



Market Update

Tuesday, 06 May 2025

Global Markets

Global stocks were in a tight range on Tuesday and the dollar clawed back some of its recent losses against Asian counterparts as investors' concerns about U.S. tariffs and their impact on economic growth re-emerged. Those worries coupled with pledges from key oil producers to boost supply also kept crude prices languishing near four-year lows. The erratic trade policies of U.S. President Donald Trump have fueled significant waves of dollar selling since April as investors shifted away from U.S. assets, pushing the euro, yen, and Swiss franc higher.

That dollar selling has now spread to Asia underscored by the Taiwan dollar's record surge in recent sessions, which has stoked speculation that a revaluation of regional foreign exchange was possible to win U.S. trade concessions. Its rally suggested a big unwinding was under way and shone a light on one economy, among many, where years of big trade surpluses have built up large, long dollar positions at exporters and insurers that are now under question and on edge.

The focus turned to Hong Kong on Tuesday, where the de facto central bank bought \$7.8 billion to stop the local currency from strengthening and breaking its peg to the greenback. On the mainland, China's yuan strengthened to its highest level since March 20 at 7.23 per dollar. The Taiwan dollar was fairly sedate on Tuesday last fetching 30.185 per U.S. dollar, not far from the near three-year high of 29.59 it touched on Monday.

In stocks, MSCI's broadest index of Asia-Pacific shares outside Japan was 0.2% higher with Japan closed for a holiday. Taiwan stocks were changed a little. Chinese markets returned from an extended holiday with the blue-chip index up nearly 1%. Hong Kong's Hang Seng rose 0.69%. European stock futures pointed to a subdued open in the region ahead of a smattering of manufacturing data that will probably provide an indication of the impact of tariffs. U.S. stock futures slipped as well.

Investor attention has been on the possibility of easing trade tensions between the U.S. and China after Beijing last week said it was evaluating an offer from Washington to hold talks over tariffs. But with few details, investors have been left trying to make sense of headlines coming out of the White House. U.S. President Donald Trump said on Sunday that Washington is meeting with many countries, including China, and that his main priority with China is to secure a fair deal. Trump also on Monday slapped a 100% tariff on movies produced outside the United States but offered little clarity on how the levies would be implemented.

Data on Monday showed the growth of the U.S. services sector picked up in April, while a measure of prices paid by businesses for materials and services raced to the highest level in more than two years, signaling a buildup in inflation pressures due to tariffs. Attention shifts to the Federal Reserve's policy decision on Wednesday, where the central bank is widely expected to keep rates steady, but the spotlight will be on how policymakers are likely to navigate a tariff-ridden path. Traders are pricing in 75 basis points of easing this year with the first move possible in July, LSEG data showed.

In commodities, oil steadied on Tuesday after hitting four-year lows in the previous session that was driven by an OPEC+ decision to accelerate output increases.

Gold prices touched a one-week high on safe-haven demand.

Source: LSEG Thomson Reuters Refinitiv.

Domestic Markets

The South African rand strengthened on Monday to its highest levels in five weeks, after state utility Eskom said it was optimistic about the power outlook over the southern hemisphere winter, aiming for no electricity cuts in the next four months. Africa's most industrialized nation has experienced recurring power cuts for more than a decade that have constrained economic growth. Despite Eskom's efforts to significantly reduce outages from the record levels seen in 2023, investor confidence remains shaky due to 14 days of power cuts in January-April this year which Chief Executive Dan Marokane described as a temporary setback.

At 1110 GMT, the rand traded at 18.2850 against the dollar, roughly 0.7% stronger than Friday's close. The greenback last traded slightly weaker against a basket of currencies as investors awaited further details on U.S.-China trade relations, and the Federal Reserve's policy meeting later this week. Citigroup said it expected South Africa's rand to strengthen versus the U.S. dollar, arguing that the real-rate premium in the continent's most industrialized economy and firmer commodity exports will outweigh domestic political jitters. In a note to clients, strategists Bhumika Gupta and Luis Costa said they expect the rand to strengthen to below 18 per dollar.

