

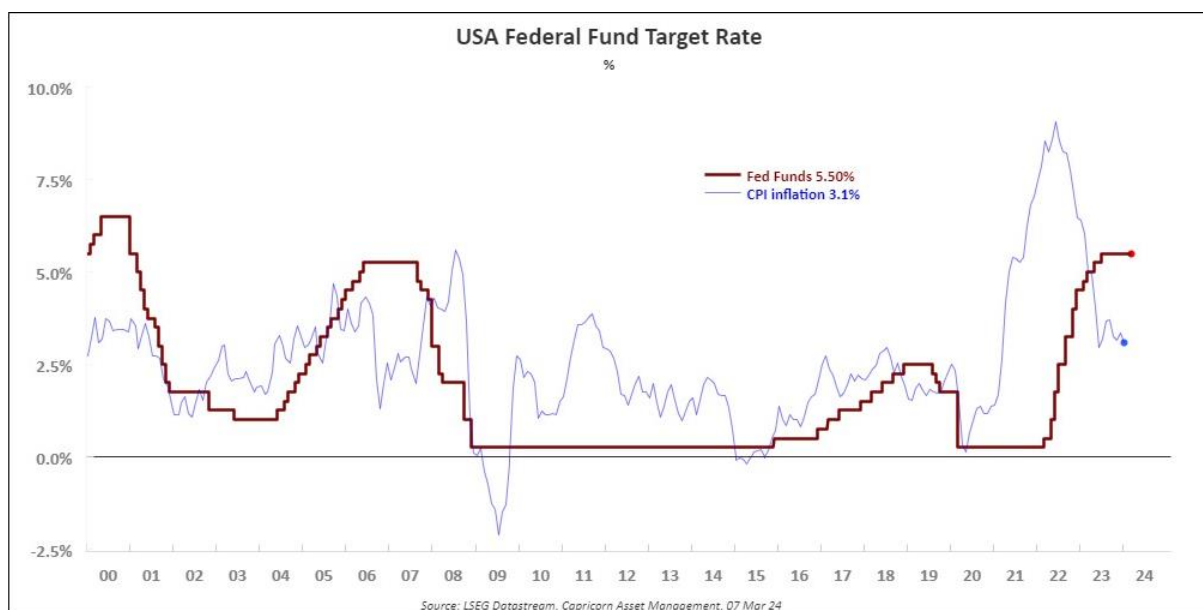
## The Daily Brief



Capricorn Asset Management

### Market Update

Thursday, 07 March 2024



### Global Markets

Wall Street followed world shares to a higher close on Wednesday and the benchmark U.S. Treasury yield dipped to a one-month low after Federal Reserve Chair Jerome Powell reassured investors that while inflation is not quite tamed rate cuts can be expected this year. All three major U.S. stock indexes closed well below session highs, marking a partial rebound from Tuesday's steep sell-off. The tech-heavy Nasdaq enjoyed the most robust gain.

Powell told the House of Representatives Financial Services Committee that "if the economy evolves broadly as expected," the central bank can be expected to cut its policy rate this year. He added that continued progress against inflation "was not assured." He also said the Fed was on a "good path" toward achieving a soft landing by bringing inflation under control while avoiding economic contraction. There is no reason to believe the U.S. economy is at short-term risk of recession, he said. Powell is set to wrap up his two-day testimony when he appears before the Senate Banking Committee on Thursday. "Powell didn't rock the boat," said Ryan Detrick, chief market strategist at

Carson Group in Omaha. "He made it clear cuts likely will come later this year and at the same time the economy remains on firm footing." "There was relief that he comes off more hawkish," Detrick added.

European stocks hit a record high as investors weighed Powell's commentary the day before the European Central Bank is expected to issue its policy decision. Labor market data released ahead of Friday's February employment report showed job openings dipped in the first weeks of 2024 and private employers added fewer workers than expected to their payrolls in February. Powell has said a softening U.S. labour market is a precondition for bringing inflation down to the Fed's 2% annual target.

The Dow Jones Industrial Average rose 75.86 points, or 0.2%, to 38,661.05, the S&P 500 gained 26.11 points, or 0.51%, to 5,104.76 and the Nasdaq Composite added 91.96 points, or 0.58%, to 16,031.54. The pan-European STOXX 600 index rose 0.39% and MSCI's gauge of stocks across the globe gained 0.59%. Emerging market stocks rose 0.67%. MSCI's broadest index of Asia-Pacific shares outside Japan closed 0.78% higher, while Japan's Nikkei lost 0.02%.

