



## Market Update

Wednesday, 05 March 2025

### Global Markets

The U.S. dollar hovered near a three-month low versus major peers on Wednesday after the latest round of U.S. tariffs and countermeasures from Canada and China stoked fears of an escalating trade war. Hong Kong stocks rose but the yuan retraced part of Tuesday's advance as annual parliamentary sessions of the National People's Congress (NPC) kicked off with Beijing retaining a roughly 5% economic growth goal for 2025.

The euro pushed to a nearly four-month peak after German political parties agreed to a 500-billion-euro infrastructure fund. Sterling also stood tall near a three-month high. Crude oil swooned to six-month lows, while bitcoin found its feet around \$87,500 following a volatile week. "Fears about weaker U.S. and global economic activity are manifesting in the markets, with cyclical driving the sell-off," said Kyle Rodda, senior financial markets analyst at Capital.com. "The uncertainty is enough to keep investors cautious, with American businesses and consumers presumably feeling the same."

Australian stocks slumped 1.1%, while Japan's Nikkei was flat after flipping between small gains and losses. Hong Kong's Hang Seng rallied 1.1%, although mainland Chinese bourses were mixed, with an index of blue chips little changed. China's offshore yuan edged down about 0.3% to 7.2716 per dollar, after strengthening 0.7% on Tuesday. Along with an unchanged economic growth target, Beijing committed more fiscal resources than last year to mitigate the impact of rising U.S. tariffs.

China aims for a budget deficit of around 4% of gross domestic product (GDP) in 2025, up from 3% in 2024. "Growth, inflation and fiscal spend targets were all pretty much as expected," said Charu Chanana, chief investment strategist at Saxo. "It doesn't look like China wants to go overboard with spending right away given the tariff threats, as they potentially want to save ammunition for external threats later in the year."

Overnight, the U.S. S&P 500 slid 1.2%, but futures rose 0.5% on Wednesday. MSCI's world equity index was flat, leaving it 1.9% lower so far this week. U.S. President Donald Trump's 25% tariffs on imports from Mexico and Canada, along with doubled duties of 20% on Chinese goods, took effect on Tuesday. China and Canada retaliated while Mexican President Claudia Sheinbaum vowed to respond likewise, without giving details.

The U.S. dollar index, which measures the currency against the euro, sterling and four other major counterparts, was little changed at 105.60, after a two-day 1.9% slump that took it as low as 105.49 for the first time since December 6. The euro rose as high as \$1.0637 for the first time since November 13 in the latest session.

Sterling was steady at \$1.2786, not far from Tuesday's peak of \$1.27995, a level last seen on December 6. The parties hoping to form Germany's next government on Tuesday agreed to create a 500-billion-euro infrastructure fund and overhaul borrowing rules in a tectonic spending shift to revamp the military and revive growth in Europe's largest economy.

Oil fell for a third session on Wednesday amid concerns over global growth due to tit-for-tat tariffs and plans by OPEC+ to raise output in April.

Brent futures eased 15 cents to \$70.89 a barrel, after falling as low as \$69.75 in the previous session, its lowest since September 11.

**Source: LSEG Thomson Reuters Refinitiv.**

## Domestic Markets

South Africa's rand was little changed on Tuesday as markets processed U.S. tariffs imposed on Canada, China, and Mexico. At 1500 GMT, the rand traded at 18.59 against the U.S. dollar, near its previous close of 18.5875. The dollar fell to a three-month low on Tuesday on concerns about slowing growth and the possibility tariffs imposed by U.S. President Donald Trump could be inflationary. It last traded about 0.3% weaker against a basket of currencies.

Trump's 25% tariffs on imports from Canada and Mexico took effect on Tuesday and duties on Chinese goods doubled to 20%, adding to trade tensions with the three leading U.S. trading partners. Like other risk-sensitive currencies, the rand often takes cues from global drivers like U.S. policies in addition to local factors.

South Africa's economy returned to modest growth in the fourth quarter of last year, helped by a recovery in agricultural output after the sector triggered a contraction in the previous quarter, data from Statistics South Africa showed on Tuesday.

