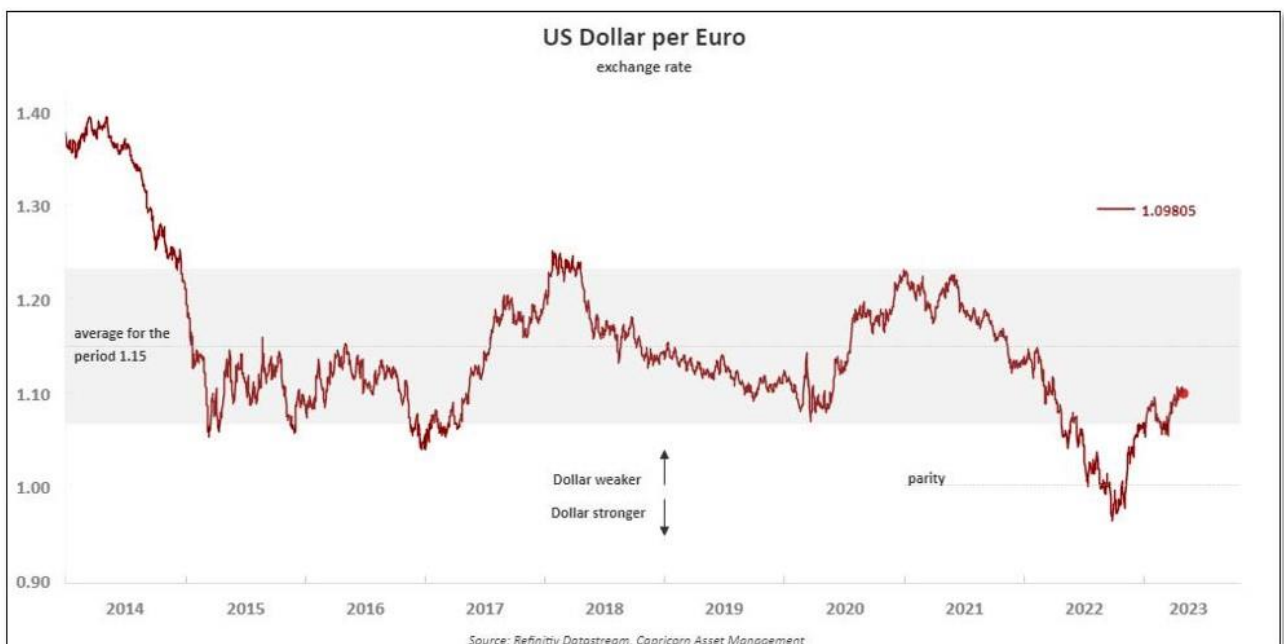




Market Update

Tuesday, 02 May 2023



Global Markets

Asian shares wobbled in cautious trade on Tuesday ahead of a series of data releases and central bank meetings, which began with a surprise rate hike in Australia that boosted the local dollar.

Markets were positioned for Australia's central bank to stay on hold and a 25 basis point hike sent the Aussie dollar up about 0.8% to its highest in a week at \$0.6692.

Three-year Aussie government bond yields also jumped, while Australian stocks slipped 0.7%.

"One of the things that sticks out to me is that they're still saying they might need to increase interest rates," said Commonwealth Bank of Australia strategist Joe Capurso.

"So as well as the increase today, that's supporting the Aussie dollar," he said, though he warned that could unwind as there's a "reasonable chance" the Federal Reserve takes a similar approach at its meeting on Wednesday.

Elsewhere there were jitters at short tenors in the U.S. Treasury market as the government's borrowing ceiling looms, and MSCI's broadest index of Asia-Pacific shares outside Japan was flat.

Mainland China markets were closed. Japan's Nikkei hit a 16-month high, before backing off slightly, with the bank sector a drag.

Besides the Aussie, the yen steadied after two sessions of heavy falls following the Bank of Japan's decision on Friday to stick with ultra-easy monetary policy for the time being.

The policy stands in contrast to the U.S. and Europe where central banks are deep into a hiking cycle and still going, and the contrast with Australia sent the Aussie up nearly 1% on the yen.

The yen fell through its 200-day moving average on Tuesday and hit an almost two-month low on the dollar early on Wednesday before steadying at 137.40.

The Japanese currency made a fresh 14-1/2 year trough at 151.08 per euro on Tuesday and is trading at its lowest recorded on the Swiss franc in Refinitiv data stretching back to the early 1980s.

The euro held at \$1.0987.

'UNPREDICTABLE'

Much of Europe also returns from May Day holidays on Tuesday, with final activity surveys due, preliminary inflation figures and a survey of European bank lending that will be closely watched given recent stresses in the sector.

