

# 2023 The year that was



## January

- Europe bans Russian oil imports.
- South Africa (SA) conducts joint naval exercises with China and Russia on the first anniversary of Russia's invasion of Ukraine.
- Petr Pavel solidly wins the Czech Republic's presidential election.
- National Treasury proposes a total debt-relief arrangement for Eskom of R254 billion and announces an extension of the Social Relief of Distress grant in SA to March 2024.
- Scotland's first minister, Nicola Sturgeon, announces her resignation.
- Deadly earthquakes hit southern Turkey and northern Syria.

- Croatia adopts the euro, becoming the 20th member of the Eurozone.
- Luiz Inácio Lula da Silva is inaugurated as Brazil's president.
- China reopens its borders to foreign tourists after three years.
- Binyamin Netanyahu sworn in for a sixth time as Israel's prime minister.
- Attempted insurrection in Brazil triggered by supporters of former President Jair Bolsonaro.
- A number of countries place restrictions on Chinese travellers.
- China's population falls for the first time since the 1960s.
- Jacinda Ardern resigns as New Zealand's prime minister and Chris Hipkins is sworn in.

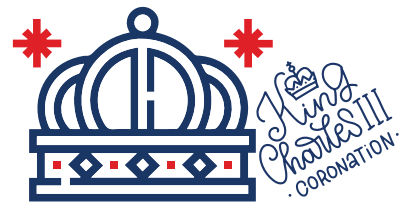
## February



## March

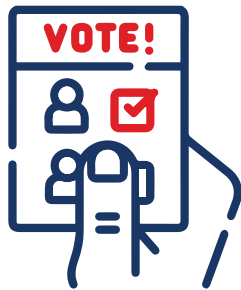


- Xi Jinping formally confirmed as president for a third term in China.
- Bola Tinubu wins Nigeria's presidential election.
- The Financial Action Task Force places SA on the greylist.
- Vietnam appoints Vo Van Thuong as the new president.
- British Prime Minister Rishi Sunak strikes a deal with the European Union (EU) over Northern Ireland's trading arrangements.
- Finland's parliament votes to join NATO.
- Greece experiences its worst-ever rail disaster.
- Unions in France strike over proposal to raise the retirement age from 62 to 64.
- China's parliament confirms Li Qiang as the country's new prime minister.
- SA President, Cyril Ramaphosa, is cleared by the Public Protector of attempting to cover up a theft.
- The International Monetary Fund approves a US\$3 billion bailout for Sri Lanka.



## April

-  India surpasses China as the world's most populous nation.
-  Former United States (US) President Donald Trump pleads not guilty to 34 charges of falsifying business records.
-  The centre-right National Coalition Party took the most seats in Finland's general election.
-  Rival factions of the military government of Sudan enter into a war.
-  A court in the United Arab Emirates turned down a SA request for the extradition of Atul and Rajesh Gupta, who are accused of looting state-owned entities.
-  China simulates a blockade and precision strikes on Taiwan.
-  Joe Biden launches his campaign to be re-elected as US president.



## May

-  Coronation of King Charles III in the United Kingdom (UK).
-  Russia accuses Ukraine of trying to assassinate Vladimir Putin after two small drones hit the Kremlin.
-  A jury in Manhattan finds Donald Trump liable for sexually abusing a woman in the mid-1990s.
-  The Arab League reinstates Syria as a member after being kicked out more than a decade ago.
-  The UK's Conservative Party loses over 1 000 councillors in the local elections.
-  The World Health Organisation declares that Covid-19 is no longer a "public health emergency of international concern".
-  A deal that allows Ukraine to export grains safely across the Black Sea is extended by two months.
-  The commander of SA's army visits Russia to discuss military co-operation, placing further strain on SA's relations with America.
-  Pro-democracy parties are victorious in Thailand's parliamentary election.
-  Ron DeSantis launches his campaign for the US Republican presidential nomination.
- The G7 holds a summit in Hiroshima.




