

## Currency Performance Report

As at 30 November 2023



In November, major indices recovered some losses experienced in previous months. The MSCI All-Country World Equity Index was up 9.38% and the Nasdaq Composite Index was up 10.84% during November. The Dow Jones Industrial Average was up 9.15% while the S&P 500 Index increased by 9.13%.

Locally, the FTSE/JSE Shareholder Weighted All-Share Index closed 8.55% higher.

**Table 1: Currency returns vs US dollar**

Currency Performance (USD Base)	1 Month	Year to Date	1 Year	3 Years	5 Years	10 Years
<b>Developed Markets</b>						
Australian dollar	4,23%	-3,07%	-2,68%	-3,48%	-2,03%	-3,16%
Euro	2,92%	1,71%	4,61%	-3,00%	-0,77%	-2,19%
British pound	3,88%	4,34%	4,71%	-1,78%	-0,21%	-2,56%
Japanese yen	2,35%	-11,53%	-6,86%	-11,06%	-5,20%	-3,62%
Norwegian krone	3,33%	-9,38%	-8,99%	-6,30%	-4,49%	-5,52%
Swiss franc	4,03%	5,63%	8,07%	1,27%	2,68%	0,35%
<b>Emerging Markets</b>						
Argentine peso	-2,91%	-50,97%	-53,59%	-39,13%	-36,32%	-33,45%
Brazilian real	2,33%	7,43%	5,38%	2,71%	-4,70%	-7,18%
Chinese yuan	2,52%	-3,35%	-0,67%	-2,69%	-0,50%	-1,57%
Mexican peso	3,79%	12,06%	10,78%	5,08%	3,26%	-2,78%
Russian ruble	4,41%	-21,86%	-31,82%	-5,12%	-5,63%	-9,45%
Turkish lira	-2,01%	-35,31%	-35,65%	-35,29%	-29,00%	-23,36%
South African rand	-1,11%	-9,80%	-8,92%	-6,39%	-5,95%	-5,98%

*Cumulative returns are shown for periods less than one year. Returns for periods greater than one year have been annualised.*

Source: Sanlam Investments

## Developed market currency performance

### Japanese yen

The Bank of Japan (BOJ) board member Asahi Noguchi suggested that considering an exit from the ultra-loose monetary policy would be premature. Tokyo's core inflation rate, a leading indicator for national price trends, rose slightly below market expectations in November but remained above the Bank of Japan's 2% target.

### Australian dollar

The Reserve Bank of Australia kept its policy rate unchanged at 4.35%, in line with market expectations. Australia's monthly inflation for October increased at an annual rate of 4.9%, slightly below the forecasts of 5.2% and a decrease from the previous 5.6% increase.

### US dollar

In November, the US Dollar Index was down 2.97%. Federal Reserve Chair Jerome Powell said that current monetary conditions were "well into restrictive territory," but advised that it was too early to expect policy easing. Recent data indicated that price pressures were easing. However, Powell confirmed rates would be maintained until there is clarity that inflation is on a consistent path back to the central bank's target of 2%.



## Emerging market currency performance

### Argentine peso

In October, the monthly inflation rate in Argentina increased by 8.3%, falling below market expectations of 11% and declining from the 12.7% increase in September. To safeguard the central bank's limited reserves, Argentina raised taxes on the US dollar purchases. The change means that Argentines using dollar credit cards or buying foreign currency for savings will now pay rates more aligned with those in alternative markets.

### Russian ruble

The Russian ruble continued to receive support from rising foreign currency inflows and expectations of further monetary tightening from the central bank. The boost in foreign exchange inflows resulting from the measures announced by President Putin was supported by robust income through commodity markets. Regarding monetary policy, high inflation and unexpectedly robust GDP growth prompted markets to anticipate another rate hike in December.

### South African rand

The South African rand remains under pressure due to a strong dollar and ongoing concerns about the state of the economy. The resumption of severe power cuts and persistent logistical constraints continue to weigh on economic growth. The South African Reserve Bank (SARB) maintained interest rates for the third consecutive time at 8.25% at its November meeting. The consistent message is that the SARB stands ready to take action that will ensure inflation remains under control. Headline inflation was up from 5.4% in September to 5.9% in October, once again at the top of the central bank's 3%-6% target range.

## Outlook

Investors are evaluating the possibility that the Federal Reserve has concluded its rate hiking cycles and might initiate cuts next year. There is an expectation that the Fed might initiate the easing cycle in the second quarter of 2024.

SARB Governor Lesetja Kganyago indicated that adjustments to the interest rate would be influenced by the direction of inflation, emphasising that lower inflation would lead to lower interest rates. Economists predict that the SARB will maintain rates in both January and March of 2024, with a possible reduction in May 2024.

# call us

## Investments

55 Willie van Schoor Ave, Bellville 7530 | Private Bag x8,  
Tygervalley 7536, South Africa

**T** +27 (0) 21 950 2500 **F** +27 (0) 21 950 2555

