

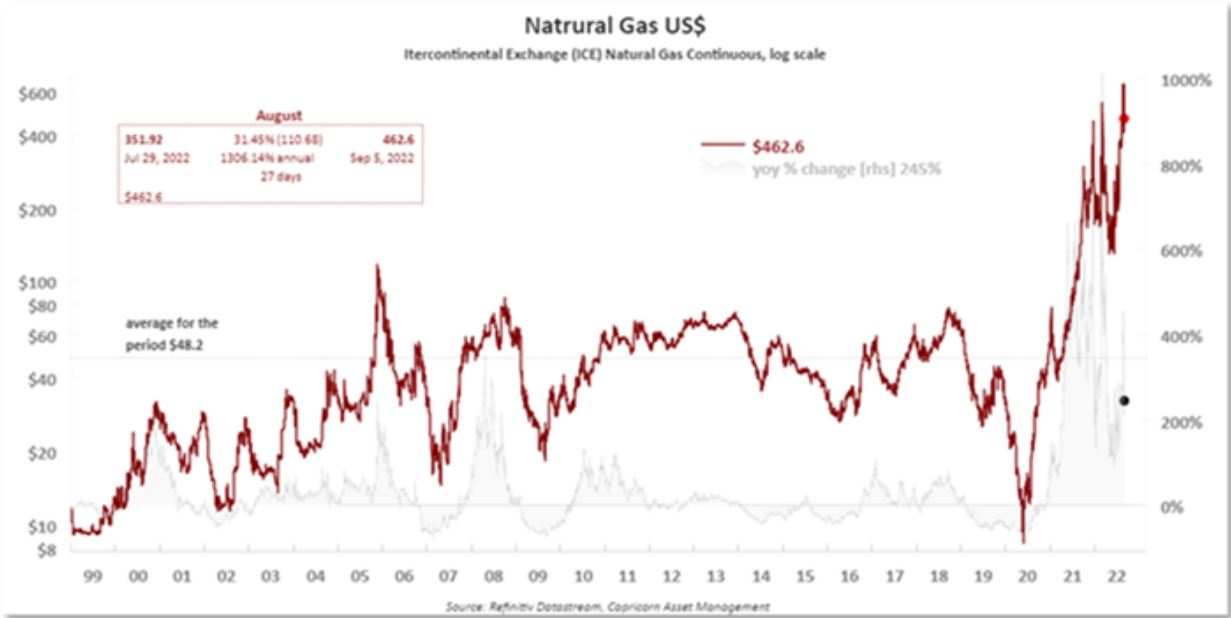


The Daily Brief

Capricorn Asset Management

Market Update

Wednesday, 06 September 2022



Global Markets

European stock indexes fell on Monday, the euro dropped below 99 cents for the first time in twenty years and European gas prices surged after Russia said its main gas supply pipeline to Europe would stay shut.

Gas deliveries had been due to resume on Saturday, but Russia scrapped that deadline on Friday and did not give a new timeframe for re-opening. The news stoked fears of a recession in Europe, with businesses and households hurt by sky-high energy prices. European gas prices jumped as much as 30% as the market opened.

Germany announced on Sunday around \$65 billion of support to help protect Germans from rising costs.

Finland and Sweden also announced plans to offer liquidity guarantees to power companies. Finland's economic affairs minister warned of the possibility of a "kind of a Lehman Brothers" in the

energy industry, referring to the 2008 collapse of what was then the fourth-largest U.S. investment bank.

Nomura economist George Buckley said it is uncertain how much the support packages from European governments will mitigate the energy crisis.

"The impact of what's happening from energy is absolutely enormous, so I think the bigger risk is that it's just simply not possible - like COVID - you can do a lot to help but you can't offset it."

European Union energy ministers will meet on Sept. 9 to discuss options to rein in soaring energy prices, including gas price caps and emergency credit lines for energy market participants.

At 1414 GMT, the MSCI world equity index, which tracks shares in 47 countries, was down 0.4% on the day. Europe's STOXX 600 was down 0.8%, having recovered slightly after approaching a seven-week low earlier in the session.

London's FTSE 100 was 0.1% lower and Germany's DAX was down 2.3% on the day.

A public holiday in U.S. markets means lower liquidity, which could lead to outsized market moves.

The euro was trading around \$0.9925, down 0.3% on the day. It slid during Asian trading hours and hit \$0.9876 in early European hours, its lowest since 2002.