Bitcoin, which touched and then backed away from an all-time high on Tuesday, resumed its climb. The cryptocurrency was last up 5.6% at \$66,884. "Cryptocurrencies in general are up significantly again today so Powell did little to change the risk appetite we've seen from investors so far in 2024," Detrick said.

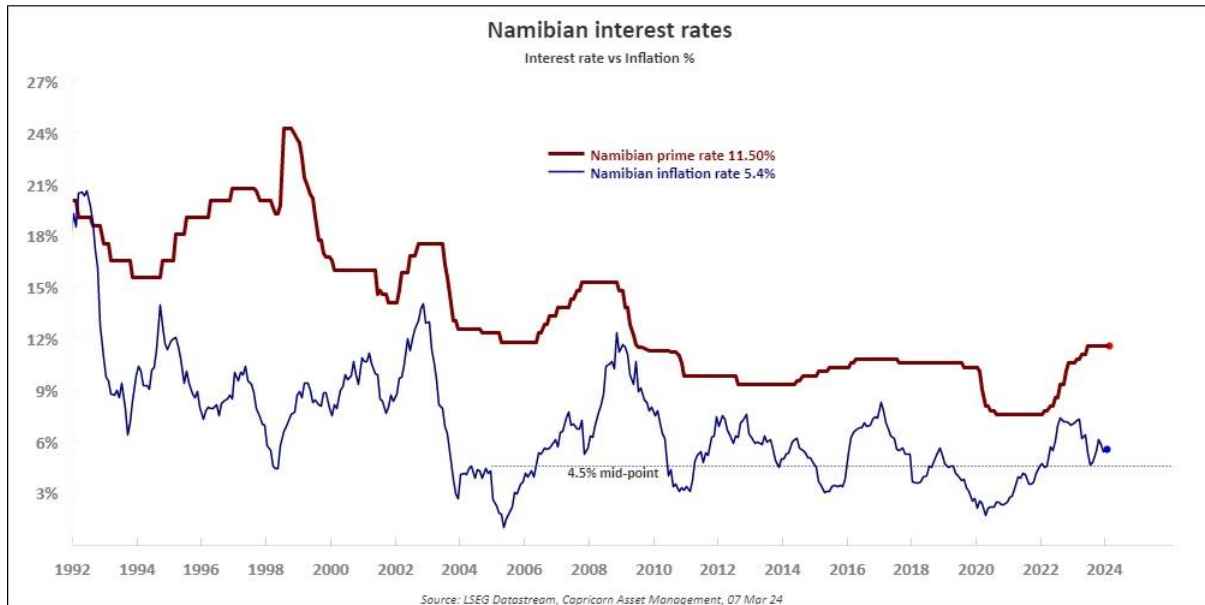
The dollar softened against a basket of world currencies. The dollar index fell 0.4%, with the euro up 0.38% to \$1.0896. The Japanese yen strengthened 0.45% versus the greenback at 149.39 per dollar, while Sterling was last trading at \$1.2735, up 0.25% on the day.

Yields of 10-year U.S. Treasuries hit a one-month low. Benchmark 10-year notes last rose 8/32 in price to yield 4.1078%, from 4.137% late on Tuesday. The 30-year bond last rose 18/32 in price to yield 4.2406%, from 4.274% late on Tuesday.

Oil prices rebounded in the wake of a smaller-than-expected build in U.S. crude stocks and Powell's rate cut assurances. U.S. crude jumped 1.25% to settle at \$79.13 per barrel, while Brent settled at \$82.96, up 1.12% on the day.

Gold continued to drift higher to a new record high for the second straight day, driven by bets on U.S. monetary easing. Spot gold added 0.9% to \$2,146.29 an ounce.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

South Africa's rand strengthened on Wednesday, with analysts pointing to a surge in gold prices as the reason for the currency's recovery. At 1750 GMT, the rand traded at 18.83 against the U.S. dollar, 0.7% stronger than its previous close. The currency, hurt by weak economic data, is down 2.8% against the greenback since the beginning of the year.

