

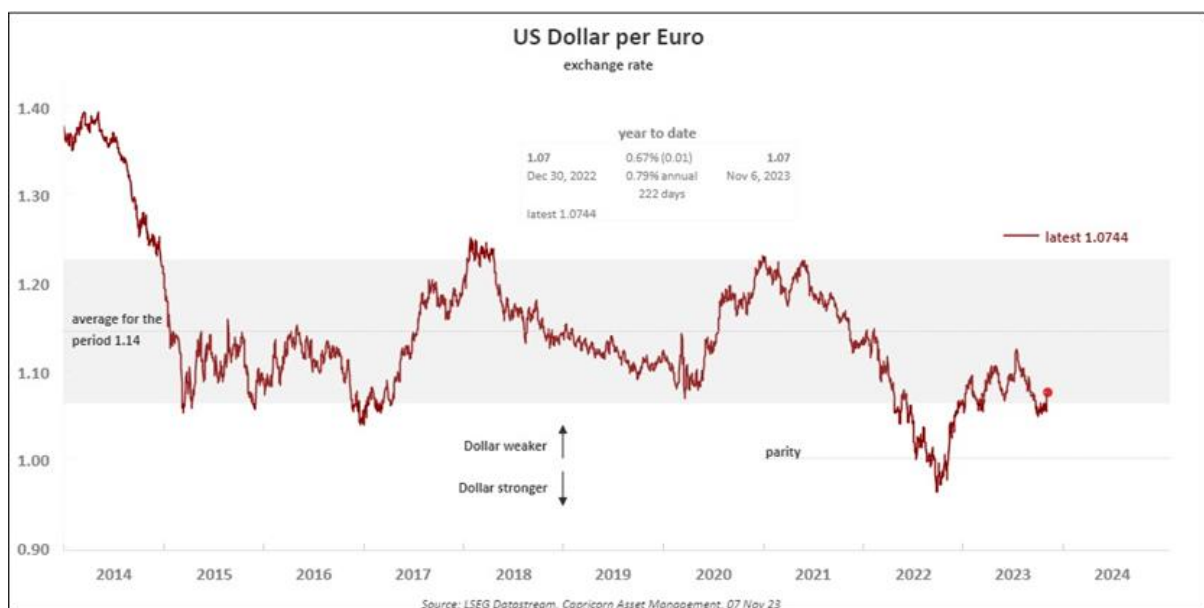
The Daily Brief



Capricorn Asset Management

Market Update

Tuesday, 07 November 2023



Global Markets

Asian stocks snapped a three-day winning streak on Tuesday, slipping as the bond market's rally paused and investors reined in enthusiasm about a possible peak in global interest rates. The focus is on whether Australia's central bank turns odd man out and raises rates, with a policy decision due at 0330 GMT. Stubbornly high core inflation last quarter has markets pricing about a 60% chance the Reserve Bank of Australia raises its benchmark cash rate to a 12-year high of 4.35%.

Overnight the dollar had rallied with a rise in U.S. Treasury yields, leaving the Australian dollar under gentle pressure at \$0.6495 in morning trade in Asia. Aussie government bond futures fell slightly and the ASX200, which had gained five sessions in a row, slipped 0.4%. MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.6% following a three-day rally that lifted the benchmark by nearly 6%. Japan's Nikkei fell 0.8%.

The U.S. Federal Reserve left interest rates on hold last week and a benign jobs report on Friday reinforced wagers that there may not be any more U.S. hikes in this cycle. Two-year U.S. Treasury yields rose nearly 11 basis points (bps) overnight, though that only partially unwound an 18 bp fall in the previous week. Ten year yields rose 10 bps on Monday, but had fallen almost 30 bps last week.