European futures rose 0.2% in Asia, while S&P 500 futures were flat.

Interest-rate futures trade implies a 95% chance of a 25 bp hike from the Federal Reserve on Wednesday, but markets are also pricing rate cuts by year's end.

Two-year Treasury yields, which track short-term U.S. rate expectations were steady at 4.1451% in Asia. U.S. credit default swaps - which reflect insurance against a default - are illiquid but have surged lately as political brinkmanship pushes the U.S. government near its borrowing limit.

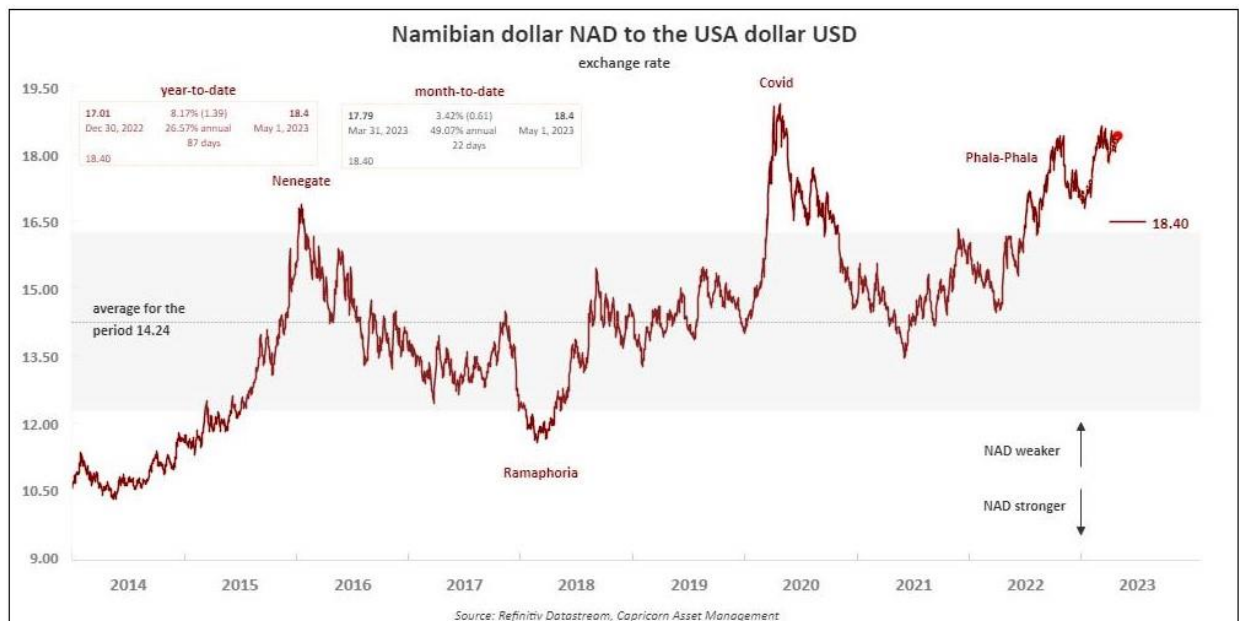
Overnight, Treasury Secretary Janet Yellen said the Treasury might run out of money to cover obligations as soon as June 1.

One-month Treasury bill yields jumped about 16 bps in Asia and bid-offer spreads were wide.

"The next few weeks are going to be unpredictable," Goldman Sachs analysts said in a note, "with uncertainty over the precise deadline not helping to focus lawmakers' minds.

"That could raise the risk that Congress does not lift the debt limit in time, which could result in missed payments but could also result in a short-term extension, in which case the exercise would repeat a few weeks or a few months later."

Source: Thomson Reuters Refinitiv



Domestic Markets

The South African rand was little changed against the dollar on Friday, as local budget and trade data failed to offer much relief to investors in Africa's most industrialised economy.

At 1527 GMT, the rand traded at 18.2875 against the dollar, near its previous close of 18.2975.

The dollar was last up about 0.05% against a basket of currencies.

The March budget balance came in at a deficit of 46.15 billion rand while trade data showed a surplus of 6.89 billion rand.

Analysts polled by Reuters predicted a budget deficit of 30 billion rand and a trade surplus of 25 billion rand.

The country is being crippled by the worst rolling blackouts on record, contributing to bleak growth prospects.

South Africa marked Freedom Day on Thursday and with Monday another public holiday, many local traders will be away from their desks until next Tuesday.

Shares on the Johannesburg Stock Exchange rose marginally, with the broader all-share index closing up 0.12% and the blue-chip Top-40 index ending 0.07% higher.

