



Market Update

Tuesday, 7 June 2022



Global Markets

A surprisingly large rate rise in Australia weighed on shaky Asian stocks on Tuesday and pushed the yen to a fresh 20-year low, making investors even more nervous ahead of U.S. inflation data and central bank meetings in Europe and the United States. The Reserve Bank of Australia raised interest rates by the most in 22 years and flagged more tightening to come as it battles to restrain surging inflation, stunning markets and sending the Aussie up, briefly.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 1.1% as Hong Kong's market pared back some of Monday's gains. Japan's Nikkei inched up 0.3%. E-mini futures for the S&P 500 fell 0.58%, while the pan-region Euro Stoxx 50 futures were down 0.86%.

British Prime Minister Boris Johnson survived a no-confidence vote among his Conservative Party's lawmakers on Monday, but gilts and Treasuries nursed losses from selling that began as talk of a move to replace him gathered steam through London and New York trade.

The 10-year Treasury yield rose 9.9 basis points (bps) overnight and hit a May 11 high of 3.0640%. The move has pulled the dollar higher and poured cold water on initial optimism about China's emergence from COVID-19 lockdowns. The dollar added another 0.8% against the yen on Tuesday to touch 132.955, its highest since 2002, as the Bank of Japan is a standout laggard while the rest of the world moves to try and hit inflation hard with interest rate hikes. Ten-year gilt yields rose as far as 10.2 bps to a seven-year high of 2.256% on Monday.

"The train of thought appears to be that ... any path to an earlier (British) election could lead to more fiscal measures out of the UK," said NatWest Markets strategist John Briggs.

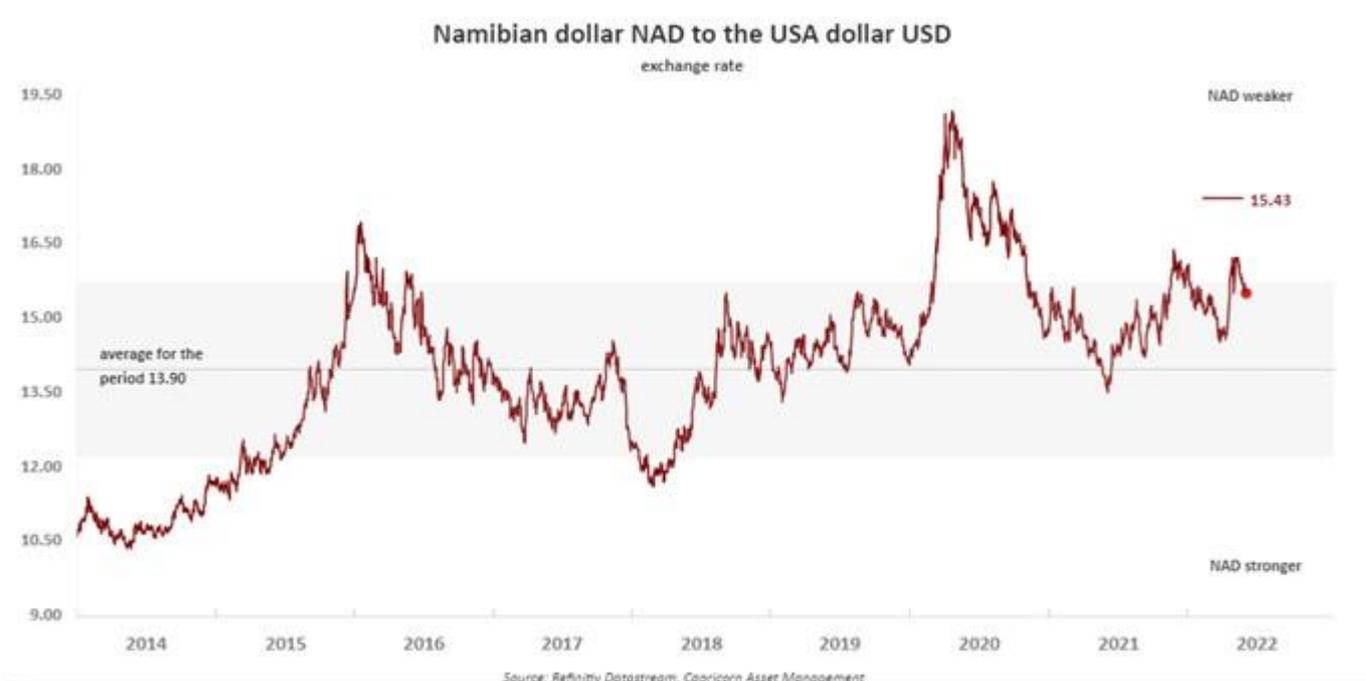
"This, in turn, has higher inflation risks," he said, while across the Atlantic "the market feel is one of back to 'where does this stop'" as the 10-year Treasury yields topped 3%.

