MONTHLY FEEDBACK
January 2023

Imagine a year that we could start without any Eskom and load shedding challenges, a workable plan to fix our railways, roads and that what has been broken over time. Unfortunately, here we stand at the start of 2023, with very little answers on those critical maters to fix our country. Last year this time, very few of us were war correspondents, but we rather specialised in the possible outcome of the Omicron Covid stain. One year later and UK and Europe are in a financial crisis and the Russian/Ukrainian war has changed a lot in our world. Non-the less, we wish you a healthy, happy and prosperous 2023

JANUARY UPDATES:

The Biggest Global risks of 2023

The profile of risks facing the world is evolving constantly. Events like last year's invasion of Ukraine can send shockwaves through the system, radically shifting perceptions of what the biggest risks facing humanity are.

Source: The Global Risks Report 2023, produced by the World Economic Forum (in partnership with Marsh McLennan and Zurich Insurance Group).

- Regulators will clamp down on TikTok.
- Energy process will remain high.
- Broad equity indices will rise.
- Google's stronghold on search will loosen.
- European unity will be testes as individual economies are facing headwinds
- Value will trump hypergrowth.
- China will remain its aggressive stance, but no Taiwan invasion
- Artificial Intelligence will pop up everywhere.
- China's economy will bounce back after re-opening
- The US Dollar surge has come to an end
- The outlook is positive for emerging economies, especially commodity exporters
- Global recession risk is high, but the US may narrowly escape this
- The Russia-Ukraine war will not end 2023.
- The Crypto winter will continue.
- Real global growth will be in the 1.5%-2% range, but with high variance between nations
- Interest rates will peak in 2023 Inflation will begin to cool off but will remain well above targets levels.
- More manufacturing will shift away from China

Markets
The US economy tends to manage itself and little intervention by government is required to it out of a recession, and therefor the risk of the US being in a prolonged recession is low.

- UK and Europe are likely to be in a recession already, with Germany at least looking the strongest.
- Locally the companies listed on the JSE looks lean and mean as profitability has increased. Dividends are included into the prospect of a good contributions towards returns.

Notes on SA Inflation:

- Statistics South Africa (Stats SA) reported headline inflation (CPI) at 7.2% year-on-year (y/y) for December 2022, a welcome drop from 7.4% y/y in November.
- The main contributors to headline inflation were food and non-alcoholic beverages, housing and utilities, transport and miscellaneous goods and services.
- On an annual average basis, headline inflation for 2022 breached the upper limit of the SA Reserve Bank's (SARB) inflation target range at 6.9%.
- Persistently high inflation in 2022 disproportionately impacted vulnerable consumers.
- The global diesel crisis resulted in diesel prices being 44% higher than in 2021, which explains why transport inflation featured as a strong driver of inflation last year. However, transport inflation has since peaked in July due to lower international oil prices.
- Food inflation is showing signs of having peaked in November 2022.
- The approved increase of 18.65% in the electricity tariff announced by Nersa for the next financial year followed by an increase of 12.74%, is expected to impact inflation between 0.1% and 0.2% given the 3.7% weight of electricity in the consumer basket
- Although we had initially anticipated an interest rate increase of 50 basis points at this month's Monetary Policy Committee meeting, the downward surprise in headline and underlying inflation, subdued services inflation and signs of easing global inflation point to a strengthened case for a small rate rise of 25 basis points at the upcoming meeting. We expect the current interest rate hiking cycle to peak at 7.5% by the end of the first quarter, given that real interest rates, based on forward-looking inflation, are already in positive territory.

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Market Indicators and Returns as of 20 January 2023					
Equity Index		**Spot Price**	**Month to date Return**	**YTD**	**Last 12 Months**
JSE (All Share)		79,269.77	8.5%	8.5%	4.0%
SP 500		3,972.61	3.5%	3.5%	-11.4%
FTSE		7,764.09	4.2%	4.2%	2.7%
DAX		15.008.13	7.8%	7.8%	-5.4%
CAC 40		7,201.64	0.7%	0.7%	13.9%
Nikkei		26.553.53	1.8%	1.8%	-4.4%
Shanghai		3,264.81	-5.7%	-5.7%	-8.2%
MSCI Emerging		1,036.24	8.4%	8.4%	-17.5%
MSCI Developed		2,725.40	4.7%	4.7%	-11.6%
Commodity		**Spot Price**	**Monthly Movement**	**YTD**	**Last 12 Months**
Gold $		$ 1,925.82	5.6%	5.6%	4.7%
Brent $		$ 87.58	1.8%	1.8%	0.2%
Indicators		**Spot Price**	**Monthly Movement**	**YTD**	**Last 12 Months**
ZAR/USD		R 17.19	1.0%	1.0%	12.8%
ZAR/GBP		R 21.20	2.0%	2.0%	2.3%
ZAR/EUR		R 18.56	2.0%	2.0%	7.7%
CPI		7.2%	December 2022		
Prime Rate		7.00%	**Repo Rate**	10.5	

- Remember to visit our website for fact sheet data: www.cumulusrp.co.za