



## Market Update

Monday, 6 June 2022



## Global Markets

Asian shares steadied on Monday as U.S. stock futures made cautious gains ahead of U.S. inflation data later in the week, while the euro touched a seven-year top on the yen amid wagers of European Central Bank tightening. Oil prices firmed after Saudi Arabia raised prices sharply for its crude sales in July, an indicator of how tight supply is even after OPEC+ agreed to accelerate its output increases over the next two months.

MSCI's broadest index of Asia-Pacific shares outside Japan inched up 0.1%, while Japan's Nikkei recouped early losses to gain 0.3%. S&P 500 futures added 0.4% and Nasdaq futures 0.6%. EUROSTOXX 50 futures rose 0.6% and FTSE futures 0.9%. Chinese blue chips climbed 1.2% after a survey confirmed service sector activity contracted in May, but the Caixin index did improve to 41.4 from 36.2.

Markets will be on tenterhooks for the U.S. consumer price report on Friday, especially after EU inflation shocked many with a record high last week. Forecasts are for a steep rise of 0.7% in May,

though the annual pace is seen holding at 8.3% while core inflation is seen slowing a little to 5.9%. A high number would only add to expectations of aggressive tightening by the Federal Reserve with markets already priced for half-point hikes in June and July and almost 200 basis points by the end of the year.

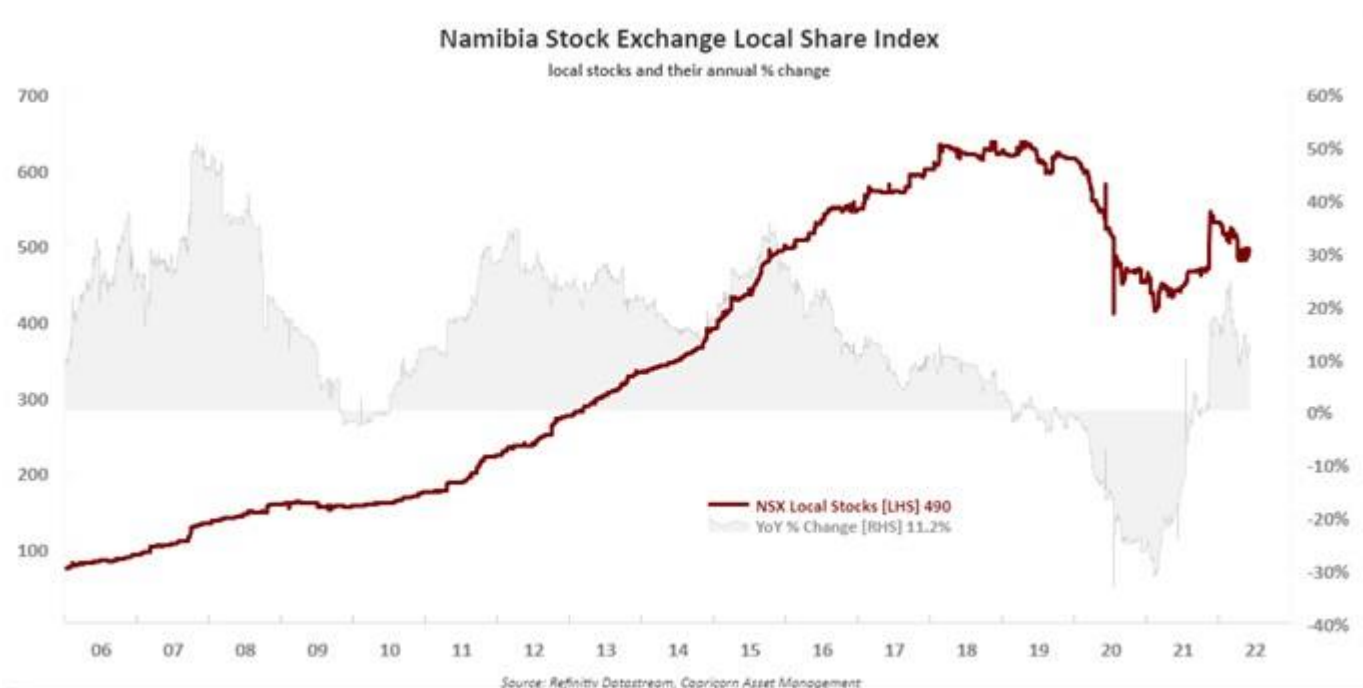
Some analysts thought Friday's upbeat payrolls report suggested the Fed was on track for a soft landing. "May's numbers came in about as good as the Fed could expect," said Jonathan Millar, an economist at Barclays. "It's a good sign that the Fed's plans to cool the labour market are playing out favourably so far, with solid gains in employment continuing to generate steady income gains that will help allay recession worries, for the time being."

