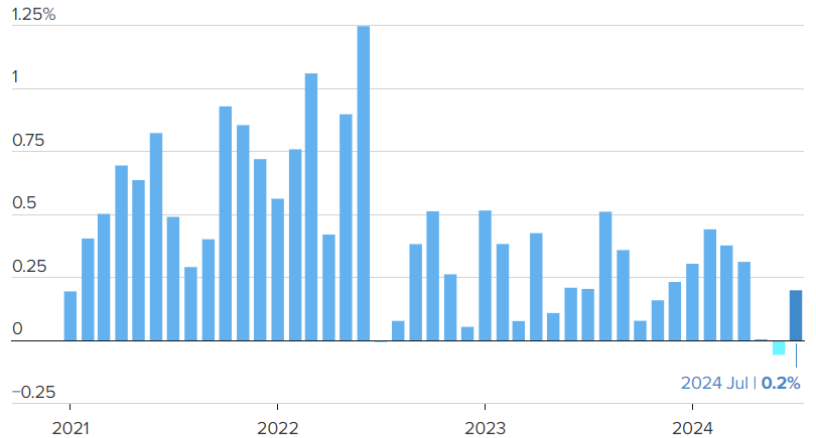


Source: CNBC, Forex Pro Guru, Economist Memes – August 2024

Glacier Financial Solutions (Pty) Ltd is a licensed discretionary financial services provider, trading as Glacier Invest FSP 770.

U.S. consumer price index

Month-over-month percent change | January 2021–July 2024



Note: Seasonally adjusted

Source: U.S. Bureau of Labor Statistics via FRED

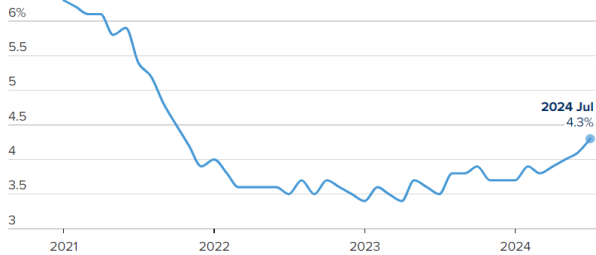
Data as of Aug. 14, 2024



US: Job growth less than anticipated

- Hiring slowed significantly in July, with employers adding just 114 000 jobs — well below economists' expectations. The unemployment rate increased to 4.3%, its highest since October 2021.
- This substantial shortfall all but ensures that the US Federal Reserve (US Fed) will lower its benchmark rate at its September meeting, according to experts.
- While job growth was slowing before July, it had remained relatively strong despite the US Fed pushing its federal funds rate to its highest point in 23 years.

U.S. unemployment rate
January 2021 through July 2024

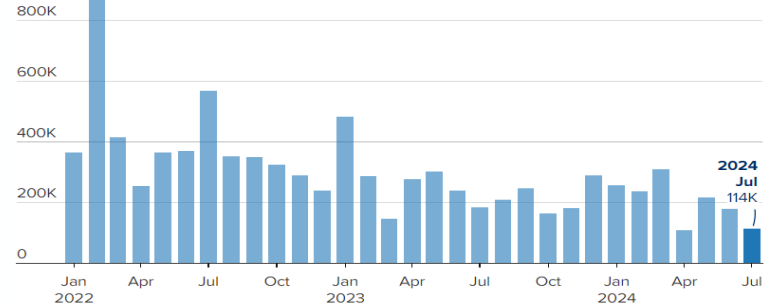


Source: U.S. Bureau of Labor Statistics
Data as of Aug. 2, 2024



Monthly job creation in the U.S.