## June

-  Recep Tayyip Erdogan wins another term as Turkey's president.
-  The Ukrainian capital, Kyiv, is attacked again by Russian drones.
-  Spain calls a snap general election.
-  US debt ceiling deal passes House of Representatives, suspending the borrowing limit until 1 January 2025.
-  Sudan's civil war escalates in three districts of Khartoum.
-  Ukraine ramps up its counter-offensive.
-  Iran officially reopens its embassy in Saudi Arabia after reconciliation is brokered by China.
-  Canadian wildfire emissions hit a record high.
-  Brazil unveils a plan to end deforestation in the Amazon by 2030.
-  Germany publishes its first-ever national security strategy.
-  Russia attacks the Black Sea port town of Odessa.
-  UK's Boris Johnson resigns as an MP after a damning parliamentary report.
-  Petteri Orpo becomes prime minister of Finland.
-  The Russian government-funded Wagner Group stages a rebellion.


## July

-  Israel launches its biggest raid on a Palestinian city in the West Bank since 2002.
-  The Taliban restricts women's rights further and orders beauty salons to close in Afghanistan.
-  China's foreign minister, Qin Gang, is removed from his post after a public disappearance.
-  The Kerch bridge, connecting Russia with occupied Crimea, is attacked again.
-  Russia carries out missile strikes on Odessa and other Ukrainian ports.
-  Protests in Peru erupt over President Dina Boluarte's rule.
-  Heat records reached in Asia, North America and Southern Europe.
-  Soldiers stage a coup in Niger.
-  Spain's general election ends in a deadlock.
-  Ukrainian ports on the Danube are attacked by Russian drones.
-  India bans exports of non-basmati white rice, threatening to push up global food prices again.

## August


 Pakistan's former prime minister, Imran Khan, was sent to prison for three years, while the army cracked down on his supporters.

 Ukraine attacks Russian vessels in the Black Sea.


 The civil war in Sudan is calculated to have displaced more than four million people.


 The US's Donald Trump is hit with a fourth indictment.


 Violent clashes are reported in Mali.

 The leader of the Wagner Group of Russian-backed mercenaries, Yevgeny Prigozhin, dies in a plane crash.

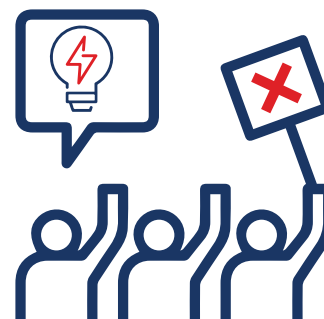
 BRICS summit held in SA.

 Srettha Thavisin becomes Thailand's new prime minister.

 The US, Japan and South Korea meet for a summit at Camp David to agree on strengthening their security ties.

 India becomes the first country to land near the South Pole of the moon.

 Emerson Mnangagwa wins re-election in Zimbabwe.




## September


 Protests erupt in Pakistan over the rising price of electricity.


 General Brice Oligui Nguema is sworn in as the president of Gabon.

 China's Xi Jinping does not attend the G20 summit held in Delhi.

 Damaging floods in Libya.

 Speculation arises over the public disappearance of China's defence minister, General Li Shangfu.


 Evika Silina becomes Latvia's new prime minister.


 Israeli forces kill six Palestinians in the occupied West Bank and Gaza Strip.


 Iran and America engage in a prisoner swap.





## October


 In a historical move, the US House of Representatives ejects Kevin McCarthy as speaker.


 Donald Trump's trial for business fraud begins in the US.


 Hamas militants attack Israel on its territory.

 A series of deadly earthquakes hits Afghanistan.


 India orders Canada to remove many of its diplomats from the country in a continuing row.

 America imposes sanctions on Chinese firms for their alleged involvement in fentanyl production.


 A blast at a hospital in Gaza kills hundreds.


 Ukraine uses long-range missiles to attack Russian bases in Ukraine.


 The central-right National Party wins New Zealand's general election.


 Mike Johnson announced as the new speaker of America's House of Representatives.


## November


 Russia ramps up drone attacks against Ukraine ahead of winter.


 Yemen's Houthi rebels hijack an Israeli-linked ship in the Red Sea.

 Charles III delivers his first King's Speech at the official state opening of Britain's Parliament.

 Israel secures effective control in Northern Gaza.

 David Cameron returns to the UK government as foreign secretary.