The government's benchmark 2030 bond was stronger, with the yield down 2.5 basis points to 10.180%.

Source: Thomson Reuters Refinitiv

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Simone de Beauvoir

Market Overview

MARKET INDICATORS [Thomson Reuters Refinitiv]				02 May 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	➡	8.47	0.000	8.47	8.47
6 months	➡	8.85	0.000	8.85	8.85
9 months	➡	9.25	0.000	9.25	9.25
12 months	➡	9.33	0.000	9.33	9.33
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	➡	8.40	0.000	8.40	8.40
GC24 (Coupon 10.50%, BMK R186)	➡	9.12	0.000	9.12	9.13
GC25 (Coupon 8.50%, BMK R186)	➡	9.27	0.000	9.27	9.28
GC26 (Coupon 8.50%, BMK R186)	➡	9.17	0.000	9.17	9.18
GC27 (Coupon 8.00%, BMK R186)	➡	9.64	0.000	9.64	9.65
GC28 (Coupon 8.50%, BMK R2030)	➡	9.98	0.000	9.98	9.98
GC30 (Coupon 8.00%, BMK R2030)	➡	10.68	0.000	10.68	10.68
GC32 (Coupon 9.00%, BMK R213)	➡	11.36	0.000	11.36	11.37
GC35 (Coupon 9.50%, BMK R209)	➡	12.62	0.000	12.62	12.62
GC37 (Coupon 9.50%, BMK R2037)	➡	13.06	0.000	13.06	13.06
GC40 (Coupon 9.80%, BMK R214)	➡	13.13	0.000	13.13	13.15
GC43 (Coupon 10.00%, BMK R2044)	➡	13.91	0.000	13.91	13.91
GC45 (Coupon 9.85%, BMK R2044)	➡	13.81	0.000	13.81	13.81
GC48 (Coupon 10.00%, BMK R2048)	➡	13.96	0.000	13.96	13.95
GC50 (Coupon 10.25%, BMK: R2048)	➡	14.06	0.000	14.06	14.05
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	➡	3.29	0.000	3.29	3.29
GI27 (Coupon 4.00%, BMK NCPI)	➡	3.59	0.000	3.59	3.59
GI29 (Coupon 4.50%, BMK NCPI)	➡	5.12	0.000	5.12	5.12
GI33 (Coupon 4.50%, BMK NCPI)	➡	6.13	0.000	6.13	6.13
GI36 (Coupon 4.80%, BMK NCPI)	➡	6.43	0.000	6.43	6.43
Commodities		Last close	Change	Prev close	Current Spot
Gold	⬇	1,982	-0.38%	1,990	1,983
Platinum	⬇	1,050	-2.26%	1,074	1,047
Brent Crude	⬇	79.3	-0.29%	79.5	79.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	➡	1,570	0.00%	1,570	1,570
JSE All Share	➡	78,218	0.00%	78,218	78,218
SP500	⬇	4,168	-0.04%	4,169	4,168
FTSE 100	➡	7,871	0.00%	7,871	7,871
Hangseng	➡	19,895	0.00%	19,895	19,956
DAX	➡	15,922	0.00%	15,922	15,922
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	➡	15,695	0.00%	15,695	15,695
Resources	➡	69,000	0.00%	69,000	69,000
Industrials	➡	106,037	0.00%	106,037	106,037
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬆	18.29	0.09%	18.27	18.39
N\$/Pound	⬇	22.86	-0.42%	22.95	22.97
N\$/Euro	⬇	20.07	-0.27%	20.13	20.19
US dollar/ Euro	⬇	1.098	-0.41%	1.102	1.098
		Namibia		RSA	
Interest Rates & Inflation		Apr 23	Mar 23	Apr 23	Mar 23
Central Bank Rate	⬆	7.25	7.00	7.75	7.75
Prime Rate	⬆	11.00	10.75	11.25	10.75
		Mar 23	Feb 23	Mar 23	Feb 23
Inflation	➡	7.2	7.2	7.1	7.0

Notes to the table:

- The money market rates are TB rates
- “BMK” = Benchmark
- “NCPI” = Namibian inflation rate
- “Difference” = change in basis points
- Current spot = value at the time of writing
- NSX is the Overall Index, including dual listeds

Source: Thomson Reuters Refinitiv

Important note: This is not a solicitation to trade and CAM will not necessarily trade at the yields and/or prices quoted above. The information is sourced from the data vendor as indicated. The levels of and changes in the yields need to be interpreted with caution due to the illiquid nature of the domestic bond market.



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