January 2022 through July 2024



Source: U.S. Bureau of Labor Statistics via FRED
Data as of Aug. 2, 2024

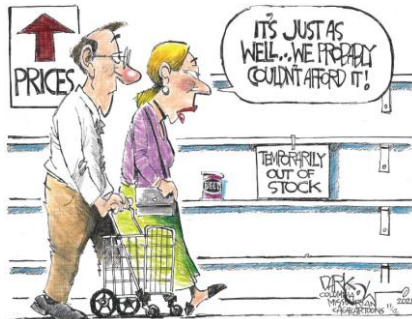


Source: CBS News, CNBC, Reuters, Orange County Register – August 2024



UK inflation increases in July

- UK inflation increased for the first time this year to 2.2% in July, slightly below expectations but moving closer to the Bank of England (BoE)'s 2% target.
- The Office for National Statistics attributed the rise primarily to housing and household services, noting that gas and electricity prices declined at a slower pace than in the same period last year.
- Core CPI, which excludes food, energy, alcohol and tobacco prices, was 3.3% in July, down from July's 3.5% print.
- Services inflation, which is closely watched by the BoE, eased to 5.2% in July, compared with 5.7% in June.

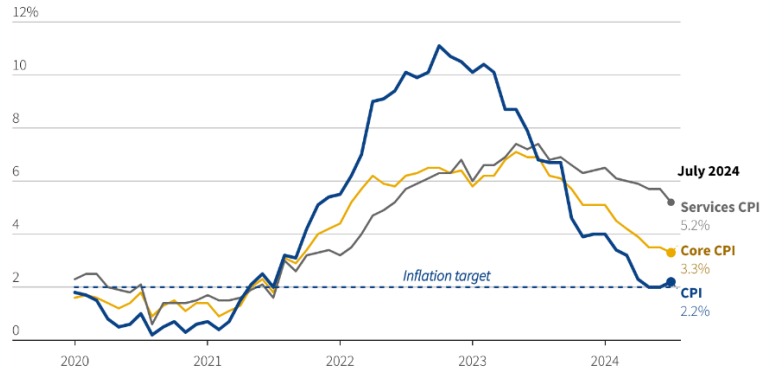


Source: CNBC, Reuters, The Week – August 2024

Glacier Financial Solutions (Pty) Ltd is a licensed discretionary financial services provider, trading as Glacier Invest FSP 770.

UK inflation inches above 2% in July

British consumer price inflation rose back above the Bank of England's 2% target in July, despite a bigger-than-expected drop in the rate of services inflation.



Note: Core CPI is CPI excluding energy, food, alcohol and tobacco prices.

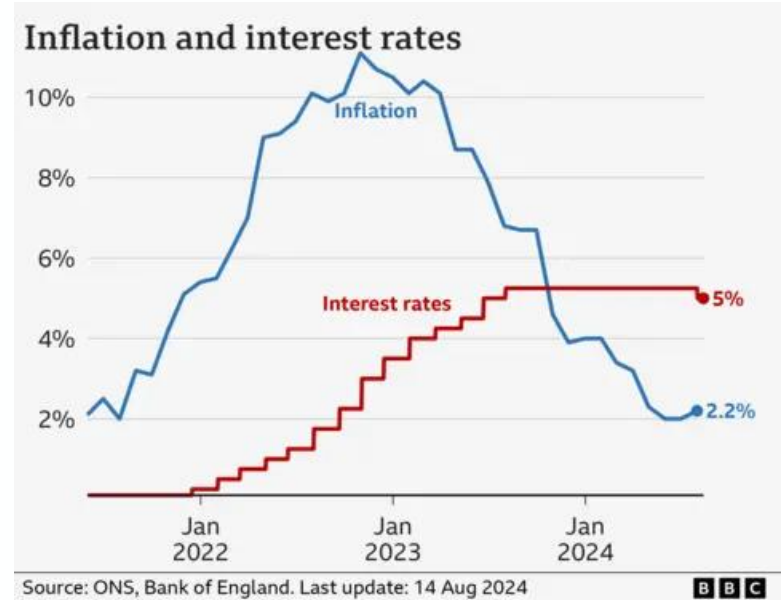
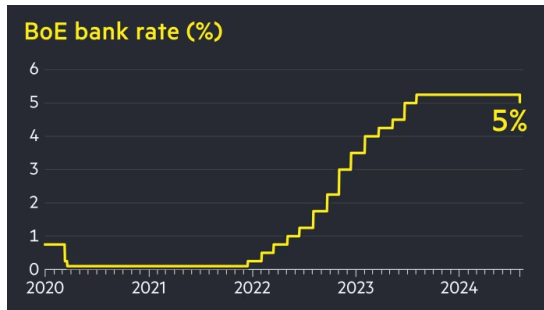
Source: LSEG Datastream | Reuters, Aug. 14, 2024 | By Sumanta Sen