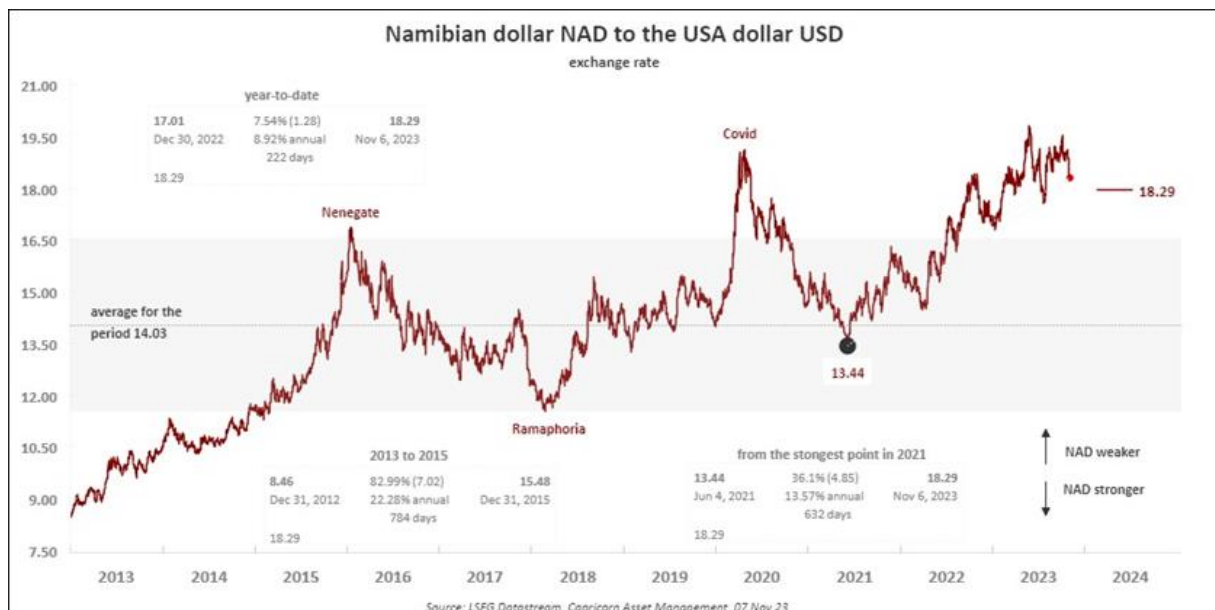
Overnight the Nasdaq logged a seventh straight session of gains - its longest streak since January - though its gain was a slender 0.3% as the rally lost some steam. S&P 500 futures ESc1 and European futures each fell 0.2%. "We'll need another few weeks of data to know the direction we're heading," said Ben Bennett, APAC investment strategist for Legal and General Investment Management. "In the meantime, equity markets could be whipsawed by the economic noise." Chinese trade data is also due later in the session.

In foreign exchange markets, the slightly stronger dollar pushed the Japanese yen back to the weak side of 150 to the dollar, and it hovered at 150.1 in the Asia morning. The euro took a breather at \$1.0710 and analysts expect any prospective decline in the greenback to be bumpy and modest, even if the Fed starts cutting rates next year. The U.S. dollar index was steady at 105.32. "Outside of monetary policy, it is weak global growth and abundant geopolitical risks ranging from Taiwan to the Middle East and Russia that we see as providing continued safe-haven support to the dollar, slowing a dollar down cycle," said Deutsche Bank strategists Alan Ruskin and George Saravelos.

In Australia all of the "Big Four" banks expect rates will rise today, though market expectations are split enough that volatility is likely whatever the outcome. Overnight implied AUD/USD volatility stood near a two-month high. "Any weakness in the Aussie will likely be more visible against the crosses than the dollar should the RBA stand pat today," said Commonwealth Bank analyst Carol Kong.

In commodity markets oil steadied with Brent crude futures LCOc1 at \$84.86 a barrel, supported by nerves that conflict in the Middle East could expand and threaten supply and as Russia and Saudi Arabia reaffirmed production cuts. Gold nursed modest losses at \$1,975, while bitcoin hovered just shy of \$35,000.

Source: Thomson Reuters Refinitiv



Domestic Markets

The South African rand slipped on Monday, giving back some of the gains the currency made last week on hopes for the end of the U.S. Fed's tightening cycle. At 1654 GMT, the rand traded at 18.3025 against the dollar, 0.25% weaker than its previous close. The rand has jumped around 2% against the greenback since the start of November. On Friday, the rand firmed as U.S. Treasury yields fell and data out of the U.S. showed fewer than expected jobs were created in October, boosting hopes the Fed is done raising interest rates.

