

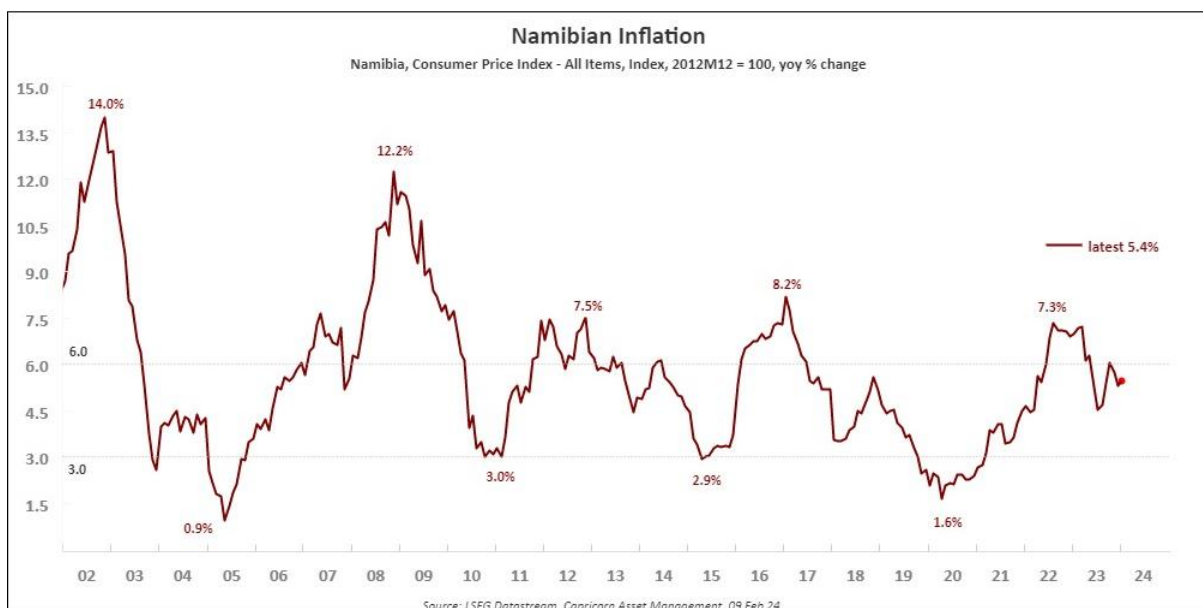
# The Daily Brief



Capricorn Asset Management

## Market Update

Friday, 09 February 2024



## Global Markets

Japanese shares hit 34-year highs on Friday and strong earnings had the S&P 500 at record close, while oil prices were set for a sharp weekly rise on Israel's rejection of a ceasefire offer from Hamas. Trade was lightened in Asia by the closure of Chinese markets for the Lunar New Year break and by a shortened session in Hong Kong. The Hang Seng, however, slumped 2% in the morning, with traders frustrated by a long and so far fruitless wait for Beijing to unleash stimulus or support for China's sliding markets.

The Nikkei rose 1%, aided by a retreating yen that traded near its weakest in two months at 149.37 per dollar in the Asia morning. MSCI's broadest index of Asia-Pacific shares outside Japan was flat and heading toward a 0.7% weekly rise to notch its longest weekly winning streak since June. The S&P 500 touched the 5,000 mark and notched a record close on Thursday.

Brent crude futures jumped 3% on Thursday and are up more than 5.5% on the week on concerns that prolonged conflict in the Middle East is disrupting shipping and risks bringing the U.S. and Iran into a direct confrontation. "Netanyahu's outright dismissal of a potential cease fire plus a US drone strike on a high ranking Kataib Hezbollah official in Baghdad have added to those risks," said National Australia Bank's head of commodity strategy, Robert Rennie. A commander from Kataib Hezbollah,

an Iran-backed armed group was killed in a U.S. strike on Wednesday, the U.S. military said. Israel's Prime Minister Benjamin Netanyahu said terms proposed by Hamas for a ceasefire were "delusional", and vowed to fight on.