Reuters Graphics Reuters Graphics



BoE cuts interest rates

- The BoE trimmed interest rates to 5% from a 16-year high of 5.25%.
- The majority of economists surveyed in a recent Reuters poll anticipate that the BoE will implement one more interest rate cut this year, probably in November, as inflation in the UK is projected to remain above target levels.
- The BoE implemented its first interest rate cut since the onset of the Covid pandemic, providing some relief to households. This move comes after a series of rate hikes that had driven borrowing costs to their highest levels since the 2008 financial crisis, in an effort to combat surging inflation.



Source: Reuters, The Guardian, Financial Times, Pin Page – August 2024

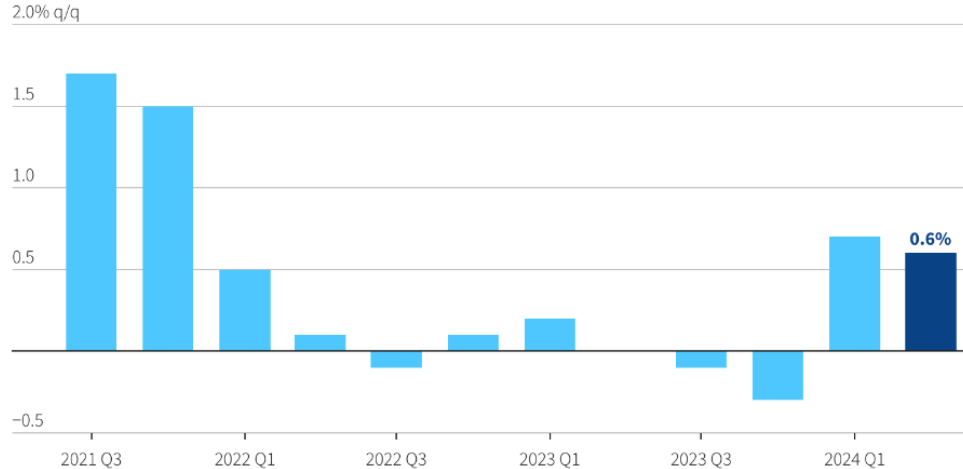


UK economy grows in Q2

- The UK economy has extended its recovery from recession. It recorded growth of 0.6% in Q2 2024 after a 0.7% expansion in Q1, which was the fastest in more than two years.
- However, monthly gross domestic product growth remained flat in June as wet weather dampened consumer spending during a challenging summer for retailers and a doctor's strike contributed to a 1.5% drop in healthcare activity.
- The International Monetary Fund (IMF), investment bank Goldman Sachs, and the BoE recently raised their growth forecasts for the UK economy. The IMF now projects 0.7% growth for this year, up from 0.5%.

UK economic growth continues in Q2

British gross domestic product grew by 0.6% in the second quarter of 2024 after 0.7% growth in the first quarter.