 Iceland declares a state of emergency in anticipation of a volcanic eruption.

 Germany's defence minister, Boris Pistorius, admits that the EU is unlikely to meet its goal of providing Ukraine with one million artillery shells by March 2024.

 The US House of Representatives passes a bill that postpones a government shutdown.

November 2023

## UNITED STATES

Growth in the United States (US) economy slowed to 2.1% in 2022, with economic momentum improving in the second half of the year and carrying over into early 2023, despite tighter policy. The Federal Reserve (Fed) has raised interest rates by eleven times from c.0% in the first quarter of 2022 to a 22-year high of between 5.25% and 5.5%. Notwithstanding the Fed's most aggressive fight against US inflation in over four decades, incredible job growth and an overhang in pandemic-related surplus savings have equipped consumers to fuel impressive economic resilience. In December 2022, the median Bloomberg consensus forecasted US growth of 0.3% and core PCE inflation of 3.6% for this year. By November 2023, however, growth expectations had grown to 2.3%, while expected core PCE inflation had climbed to 4.2%, a level last seen in 1990 and notably higher than the 3.2% average over the longer term.

**Forecast 2023:**

GDP: 2.3%

Core PCE Inflation: 4.2%

**Forecast 2024:**

GDP: 1.2%

Core PCE Inflation: 2.6%

## EUROZONE

At 3.5%, growth in the Eurozone outpaced that of the US and China in 2022. Nevertheless, economic momentum slowed in the second half of the year and inflation pressure built as the impact of Russia's invasion of Ukraine drove up energy costs and dissuaded individuals from spending. Stubbornly high inflation, alongside a steep increase in interest rates and slower global trade have stifled European output in 2023, causing its performance to lag that of the US. In December last year, the median Bloomberg consensus forecasted growth of negative 0.1% in the Eurozone and inflation of 6.1% for this year. Since then, growth expectations have lifted to 0.5%, while inflation is expected to average at a lower 5.6%. This will still nevertheless represent the highest level on record. Inflation pressures have prompted cumulative interest rate hikes of 450 basis points in the current cycle, which is likely close to the peak.

**Forecast 2023:**

GDP: 0.5%

Inflation: 7.3%

**Forecast 2024:**

GDP: 0.4%

Inflation: 3%

## UNITED KINGDOM

Although the economy grew at 4% in 2022, it remained smaller than in 2019. A squeeze on real incomes from surging energy and tradable goods prices, together with tighter financial conditions, weighed on spending, particularly in the second half of the year. The Bank of England's cumulative 525 basis points worth of interest rate hikes since the end of 2021 has additionally created a more challenging backdrop for the private sector given the increasingly restrictive monetary policy to arrest too-high inflation. Back in December 2022, the median Bloomberg consensus projected a contraction in economic growth of 1% for 2023, but this figure has since been upwardly revised to 0.5% in the latest November forecasts. There has been a similar upward adjustment in projected inflation for 2023 from 7.2% to 7.4% over the same period, reflective of elevated wage inflation and second-round price pressures.

**Forecast 2023:**

GDP: 1.9%

Inflation: 3.2%

**Forecast 2024:**

GDP: 0.8%

Inflation: 2.4%

## JAPAN

Despite a relaxation in pandemic-related mobility restrictions, energy subsidies and ultra-loose monetary policy, growth in Japan still slowed to 1.1% in 2022 due to frail growth in consumption spending and weaker exports. Growth continued at a steady pace into 2023, with the economy reaching pre-pandemic levels in the second quarter of the year. The Bloomberg median consensus forecast for growth for this year increased from 1.2% in late 2022 to 1.9% in October, but it has since rolled over to 1.7%, with expectations of high inflation continuing to plague domestic demand. The Bloomberg median consensus estimate for inflation in 2023 rose from 1.8% in late 2022 to 3.2% (significantly higher than the long-term average of 2.4%). Despite hotter inflation, the Bank of Japan remains the only major developed market central bank that has not yet significantly tightened policy.

