



Market Update

Friday, 05 May 2023



Global Markets

Asian stocks rose, the dollar eased and gold hovered near record highs on Friday, as investors worried that a rout in shares of U.S. regional lenders earlier this week could herald more trouble for the banking sector.

MSCI's broadest index of Asia-Pacific shares outside Japan was 0.44% higher and was on course to snap its two-week losing streak as investors bet that the Federal Reserve may soon have to cut interest rates.

As investors flocked to safe haven assets, spot gold moved closer to its record high and the yen appeared set for its first weekly gain in nearly a month.

Shares of U.S. regional banks sank this week after the collapse of First Republic Bank, bringing back worries of a widening banking sector crisis that began with the collapse of Silicon Valley Bank in March.

"There is increasing nervousness about the banking problems in the U.S. and I fear that the central banks are going too far," said Shane Oliver, chief economist at AMP Capital in Sydney.

"There seems to be a view among central banks that they've got it under control, whereas the means that they've used to try and control it, are actually creating more problems."

Wall Street ended lower on Thursday after Los Angeles-based PacWest Bancorp's move to explore strategic options deepened fears about the health of U.S. lenders as pressure grows on regulators to take more steps to shore up the country's banking sector.

Shares of another regional lender Western Alliance pared losses after plummeting by nearly 60% on a Financial Times report that it was exploring strategic options. Western Alliance denied the report.

"There is a risk that we enter a self-fulfilling cycle of negative sentiment leading to lower stock prices, higher funding costs and deposit flight," said James Rutherford, head of European equities at Federated Hermes.

The turmoil in the banking sector comes as the Federal Reserve raised interest rates by 25 basis points on Wednesday but hinted that its marathon hiking cycle may be ending.

Markets are pricing for the Fed to stand pat at its next meeting in June before embarking on rate cuts from July, according to CME FedWatch tool.

"There is plenty of data between now and the June 14 Fed meeting, with what happens in the banking sector being more key at the moment," Saxo Markets strategists said.

U.S. nonfarm payroll data for April will be released later in the global day.

European stock markets looked set for a higher open, with Eurostoxx 50 futures up 0.42%, German DAX futures up 0.39% and FTSE futures up 0.33%.

On Thursday, the European Central Bank raised interest rates by 25 basis points to 3.25% and signalled that more tightening would be needed to tame inflation. Markets though pared back their expectations on how much further rates would rise.

Nick Rees, FX market analyst at Monex Europe, said it was clear that the ECB is now in the home stretch when it comes to monetary tightening, despite ECB President Christine Lagarde's attempt to steer markets away from this narrative.

China shares fell 0.71%, while Hong Kong's Hang Seng index was up 0.6%.

China's service activity grew for a fourth straight month in April, a private-sector survey showed on Friday, as businesses continued to benefit from the country's reopening, although expansion slowed slightly.

E-mini futures for the S&P 500 rose 0.35% after Apple Inc's results beat expectations, helped by better-than-expected iPhone sales and notable inroads in India and other newer markets.

In the currency market, the Japanese yen strengthened 0.20% to 134.04 per dollar, on course for its first weekly gain in nearly a month.

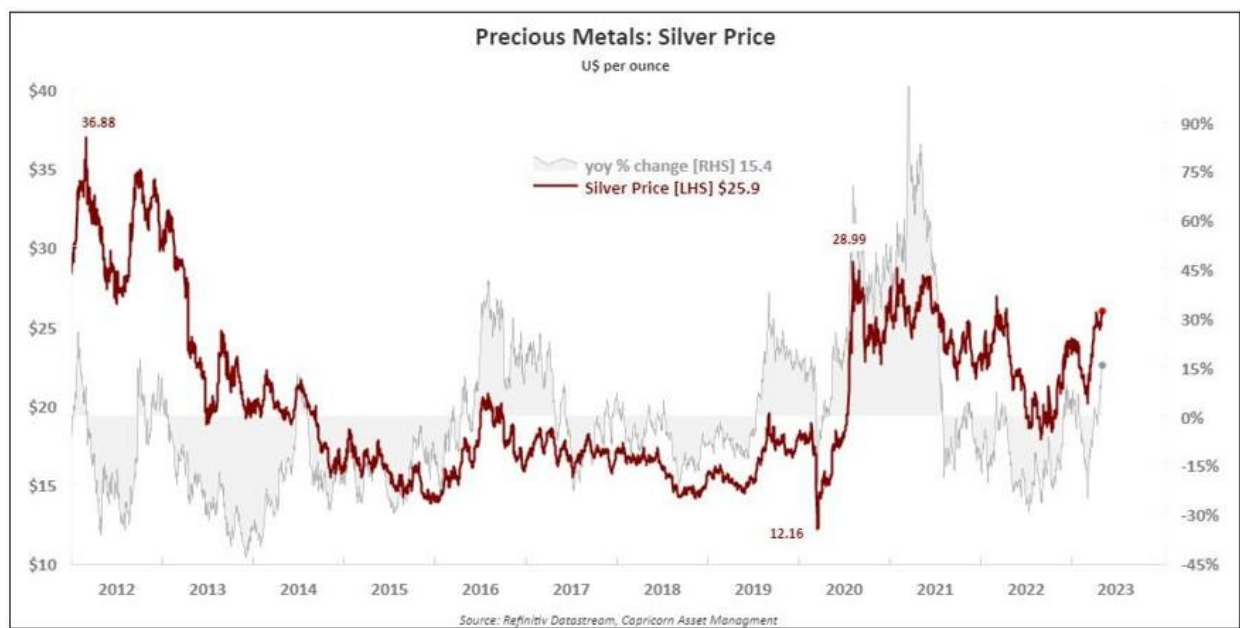
Sterling was last trading at \$1.26095, up 0.27% on the day, having touched an 11-month high of \$1.26150. The euro firmed 0.27% to \$1.10435.