On the Johannesburg Stock Exchange, the blue-chip Top 40 index closed down about 1%. South Africa's benchmark 2030 government bond was stronger, with the yield down 6 basis points to 9.035%.

**Source: LSEG Thomson Reuters Refinitiv.**

Time plays a role in almost every decision. And some decisions define your attitude about time.

**John Cale**

## Market Overview

MARKET INDICATORS (Bloomberg)				05 March 2025	
<b>Money Market TB's</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
3 months	↓	7.52	-0.038	7.55	7.52
6 months	↓	7.66	-0.039	7.70	7.66
9 months	↓	7.72	-0.029	7.75	7.72
12 months	↓	7.74	-0.040	7.78	7.74
<b>Nominal Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GC25 (Coupon 8.50%, BMK: R186)	↑	7.42	0.025	7.39	7.40
GC26 (Coupon 8.50%, BMK: R186)	↓	8.44	0.000	8.44	8.43
GC27 (Coupon 8.00%, BMK: R186)	↑	8.63	0.002	8.63	8.61
GC30 (Coupon 8.00%, BMK: R2030)	↑	8.99	0.012	8.97	8.96
GC32 (Coupon 9.00%, BMK: R213)	↓	10.05	-0.001	10.05	9.69
GC35 (Coupon 9.50%, BMK: R209)	↓	11.03	-0.002	11.03	11.03
GC37 (Coupon 9.50%, BMK: R2037)	↓	11.24	-0.006	11.24	11.23
GC40 (Coupon 9.80%, BMK: R214)	↑	11.52	0.209	11.31	11.27
GC43 (Coupon 10.00%, BMK: R2044)	↑	11.27	0.015	11.25	11.24
GC45 (Coupon 9.85%, BMK: R2044)	↓	11.46	-0.005	11.46	11.45
GC50 (Coupon 10.25%, BMK: R2048)	↑	11.37	0.011	11.36	11.34
<b>Inflation-Linked Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GI25 (Coupon 3.80%, BMK: NCPI)	↑	3.36	0.021	3.34	3.35
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.41	0.005	4.41	4.41
GI29 (Coupon 4.50%, BMK: NCPI)	↓	4.78	-0.001	4.78	4.78
GI33 (Coupon 4.50%, BMK: NCPI)	↑	5.32	0.006	5.31	5.32
GI36 (Coupon 4.80%, BMK: NCPI)	↓	5.66	-0.002	5.66	5.66
<b>Commodities</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Gold	↑	2,918	0.87%	2,893	2,918
Platinum	↑	963	0.67%	957	967
Brent Crude	↓	71.0	-0.81%	71.62	70.81
<b>Main Indices</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
NSX Local Index	↓	1021	-1.45%	1036	1021
JSE All Share	↓	86,731	-0.95%	87,565	86,731
S&P 500	↓	5,778	-1.23%	5,850	5,778
FTSE 100	↓	8,759	-1.26%	8,871	8,759
Hangseng	↑	23,460	2.26%	22,942	23,460
DAX	↓	22,327	-3.54%	23,147	22,327
<b>JSE Sectors</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Financials	→	20,387	0.00%	20,387	20,240
Resources	→	60,634	0.00%	60,634	59,567
Industrials	→	125,555	0.00%	125,555	124,666
<b>Forex</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
N\$/US Dollar	↓	18.49	-0.64%	18.61	18.48
N\$/Pound	↑	23.66	0.13%	23.63	23.63
N\$/Euro	↑	19.65	0.72%	19.51	19.65
US Dollar/ Euro	↑	1.063	1.24%	1.05	1.06
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Feb-25</b>	<b>Jan-25</b>	<b>Feb-25</b>	<b>Jan-25</b>
Central Bank Rate	↓	6.75	7.00	7.50	7.75
Prime Rate	↓	10.50	10.75	11.00	11.25
		<b>Jan-25</b>	<b>Dec-24</b>	<b>Jan-25</b>	<b>Dec-24</b>
Inflation	↓	3.2	3.4	3.2	3.0

#### 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

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**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.*



**Capricorn Asset Management**



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