Beijing is easing pandemic curbs and, on Monday, the Wall Street Journal reported that a cybersecurity probe of ride-hailing giant Didi would end shortly, triggering a wave of short covering across the internet sector. "Even what ought to have been resounding China relief, driven by easing regulatory risks and COVID restrictions, is set to be paralysed by the risks of liquidity withdrawal and risk re-pricing shocks," said Mizuho economist Vishnu Varathan.

Fear that a hot U.S. inflation reading on Wednesday will lock in even more Federal Reserve interest rate rises beyond next week's expected 50 bps hike kept the U.S. dollar on the front foot in the meantime. The euro was pushed 0.2% lower and below its 50-day moving average to \$1.0677 but kept from further losses by jitters about the possibility of a rate hike or hawkish tone from the European Central Bank, which meets on Thursday. The yen was friendless after Bank of Japan Governor Haruhiko Kuroda stayed dovish on Tuesday, promising support for the economy and easy monetary policy even as prices start to rise.

Crude oil was firm and Brent futures held at \$120 a barrel. The rise in U.S. yields weighed on gold, which dipped a fraction to \$1,839 an ounce. Investors' nervous mood also clipped cryptocurrencies and bitcoin was last down about 5%, just below \$30,000.

Domestic Markets



The South African rand strengthened on Monday, as investors globally welcomed signs of an easing of restrictions by China, ahead of a busy policy-focused week in which a European Central Bank meeting and U.S. consumer price data are scheduled.

At 1556 GMT, the rand traded at 15.4075 against the dollar, about 0.85% stronger than its previous close.

"The domestic currency has also gained on China's reopening as its COVID-19 cases decline, further assisting in causing market fears of recession to recede, with the world's second-largest economy freeing up restrictions on economic activity," Investec economist Annabel Bishop said in a research note, adding that the market expectations for U.S. rate hikes have also cooled.

Investors hope that a raft of central bank meetings this week will give clarity on whether inflation has peaked and how much growth could slow down. The dollar index, which measures the greenback against six major peers, was up 0.23%.

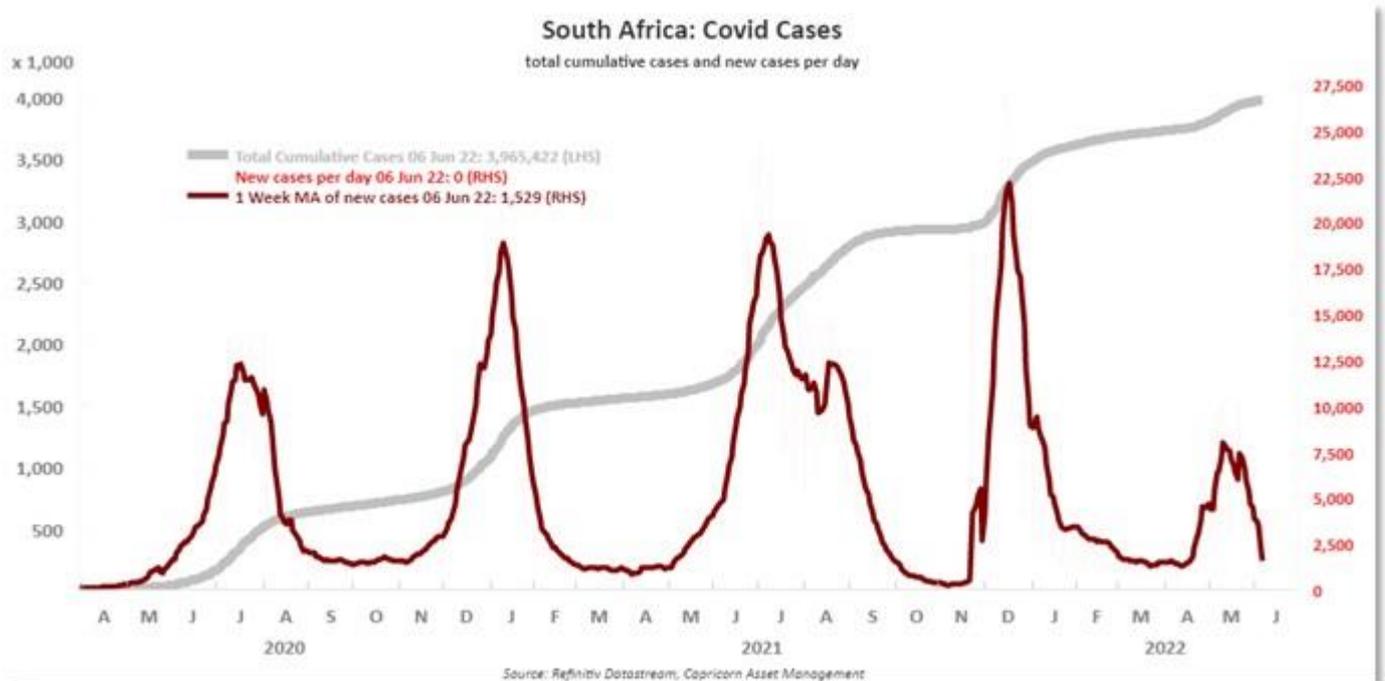
On the Johannesburg Stock Exchange (JSE), stocks closed firmer, led by technology companies linked to Chinese tech giant Tencent Holdings. Tencent was up after Hong Kong's Hang Seng tech index closed 4.6% higher on a report that Chinese regulators were concluding probes into ride-hailing giant Didi Global Inc and two other firms. Tech investors and market heavyweights Naspers and Prosus jumped 3.88% and 5.15% respectively. Naspers has a majority stake in Prosus, which in turn holds 28.9% in Tencent. Resources stocks also performed well and closed 1.06% higher, after crude hit \$120 a barrel earlier, with Sasol Ltd being one of the best performers, climbing 3.21%.