Euro zone government bond yields rose, with Italian 10-year yields heading towards 4%.

The European Central Bank (ECB) meets later this week and is expected to deliver its second big rate hike in an attempt to combat inflation, which is running at more than four times its 2% target.

"Sky-high energy prices, the risk of gas shortages and the fiscal and regulatory response will shape the outlook for euro zone GDP and inflation much more than anything the ECB may do with rates," Berenberg chief economist Holger Schmieding said in a client note.

In the UK, Liz Truss was named as Britain's next prime minister, taking power at a time when the country faces a cost of living crisis, industrial unrest and a recession. In her victory speech, Truss said she planned to cut taxes and deal with energy bills.

The British pound was down around 0.1% at \$1.15125, but slightly up against the euro at 86.275 pence.

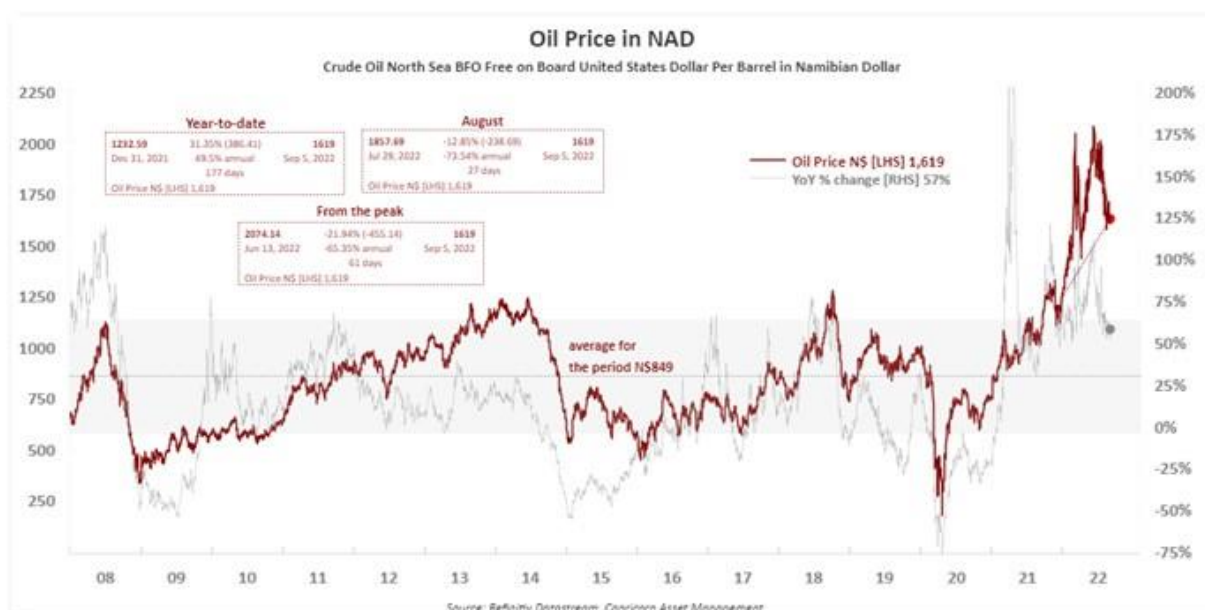
The U.S. dollar index was little changed, while the risk-sensitive Australian dollar was near a seven-week low.

Oil prices rose more than 3%, extending gains as OPEC+ producers agreed on a small oil production cut to bolster prices.

Euro area PMI survey data showed that Germany's services sector contracted for a second month running in August. France's service sector eked out modest growth, though purchasing managers there said the outlook was bleak.

Source: Thomson Reuters Refinitiv

Domestic Markets



On Monday, the JSE outperformed developed European markets but lagged most emerging markets. After a weak start, the JSE managed to claw its way back to flat as firm telcos, miners and banks offset soft techs, luxury, and healthcare. 63% of Top40 and 54% of All Share stocks posted gains. Reporting stocks closed mixed: Bidvest (+1.0%) reported FY nHEPS up 24%, RCL's (+9.5%) HEPS climbed 9.9%, and AVI's (-0.3%) HEPS rose 6.1%. While techs were generally weak, Naspers (-1.2%) outperformed Prosus (-3.2%) after the SARB granted permission for NPN to sell down some of its PRX stake. After six days of net sales, foreigners net bought South African equities, but net sold bonds for a ninth day.

