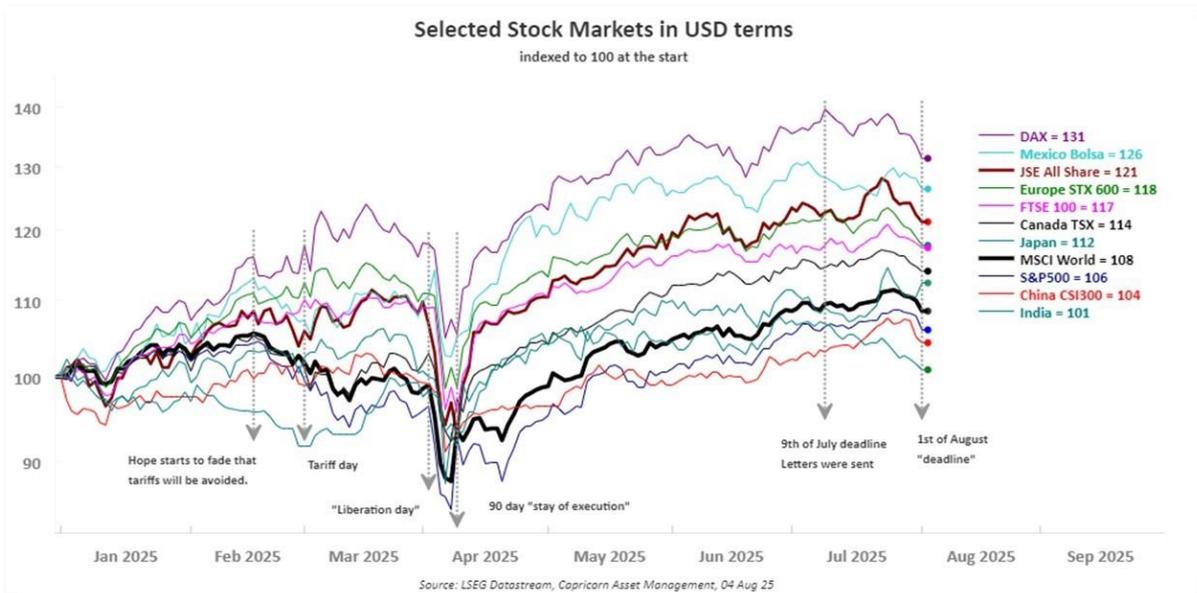




Market Update

Monday, 04 August 2025

Global Markets



Share markets found some much needed support in Asia on Monday as the prospect of lower borrowing costs helped soothe concerns about the U.S. economy, though the long-term credibility of U.S. policy remained in doubt. A buy-the-dip mentality led to a bounce in Wall Street and European stock futures and allowed the dollar to stabilize after Friday's payrolls-induced retreat. Treasuries ran into some profit-taking after their huge gains, but fund futures still imply an 85% chance the Federal Reserve will cut rates in September, and ease by 100 basis points or more by this time next year.

The prospect of a shift in rates was the only silver lining to a dire payrolls report in which downward revisions left the three-month average of jobs growth at 35,000 from 231,000 at the start of the year. "The report brings payroll growth closer in line with big data indicators of job gains and the broader growth dataset, both of which have slowed significantly in recent months," said analysts at Goldman Sachs. "Taken together, the economic data confirm our view that the U.S. economy is

growing at a below-potential pace." Neither did the reaction of President Donald Trump instill confidence, as the firing of the head of Labor Statistics threatened the credibility of U.S. economic data.

Likewise, news that Trump would get to fill a governorship position at the Federal Reserve early added to worries about the politicization of interest rate policy. Analysts assume the appointee will be loyal to Trump alone, though the president did grudgingly concede that Fed Chair Jerome Powell would probably see out his term. "It opens the prospect of broader support on the Fed Board for lower rates sooner rather than later," said Ray Attrill, head of FX research at NAB. "Fed credibility, and the veracity of the statistics on which they base their policy decisions, are both now under the spotlight." Markets have essentially already eased for the Fed, with two-year Treasury yields down almost 25 basis points on Friday in the biggest one-day drop since August last year.

The drop in global yields seemed to help equities, with S&P 500 futures and Nasdaq futures both bouncing 0.4%. EUROSTOXX 50 futures gained 0.6%, while FTSE futures rose 0.5% and DAX futures 0.4%. MSCI's broadest index of Asia-Pacific shares outside Japan firmed 0.6%, aided by a 0.8% rally in South Korea stocks. Japan's Nikkei fell 1.6%, in part weighed by Friday's rebound in the yen, while Chinese blue chips were flat. Wall Street has taken comfort in an upbeat results season. About two-thirds of the S&P 500 reported and 63% have beaten forecasts. Earnings growth is estimated at 9.8%, up from 5.8% at the start of July. Companies reporting this week include Disney, McDonald's, Caterpillar and some of the large pharmaceutical groups.

The dismal U.S. jobs data did put a dent in the dollar's crown of exceptionalism, snuffing out what had been a promising rally for the currency. The dollar was a shade firmer at 147.69 yen, having shed an eye-watering 2.3% on Friday, while the euro held steady at \$1.1583 after bouncing 1.5% on Friday. The dollar index was pinned at 98.727, having been toppled from last week's top of 100.250. Sterling was restrained at \$1.3282 as markets are 87% priced for the Bank of England to cut rates by a quarter point at a meeting on Thursday. The BoE board itself is expected to remain split on easing, while markets still favor two further cuts by the middle of next year.

In commodity markets, gold was flat at \$3,361 an ounce, having climbed more than 2% on Friday.

