



Market Update

Thursday, 03 July 2025

Global Markets



Asian shares were subdued on Thursday as investors braced for a key U.S. jobs report that may justify imminent rate cuts by the Federal Reserve and waited on the passage of a massive U.S. tax and spending bill in Congress. Wall Street climbed overnight to close at new record highs after President Donald Trump announced that the U.S. has struck a trade deal with Vietnam, including a 20% tariff on exports to the U.S. That is lower than the 46% tariff that had been threatened, but still much higher than previous rates.

Vietnamese shares gained 0.5% to the highest since April 2022. The local dong currency, however, dipped to a record low of 26,229 per dollar. Indeed, Japan has invoked national interests as talks with the U.S. struggled, while South Korea President Lee Jae Myung said on Thursday U.S. tariff negotiations were looking difficult and he cannot say if talks can conclude by next Tuesday.

MSCI's broadest index of Asia-Pacific shares outside Japan edged up 0.1% on Thursday, while Japan's Nikkei slipped 0.1%. China's blue chips rose 0.5%, while Hong Kong's Hang Seng index fell 1%. Data also showed China's services activity expanded at the slowest pace in nine months in June. Both

Nasdaq futures and S&P 500 futures were 0.1% higher in Asia, while EUROSTOXX 50 futures were up 0.2.

Investors were waiting for Trump's massive tax and spending bill to pass the Congress. However, Republicans in the House of Representatives are struggling to unite to support the bill. The bill is expected to add \$3.3 trillion to the national debt, slash taxes and reduce social safety net programs. The main risk event for markets will be the U.S. payrolls figures due later in the day. Analysts are forecasting a rise of 110,000 in June with the jobless rate ticking up to 4.3% but the stakes are high after a private sector payrolls report surprised with the first fall in over two years. The resilience of the labour market is a major reason the majority of Federal Reserve members say they can afford to hold off on cutting rates until they can gauge the real impact of tariffs on inflation.

Futures imply just a 25% probability for a rate cut this month from the Fed, which has not eased policy at all this year, drawing the ire of Trump who reiterated his call on Wednesday for Chair Jerome Powell to resign. Trump, who said rates should be cut to 1% from the current Fed benchmark rate of 4.25% to 4.50%, has repeatedly railed against Powell for not lowering borrowing costs since his return to the White House in January.

A UBS survey on Thursday showed two in three reserve managers fear Fed independence is at risk and nearly half think the rule of law in the U.S. may deteriorate enough to influence their asset allocation significantly. The Treasuries market was tense before the data as a weak jobs report would send yields sharply lower. Ten-year Treasury bond yield slipped 3 basis points to 4.265% on Thursday, while two-year yields eased 2 bps to 3.772%.

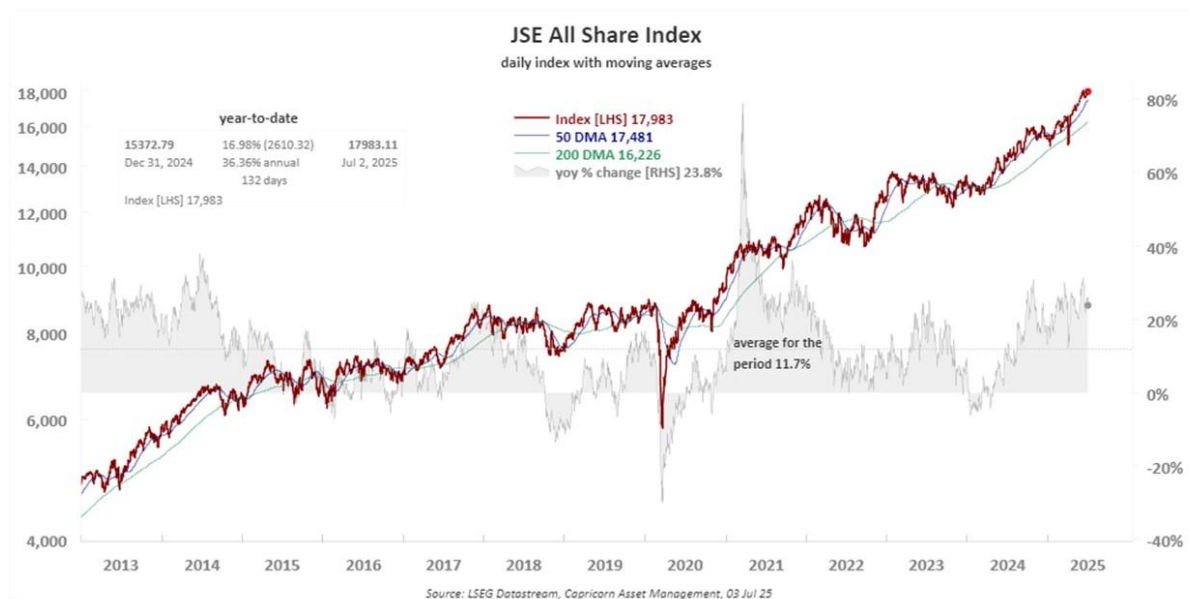
The dollar is hovering just above a three-year low against its major peers at 96.872, up 0.1% for the day. Sterling slipped 0.1% to \$1.3626, on top of a steep 0.8% fall overnight, as fears about the future of its finance minister Rachel Reeves eased. Investor anxiety over UK finances after the British government's reversal on welfare reforms caused gilt yields to jump overnight, up nearly 23 basis points at one point, the most since October 2022.

