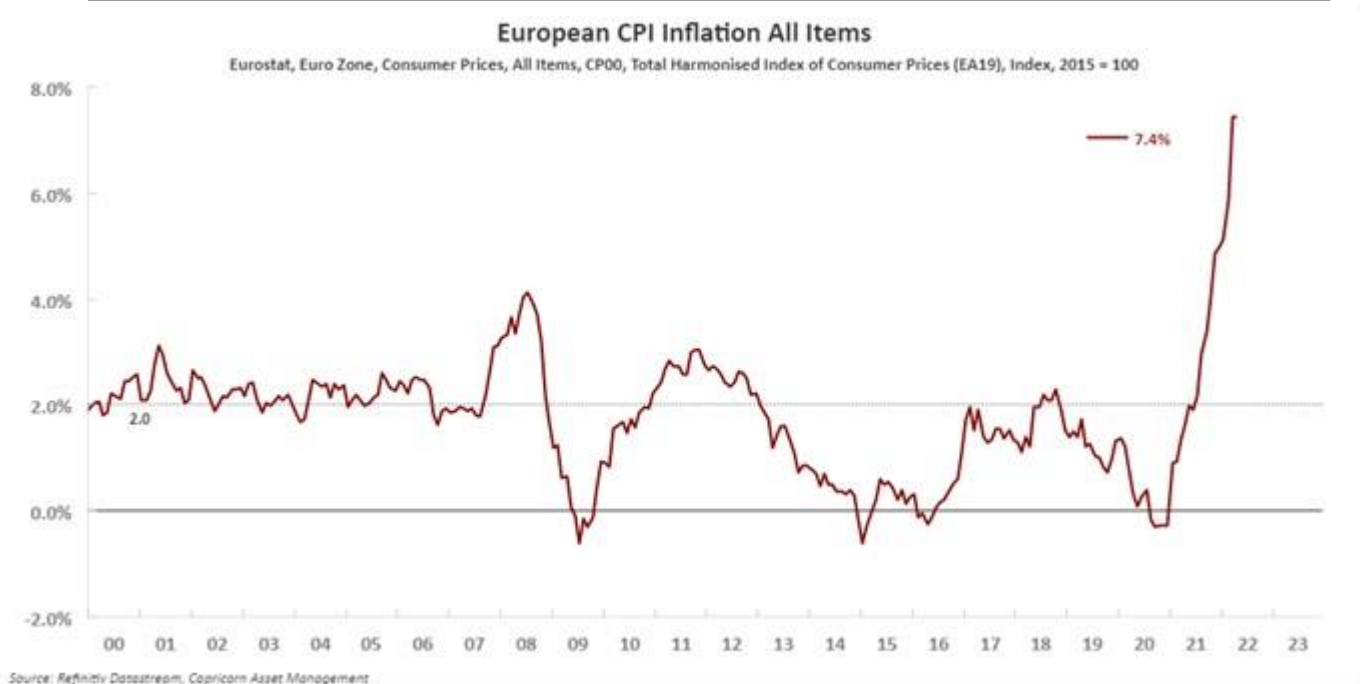




Market Update

Thursday, 9 June 2022



Global Markets

Asian stocks fell, U.S. bond yields rose and a soaring dollar pushed to a two-decade high against the yen on Thursday as investors worried about the outlook for more rate rises ahead of a key meeting of the European Central Bank later in the day.

But before the meeting, at which the ECB is set to bring to an end its Asset Purchase Programme and signal rate hikes to combat rising inflation, moves in the Asian session were relatively muted as many investors kept to the sidelines. "It's classic pre-central-bank-meeting price action. To speculate now on anything other than an hourly timeframe, or an intraday timeframe, doesn't make a whole lot of sense at the moment," said Matt Simpson, senior market analyst at City Index in Sydney. "It's the most exciting meeting since (Christine Lagarde) has been at the helm, since Draghi was here - 'whatever it takes.'"

Adding to concern over European inflation, data showed the eurozone economy grew much faster in the first quarter than the previous three months, despite the war in Ukraine. As investors guess at

the size and pace of ECB tightening, they are also awaiting U.S. consumer price data on Friday that the White House has said it expects to be "elevated". Economists expect annual inflation to be 8.3%, according to a Reuters poll.

While Asian share markets have risen around 8% from nearly two-year lows touched last month, investors remain worried that central bank policy tightening to control inflation could spark an economic slowdown. In morning trade, MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.39%, tracking losses in U.S. stocks in the previous session. Australian shares were down 1.19% and Seoul's KOSPI slipped 0.64%, though Hong Kong's Hang Seng eked out a gain of less than 0.2% and Chinese A-shares were flat. In Japan, the Nikkei stock index was also unchanged.

