



Market Update

Tuesday, 09 August 2022



Global Markets

Asian shares were down on Tuesday as financial markets fretted about persistent global cost pressures, with investors turning their focus this week to U.S. inflation data and the prospects for further aggressive Federal Reserve rate hikes.

The unexpectedly strong U.S. jobs data on Friday have raised the stakes for the July U.S. consumer prices report due on Wednesday, especially for the Fed's policy outlook.

"U.S. stocks were struggling to hold on to gains, as the focus moves from a robust U.S. labour market to the U.S. CPI data out later this week," ANZ analysts said in a note.

"The priority of reducing inflation to underpin the expansion in domestic demand and sustainable jobs growth will ring loud and clear from the 25-27 August Jackson Hole symposium."

Early in the Asian trading day, MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.2%. The index is up 0.5% so far this month. U.S. stock futures rose 0.07%.

Japan's Nikkei slid 0.81% while Australian shares were flat.

China's blue-chip CSI300 index was down 0.31% in early trade. Hong Kong's Hang Seng index opened 0.12% lower.

On Monday, Wall Street closed mostly flat after blockbuster jobs data last week reinforced expectations the Federal Reserve will crack down on inflation, while a revenue warning from chipmaker Nvidia reminded investors of a slowing U.S. economy.

Investors now await consumer price data on Wednesday to gauge whether the Fed might ease a bit in its inflation fight and provide a better footing for the economy to grow.

There were some encouraging signs for the Fed on the prices front, with a New York Fed survey on Monday showing consumers' inflation expectations fell sharply in July.

The Dow Jones Industrial Average rose 0.09% while the S&P 500 lost 0.12% and the Nasdaq Composite dropped 0.1%.

Bonds also got a safe-haven bid due to unease over Beijing's sabre rattling against Taiwan amid days of Chinese military exercises around the island.

The yield on benchmark 10-year Treasury notes rose to 2.7517% compared with its U.S. close of 2.763% on Monday. The two-year yield, which rises with traders' expectations of higher Fed fund rates, touched 3.2115% compared with a U.S. close of 3.216%.

The dollar index, which tracks the greenback against a basket of currencies of other major trading partners, was up at 106.37.

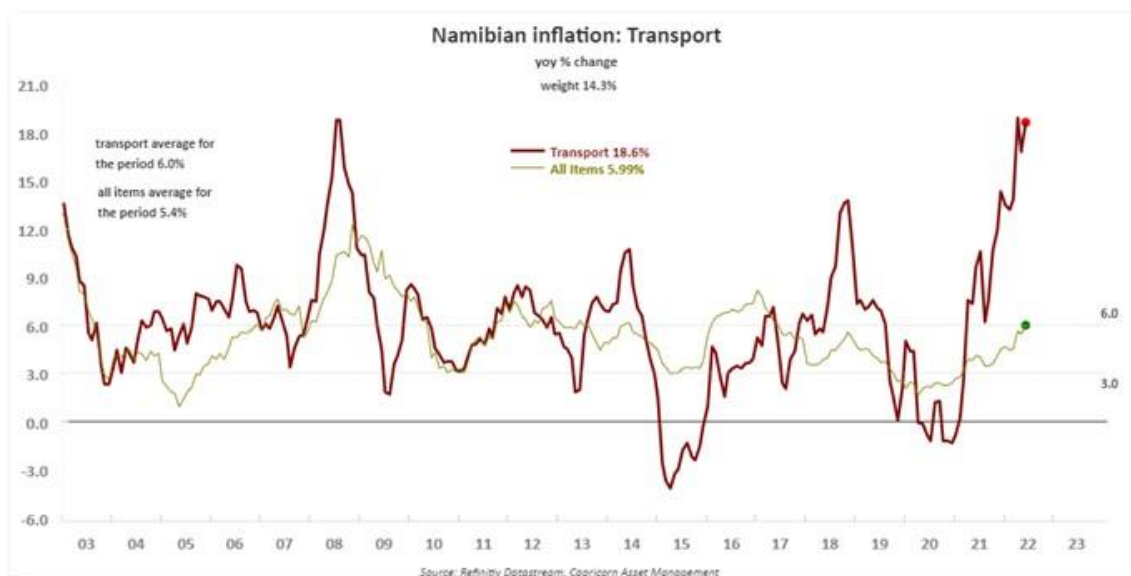
Oil prices continued their recent retreat after suffering the worst week since April on worries about stalling global demand as central banks keep tightening. O/R

U.S. crude dipped 0.19% to \$90.59 a barrel. Brent crude fell to \$96.48 per barrel.

The rise in the dollar was a setback for gold, though it had managed to bounce from the lows hit on Friday and was traded at \$1788.7731 per ounce.