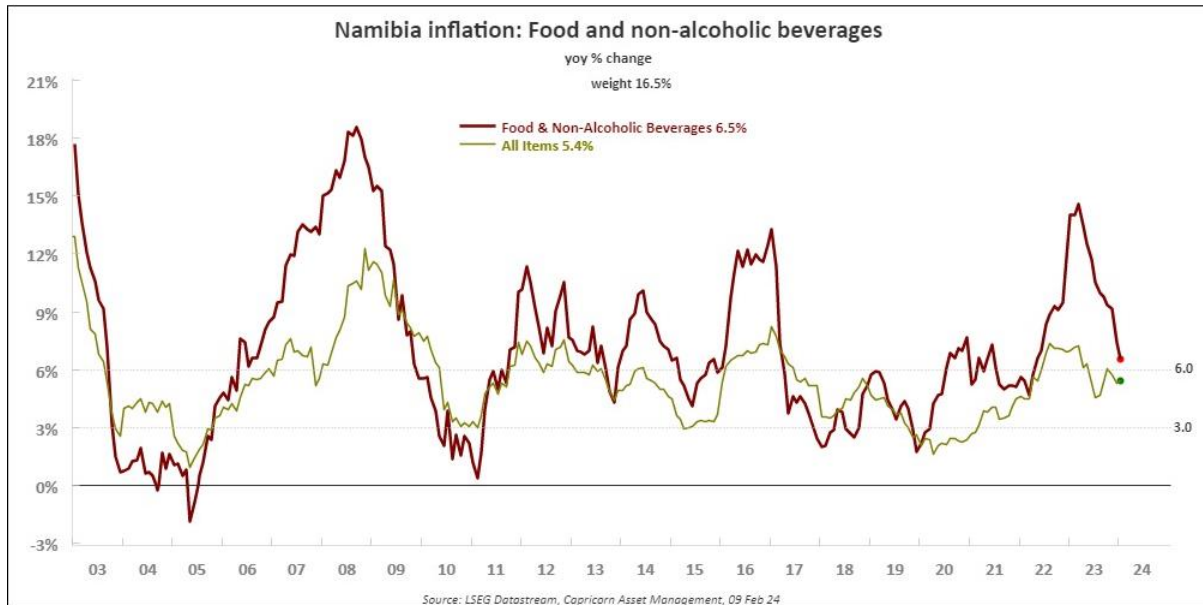
In bond markets this week, U.S. yields have risen in the wake of a strong jobs report and a chorus of central bank comments pointing to reticence on rate cuts. Two-year yields are up about eight basis points (bps) this week to 4.45%. Ten-year yields seem to have settled above 4% and were steady at 4.14% on Friday, up 11 bps this week. Fed funds futures imply less than a 20% chance of a rate cut in March and bets on the timing of the Federal Reserve's first cut are now slowly drifting towards June from May. Later on Friday, revisions to U.S. inflation will be closely watched in case of shifts in either direction.

Currency markets have followed the bond market's lead with higher yields a support for the U.S. dollar. The dollar index is set to log a sixth week without loss in a row. The euro was steady at \$1.0777. The yen, down about 0.6% on the week, has been an underperformer after markets latched on to comments from Bank of Japan (BOJ) Deputy Governor Shinichi Uchida saying rapid rate hikes were unlikely. "The policy implications of the speech are dovish and further confirm the structural dovish and massive accommodation bias for the BOJ," said Brent Donnelly, "They are simply in no hurry."

The Nikkei, which tends to move in the opposite direction to the yen, broke above the 37,000 level for the first time since 1990, with SoftBank shares up 10% following a near 50% surge in shares of its majority-owned chip technology firm Arm. Two-year swap rates in New Zealand and the kiwi dollar ticked higher after ANZ Bank surprised with a forecast for rate hikes in February and April following a run of hotter-than-expected economic indicators.

Bitcoin is set for its best week in two months, up 6.6% to \$45,367.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

South Africa's rand weakened on Thursday ahead of President Cyril Ramaphosa's annual address to parliament later in the day. At 1529 GMT, the rand traded at 18.9700 against a broadly stronger dollar, 0.42% lower than its previous close. The dollar was last up 0.26% against a basket of global currencies.