Source: LSEG Datastream | Reuters, August 15, 2024 | By Pasit Kongkunakornkul

Reuters Graphics Reuters Graphics



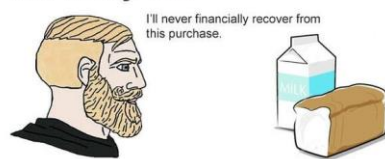
Slight uptick in Eurozone inflation

- Eurozone inflation was confirmed at 2.6% y/y in July, rising from 2.5% y/y in June.
- The increase in inflation has tempered expectations for prompt rate cuts by the European Central Bank (ECB), driving the euro to its highest level against the dollar since late December 2023.
- Core inflation, excluding volatile energy and food prices, held steady at 2.9%, underscoring persistent underlying price pressures that remain significantly above the ECB's 2% target.

My parents in their 30s

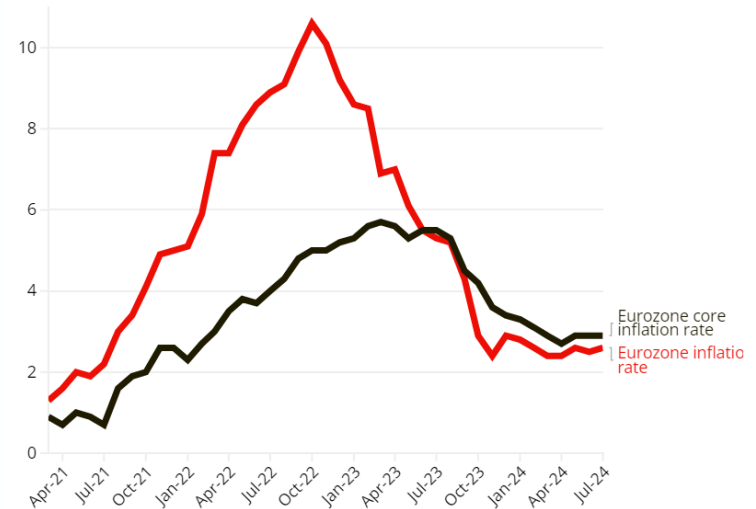


Me in my 30s



Eurozone Inflation Rate Edges Up In July

Year-on-year % change



Source: Eurostat



China: Imports pick up in July

- China's imports grew faster than expected in July while export growth was below forecasts.
- Exports in US dollar terms increased by 7% y/y in July, falling short of the 9.7% growth anticipated in a Reuters poll. This marks a deceleration from the 8.6% growth recorded in June.
- China's imports from the US surged 24% y/y in July, based on CNBC's analysis of official data. Imports from the Association of Southeast Asian Nations increased by 11%, while imports from the European Union rose by 7%.

