

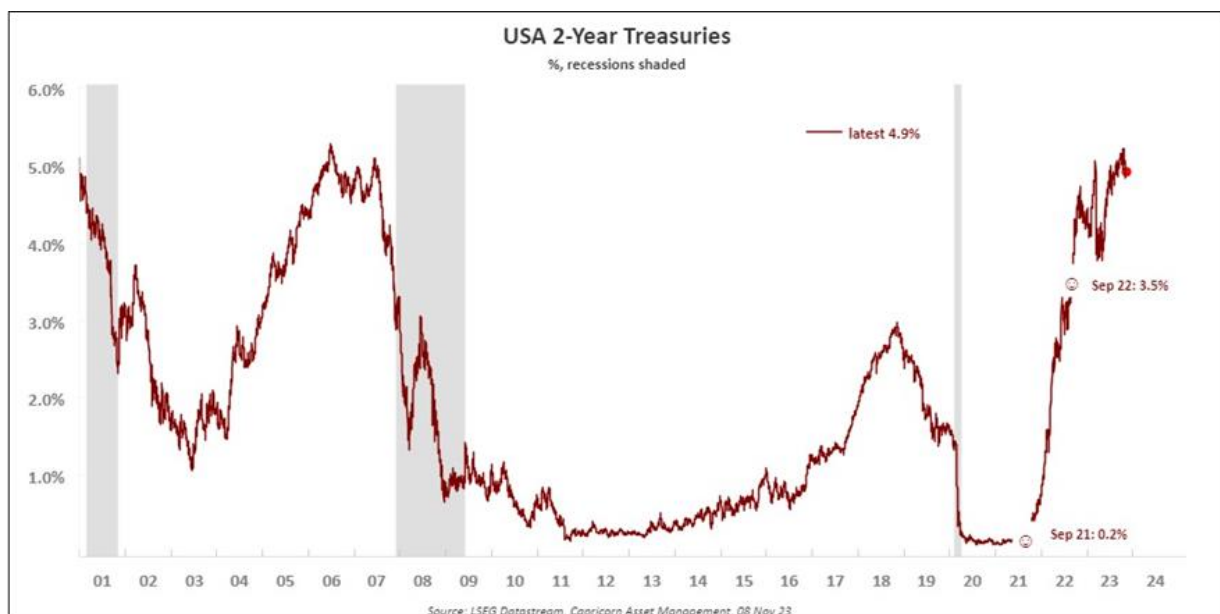
## The Daily Brief



Capricorn Asset Management

### Market Update

Wednesday, 08 November 2023



### Global Markets

Treasury yields and the dollar hovered above multi-week lows on Wednesday as markets grappled with the possibility of another U.S. interest rate hike while waiting on comments from Federal Reserve Chair Jerome Powell for a steer on the policy outlook. Crude oil sank to a three-month low after data showed a steep build in U.S. stockpiles, while worries about the Chinese economy weighed on the outlook for demand.

Equities were mixed in Asia, with gains for tech stocks offset by slumping commodity shares. Wall Street futures pointed slightly lower following gains across the big three indexes overnight, led by a 0.9% rally for the tech-heavy Nasdaq.

Expectations have been building in recent days that U.S. policy rates have peaked and cuts could begin as early as May, following a softening in key monthly jobs data at the end of last week and a tempering in the Fed's hawkish stance. However, investors remain sensitive to the possibility of more hikes amid guarded remarks from Fed officials. Fed Governor Christopher Waller said on Tuesday that the economy bears watching after "blowout" third-quarter GDP figures, while fellow governor Michelle Bowman said she still expects higher rates will be needed. Powell speaks on Wednesday and Thursday.

