



## Market Update

Tuesday, 06 December 2022



## Global Markets

Asian stocks retreated from three-month highs and the dollar held on to gains following strong U.S. data that again suggested the Federal Reserve might stick longer with aggressive interest rate increases. While investors remained hopeful of China's economy improving with the easing of the country's zero-COVID policy, analysts said markets had already priced in a lot of the upbeat news.

MSCI's broadest index of Asia-Pacific shares outside Japan shed 0.4%, after climbing to a three-month high in the previous session. The benchmark has gained 21% from October lows on persistent chatter about China easing pandemic measures. Stocks in Korea and Taiwan traded lower, while China's broader index rose 0.6% and Japan and Hong Kong stocks were steady.

Tuesday's muted performance in Asian equities came after global stocks and Treasury prices fell on Monday as new evidence of a strong U.S. economy raised expectations that interest rates would stay higher for longer. "The black swan in the room is the risk of the Fed being too late again, but this time in cutting rates," said Havard Chi, head of research at hedge fund Quarz Capital Asia. "Monetary

policy works with a lag and key spot indicators such as falling housing prices, rental rates, commodities, and freight pricing as well as rising layoffs and inventories are already signaling a weakening U.S. economy," said Chi.

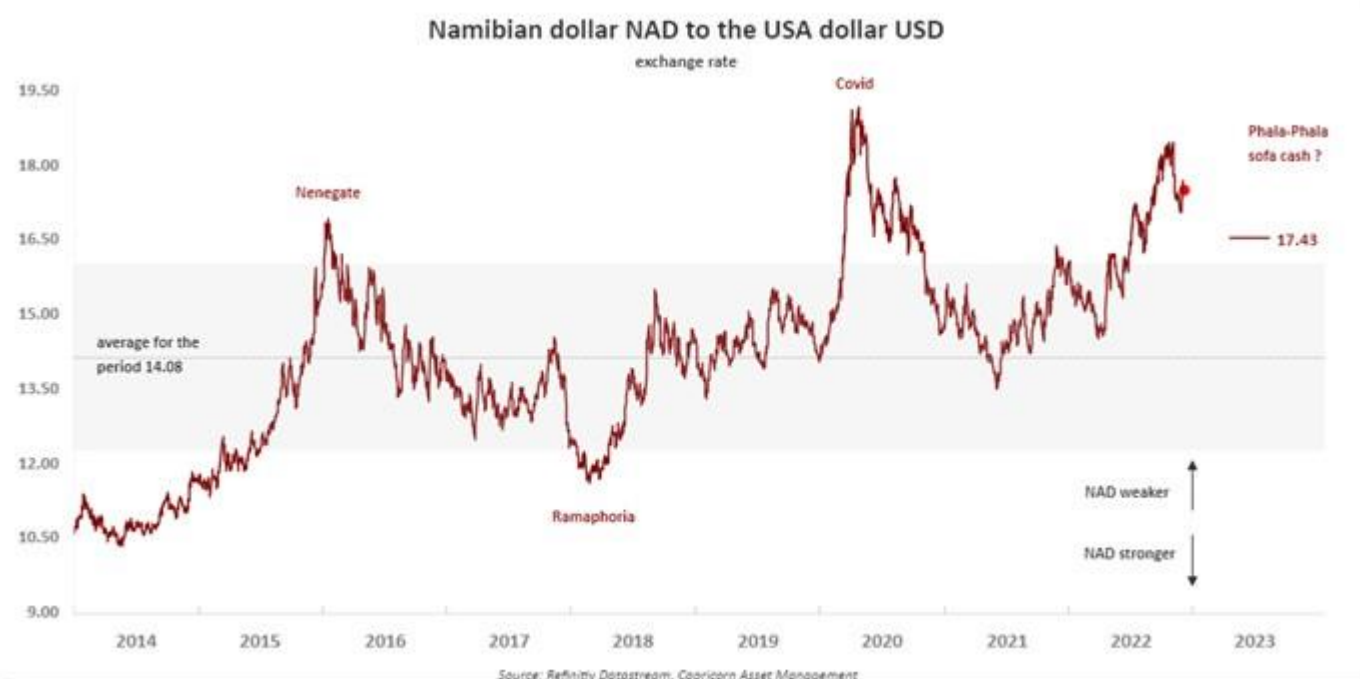
U.S. services industry activity unexpectedly picked up in November and employment rebounded. It was the latest data showing economic momentum that could push the Federal Reserve to tighten policy further, and it followed a robust U.S. payrolls report for November. Futures show the market expects U.S. short-term interest rates to peak at 5.001% in May. The expectation is about 9 basis points higher than it was last week. By December 2023, the rates will have declined to 4.574%, according to futures markets. On Monday, the Dow Jones Industrial Average fell 1.4%, the S&P 500 lost 1.79% and the Nasdaq Composite dropped 1.93%.

Data in Europe was still downbeat. Euro zone business activity declined for a fifth month in November, final PMI data showed, suggesting the economy was sliding into a mild recession. Oil prices edged up, after a G7 price cap on Russian seaborne oil came into force on Monday on top of a European Union embargo on imports of Russian crude by sea. Brent crude futures ticked up 0.9% to \$83.4 a barrel. Futures fell more than 3% in the previous session after the U.S. economic data.