China's Exports Unexpectedly Slow in July
Imports surge, beating expectations



Source: General Administration of Customs

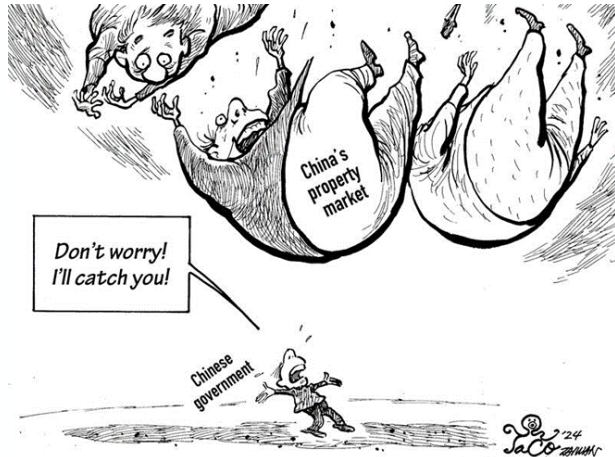
Bloomberg

Source: CNBC, Bloomberg, CartoonStock – August 2024



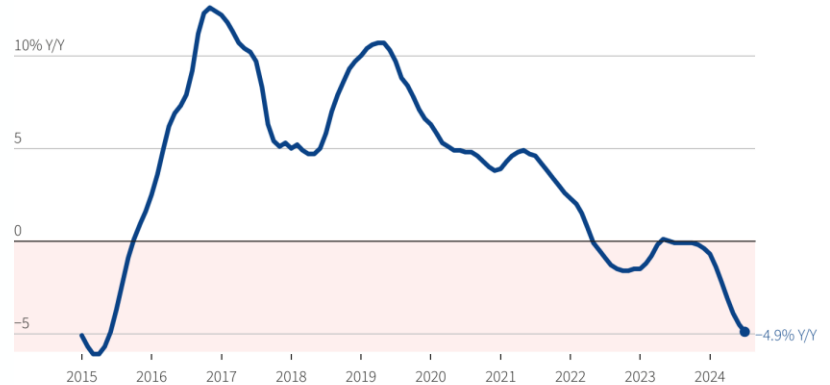
China's housing price slump deepens

- China's new home prices fell at their fastest pace in nine years in July.
- Supportive policies failed to stabilise prices and restore confidence in the struggling property sector.
- New home prices declined in July by 4.9% y/y from 4.5% y/y in June, the sharpest drop since June 2015.



China's home-price slump deepens to 9-year low in July

China's new home prices fell at the fastest pace in nine years in July as supportive policies failed to stabilise the market and restore confidence in the struggling sector.



Source: LSEG Datastream | Reuters, Aug. 15, 2024 | By Kripa Jayaram

Source: CNBC, Bloomberg, CartoonStock, Taipei Times – August 2024



Japan: Core inflation increases

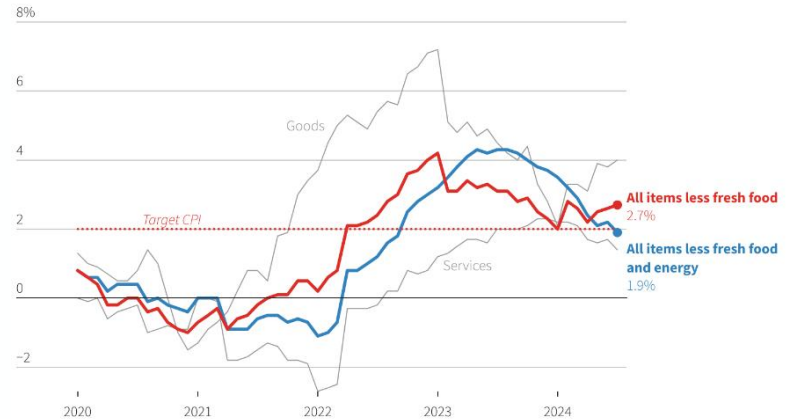
- Japan's core inflation continued its upward trend for the third consecutive month in July.
- The nationwide core consumer price index (CPI), which excludes fresh food items, increased 2.7% y/y, faster than the 2.6% climb in June.
- The "core core" index, which excludes fresh food and energy costs and is closely watched by the Bank of Japan as a key gauge of broader inflation trends, rose 1.9% after increasing 2.2% in June. It dipped below the key 2% level for the first time since September 2022.



Source: Reuters, toonpool – August 2024

Japan's core-core inflation dips below 2%

Japan's core inflation rose 2.7% in July, accelerated for a third straight month. However, the "core core" index, which excludes fresh food and energy costs, rose 1.9%, dipped below the key 2% line for the first time in nearly two years.

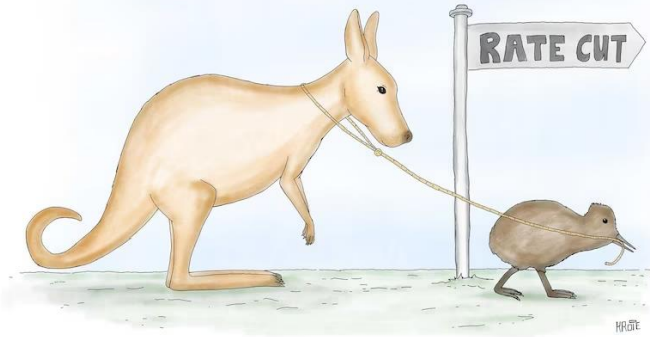


Source: LSEG Datastream | Reuters, Aug. 23, 2024 | By Pasit Kongkunakornkul
Reuters Graphics



