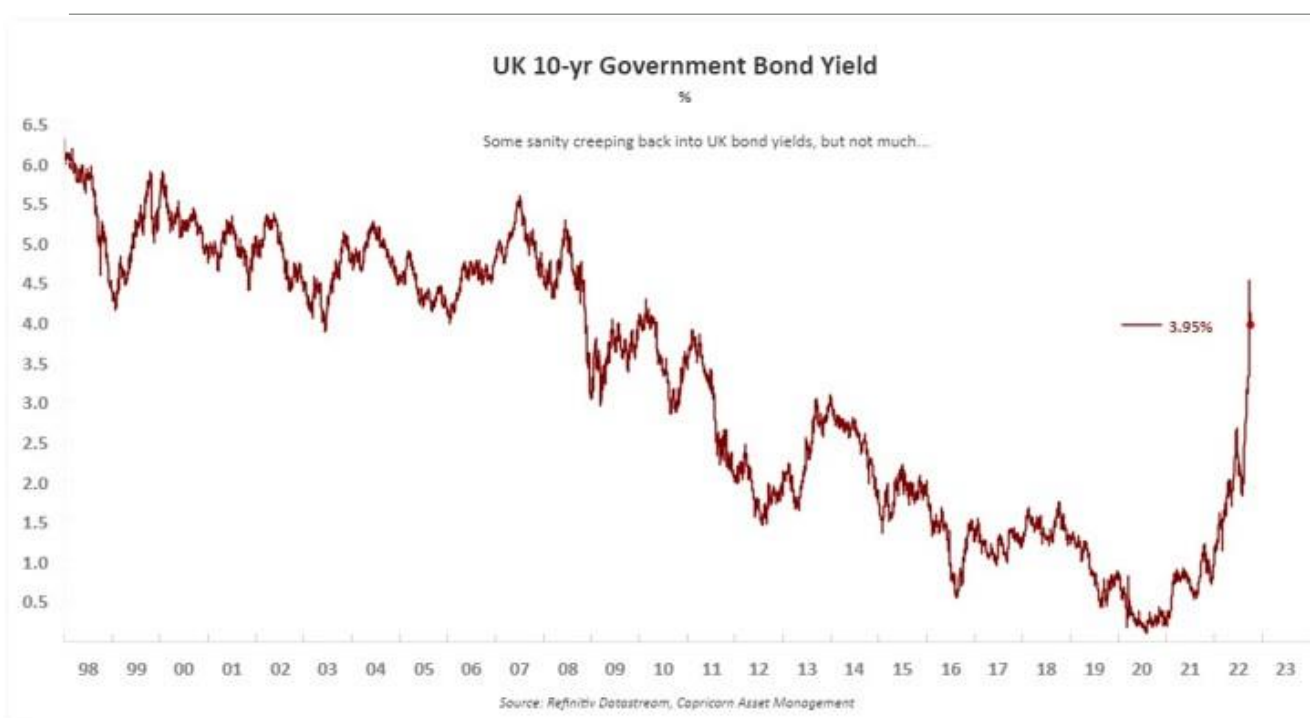




Market Update

Tuesday, 04 October 2022



Global Markets

Asian stocks bounced on Tuesday after Britain scrapped bits of a controversial tax cut plan, tentatively improving global market sentiment and rallying bonds and the pound.

Australia's central bank added to that sense of relief in markets, surprising investors by lifting interest rates by a smaller-than-expected 25 basis points, saying they had already risen substantially.

That pushed the Aussie dollar AUD=D3 down, lifted the S&P/ASX 200 index by 3.6% and spurred benchmark 3-year bonds for their best day in 13 years.

In trade thinned by holidays in China and Hong Kong, MSCI's broadest index of Asia-Pacific shares outside Japan rose 1.7%, led by gains in Australia.

UK stocks seemed set for a bounce, with FTSE futures up 0.8%.

"It feels short term it's a little bit oversold," said Geoff Wilson, chief investment officer at Wilson Asset Management in Sydney.

"Is this the bottom? It's nearly impossible to pick the bottom, but I don't think so," he said, referring broadly to markets.

Japan's Nikkei .N225 rose 2.8%. Sterling drifted up to an almost two-week high of \$1.1343, making for a bounce now of almost 10% from a record low hit last week after plans for unfunded tax cuts unleashed chaos on British assets.

"The about-face ... will not have a huge impact on the overall UK fiscal situation in our view," said NatWest Markets' head of economics and markets strategy John Briggs.