The European Central Bank meets on Thursday and President Christine Lagarde is considered certain to confirm an end to bond buying this month and a first rate hike in July, though the jury is out on whether that will be 25 or 50 basis points. Money markets are priced for 125 bps of hikes by year-end, and 100 bps as soon as October. "Recent communication by ECB officials have looked to 25bp increases at July and September to exit negative rates by the end of Q3, though with some members preferring to leave the door to larger 50bp hikes open," said analysts at NAB. "Lagarde's post-meeting press conference will be closely watched."

The prospect of rates turning positive this year has helped the euro steady at \$1.0722, some way from its recent trough of \$1.0348, though it has struggled to clear resistance around \$1.0786. The euro also made a seven-year peak on the yen at 140.35, after climbing 2.9% last week, while the dollar held at 130.60 yen having also gained 2.9% last week. Against a basket of currencies, the dollar stood at 102.110 after firming 0.4% last week.

In commodity markets, wheat futures jumped 4% after Russia struck Ukraine's capital Kyiv with missiles, dampening hopes for progress in peace talks. Gold was stuck at \$1,854 an ounce having held to a tight range for the past couple of weeks. Oil prices got an added lift after Saudi Arabia set higher prices for shipments to Asia, while investors are wagering supply increases planned by OPEC will not be enough to meet demand especially as China is easing its lockdowns. "Perhaps only a third to half of what OPEC+ has promised will come online over the next two months," said Vivek Dhar, a mining and energy analyst at CBA. "While that increase is sorely needed, it falls short of demand growth expectations, especially with EU's partial ban on Russian oil imports also factored in. We see upside risks to our near term Brent oil price forecast of US\$110/bbl." Indeed, Brent is already well past that adding 97 cents on Monday to reach \$120.69 a barrel. U.S. crude rose another \$1.01 to \$119.88 per barrel.

## Domestic Markets



South Africa's rand fell on Friday as the dollar rose after a better than expected U.S. employment report that could encourage the Federal Reserve to keep going with its rate rises. At 1618 GMT, the rand traded at 15.5750 against the dollar, about 0.8% weaker than its previous close.

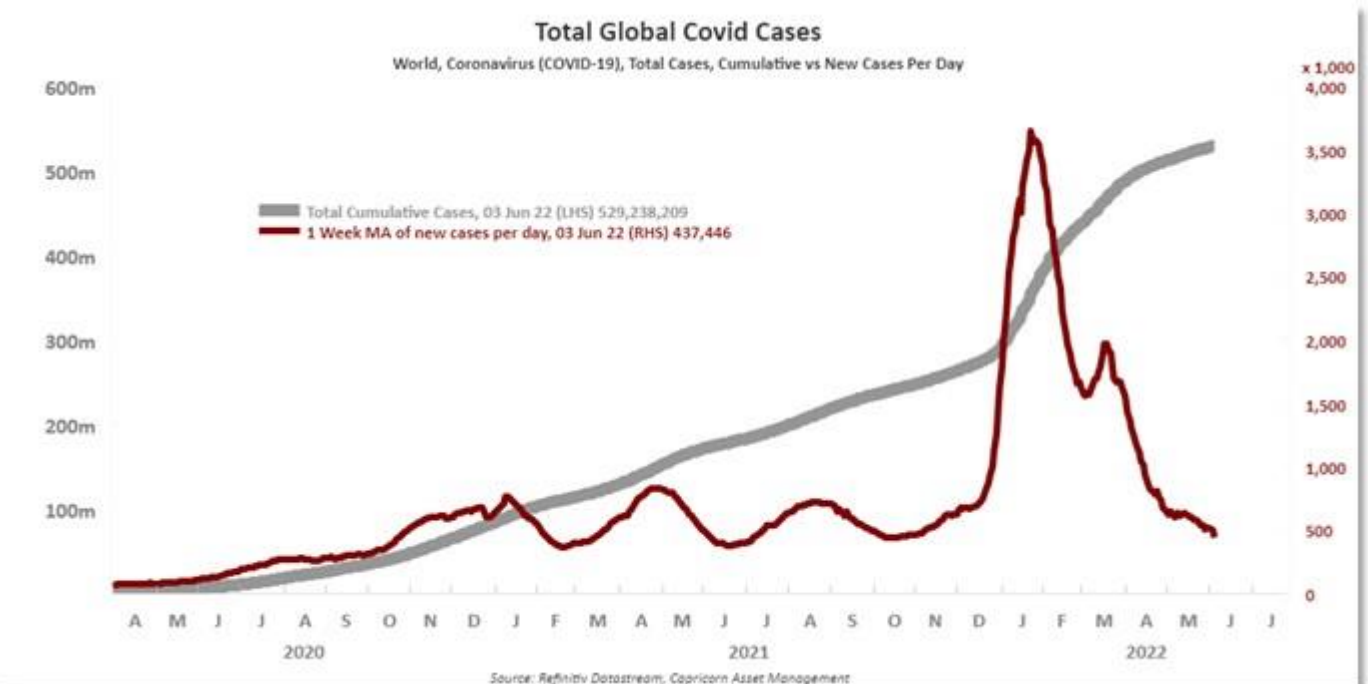
The dollar index, which measures the greenback against a basket of six major currencies, was up about 0.4% following the employment report.