## CHINA

**Forecast 2023:**

GDP: 5.1%

Inflation: 0.4%

**Forecast 2024:**

GDP: 4.6%

Inflation: 1.6%

Growth in China slumped to 3% in 2022 - one of its worst levels in the past half a century - as strict pandemic regulations and a property market dip hit activity. Growth should nonetheless meet government's target of 5% this year, with the latest announcement of stimulus measures likely to arrest the downward spiral in the property market, while additional tax breaks could help to stabilise growth further. In December 2022, the median Reuters consensus forecasted growth of 4.8% for this year, but expectations soared to 5.7% by May and then moderated to 5.2% by November in line with disappointing growth. Meanwhile, inflation numbers in China have been far more anaemic than initially forecasted. Consensus projections for inflation have dropped from 2.3% to 0.5% in the same period. Lending rates have consequently dropped from 3.65% to 3.45% in 2023.

**Forecast 2023:**

GDP: 3.9%

Inflation: 5.9%

**Forecast 2024:**

GDP: 4%

Inflation: 6%

## EMERGING MARKETS

The International Monetary Fund noted that growth in emerging markets (EM) bottomed out in 2022 at 3.7%, held up by China's reopening, strong growth in India and unexpectedly decent growth in Russia. At 3.7%, growth in EM was significantly weaker than the longer-term average of 5.3%. Relatively firm domestic demand supported growth in EMs in 2023 alongside the growth boost created by shifting supply chains away from China. Moreover, strong demand in the rest of the world benefited the export channel for EMs. Subdued external demand from the US, Europe and China could keep a lid on growth prospects going into 2024. The consensus lowered its expectations on growth and raised its projections for inflation for the composite in the past months. The median Bloomberg consensus estimate for growth for this year fell from 4% in December last year to 3.9% in November 2022 after lifting to 4.3% in July, while the projection for inflation climbed from 5.8% to 6% (a level last seen in 2011) over the same period.

**Forecast 2023:**

GDP: 0.7%

Inflation: 5.9%

**Forecast 2024:**

GDP: 1%

Inflation: 4.9%

## SOUTH AFRICA

Real growth in GDP dropped from a sharp 4.9% post-pandemic rebound in 2021 to 2% in 2022. Local factors, including persistent electricity shortages (estimated by the South African Reserve Bank (SARB) to have shaved off 0.7 percentage points from growth), flooding in KwaZulu-Natal and logistical inefficiencies (the latter estimated by Treasury to have cost the economy more than 6% of GDP), together with global economic stresses, such as Russia's invasion of Ukraine, suppressed local growth outcomes. Despite headwinds intensifying for SA households in 2023, as a result of higher inflation and increased borrowing costs, household spending remained reasonably resilient into the second quarter of the year, as evidenced by higher-than-expected personal income tax collections. Moreover, growth in fixed investment surprised to the upside in the second quarter on an uptick in renewable energy investment. Median consensus growth expectations (surveyed by Reuters) for this year have softened from 1.2% in December last year to 0.7% in November 2023. Meanwhile, higher global food and energy costs have caught up with SA resulting in an upward revision in headline inflation forecasts from 5.4% to 5.8% over the corresponding period. In our view, the SARB acted early to stem a larger rise in price expectations, thereby limiting a broadening out of inflation pressures. The SARB has raised rates by a cumulative 475 basis points since November 2021 leaving the current repo rate of 8.25% back at May 2009 levels.

## The macro research desk

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Herman van Papendorp is the head of the Momentum Investments research and insights team and takes ultimate responsibility for macro research and asset allocation. Economist, Sanisha Packirisamy, is responsible for providing a macro framework to inform investment opportunities and strategies.



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# Indices summary for November 2023