"(But) investors took it as a signal that the UK government could and is at least partially willing to walk back from its intentions that so disrupted markets over the past week."

Investors also took heart from stability at the long end of the gilt market, even though emergency purchases from the Bank of England were only relatively modest.

S&P 500 futures rose 1%, following a 2.6% bounce for the index .SPX overnight.

British Finance Minister Kwasi Kwarteng released a statement reversing planned tax cuts for top earners. It makes up only 2 billion out of a planned 45 billion pounds of unfunded tax cuts that had sent the gilt market into a tailspin last week.

South Korea's Kospi bounced 2.5%, lifting away from last week's two-year low, despite North Korea's firing a missile over Japan for the first time in five years.

STERLING BOUNCE

The recovery of sterling has settled some nerves in the currency market, though the persistent strength of the dollar still holds a lot of major currencies near milestone lows and has authorities throughout Asia on edge.

Japan's yen hit 145 to the dollar on Monday - a level that prompted official intervention last week - and was last at 144.71. The euro was at \$0.9838, about three cents stronger than last week's 20-year trough.

Chinese authorities have rolled out manoeuvres to support the yuan ranging from unusually strong signals to the market to administrative measures that raise the cost of shorting it.

"More volatility is almost certainly assured as FX markets re-focus on U.S. recession risks, which continue to build," said ANZ senior economist Miles Workman, with U.S. jobs data on Friday the next major data point on the horizon.

The Australian dollar fell to \$0.6451 after the central bank meeting. The Reserve Bank of New Zealand meets on Wednesday and the kiwi held just above \$0.57.

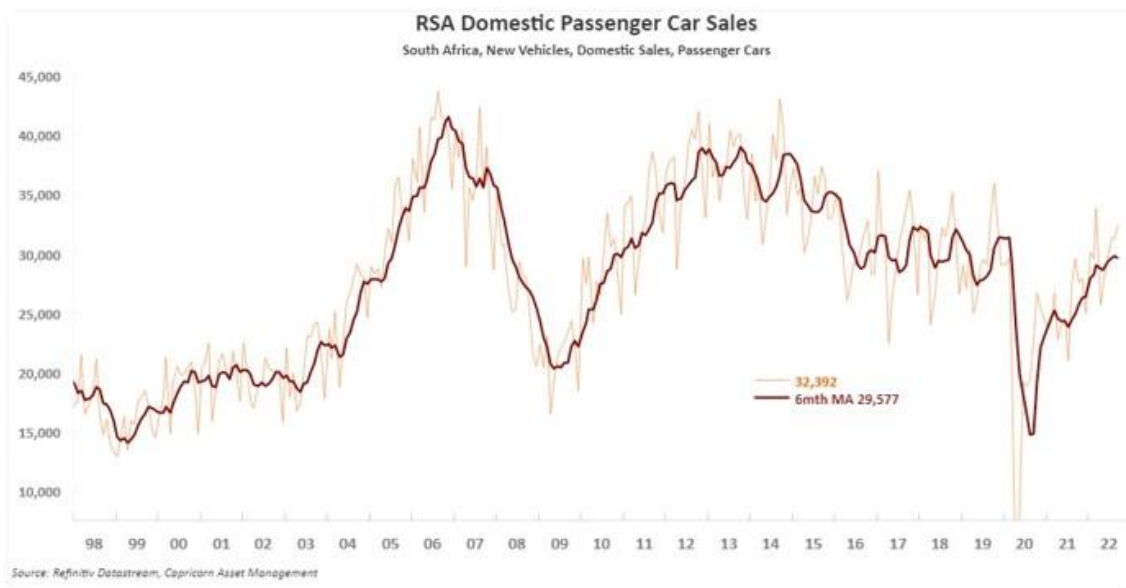
Treasuries rallied in sympathy with gilts overnight and the benchmark 10-year yield dropped 15 basis points. It was steady in Asia at 3.62%, having briefly poked above 4% last week.

Other indicators of market stress abound. The CBOE Volatility Index remains elevated and above 30. Shares and bonds of Credit Suisse hit record lows on Monday as worry about the bank's restructuring plans swept markets.

Oil held overnight gains on news of possible production cuts, and Brent futures were last up 43 cents to \$89.29 a barrel.

Source: Thomson Reuters Refinitiv

Domestic Markets



South Africa's rand firmed on Monday as the U.S. dollar traded lower due to moderating interest rate hike expectations.

At 1511 GMT, the rand traded at 17.8200 against the dollar, 1.41% stronger than its previous close.

The dollar index, which measures the currency against six rivals, was last down 0.597% at 111.560.