South Africa's gasoline price will fall by the most in two years, increasing the chances that inflation may be near a peak. The retail price of 93-octane and 95-octane petrol will decrease by R2.04 per litre on Wednesday after oil declined and the rand strengthened slightly against the dollar during the review period, the Central Energy Fund said in an emailed statement Monday.

South Africa's government is concerned about the impact that power outages had on the economy in the second quarter, as the nation's statistics agency prepares to release data for the three-month period. Statistics South Africa will publish second-quarter gross domestic product data at 11:30 on Tuesday. The economy is forecast to have shrunk 0.8% in the second quarter, according to the median estimate of 12 economists in a Bloomberg survey.

Source: Daily Investor, Avior

Corona Tracker

Name	Cases - cumulative total ⇅	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	600,366,479	3,475,002	6,460,493	10,741

Source: Thomson Reuters Refinitiv

Opportunity is missed by most people because it is dressed in overalls and looks like work.

Thomas A. Edison

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)		06 September 2022			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	6.58	0.000	6.58	6.58
6 months	⇓	6.85	-0.025	6.88	6.85
9 months	⇓	7.58	-0.017	7.60	7.58
12 months	⇓	8.04	-0.033	8.08	8.04
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⇑	8.71	0.050	8.66	8.66
GC24 (Coupon 10.50%, BMK R186)	⇑	8.38	0.040	8.34	8.38
GC25 (Coupon 8.50%, BMK R186)	⇑	8.83	0.040	8.79	8.83
GC26 (Coupon 8.50%, BMK R186)	⇑	8.89	0.040	8.85	8.89
GC27 (Coupon 8.00%, BMK R186)	⇑	9.86	0.040	9.82	9.86
GC30 (Coupon 8.00%, BMK R2030)	⇑	11.62	0.005	11.62	11.62
GC32 (Coupon 9.00%, BMK R213)	⇑	11.76	0.015	11.75	11.76
GC35 (Coupon 9.50%, BMK R209)	⇑	12.24	0.020	12.22	12.24
GC37 (Coupon 9.50%, BMK R2037)	⇑	12.84	0.015	12.83	12.84
GC40 (Coupon 9.80%, BMK R214)	⇑	13.18	0.010	13.17	13.16
GC43 (Coupon 10.00%, BMK R2044)	⇑	13.69	0.005	13.69	13.69
GC45 (Coupon 9.85%, BMK R2044)	⇑	14.21	0.005	14.21	14.21
GC48 (Coupon 10.00%, BMK R2048)	⇑	14.37	0.015	14.36	14.37
GC50 (Coupon 10.25%, BMK: R2048)	⇑	14.38	0.015	14.37	14.38
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
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)	⇒	4.80	0.000	4.80	4.80
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.29	0.000	6.29	6.29
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.98	0.000	6.98	6.98
Commodities		Last close	Change	Prev close	Current Spot
Gold	⇓	1,710	-0.07%	1,711	1,716
Platinum	⇑	846	1.29%	835	848
Brent Crude	⇑	95.7	2.92%	93.0	95.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇑	1,511	0.56%	1,502	1,511
JSE All Share	⇑	67,399	0.03%	67,378	67,399
SP500	⇒	3,924	0.00%	3,924	3,924
FTSE 100	⇑	7,287	0.09%	7,281	7,287
Hangseng	⇓	19,226	-1.16%	19,452	19,150
DAX	⇓	12,761	-2.22%	13,050	12,761
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⇑	15,207	0.93%	15,066	15,207
Resources	⇑	60,782	0.84%	60,275	60,782
Industrials	⇓	82,598	-0.91%	83,360	82,598
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⇓	17.13	-0.90%	17.28	17.14
N\$/Pound	⇓	19.72	-0.84%	19.89	19.83
N\$/Euro	⇓	17.00	-1.14%	17.20	17.06
US dollar/ Euro	⇓	0.993	-0.25%	0.995	0.995
		Namibia		RSA	
Interest Rates & Inflation		Aug 22	Jul 22	Aug 22	Jul 22
Central Bank Rate	⇑	5.50	4.75	5.50	5.50
Prime Rate	⇑	9.25	8.50	9.00	9.00
		Jul 22	Jun 22	Jul 22	Jun 22
Inflation	⇑	6.8	6.0	7.8	7.4

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

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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