Johannesburg-listed Stocks dropped slightly on Friday, with the Top-40 index down 0.17% at 64,319 points and the All-share index 0.16% lower at 70,920 points. The stock market was most negatively affected by the resources index, which closed down 2.14% due to lower metal prices. However, the banking index was up 1.8%, with South African bank FirstRand rising 4.72% after a trading update predicted an increase of more than 20% in headline earnings per share in 2022.

The government's benchmark 2030 bond firmed slightly, with the yield down 2.5 basis points at 9.830%.

## Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	528,816,317	3,224,435	6,294,969	8,111



Source: Thomson Reuters Refinitiv

Never bend your head. Always hold it high. Look the world straight in the eye.

**Helen Keller**



## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				06 June 2022	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	5.29	0.000	5.29	5.29
6 months	⇒	5.76	0.000	5.76	5.76
9 months	⇒	6.63	0.000	6.63	6.63
12 months	⇒	7.00	0.000	7.00	7.00
<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)	↑	7.24	0.005	7.24	7.25
GC24 (Coupon 10.50%, BMK R186)	↑	7.78	0.015	7.76	7.76
GC25 (Coupon 8.50%, BMK R186)	↑	8.23	0.015	8.21	8.21
GC26 (Coupon 8.50%, BMK R186)	↑	8.94	0.015	8.92	8.92
GC27 (Coupon 8.00%, BMK R186)	↑	9.26	0.015	9.24	9.24
GC30 (Coupon 8.00%, BMK R2030)	↓	11.12	-0.025	11.15	11.15
GC32 (Coupon 9.00%, BMK R213)	↓	12.35	-0.020	12.37	12.37
GC35 (Coupon 9.50%, BMK R209)	↓	12.99	-0.030	13.02	13.02
GC37 (Coupon 9.50%, BMK R2037)	↓	13.97	-0.030	14.00	14.00
GC40 (Coupon 9.80%, BMK R214)	↓	13.90	-0.030	13.93	13.93
GC43 (Coupon 10.00%, BMK R2044)	↓	14.19	-0.030	14.22	14.22
GC45 (Coupon 9.85%, BMK R2044)	↓	14.20	-0.030	14.23	14.23
GC48 (Coupon 10.00%, BMK R2048)	↓	14.63	-0.030	14.66	14.66
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.37	-0.030	14.40	14.40
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (Coupon 3.55%, BMK NCPI)	⇒	4.00	0.000	4.00	4.00
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.94	0.000	3.94	3.94
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.33	0.000	5.33	5.33
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.24	0.000	7.24	7.24
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.70	0.000	7.70	7.70
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,851	-0.93%	1,868	1,854
Platinum	↓	1,014	-0.83%	1,022	1,020
Brent Crude	↑	119.7	1.79%	117.6	120.6
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,784	0.32%	1,778	1,784
JSE All Share	↓	70,920	-0.16%	71,035	70,920
SP500	↓	4,109	-1.63%	4,177	4,109
FTSE 100	⇒	7,533	0.00%	7,533	7,533
Hangseng	⇒	21,082	0.00%	21,082	21,369
DAX	↓	14,460	-0.17%	14,485	14,460
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	16,470	1.23%	16,269	16,470
Resources	↓	75,651	-2.14%	77,309	75,651
Industrials	↑	77,542	0.55%	77,120	77,542
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	15.51	0.45%	15.44	15.49
N\$/Pound	↓	19.37	-0.29%	19.42	19.35
N\$/Euro	↑	16.63	0.16%	16.60	16.61
US dollar/ Euro	↓	1.072	-0.25%	1.075	1.072
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>May 22</b>	<b>Apr 22</b>	<b>May 22</b>	<b>Apr 22</b>
Central Bank Rate	↑	4.25	4.00	4.75	4.25
Prime Rate	↑	8.00	7.75	8.25	7.75
		<b>Apr 22</b>	<b>Mar 22</b>	<b>Apr 22</b>	<b>Mar 22</b>
Inflation	↑	5.6	4.5	5.9	5.9

**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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