Source: Thomson Reuters Refinitiv

Domestic Markets



The JSE's All-Share index ended the day one percent higher, with AngloGold and Northam gaining more than 6%." The macro calendar is quiet this week with US inflation data being the main highlight," said Forex.com analyst Fawad Razaqzada. "This will keep the dollar... in focus after a very strong US jobs report on Friday rekindled the possibility of a hat trick of 75-basis-point rate hikes in September."

The rand remains very sensitive to shifts in global market sentiment. South Africa continues to battle with prolonged worker strikes and rolling blackouts, in addition to growing global recession fears. Meanwhile, some reprieve came for consumers as the government moved to cut fuel-pump prices to ease pressure on household finances and cool inflation. On Monday, the rand was trading at R16.78 to the Dollar, and Brent crude is trading at US\$95 a barrel.

Economists say South Africa's food inflation may have peaked and will likely start easing from next month. Food inflation is far higher than headline inflation, with Nedbank economists expecting the number to hit 10% in July's print before easing back to around 7% in August.

Eskom has hit back at proposed methodology changes to determine electricity tariffs in South Africa, saying that energy regulator Nersa's proposals will lead to much higher prices. Nersa's methodologies broadly and vaguely plot a way for Eskom's tariffs to be cost-reflective, but the power utility says its current applications for tariffs hikes – which go as high as 32% – are not even there yet, so a true price reflecting its costs would be even higher.

Source: NEWS24, BusinessTech

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	581,686,197	6,134,946	6,410,961	11,454

Source: Thomson Reuters Refinitiv

All wealth is the product of labor.

John Locke

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				09 August 2022	
Money Market TB Rates %					
		Last close	Difference	Prev close	Current Spot
3 months	⇒	6.53	0.000	6.53	6.53
6 months	↑	6.78	0.017	6.76	6.78
9 months	↑	7.51	0.025	7.48	7.51
12 months	↑	7.88	0.050	7.83	7.88
Nominal Bond Yields %					
		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↑	8.62	0.020	8.60	8.62
GC24 (Coupon 10.50%, BMK R186)	↓	8.37	-0.030	8.40	8.37
GC25 (Coupon 8.50%, BMK R186)	↓	8.82	-0.030	8.85	8.82
GC26 (Coupon 8.50%, BMK R186)	↓	8.88	-0.030	8.91	8.88
GC27 (Coupon 8.00%, BMK R186)	↓	9.85	-0.030	9.88	9.85
GC30 (Coupon 8.00%, BMK R2030)	↓	11.55	-0.025	11.58	11.55
GC32 (Coupon 9.00%, BMK R213)	↓	11.68	-0.020	11.70	11.68
GC35 (Coupon 9.50%, BMK R209)	↓	12.11	-0.030	12.14	12.11
GC37 (Coupon 9.50%, BMK R2037)	↓	12.72	-0.030	12.75	12.72
GC40 (Coupon 9.80%, BMK R214)	↓	13.05	-0.030	13.08	13.03
GC43 (Coupon 10.00%, BMK R2044)	↓	13.57	-0.030	13.60	13.57
GC45 (Coupon 9.85%, BMK R2044)	↓	14.09	-0.030	14.12	14.09
GC48 (Coupon 10.00%, BMK R2048)	↓	14.27	-0.025	14.29	14.27
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.28	-0.025	14.30	14.28
Inflation-Linked Bond Yields %					
		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	↓	0.20	-3.350	3.55	0.20
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)	⇒	4.85	0.000	4.85	4.85
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.52	0.000	6.52	6.52
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.28	0.000	7.28	7.28
Commodities					
		Last close	Change	Prev close	Current Spot
Gold	↑	1,789	0.81%	1,774	1,786
Platinum	↑	940	0.82%	932	938
Brent Crude	↑	96.7	1.82%	94.9	96.5
Main Indices					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,587	0.35%	1,581	1,587
JSE All Share	↑	70,266	1.07%	69,519	70,266
SP500	↓	4,140	-0.12%	4,145	4,140
FTSE 100	↑	7,482	0.57%	7,440	7,482
Hangseng	↓	20,046	-0.77%	20,202	20,229
DAX	↑	13,688	0.84%	13,574	13,688
JSE Sectors					
		Last close	Change	Prev close	Current Spot
Financials	↑	15,741	0.42%	15,675	15,741
Resources	↑	65,045	1.57%	64,042	65,045
Industrials	↑	85,829	1.06%	84,928	85,829
Forex					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.60	-0.95%	16.76	16.60
N\$/Pound	↓	20.04	-0.91%	20.23	20.05
N\$/Euro	↓	16.92	-0.82%	17.06	16.92
US dollar/ Euro	↑	1.020	0.14%	1.018	1.019
Interest Rates & Inflation					
		Namibia		RSA	
		Jul 22	Jun 22	Jul 22	Jun 22
Central Bank Rate	↑	4.75	4.25	5.50	4.75
Prime Rate	↑	8.50	8.00	9.00	8.25
		Jun 22	May 22	Jun 22	May 22
Inflation	↑	6.0	5.4	7.4	6.5

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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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