South Africa's foreign minister said on Monday the country was recalling diplomats from Israel for consultations amid a rise in civilian casualties from its war with the Palestinian militant group Hamas. This week, investors will be closely watching South Africa's September mining production and manufacturing figures for clues on the health of the local economy.

Shares on the Johannesburg Stock Exchange rose, with the blue-chip Top-40 index closing about 0.7% higher. South Africa's benchmark 2030 government bond was slightly weaker with the yield up 1 basis point at 10.395%.

Source: Thomson Reuters Refinitiv

Never let the future disturb you. You will meet it, if you
have to, with the same weapons of reason which today
arm you against the present.

Marcus Aurelius

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				06 November 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	➡	8.46	0.000	8.46	8.46
6 months	⬇	8.57	-0.033	8.60	8.57
9 months	⬇	8.62	-0.033	8.65	8.62
12 months	⬇	8.57	-0.050	8.62	8.57
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⬇	8.21	-0.055	8.27	8.23
GC25 (Coupon 8.50%, BMK R186)	⬇	9.02	-0.055	9.07	9.03
GC26 (Coupon 8.50%, BMK R186)	⬇	8.33	-0.055	8.38	8.34
GC27 (Coupon 8.00%, BMK R186)	⬇	8.85	-0.055	8.90	8.86
GC28 (Coupon 8.50%, BMK R2030)	⬇	9.32	-0.070	9.39	9.33
GC30 (Coupon 8.00%, BMK R2030)	⬇	9.86	-0.070	9.93	9.87
GC32 (Coupon 9.00%, BMK R213)	⬇	10.52	-0.075	10.60	10.54
GC35 (Coupon 9.50%, BMK R209)	⬇	11.08	-0.060	11.14	11.10
GC37 (Coupon 9.50%, BMK R2037)	⬇	11.92	-0.070	11.99	11.93
GC40 (Coupon 9.80%, BMK R214)	⬇	11.75	-0.065	11.82	11.77
GC43 (Coupon 10.00%, BMK R2044)	⬇	11.82	-0.090	11.91	11.84
GC45 (Coupon 9.85%, BMK R2044)	⬇	12.34	-0.090	12.43	12.36
GC48 (Coupon 10.00%, BMK R2048)	⬇	12.33	-0.090	12.42	12.35
GC50 (Coupon 10.25%, BMK: R2048)	⬇	12.18	-0.090	12.27	12.20
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	➡	3.20	0.000	3.20	3.20
GI27 (Coupon 4.00%, BMK NCPI)	➡	4.71	0.000	4.71	4.71
GI29 (Coupon 4.50%, BMK NCPI)	➡	5.20	0.000	5.20	5.20
GI33 (Coupon 4.50%, BMK NCPI)	➡	5.81	0.000	5.81	5.81
GI36 (Coupon 4.80%, BMK NCPI)	➡	6.19	0.000	6.19	6.19
Commodities		Last close	Change	Prev close	Current Spot
Gold	⬆	1,992	0.34%	1,986	1,984
Platinum	⬆	930	1.09%	920	927
Brent Crude	⬇	84.9	-2.26%	86.9	85.2
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,586	1.20%	1,567	1,586
JSE All Share	⬆	72,856	2.06%	71,384	72,856
SP500	⬆	4,358	0.94%	4,318	4,358
FTSE 100	⬇	7,418	-0.39%	7,447	7,418
Hangseng	⬆	17,664	2.52%	17,231	17,918
DAX	⬆	15,189	0.30%	15,144	15,189
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆	16,627	1.55%	16,373	16,627
Resources	⬆	56,203	2.43%	54,867	56,203
Industrials	⬆	98,789	2.39%	96,487	98,789
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	18.26	-0.80%	18.41	18.23
N\$/Pound	⬆	22.60	0.62%	22.46	22.57
N\$/Euro	⬆	19.59	0.21%	19.55	19.58
US dollar/ Euro	⬆	1.073	1.03%	1.062	1.074
		Namibia		RSA	
Interest Rates & Inflation		Oct 23	Sep 23	Oct 23	Sep 23
Central Bank Rate	➡	7.75	7.75	8.25	8.25
Prime Rate	➡	11.50	11.50	11.75	11.75
		Sep 23	Aug 23	Sep 23	Aug 23
Inflation	⬆	5.4	4.7	5.4	4.8

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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