"The recent gold price surge has offered the rand some relief," ETM Analytics said in a research note, adding that the recovery will likely be limited. Gold prices held above the \$2,100 level on Wednesday, near a record peak hit in the previous session. While the rand often tracks global economic developments and is considered a riskier asset, it is also used by investors as a proxy for the yellow metal, one of South Africa's major exports.

The dollar index slipped 0.4% against a basket of currencies after U.S. Federal Reserve Chair Jerome Powell said continued progress on inflation "is not assured", though he still expected the central bank to cut interest rates later this year.

On the Johannesburg stock market, the Top-40 index closed over 2% higher. South Africa's benchmark 2030 government bond was up marginally, with the yield down 0.5 basis point at 10.095%.

**Source: Thomson Reuters Refinitiv**

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				07 March 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	8.78	-0.017	8.79	8.78
6 months	↓	8.84	-0.009	8.85	8.84
9 months	→	8.93	0.000	8.93	8.93
12 months	→	8.98	0.000	8.98	8.98
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↑	9.13	0.010	9.12	9.13
GC25 (Coupon 8.50%, BMK R186)	↑	9.22	0.010	9.21	9.22
GC26 (Coupon 8.50%, BMK R186)	↑	9.22	0.010	9.21	9.22
GC27 (Coupon 8.00%, BMK R186)	↑	9.34	0.010	9.33	9.34
GC28 (Coupon 8.50%, BMK R2030)	↑	9.63	0.005	9.62	9.63
GC30 (Coupon 8.00%, BMK R2030)	↑	9.67	0.005	9.66	9.67
GC32 (Coupon 9.00%, BMK R213)	↑	10.16	0.010	10.15	10.16
GC35 (Coupon 9.50%, BMK R209)	↑	11.12	0.005	11.12	11.12
GC37 (Coupon 9.50%, BMK R2037)	↑	12.30	0.005	12.30	12.30
GC40 (Coupon 9.80%, BMK R214)	↑	12.48	0.010	12.47	12.48
GC43 (Coupon 10.00%, BMK R2044)	↑	12.66	0.010	12.65	12.66
GC45 (Coupon 9.85%, BMK R2044)	↑	12.49	0.010	12.48	12.49
GC48 (Coupon 10.00%, BMK R2048)	↑	12.61	0.010	12.60	12.61
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.34	0.010	12.33	12.34
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	→	3.90	0.000	3.90	3.90
GI27 (Coupon 4.00%, BMK NCPI)	→	4.55	0.000	4.55	4.55
GI29 (Coupon 4.50%, BMK NCPI)	→	5.03	0.000	5.03	5.03
GI33 (Coupon 4.50%, BMK NCPI)	→	5.69	0.000	5.69	5.69
GI36 (Coupon 4.80%, BMK NCPI)	→	5.99	0.000	5.99	5.99
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	2,148	0.98%	2,128	2,157
Platinum	↑	907	3.04%	881	905
Brent Crude	↑	83.0	1.12%	82.0	82.9
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,541	2.70%	1,501	1,541
JSE All Share	↑	73,578	1.85%	72,242	73,578
SP500	↑	5,105	0.51%	5,079	5,105
FTSE 100	↑	7,679	0.43%	7,646	7,679
Hangseng	↑	16,438	1.70%	16,163	16,348
DAX	↑	17,717	0.10%	17,698	17,717
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	17,448	1.81%	17,138	17,448
Resources	↑	52,377	2.36%	51,167	52,377
Industrials	↑	101,032	1.81%	99,236	101,032
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	18.82	-0.76%	18.96	18.80
N\$/Pound	↓	23.95	-0.56%	24.09	23.95
N\$/Euro	↓	20.51	-0.38%	20.58	20.50
US dollar/ Euro	↑	1.090	0.39%	1.086	1.090
		Namibia		RSA	
Interest Rates & Inflation		Feb 24	Jan 24	Feb 24	Jan 24
Central Bank Rate	→	7.75	7.75	8.25	8.25
Prime Rate	→	11.50	11.50	11.75	11.75
		Jan 24	Dec 23	Jan 24	Dec 23
Inflation	↑	5.4	5.3	5.3	5.1



#### 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.*



**Capricorn Asset Management**



**Bank Windhoek**

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**For enquiries concerning the Daily Brief please contact us at**

**[Daily.Brief@capricorn.com.na](mailto:Daily.Brief@capricorn.com.na)**

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