In contrast, Societe Generale strategists said in a report that domestic and geopolitical uncertainties remain for South Africa, and therefore they expect the rand to reach 20 rand to the dollar by end June. Attention will then shift to the release of the S&P Global Purchasing Managers' Index (PMI) on Tuesday, followed by manufacturing and foreign reserves data due on Thursday.

South Africa's benchmark 2030 government bond was weaker in early deals, with the yield up 2 basis points to 8.845%.

Source: LSEG Thomson Reuters Refinitiv.

The more man meditates upon good thoughts, the better
will be his world and the world at large.

Confucius

Market Overview

MARKET INDICATORS (Bloomberg)				06 May 2025	
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↓	7.60	-0.036	7.64	7.60
6 months	↓	7.65	-0.006	7.65	7.65
9 months	↓	7.73	-0.027	7.76	7.73
12 months	↑	7.79	0.004	7.79	7.79
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC26 (Coupon 8.50%, BMK: R186)	→	7.93	0.000	7.93	7.93
GC27 (Coupon 8.00%, BMK: R186)	→	8.29	0.000	8.29	8.30
GC30 (Coupon 8.00%, BMK: R2030)	→	8.74	0.000	8.74	8.77
GC32 (Coupon 9.00%, BMK: R213)	→	9.77	0.000	9.77	9.78
GC35 (Coupon 9.50%, BMK: R209)	→	11.20	0.000	11.20	11.21
GC37 (Coupon 9.50%, BMK: R2037)	→	11.53	0.000	11.53	11.54
GC40 (Coupon 9.80%, BMK: R214)	→	11.66	0.000	11.66	11.73
GC43 (Coupon 10.00%, BMK: R2044)	→	11.84	0.000	11.84	11.91
GC45 (Coupon 9.85%, BMK: R2044)	→	12.15	0.000	12.15	12.23
GC48 (Coupon 10.00%, BMK: R2048)	→	12.02	0.000	12.02	12.21
GC50 (Coupon 10.25%, BMK: R2048)	→	12.18	0.000	12.18	12.42
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI25 (Coupon 3.80%, BMK: NCPI)	→	2.53	0.000	2.53	2.51
GI27 (Coupon 4.00%, BMK: NCPI)	→	4.46	0.000	4.46	4.46
GI29 (Coupon 4.50%, BMK: NCPI)	→	4.65	0.000	4.65	4.65
GI33 (Coupon 4.50%, BMK: NCPI)	→	5.30	0.000	5.30	5.30
GI36 (Coupon 4.80%, BMK: NCPI)	→	5.63	0.000	5.63	5.63
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	3,334	2.89%	3,240	3,366
Platinum	↓	964	-0.14%	965	976
Brent Crude	↓	60.2	-1.73%	61.29	61.37
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↓	1036	-1.33%	1050	1036
JSE All Share	↓	92,063	-0.29%	92,333	92,063
S&P 500	↓	5,650	-0.65%	5,687	5,650
FTSE 100	↑	8,596	1.17%	8,497	8,596
Hangseng	↑	22,654	0.66%	22,505	22,654
DAX	↑	23,345	1.12%	23,087	23,345
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	→	20,910	0.00%	20,910	20,719
Resources	→	68,542	0.00%	68,542	70,478
Industrials	→	131,579	0.00%	131,579	129,959
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	18.27	-0.71%	18.40	18.27
N\$/Pound	↓	24.30	-0.45%	24.41	24.30
N\$/Euro	↓	20.68	-0.53%	20.79	20.70
US Dollar/ Euro	↑	1.132	0.18%	1.13	1.13
		Namibia		RSA	
Interest Rates & Inflation		Apr-25	Mar-25	Apr-25	Mar-25
Central Bank Rate	→	6.75	6.75	7.50	7.50
Prime Rate	→	10.50	10.50	11.00	11.00
		Mar-25	Feb-25	Mar-25	Feb-25
Inflation	↑	4.2	3.6	2.7	3.2

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.



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