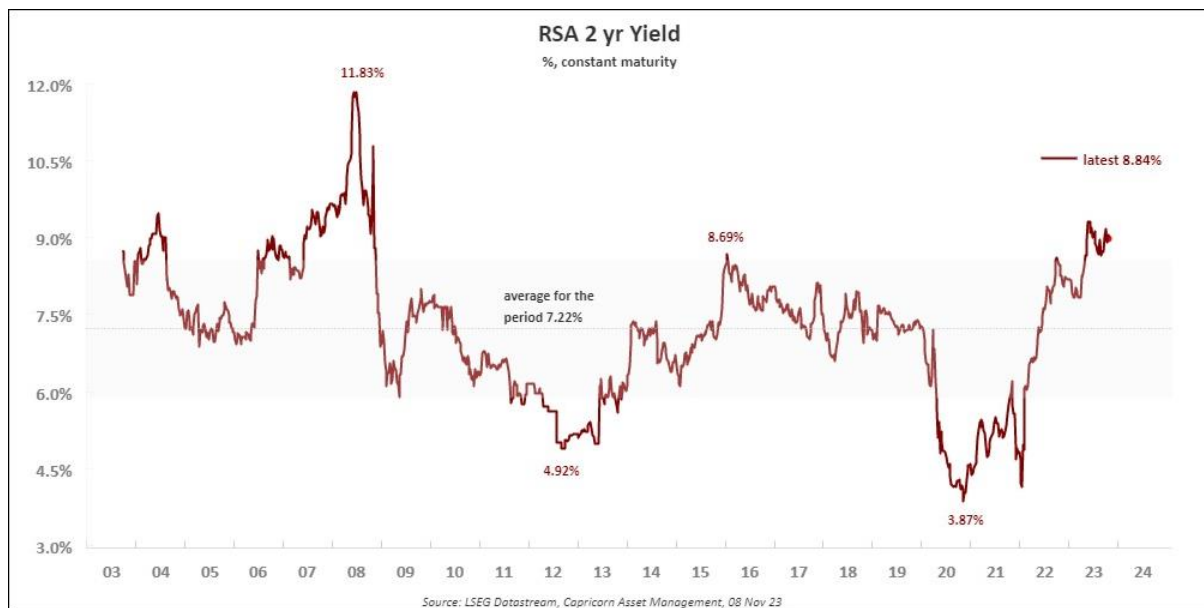
U.S. 10-year Treasury yields were little changed at 4.5789%, finding a floor after dipping as low as 4.484% on Friday for the first time since Sept. 26. They reached a 16-year high of 5.021% last month. The dollar index, which measures the currency against six major peers, was largely flat at 105.55, above the more than six-week low of 104.84 reached on Monday, but well back from the high at the start of this month at 107.11. "The markets are repositioning for a moderation in U.S. growth," pushing down long-term yields and the dollar, said Kyle Rodda, a senior markets analyst at Capital.com.

"The drop in oil prices is delivering a similar signal," he added. "The sell-off is coming on demand fears: There's a lot of fear about China's recovery in that, but also that after exceptional resilience, the U.S. economy is slowing." Brent crude futures dropped 25 cents to \$81.36 a barrel on Wednesday, while U.S. crude futures fell 35 cents to \$77.02 a barrel. Both declined to the lowest since July 24 in early Asia trade.

Declines in commodity shares amid lower energy prices were offset by a climb in growth stocks, amid expectations for lower borrowing costs.

A case in point was Japan's tech-heavy Nikkei 225, which rose 0.13% while the broader Topix sank 0.66%. MSCI's broadest index of Asia-Pacific shares outside Japan gained 0.3%, aided by gains for Chinese markets after some bullish comments from the People's Bank of China governor. Hong Kong's Hang Seng rose 0.22%, while an index of mainland blue chips added 0.1%.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

South Africa's rand continued to give back some of last week's gains on Tuesday as the U.S. dollar traded higher. At 1705 GMT, the rand traded at 18.3575 against the dollar, about 0.4% weaker than its previous close. The dollar was last up more than 0.3% against a basket of major currencies.

The South African currency, susceptible to changes in global factors, rallied last week on hopes the U.S. Federal Reserve has reached the end of its policy tightening cycle following a pause in interest rate hikes. "Things have taken a drastic turn as if the market interpreted this as the end of interest rate increases," Casparus Treurnicht, portfolio manager at Gryphon Asset Management, told Reuters.