Overall on the JSE, the All-Share index rose 0.28% to 71,120 points while the Top-40 index closed 0.34% higher at 64,536 points.

The government's benchmark 2030 bond was lower, with the yield up 6.5 basis points to 9.895%.

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	529,410,287	2,445,233	6,296,771	5,975



Source: Thomson Reuters Refinitiv

Accept the terrible responsibility of life with eyes wide open.

Jordan Peterson

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)					07 June 2022	
Money Market TB Rates %			Last close	Difference	Prev close	Current Spot
3 months	↔		5.29	0.000	5.29	5.29
6 months	↓		5.75	-0.008	5.76	5.75
9 months	↓		6.62	-0.008	6.63	6.62
12 months	↓		6.99	-0.008	7.00	6.99
Nominal Bond Yields %			Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↑		7.26	0.015	7.24	7.22
GC24 (Coupon 10.50%, BMK R186)	↑		7.81	0.030	7.78	7.88
GC25 (Coupon 8.50%, BMK R186)	↑		8.26	0.030	8.23	8.33
GC26 (Coupon 8.50%, BMK R186)	↑		8.97	0.030	8.94	9.04
GC27 (Coupon 8.00%, BMK R186)	↑		9.29	0.030	9.26	9.36
GC30 (Coupon 8.00%, BMK R2030)	↑		11.19	0.065	11.12	11.23
GC32 (Coupon 9.00%, BMK R213)	↑		12.36	0.010	12.35	12.46
GC35 (Coupon 9.50%, BMK R209)	↑		13.05	0.055	12.99	13.10
GC37 (Coupon 9.50%, BMK R2037)	↑		14.03	0.060	13.97	14.08
GC40 (Coupon 9.80%, BMK R214)	↑		13.95	0.050	13.90	13.99
GC43 (Coupon 10.00%, BMK R2044)	↑		14.24	0.045	14.19	14.29
GC45 (Coupon 9.85%, BMK R2044)	↑		14.25	0.045	14.20	14.30
GC48 (Coupon 10.00%, BMK R2048)	↑		14.67	0.045	14.63	14.72
GC50 (Coupon 10.25%, BMK: R2048)	↑		14.41	0.045	14.37	14.46
Inflation-Linked Bond Yields %			Last close	Difference	Prev close	Current Spot
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
Commodities			Last close	Change	Prev close	Current Spot
Gold	↓		1,841	-0.53%	1,851	1,839
Platinum	↑		1,017	0.35%	1,014	999
Brent Crude	↓		119.5	-0.18%	119.7	119.9
Main Indices			Last close	Change	Prev close	Current Spot
NSX Overall Index	↑		1,789	0.29%	1,784	1,789
JSE All Share	↑		71,120	0.28%	70,920	71,120
SP500	↑		4,121	0.31%	4,109	4,121
FTSE 100	↑		7,608	1.00%	7,533	7,608
Hangseng	↑		21,654	2.71%	21,082	21,489
DAX	↑		14,654	1.34%	14,460	14,654
JSE Sectors			Last close	Change	Prev close	Current Spot
Financials	↓		16,253	-1.31%	16,470	16,253
Resources	↑		76,451	1.06%	75,651	76,451
Industrials	↑		78,118	0.74%	77,542	78,118
Forex			Last close	Change	Prev close	Current Spot
N\$/US dollar	↓		15.43	-0.51%	15.51	15.52
N\$/Pound	↓		19.34	-0.17%	19.37	19.31
N\$/Euro	↓		16.50	-0.74%	16.63	16.56
US dollar/ Euro	↓		1.069	-0.22%	1.072	1.067
			Namibia		RSA	
Interest Rates & Inflation			May 22	Apr 22	May 22	Apr 22
Central Bank Rate	↑		4.25	4.00	4.75	4.25
Prime Rate	↑		8.00	7.75	8.25	7.75
			Apr 22	Mar 22	Apr 22	Mar 22
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

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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