Investors will be looking ahead to Ramaphosa's "State of the Nation Address" around 1700 GMT for any solutions he might propose to the nation's power shortages and logistics crisis. However, some analysts tempered expectations of any major announcements and predicted a muted market reaction. The address "will likely be short on details on how the government plans to address and solve the myriad of crises facing the economy," said ETM Analytics in a note.

Data from South Africa's statistics agency earlier showed manufacturing output rose 0.7% year-on-year in December, after rising by a revised 2.5% in November. Shares on the Johannesburg Stock Exchange fell, with the blue-chip Top-40 index ending 0.85% lower. South Africa's benchmark 2030 government bond slipped, with the yield up 3 basis points at 9.915%.

**Source: Thomson Reuters Refinitiv**

“Oh! It's Friday again. Share the love that was missing during the week. In a worthy moment of [peace](#) and bliss.” —S. O'Sade

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				09 February 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	8.79	-0.008	8.80	8.79
6 months	→	8.85	0.000	8.85	8.85
9 months	↓	8.91	-0.017	8.93	8.91
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)	↑	8.98	0.030	8.95	8.98
GC25 (Coupon 8.50%, BMK R186)	↑	9.07	0.030	9.04	9.07
GC26 (Coupon 8.50%, BMK R186)	↑	9.07	0.030	9.04	9.07
GC27 (Coupon 8.00%, BMK R186)	↑	9.19	0.030	9.16	9.19
GC28 (Coupon 8.50%, BMK R2030)	↑	9.45	0.030	9.42	9.45
GC30 (Coupon 8.00%, BMK R2030)	↑	9.49	0.030	9.46	9.49
GC32 (Coupon 9.00%, BMK R213)	↑	10.00	0.035	9.96	10.00
GC35 (Coupon 9.50%, BMK R209)	↑	11.01	0.035	10.98	11.01
GC37 (Coupon 9.50%, BMK R2037)	↑	12.18	0.030	12.15	12.18
GC40 (Coupon 9.80%, BMK R214)	↑	12.38	0.040	12.34	12.38
GC43 (Coupon 10.00%, BMK R2044)	↑	12.59	0.035	12.55	12.59
GC45 (Coupon 9.85%, BMK R2044)	↑	12.42	0.035	12.38	12.42
GC48 (Coupon 10.00%, BMK R2048)	↑	12.54	0.040	12.50	12.54
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.27	0.040	12.23	12.27
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	→	4.40	0.000	4.40	4.40
GI27 (Coupon 4.00%, BMK NCPI)	→	4.64	0.000	4.64	4.64
GI29 (Coupon 4.50%, BMK NCPI)	→	5.07	0.000	5.07	5.07
GI33 (Coupon 4.50%, BMK NCPI)	→	5.72	0.000	5.72	5.72
GI36 (Coupon 4.80%, BMK NCPI)	→	6.01	0.000	6.01	6.01
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	2,033	-0.05%	2,034	2,033
Platinum	↑	885	0.62%	880	889
Brent Crude	↑	81.6	3.06%	79.2	81.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,515	-0.85%	1,528	1,515
JSE All Share	↓	73,725	-0.79%	74,313	73,725
SP500	↑	4,998	0.06%	4,995	4,998
FTSE 100	↓	7,595	-0.44%	7,629	7,595
Hangseng	↓	15,878	-1.27%	16,082	15,747
DAX	↑	16,964	0.25%	16,922	16,964
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	17,117	-0.33%	17,174	17,117
Resources	↓	50,741	-2.04%	51,797	50,741
Industrials	↓	104,581	-0.36%	104,961	104,581
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.96	0.44%	18.87	18.96
N\$/Pound	↑	23.91	0.37%	23.83	23.91
N\$/Euro	↑	20.43	0.49%	20.33	20.42
US dollar/ Euro	↑	1.078	0.05%	1.077	1.077
		Namibia		RSA	
Interest Rates & Inflation		Jan 24	Dec 23	Jan 24	Dec 23
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	Dec 23	Nov 23
Inflation	↑	5.4	5.3	5.1	5.5

#### 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

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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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