"Then the Australian central bank hiked their rates with 25 basis points this morning - surprising all those that believed in this newfound optimism," he added. Federal Reserve Chairman Jerome Powell is due to speak on Wednesday and Thursday, where the focus will be on whether he maintains the more dovish tone struck after last week's policy meeting.

Investors will also be closely watching South Africa's September mining production and manufacturing figures for clues on the health of the local economy.

Both the blue-chip Top 40 index and the benchmark all-share index closed more than 2% lower, led by a drop of over 4% in the resources index. South Africa's benchmark 2030 government bond ZAR2030= was almost unchanged in late deals, with the yield at 10.400%.

**Source: Thomson Reuters Refinitiv**

The only limit to our realization of tomorrow will be our doubts of today.

**Franklin D. Roosevelt**

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				08 November 2023	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	➡	8.46	0.000	8.46	8.46
6 months	⬆	8.58	0.008	8.57	8.58
9 months	⬆	8.64	0.025	8.62	8.64
12 months	⬆	8.60	0.050	8.55	8.60
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC24 (Coupon 10.50%, BMK R186)	⬆	8.29	0.015	8.28	8.29
GC25 (Coupon 8.50%, BMK R186)	⬆	9.10	0.015	9.08	9.10
GC26 (Coupon 8.50%, BMK R186)	⬆	8.41	0.015	8.39	8.41
GC27 (Coupon 8.00%, BMK R186)	⬆	8.93	0.015	8.91	8.93
GC28 (Coupon 8.50%, BMK R2030)	⬆	9.42	0.020	9.40	9.42
GC30 (Coupon 8.00%, BMK R2030)	⬆	9.96	0.020	9.94	9.96
GC32 (Coupon 9.00%, BMK R213)	⬆	10.62	0.010	10.61	10.62
GC35 (Coupon 9.50%, BMK R209)	⬆	11.18	0.015	11.17	11.18
GC37 (Coupon 9.50%, BMK R2037)	⬆	12.01	0.005	12.00	12.01
GC40 (Coupon 9.80%, BMK R214)	⬆	11.85	0.015	11.83	11.83
GC43 (Coupon 10.00%, BMK R2044)	⬇	11.90	-0.005	11.90	11.90
GC45 (Coupon 9.85%, BMK R2044)	⬇	12.42	-0.005	12.42	12.42
GC48 (Coupon 10.00%, BMK R2048)	⬆	12.42	0.010	12.41	12.42
GC50 (Coupon 10.25%, BMK: R2048)	⬆	12.27	0.010	12.26	12.27
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
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
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	⬇	1,968	-0.47%	1,978	1,966
Platinum	⬇	891	-1.55%	905	889
Brent Crude	⬇	81.6	-4.19%	85.2	81.5
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	⬇	1,539	-3.07%	1,588	1,539
JSE All Share	⬇	71,573	-2.35%	73,294	71,573
SP500	⬆	4,378	0.28%	4,366	4,378
FTSE 100	⬇	7,410	-0.10%	7,418	7,410
Hangseng	⬇	17,670	-1.65%	17,967	17,686
DAX	⬆	15,153	0.11%	15,136	15,153
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⬇	16,191	-2.15%	16,547	16,191
Resources	⬇	55,020	-4.39%	57,546	55,020
Industrials	⬇	97,684	-1.37%	99,044	97,684
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	⬆	18.38	0.53%	18.28	18.35
N\$/Pound	⬆	22.61	0.17%	22.57	22.53
N\$/Euro	⬆	19.67	0.36%	19.60	19.61
US dollar/ Euro	⬇	1.070	-0.15%	1.072	1.069
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Oct 23</b>	<b>Sep 23</b>	<b>Oct 23</b>	<b>Sep 23</b>
Central Bank Rate	➡	7.75	7.75	8.25	8.25
Prime Rate	➡	11.50	11.50	11.75	11.75
		<b>Sep 23</b>	<b>Aug 23</b>	<b>Sep 23</b>	<b>Aug 23</b>
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

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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.*



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