Oil prices extended their latest slide as OPEC+ agreed to another large rise in output for September, which completely reverses last year's cuts of 2.2 million barrels per day.

Brent dropped 0.2% to \$69.51 a barrel, while U.S. crude fell 0.1% to \$67.24 per barrel.

Source: LSEG Thomson Reuters Refinitiv.

Domestic Markets



The South African rand was softer in early trade on Monday ahead of a briefing by the country's ministers of trade and foreign affairs where they will provide updates on progress made in negotiating a trade pact with the United States. At 0633 GMT the rand traded at 18.0525 against the U.S. dollar, about 0.2% weaker than Friday's close. The dollar index, which tracks the currency against a basket of major peers, was slightly stronger in Monday trade. It fell more than 1% on Friday following weak U.S. jobs data that sent traders scrambling to price in aggressive Federal Reserve interest rate cuts.

In an executive order on Thursday, U.S. President Donald Trump modified tariff rates for some countries, but South Africa's figure was kept at 30%, the highest rate among Sub-Saharan African countries. The order said the higher duty rates would take effect in seven days. Pretoria has been trying to get Washington to reduce the rate, saying it could harm tens of thousands of jobs. Trade minister Parks Tau and foreign minister Ronald Lamola are set to update the nation on the issue later on Monday. "Our foremost priority is protecting our export industries. We will continue to engage the U.S. in an attempt to preserve market access for our products," President Cyril Ramaphosa said in a newsletter on Monday. South Africa should accelerate the diversification of export markets by deepening intra-African trade, he said. "We will in due course be announcing the modalities of a support package for companies, producers and workers that have been rendered vulnerable by the U.S. tariffs," Ramaphosa said.

In data releases, a seasonally-adjusted purchasing managers' index showed that South African manufacturing sentiment improved in July, pointing to better business conditions in the sector for the first time in nine months. Separately, data from the national auto association NAAMSA showed a 15.6% year-on-year increase in new vehicles sold domestically in July. The country's government borrowing costs dropped to their lowest in five years after the Reserve Bank said on Thursday it would lower its inflation goal, despite the finance minister not yet having signed off on a formal change of target.

South Africa's benchmark 2035 government bond was marginally stronger in early deals, as the yield rose one basis point to 9.615.

Source: LSEG Thomson Reuters Refinitiv.

What is now proved was once only imagined.

William Blake

Market Overview

MARKET INDICATORS (Bloomberg)		04 August 2025			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↓	7.44	-0.028	7.47	7.44
6 months	↓	7.61	-0.022	7.63	7.61
9 months	↓	7.71	-0.024	7.73	7.71
12 months	↓	7.72	-0.015	7.73	7.72
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC26 (Coupon 8.50%, BMK: R186)	↓	7.60	-0.007	7.60	7.59
GC27 (Coupon 8.00%, BMK: R186)	↓	7.75	-0.006	7.76	7.75
GC30 (Coupon 8.00%, BMK: R2030)	↓	8.94	-0.050	8.99	8.94
GC32 (Coupon 9.00%, BMK: R213)	↓	9.48	-0.026	9.50	9.48
GC35 (Coupon 9.50%, BMK: R209)	↓	10.81	-0.098	10.90	10.81
GC37 (Coupon 9.50%, BMK: R2037)	↓	11.14	-0.031	11.18	11.14
GC40 (Coupon 9.80%, BMK: R214)	↓	11.37	-0.011	11.38	11.37
GC43 (Coupon 10.00%, BMK: R2044)	↓	11.52	-0.030	11.55	11.52
GC45 (Coupon 9.85%, BMK: R2044)	↓	11.85	-0.016	11.87	11.85
GC48 (Coupon 10.00%, BMK: R2048)	↓	11.73	-0.084	11.82	11.73
GC50 (Coupon 10.25%, BMK: R2048)	↓	11.91	-0.147	12.05	11.91
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.51	0.005	4.51	4.51
GI29 (Coupon 4.50%, BMK: NCPI)	↑	4.71	0.003	4.71	4.71
GI33 (Coupon 4.50%, BMK: NCPI)	↑	5.23	0.002	5.23	5.23
GI36 (Coupon 4.80%, BMK: NCPI)	↑	5.70	0.003	5.70	5.70
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	3,363	2.24%	3,290	3,358
Platinum	↑	1320	2.19%	1292	1314
Brent Crude	↓	69.7	-3.94%	72.53	69.65
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Overall Index	↓	1043	-1.70%	1061	1043
JSE All Share	↓	97,744	-0.79%	98,520	97,744
S&P 500	↓	6,238	-1.59%	6,339	6,238
FTSE 100	↓	9,069	-0.70%	9,133	9,069
Hangseng	↑	24,648	0.57%	24,508	24,648
DAX	↓	23,426	-2.66%	24,065	23,426
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	→	21,559	0.00%	21,559	21,248
Resources	→	79,066	0.00%	79,066	81,052
Industrials	→	138,642	0.00%	138,642	136,011
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	18.11	-0.60%	18.22	18.06
N\$/Pound	↓	24.05	-0.04%	24.06	23.98
N\$/Euro	↑	21.05	1.25%	20.79	20.90
US Dollar/ Euro	↑	1.159	1.67%	1.14	1.16
		Namibia		RSA	
Interest Rates & Inflation		Jul-25	Jun-25	Jul-25	Jun-25
Central Bank Rate	→	6.75	6.75	7.00	7.25
Prime Rate	→	10.50	10.50	10.50	10.75
		Jun-25	May-25	Jun-25	May-25
Inflation	↑	3.7	3.5	3.0	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 listed

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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