Stocks on the Johannesburg Stock Exchange (JSE) closed slightly higher, mostly due to gains in the mining index

The benchmark all-share and the Top-40 indexes both rose around 0.8%.

New vehicle sales rose 10.8% year-on-year in September, data showed on Monday, while separately the Absa Purchasing Managers' Index (PMI) contracted as extensive power cuts weighed on production and new sales orders declined during the month.

The government's benchmark 2030 bond was stronger in afternoon deals, with the yield down 21 basis points to 10.680%.

Source: Thomson Reuters Refinitiv

Corona Tracker

Name	Cases - cumulative total	⇅	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	615,310,890		2,586,691	6,524,568	6,672

Source: Thomson Reuters Refinitiv

The greatest use of a life is to spend it on something that will outlast it.

[William James](#)

Market Overview

MARKET INDICATORS		04 October 2022			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↑	7.11	0.088	7.02	7.11
6 months	↑	7.83	0.289	7.54	7.83
9 months	↑	8.60	0.420	8.18	8.60
12 months	↑	8.67	0.210	8.46	8.67
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC23 (Coupon 8.85%, BMK: R202)	↓	8.30	-0.113	8.41	8.29
GC24 (Coupon 10.50%, BMK: R186)	↓	8.72	-0.099	8.82	8.72
GC25 (Coupon 8.50%, BMK: R186)	↓	8.92	-0.039	8.96	8.92
GC26 (Coupon 8.50%, BMK: R186)	↓	9.15	-0.038	9.19	9.15
GC27 (Coupon 8.00%, BMK: R186)	↑	10.16	0.126	10.03	10.16
GC30 (Coupon 8.00%, BMK: R203)	↑	12.33	0.178	12.15	12.33
GC32 (Coupon 9.00%, BMK: R213)	↓	12.08	-0.022	12.10	12.08
GC35 (Coupon 9.50%, BMK: R209)	↓	12.86	-0.172	13.03	12.85
GC37 (Coupon 9.50%, BMK: R203)	↓	12.84	-0.255	13.09	12.84
GC40 (Coupon 9.80%, BMK: R214)	↓	13.06	-0.151	13.21	13.06
GC43 (Coupon 10.00%, BMK: R204)	↓	14.05	-0.134	14.19	14.05
GC45 (Coupon 9.85%, BMK: R204)	↓	14.11	-0.106	14.22	14.11
GC50 (Coupon 10.25%, BMK: R204)	↓	14.80	-0.152	14.95	14.80
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI22 (Coupon 3.55%, BMK: NCPI)	↑	-3.24	0.227	-3.47	-3.36
GI25 (Coupon 3.80%, BMK: NCPI)	↓	2.79	0.000	2.79	2.79
GI27 (Coupon 4.00%, BMK: NCPI)	↓	3.39	-0.115	3.50	3.38
GI29 (Coupon 4.50%, BMK: NCPI)	↓	4.67	0.000	4.67	4.67
GI33 (Coupon 4.50%, BMK: NCPI)	↓	5.95	-0.153	6.10	5.95
GI36 (Coupon 4.80%, BMK: NCPI)	↓	6.71	-0.130	6.84	6.71
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	1,700	2.37%	1,661	1,707
Platinum	↑	903	4.54%	864	914
Brent Crude	↑	88.9	1.02%	87.96	89.39
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↑	763	1.46%	752	763
JSE All Share	↑	64,227	0.79%	63,726	64,227
S&P 500	↑	3,678	2.57%	3,586	3,678
FTSE 100	↑	6,909	0.22%	6,894	6,909
Hangseng	↓	17,080	-0.83%	17,223	17,080
DAX	↑	12,209	0.78%	12,114	12,209
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	→	13,796	0.00%	13,796	13,815
Resources	→	60,230	0.00%	60,230	61,646
Industrials	→	77,400	0.00%	77,400	77,524
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	17.84	-1.38%	18.09	17.75
N\$/Pound	↓	20.20	-0.05%	20.21	20.18
N\$/Euro	↓	17.53	-1.18%	17.74	17.53
US Dollar/ Euro	↑	0.983	0.31%	0.98	0.99
Interest Rates & Inflation		Namibia		RSA	
		Sep-22	Aug-22	Sep-22	Aug-22
Central Bank Rate	→	5.50	5.50	6.25	5.50
Prime Rate	→	9.25	9.25	9.75	9.00
		Aug-22	Jul-22	Aug-22	Jul-22
Inflation	↑	7.3	6.9	7.6	7.8

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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