



MARKETS AND ECONOMICS

Markets were driven by similar themes as in September, namely the expectation of tapering and interest rate hikes on the back of rising inflation, Chinese growth and debt concerns, and a prevailing energy crisis. Locally, load shedding returned, significantly dampening local sentiment as South Africans headed to the polls for the municipal elections. Despite these uncertainties, and the accompanying volatility, it was a relatively strong start to the last quarter of 2021, with various global equity indices, once again, hovering close to all-time highs, thanks to another strong earnings season and a strong rebound in the local equity market during October on the back of resource counters. Developed markets outperformed emerging markets, as a result of strong United States (US), European, and United Kingdom performance, while a strong comeback from Chinese tech companies and local equities were the key contributors in emerging markets.

The following are some of the key headlines from the global markets:

- + US growth for Q3 points to an easing 2% quarter-on-quarter growth (annualised), slowed by increasing COVID-19 infections and supply-chain constraints. European growth estimates accelerated slightly to 2.2% quarter-on-quarter, primarily owing to output growth in France.
- + The European Central Bank (ECB) kept policy rates unchanged but acknowledged that inflation will be above expectations over the short term. The bank, however, commented that it is not yet ready to tighten monetary policy.
- + US inflation moved up to a 13-year high of 5.4% while UK inflation moved slightly lower to 3.1%. Eurozone inflation estimates also moved to its highest level in more than 10 years in October on the back of higher energy costs. The inflation estimates indicate 4.1% (3.4% in September) for the month.

The following are some of the key headlines from the local markets:

- + Inflation for September was published at 5% year-on-year (4.9% in August), driven primarily by food and non-alcoholic beverages, housing and utilities, and transport.
- + The South African Manufacturing Purchasing Managers' Index fell to 53.6 in October (54.7 in September), pulled lower by declines in business activity and new orders, but remains in expansionary territory.
- + South Africa recorded a R22.4 billion trade surplus in September, down from R42 billion in August.
- + The South African Reserve Bank's Monetary Policy Committee is set to meet later in November, with most market participants expecting a 0.25% interest rate hike.
- + The Department of Mineral Resources and Energy confirmed 25 preferred bidders for the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP) towards the end of the month, which must now be approved by government departments before construction can begin. This is a good step towards additional generation capacity but will likely take a few years before coming online.

Some events and key indicators to look for in November include the 2021 United Nations Climate Change Conference (COP26), where world leaders will meet to discuss progress and challenges around the Paris Climate Agreement and governmental climate commitments, as well as the South African Medium-Term Budget Policy Statement. Furthermore, markets anxiously await monetary policy and stimulus guidance from the large central banks as they turn increasingly more hawkish.

JSE All Share 5,15% 67 464,69 ▲	MSCI World (USD) 5,66% 3 174,73 ▲	MSCI EM (USD) 0,99% 1 264,75 ▲
SA Bonds -0,48% 795,94 ▼	SA Property -1,69% 316,76 ▼	CPI (y/y) 5,00% 122,60 ▲
Gold 3,30% 1 783,42 ▲	Platinum 7,23% 1 023,00 ▲	Oil 6,91% 83,72 ▲
\$/R 1,18% 15,25 ▲	€/R 0,74% 17,58 ▲	£/R 2,69% 20,86 ▲