New Zealand: First rate cut in over four years

- The Reserve Bank of New Zealand (RBNZ) lowered its benchmark rate by 25 basis points to 5.25%, marking the first rate cut since March 2020.
- The RBNZ signalled more cuts in the coming months due to inflation nearing its 1% to 3% target.
- The decision surprised markets, as most economists expected rates to remain steady.
- New Zealand's central bank governor, Adrian Orr, raised the possibility of cutting rates by an additional 50 basis points by year-end.



Source: Reuters, ABC News, X, Investing.com – August 2024

Glacier Financial Solutions (Pty) Ltd is a licensed discretionary financial services provider, trading as Glacier Invest FSP 770.

New Zealand Interest Rate Decision

↓	5.25% Actual:	5.50% Forecast:	5.50% Previous:
---	-------------------------	---------------------------	---------------------------

Importance: ▼▼▼

Currency: NZD

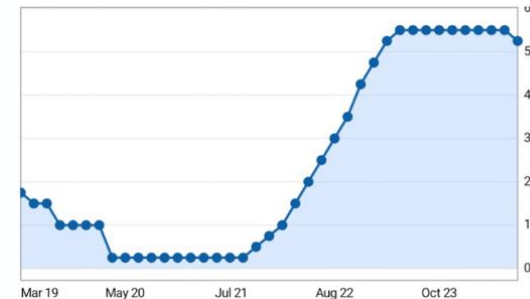
Country: 🇳🇿 New Zealand

Release Date: Aug 14, 2024 05:00

Source Of Report: [Reserve Bank of New Zealand](#)

The Reserve Bank of New Zealand (RBNZ) governor decides where to set the rate after consulting senior bank staff and external advisers. Traders watch interest rate changes closely. [Show more](#)

History



Of interest | Most valuable brands in SA in 2024

- First National Bank retains its position as the most valuable brand in South Africa, boasting a brand value of US\$3 billion (R54 billion).
- The Kantar BrandZ Most Valuable South African Brands 2024 Report reveals that the combined value of the nation's leading brands is \$29.7 billion (R527 billion).
- 40% of the brands featured in the ranking were able to grow their value, with financial services and alcohol brands demonstrating particularly strong performance.

Kantar BrandZ Top 10 Most Valuable South African Brands 2024:

Rank	Brand	Category	Brand Value 2024*
1	First National Bank	Financial Services	\$3,069 million (R54.41 billion)
2	Standard Bank	Financial Services	\$3,066 million (R54.36 billion)
3	Vodacom	Telecom Providers	\$2,459 million (R43.59 billion)
4	MTN	Telecom Providers	\$2,391 million (R42.39 billion)
5	Castle	Alcohol	\$1,994 million (R35.35 billion)
6	Nando's	Fast Food	\$1,815 million (R32.18 billion)
7	Absa	Financial Services	\$1,295 million (R22.96 billion)
9	Capitec Bank	Financial Services	\$1,277 million (R22.64 billion)
9	Discovery	Financial Services	\$1,064 million (R18.87 billion)
10	Investec	Financial Services	\$926 million (R16.41 billion)

*Conversions correct as of Tuesday, 20 August 2024



Source: BusinessTech, LinkedIn– August 2024

Glacier Financial Solutions (Pty) Ltd is a licensed discretionary financial services provider, trading as Glacier Invest FSP 770.



Of interest | South Africans are poorer than they were in 2016

- Inflation has eroded South Africans' salaries, resulting in minimal income growth of between 2%-13%.
- The rise in costs since 2016 has been significant, showing a 46% increase.
- DebtBuster's Debt Index for Q2 2024 highlighted increased consumer demand for debt management in South Africa.
- Consumers who applied for debt counselling in Q2 2024 had 44% less purchasing power than in 2016.
- Interest rate increases since November 2021 have strained consumer finances, especially the cost of servicing asset-linked debt.