The dollar stayed firm versus major peers, following its biggest rally in two weeks on Monday, which was helped by the strong U.S. services data. The Australian dollar was stuck near a one-week low ahead of a central bank rate decision, with market participants watching for signs of a pause in tightening after inflation unexpectedly cooled last month. Treasury yields rose on expectations the Fed would continue to raise rates well into next year, though at a slower pace.

**Source: Reuters Refinitiv**

## Domestic Markets



The ZAR weakened yesterday afternoon but more as a product of the firm USD. Domestic bonds were little changed. The stronger dollar took the shine off commodity prices yesterday but this morning, they firmed slightly as the USD came off its best levels.

The JSE outperformed most global bourses on Monday, led higher by the general retailers, diversified miners, and tech stocks. The banks, life insurance, and property sectors all put in a decent showing, rising between 1.2% and 1.5%. Luxury, pharmaceuticals, and general industrials lagged. The Top40 ended with an advance:decline ratio of 28:13 with a similar split on the All Share.

South Africa's governing party said it will instruct its lawmakers to reject an independent panel's report that President Cyril Ramaphosa may be guilty of violating the constitution, after he approached the nation's top court to set the damning findings aside. The ANC's National Executive Committee resolved that its parliamentary caucus should vote against adopting the panel's report "given that the president has taken it on review," Paul Mashatile, the party's treasurer-general, told reporters on Monday. Ramaphosa hasn't offered to quit, and the party hasn't taken a decision that he should, he said.

Gold prices edged up on Tuesday, helped by a slight pullback in the U.S. dollar, which makes the greenback-priced bullion less expensive for buyers holding other currencies.

**Source: Reuters Refinitiv**

The most important thing is to try and inspire people so that they can be great in whatever they want to do.

**Kobe Bryant**

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)		06 December 2022			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	8.02	0.000	8.02	8.02
6 months	⇒	8.00	0.000	8.00	8.00
9 months	↑	8.55	0.017	8.53	8.55
12 months	↓	8.77	-0.016	8.78	8.77
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC23 (Coupon 8.85%, BMK R2023)	↓	8.95	-0.015	8.97	8.95
GC24 (Coupon 10.50%, BMK R186)	↓	8.53	-0.180	8.71	8.58
GC25 (Coupon 8.50%, BMK R186)	↓	8.98	-0.180	9.16	9.03
GC26 (Coupon 8.50%, BMK R186)	↓	9.04	-0.180	9.22	9.09
GC27 (Coupon 8.00%, BMK R186)	↓	10.01	-0.180	10.19	10.06
GC30 (Coupon 8.00%, BMK R2030)	↓	11.87	-0.225	12.10	11.93
GC32 (Coupon 9.00%, BMK R213)	↓	12.04	-0.215	12.26	12.10
GC35 (Coupon 9.50%, BMK R209)	↓	12.65	-0.230	12.88	12.70
GC37 (Coupon 9.50%, BMK R2037)	↓	13.26	-0.235	13.49	13.31
GC40 (Coupon 9.80%, BMK R214)	↓	13.55	-0.230	13.78	13.60
GC43 (Coupon 10.00%, BMK R2044)	↓	14.09	-0.235	14.32	14.14
GC45 (Coupon 9.85%, BMK R2044)	↓	14.61	-0.235	14.84	14.66
GC48 (Coupon 10.00%, BMK R2048)	↓	14.72	-0.230	14.95	14.77
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.73	-0.230	14.96	14.78
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.90	0.000	3.90	3.90
GI27 (Coupon 4.00%, BMK NCPI)	⇒	3.95	0.000	3.95	3.95
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.18	0.000	5.18	5.18
GI33 (Coupon 4.50%, BMK NCPI)	↑	6.25	0.317	5.93	6.25
GI36 (Coupon 4.80%, BMK NCPI)	↓	6.56	-0.239	6.80	6.56
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,768	-1.64%	1,798	1,771
Platinum	↓	998	-1.63%	1,014	994
Brent Crude	↓	82.7	-3.38%	85.6	83.1
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,709	1.77%	1,680	1,709
JSE All Share	↑	74,693	0.50%	74,323	74,693
SP500	↓	3,999	-1.79%	4,072	3,999
FTSE 100	↑	7,568	0.15%	7,556	7,568
Hangseng	↑	19,518	4.51%	18,675	19,319
DAX	↓	14,448	-0.56%	14,529	14,448
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	15,595	1.28%	15,398	15,595
Resources	↑	74,781	1.03%	74,020	74,781
Industrials	↓	91,501	-0.10%	91,592	91,501
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	17.39	-0.53%	17.48	17.43
N\$/Pound	↓	21.20	-1.33%	21.48	21.24
N\$/Euro	↓	18.24	-0.97%	18.42	18.29
US dollar/ Euro	↓	1.049	-0.45%	1.054	1.049
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Nov 22</b>	<b>Oct 22</b>	<b>Nov 22</b>	<b>Oct 22</b>
Central Bank Rate	↑	6.75	6.25	7.00	6.25
Prime Rate	↑	10.50	10.00	10.50	9.75
		<b>Oct 22</b>	<b>Sep 22</b>	<b>Oct 22</b>	<b>Sep 22</b>
Inflation	⇒	7.1	7.1	7.6	7.5

**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

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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.*



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