In commodities markets, oil prices were lower after jumping 3% overnight as Iran suspended cooperation with the U.N. nuclear watchdog. U.S. crude futures slipped 0.7% to \$66.93 a barrel while Brent was at \$68.56 per barrel, 0.8% lower on the day.

Gold prices eased 0.1% to \$3,352 an ounce.

Source: LSEG Thomson Reuters Refinitiv.

Domestic Markets



The South African rand weakened against a stronger dollar in early trade on Wednesday, ahead of the release of a domestic inflation expectations survey, while U.S. jobs data and trade negotiations remained in focus. At 0630 GMT the rand traded at 17.6250 against the dollar, about 0.2% weaker than Tuesday's close.

South Africa's Bureau for Economic Research will release its second-quarter inflation expectations survey, showing how analysts, business people and trade union officials expect inflation to develop over the next three years. Inflation expectations are an important data point for the central bank when it takes interest rate decisions. Its next decision is due to be announced later this month.

The dollar last traded about 0.2% stronger against a basket of currencies as investors awaited U.S. ADP employment data, due later in the day, and nonfarm payroll figures on Thursday for further insights into labour market conditions.

Meanwhile, with the July 9 tariff day creeping closer, countries including South Africa are scrambling to agree trade deals with the U.S. Trump imposed a 31% tax on U.S. imports from South Africa in April as part of his global "reciprocal" tariffs. The Southern African country has asked for more time to negotiate a trade deal before the deadline.

South Africa's benchmark 2035 government bond was marginally stronger in early deals, as the yield fell 1.5 basis points to 9.84%.

Source: LSEG Thomson Reuters Refinitiv.

If you don't like something, change it. If you can't change it, change your attitude.

Maya Angelou

Market Overview

MARKET INDICATORS (Bloomberg)				03 July 2025	
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↑	7.54	0.025	7.51	7.54
6 months	↑	7.65	0.020	7.63	7.65
9 months	↑	7.70	0.022	7.68	7.70
12 months	↓	7.69	-0.009	7.70	7.69
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC26 (Coupon 8.50%, BMK: R186)	↓	7.42	-0.013	7.43	7.41
GC27 (Coupon 8.00%, BMK: R186)	↑	7.76	0.004	7.75	7.76
GC30 (Coupon 8.00%, BMK: R2030)	↓	8.68	-0.017	8.69	8.68
GC32 (Coupon 9.00%, BMK: R213)	↓	9.38	-0.107	9.49	9.38
GC35 (Coupon 9.50%, BMK: R209)	↑	11.00	0.046	10.95	11.00
GC37 (Coupon 9.50%, BMK: R2037)	↑	11.14	0.004	11.14	11.14
GC40 (Coupon 9.80%, BMK: R214)	↑	11.37	0.061	11.31	11.37
GC43 (Coupon 10.00%, BMK: R2044)	↑	11.54	0.079	11.46	11.54
GC45 (Coupon 9.85%, BMK: R2044)	↑	11.78	0.057	11.73	11.78
GC48 (Coupon 10.00%, BMK: R2048)	↑	11.84	0.082	11.76	11.84
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.00	0.067	11.93	12.00
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI25 (Coupon 3.80%, BMK: NCPI)	↓	2.50	-0.016	2.51	2.37
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.48	0.005	4.47	4.48
GI29 (Coupon 4.50%, BMK: NCPI)	↑	4.69	0.004	4.69	4.69
GI33 (Coupon 4.50%, BMK: NCPI)	↑	5.30	0.001	5.29	5.30
GI36 (Coupon 4.80%, BMK: NCPI)	↑	5.64	0.000	5.64	5.64
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	3,357	0.56%	3,339	3,360
Platinum	↑	1423	4.62%	1360	1415
Brent Crude	↑	69.1	2.98%	67.11	68.64
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↑	1070	0.28%	1067	1070
JSE All Share	↓	96,609	-0.31%	96,911	96,609
S&P 500	↑	6,227	0.47%	6,198	6,227
FTSE 100	↓	8,775	-0.11%	8,785	8,775
Hangseng	↓	24,040	-0.75%	24,221	24,040
DAX	↑	23,790	0.49%	23,673	23,790
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	⇒	21,419	0.00%	21,419	21,229
Resources	⇒	76,083	0.00%	76,083	77,448
Industrials	⇒	137,066	0.00%	137,066	135,772
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	17.57	-0.17%	17.60	17.57
N\$/Pound	↓	23.95	-0.99%	24.19	23.97
N\$/Euro	↓	20.73	-0.24%	20.78	20.72
US Dollar/ Euro	⇒	1.180	0.00%	1.18	1.18
		Namibia		RSA	
Interest Rates & Inflation		Jun-25	May-25	Jun-25	May-25
Central Bank Rate	⇒	6.75	6.75	7.25	7.25
Prime Rate	⇒	10.50	10.50	10.75	10.75
		May-25	Apr-25	May-25	Apr-25
Inflation	↓	3.5	3.6	2.8	2.8

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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