Source: BusinessTech, The Week – August 2024



Of interest | GDP growth projections









- The image summarises the latest gross domestic product growth projections from the International Monetary Fund (IMF) as at July 2024.
- The US has emerged as one of the strongest advanced economies post-Covid-19. The IMF projects that its growth will moderate in 2025, driven by slower job creation and the impact of tighter fiscal policies, including reduced government spending and/or higher taxes.
- In Europe, the IMF forecasts that GDP growth will reach its lowest point in 2024, with a recovery expected in 2025. Germany, in particular, has faced challenges due to persistent weakness in its manufacturing sector.

Advanced Economies			% change in real GDP
Country	2023	2024F	2025F
 U.S.	+2.5%	+2.6%	+1.9%
 Germany	-0.2%	+0.2%	+1.3%
 France	+1.1%	+0.9%	+1.3%
 Italy	+0.9%	+0.7%	+0.9%
 Spain	+2.5%	+2.4%	+2.1%
 Japan	+1.9%	+0.7%	+1.0%
 UK	+0.1%	+0.7%	+1.5%
 Canada	+1.2%	+1.3%	+2.4%




Of interest | GDP growth projections continued

- India's GDP growth forecast for 2024 has been revised upwards to 7%, driven by improving prospects for domestic consumption.
- In China, GDP growth is expected to decelerate to 4.5% in 2025, further slowing to 3.3% by 2029. This marks a significant departure from the robust growth rates of 6% to 10% observed during the 2010s.
- A key driver of this slowdown is China's aging population, which is shrinking the workforce and growing the number of retirees. It's important to note that this demographic challenge is not unique to China, as declining birth rates are evident globally.

Emerging Market & Developing Economies			
Country	2023	2024F	2025F
 China	+5.2%	+5.0%	+4.5%
 India	+8.2%	+7.0%	+6.5%
 Russia	+3.6%	+3.2%	+1.5%
 Brazil	+2.9%	+2.1%	+2.4%
 Mexico	+3.2%	+2.2%	+1.6%
 Saudi Arabia	-0.8%	+1.7%	+4.7%
 Nigeria	+2.9%	+3.1%	+3.0%
 South Africa	+0.7%	+0.9%	+1.2%

Source: IMF, World Economic Outlook Update, July 2024



Glacier Financial Solutions (Pty) Ltd is a licensed Financial Services provider.

The information in this presentation is provided for information purposes only and should not be construed as the rendering of advice to clients. Although we have taken reasonable steps to ensure the accuracy of the information, neither Sanlam nor any of its subsidiaries accept any liability whatsoever for any direct, indirect or consequential loss arising from the use of, or reliance in any manner on the information provided in this document.

Glacier Invest is the discretionary fund management offering of Glacier Financial Solutions (Pty) Ltd (“Glacier”). Glacier has partnered with Sanlam Multi-Manager International (Pty) Ltd, part of the Sanlam Investments Group, to optimise the investment management responsibilities.

Glacier Financial Solutions (Pty) Ltd. | A member of the Sanlam Group | Private Bag X5 | Tyger Valley 7536 | Email client.services@glacier.co.za | Tel +27 21 917 9002 / 0860 452 364 | Fax +27 21 947 9210 | Web www.glacier.co.za | Twitter @GlacierBySanlam | Reg No 1999/025360/07 | Licensed Discretionary Financial Services Provider FSP 770, trading as Glacier Invest.

Sanlam Multi-Manager International (Pty) Ltd. | A member of the Sanlam Group | Private Bag X8 | Tyger Valley 7536 | Tel +27 21 950 2600 | Fax +27 21 950 2126 | Web www.sanlaminvestments.com | Reg No 2002/030939/07 | Licensed Discretionary Financial Services Provider, SMMI acting as Juristic Representative under the Glacier Invest FSP 770.



glacier
invest