Against a basket of currencies, the dollar eased 0.170% to 101.17.

Meanwhile, spot gold eased 0.1% to \$2,049.68 an ounce, hovering close to its all-time high of \$2,072.49.

U.S. crude rose 0.77% to \$69.09 per barrel and Brent was at \$73.07, up 0.79% on the day. Still, oil prices were set for a third straight week of losses after markets witnessed dramatic drops on fears of a weakening U.S. economy and slowing Chinese demand.

Source: Thomson Reuters Refinitiv



Domestic Markets

South African stocks fell on Thursday as worries about the banking sector rippled around the globe, while the rand gave up gains from earlier in the day which had come after the Federal Reserve had suggested it may stop hiking rates.

The banking sector dampened the local market, sliding almost 3.2%.

Shares on the Johannesburg Stock Exchange tumbled, with both the blue-chip Top-40 index and the broader all-share index closing down around 1.2%.

"Both the ongoing banking crisis in the U.S. and the prospect of possibly lower interest rates following yesterday's Fed guidance have been major contributors," said DailyFX analyst Warren Venketas, referring to the dip in stocks.

At 1525 GMT, the rand traded at 18.3350 against the dollar, about 0.3% weaker than its previous close.

The rand had strengthened as much as 0.6% earlier in the day due to return of some risk appetite to the markets.

The dollar, however, recovered on Thursday and was last up about 0.267% against six rivals, helped by European Central Bank easing its pace of rate hikes and data showing that U.S. Unit labour costs - the price of labour per single unit of output - surged at a 6.3% rate in the first quarter.

South Africa's benchmark 2030 government bond was weaker, with the yield up 1.5 basis points at 10.105%.

Source: Thomson Reuters Refinitiv

Africa World Heritage Day 2023

May 5th is African World Heritage Day, a day to celebrate and raise awareness about the importance of protecting Africa's rich cultural and natural heritage. As we reflect on this day, we also see how preserving Namibia's own World Heritage Site, the Namib Sand Sea, can have a positive impact on the country's economy and the growth of Namibian businesses... [Click this link to read the rest of the article on our official LinkedIn page.](#)

Without tradition, art is a flock of sheep without a shepherd. Without innovation, it is a corpse.

Winston Churchill

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)					05 May 2023
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	8.49	0.008	8.48	8.49
6 months	→	8.87	0.000	8.87	8.87
9 months	→	9.27	0.000	9.27	9.27
12 months	↓	9.34	-0.008	9.35	9.34
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)	↓	9.03	-0.060	9.09	9.02
GC25 (Coupon 8.50%, BMK R186)	↓	9.18	-0.060	9.24	9.17
GC26 (Coupon 8.50%, BMK R186)	↓	9.08	-0.060	9.14	9.07
GC27 (Coupon 8.00%, BMK R186)	↓	9.55	-0.060	9.61	9.54
GC28 (Coupon 8.50%, BMK R2030)	↓	9.89	-0.035	9.93	9.88
GC30 (Coupon 8.00%, BMK R2030)	↓	10.59	-0.035	10.63	10.58
GC32 (Coupon 9.00%, BMK R213)	↓	11.28	-0.035	11.32	11.27
GC35 (Coupon 9.50%, BMK R209)	↑	12.63	0.015	12.61	12.62
GC37 (Coupon 9.50%, BMK R2037)	↑	13.08	0.020	13.06	13.07
GC40 (Coupon 9.80%, BMK R214)	↑	13.20	0.050	13.15	13.19
GC43 (Coupon 10.00%, BMK R2044)	↑	13.97	0.035	13.94	13.97
GC45 (Coupon 9.85%, BMK R2044)	↑	13.87	0.035	13.84	13.87
GC48 (Coupon 10.00%, BMK R2048)	↑	14.01	0.040	13.97	14.01
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.11	0.040	14.07	14.11
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)	→	5.14	0.000	5.14	5.14
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	↑	2,051	0.59%	2,039	2,047
Platinum	↓	1,039	-0.98%	1,050	1,044
Brent Crude	↑	72.5	0.24%	72.3	73.4
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,516	-2.59%	1,556	1,516
JSE All Share	↓	77,271	-1.21%	78,219	77,271
SP500	↓	4,061	-0.72%	4,091	4,061
FTSE 100	↓	7,703	-1.10%	7,788	7,703
Hangseng	↑	19,949	1.27%	19,699	20,062
DAX	↓	15,734	-0.51%	15,815	15,734
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	15,077	-2.76%	15,505	15,077
Resources	↑	70,276	1.24%	69,413	70,276
Industrials	↓	104,283	-1.79%	106,182	104,283
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.28	0.02%	18.28	18.28
N\$/Pound	↑	22.98	0.09%	22.96	23.05
N\$/Euro	↓	20.13	-0.41%	20.21	20.17
US dollar/ Euro	↓	1.101	-0.43%	1.106	1.103
		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.



Capricorn Asset Management



Bank Windhoek

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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