	One month	Three months	One year	Three years	Four years	Five years	Six years	Seven years	Ten years
<b>Equity indices</b>									
FTSE/JSE All-Share Index (Alsi)	8.55%	2.15%	4.69%	14.33%	12.20%	12.37%	7.77%	9.77%	8.89%
FTSE/JSE Shareholder Weighted Index (Swix)	8.59%	2.15%	2.37%	11.10%	8.84%	8.77%	4.54%	7.09%	7.40%
FTSE/JSE Capped Swix All Share index	8.33%	2.03%	1.89%	13.62%	9.58%	8.91%	5.03%	6.81%	7.18%
FTSE/JSE All Share Top 40 Index	9.09%	1.87%	5.06%	14.36%	13.15%	13.25%	8.25%	10.54%	9.13%
FTSE/JSE Mid Cap Index	5.28%	0.78%	-1.32%	12.38%	4.52%	6.37%	3.73%	4.14%	6.14%
FTSE/JSE Small Cap Index	4.82%	0.40%	3.36%	23.67%	15.72%	11.22%	7.25%	6.29%	7.84%
FTSE/JSE Resources Index	6.40%	4.27%	-14.89%	11.53%	13.22%	17.27%	14.65%	14.58%	7.02%
FTSE/JSE Financials Index	8.48%	2.14%	7.97%	19.47%	6.24%	5.06%	3.91%	5.44%	7.18%
FTSE/JSE Industrials Index	10.10%	0.80%	15.48%	11.78%	12.75%	11.97%	5.26%	8.49%	8.54%
FTSE/JSE Research Affiliates Fundamental Indices 40 Index (Rafi)	6.82%	-0.39%	0.12%	19.04%	12.82%	12.67%	9.04%	10.23%	9.11%
FTSE/JSE Research Affiliates Fundamental Indices All Share Index	7.09%	0.61%	-0.45%	18.38%	12.06%	12.04%	8.55%	9.50%	8.62%
FTSE/JSE SA Listed Property Index (Sapy)	9.14%	1.57%	1.35%	16.17%	-3.01%	-1.84%	-5.39%	-2.45%	2.07%
FTSE/JSE All Property Index (ALPI)	9.04%	1.44%	1.85%	14.53%	13.48%	-7.36%	-7.21%	-8.96%	-4.31%
<b>Interest-bearing indices</b>									
FTSE/JSE All Bond Index (Albi)	4.73%	4.02%	8.76%	7.76%	7.83%	8.06%	8.88%	8.46%	7.94%
FTSE/JSE All Bond Index 1-3 years (Albi)	1.89%	2.61%	8.78%	6.04%	7.47%	7.58%	8.04%	8.05%	7.64%
FTSE/JSE Inflation-linked Index (Ili)	4.97%	2.72%	7.56%	8.89%	7.31%	6.23%	5.92%	4.62%	5.47%
Short-term Fixed Interest Composite Index (Stefi)	0.68%	2.07%	7.91%	5.54%	5.58%	5.92%	6.14%	6.34%	6.40%
<b>Commodities</b>									
NewGold Exchange-Traded Fund	3.10%	5.01%	29.32%	11.99%	15.59%	17.77%	13.81%	12.46%	11.32%
Gold price (in rands)	2.04%	4.95%	27.79%	12.00%	15.60%	17.95%	13.99%	12.80%	11.71%
Platinum Exchange-Traded Fund	0.12%	-4.37%	0.46%	5.16%	7.15%	9.33%	5.03%	4.17%	1.91%
Platinum price (in rands)	0.66%	-4.07%	0.03%	4.64%	6.70%	8.97%	4.79%	4.08%	2.09%
<b>Currency movements</b>									
Rand/euro movements	4.13%	0.34%	17.30%	3.84%	6.34%	5.59%	4.03%	4.76%	4.06%
Rand/dollar movements	1.24%	-0.11%	11.60%	7.19%	6.58%	6.39%	5.59%	4.35%	6.40%
<b>Inflation index</b>									
Consumer Price Index (CPI)			5.92%	6.15%	5.42%	5.06%	5.07%	5.04%	5.22%

## Important notes

1. Sources: Momentum Investments, IRESS, [www.msci.com](http://www.msci.com), [www.yieldbook.com](http://www.yieldbook.com), [www.ft.com](http://www.ft.com).
2. Returns for periods exceeding one year are annualised.
3. The return for Consumer Price Index (CPI) is to the end of the previous month. Due to the reweighting of the CPI from January 2009, this number reflects a compound of month-on-month CPI returns. The historical numbers used are the official month-on-month numbers based on a composite of the previous inflation series (calculations before January 2009) and the revised inflation series (calculations after January 2009).
4. The MSCI World index (All Countries) returns are adjusted to correspond with global investment prices received.
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