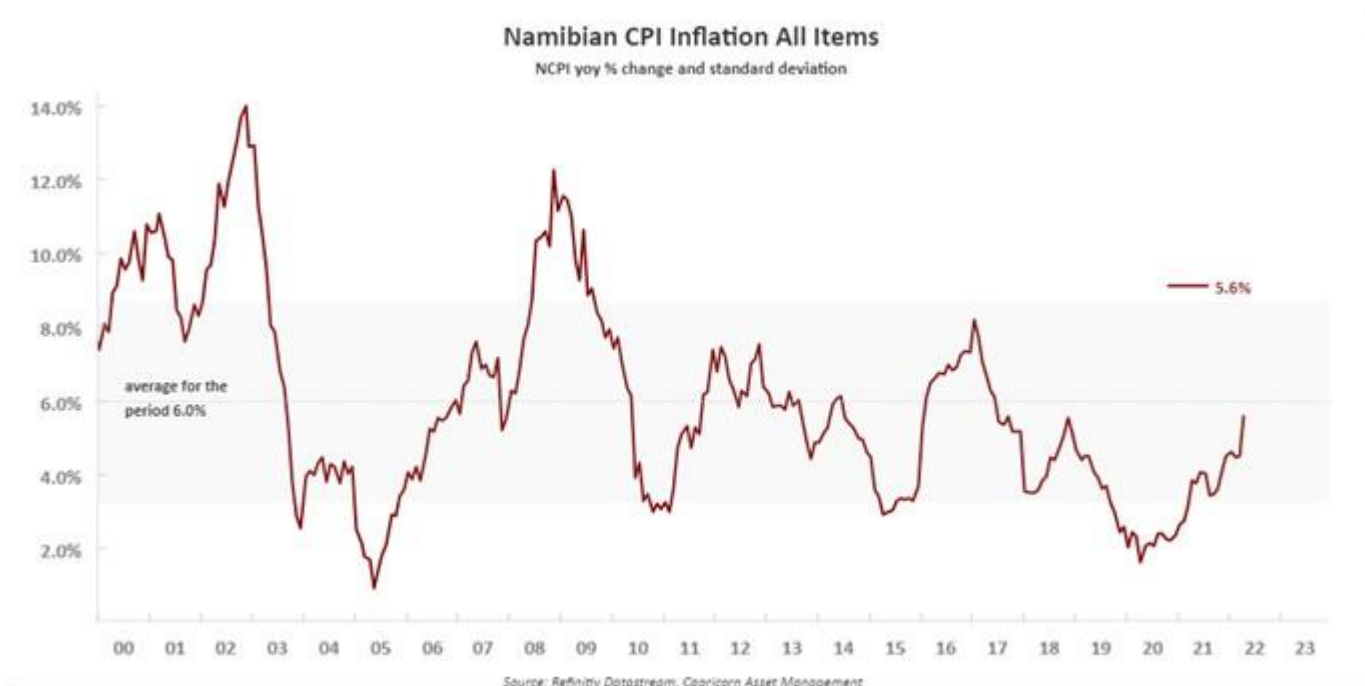
Overnight, the Dow Jones Industrial Average fell 0.81%, the S&P 500 lost 1.08% and the Nasdaq Composite dropped 0.73%. "Over the last two weeks, trading has been in a very narrow range and also based on very low volumes," analysts at ING said in a note. "Previous instances of this range trading on low volumes have usually preceded a sharp down-shift," they cautioned, adding that the ECB meeting and Friday's U.S. price data were likely "catalysts for a more bearish outlook."

The wait for U.S. price data also weighed on U.S. Treasuries, which saw yields rise following a weak auction of 10-year notes on Wednesday. The U.S. 10-year yield edged up on Thursday to 3.0548% from a U.S. close of 3.029% on Wednesday and the two-year yield, climbed to 2.8027% compared with a U.S. close of 2.774%.

Rising yields supported the dollar, particularly against the yen, which dropped to a 20-year low of 134.56. The Japanese currency has been weighed down by a widening policy divergence, with the Bank of Japan remaining one of the few global central banks to maintain a dovish stance. The global dollar index was slightly higher at 102.6, and the euro was flat ahead of the ECB meeting at \$1.0712.

Crude oil prices extended gains, rising to their highest levels in three months on hopes for strong U.S. demand and a recovery in China as COVID-19 curbs are eased. Global benchmark Brent crude was last at \$123.83 per barrel, up 0.2% on the day. U.S. crude added 0.17% to \$122.32. Gold, sensitive to rate hikes but seen as an inflation edge, was weaker. Spot gold lost 0.1% to \$1,851.35 per ounce.

Domestic Markets



South Africa's rand strengthened on Wednesday as a weaker U.S. dollar lent support even as concerns about weak global growth weighed on markets.

At 1559 GMT, the rand traded at 15.2650 against the dollar, 0.59% stronger than its previous close. Earlier in the day, the currency had weakened by over 0.5%. The dollar index was down 0.1% against its rivals. A weaker dollar can make high-yielding but riskier assets such as the rand relatively attractive to investors.

The rand took in its stride a survey showing the country's business confidence dipped in the second quarter as ongoing supply chain shortages worsened sentiment in the manufacturing and auto sectors.

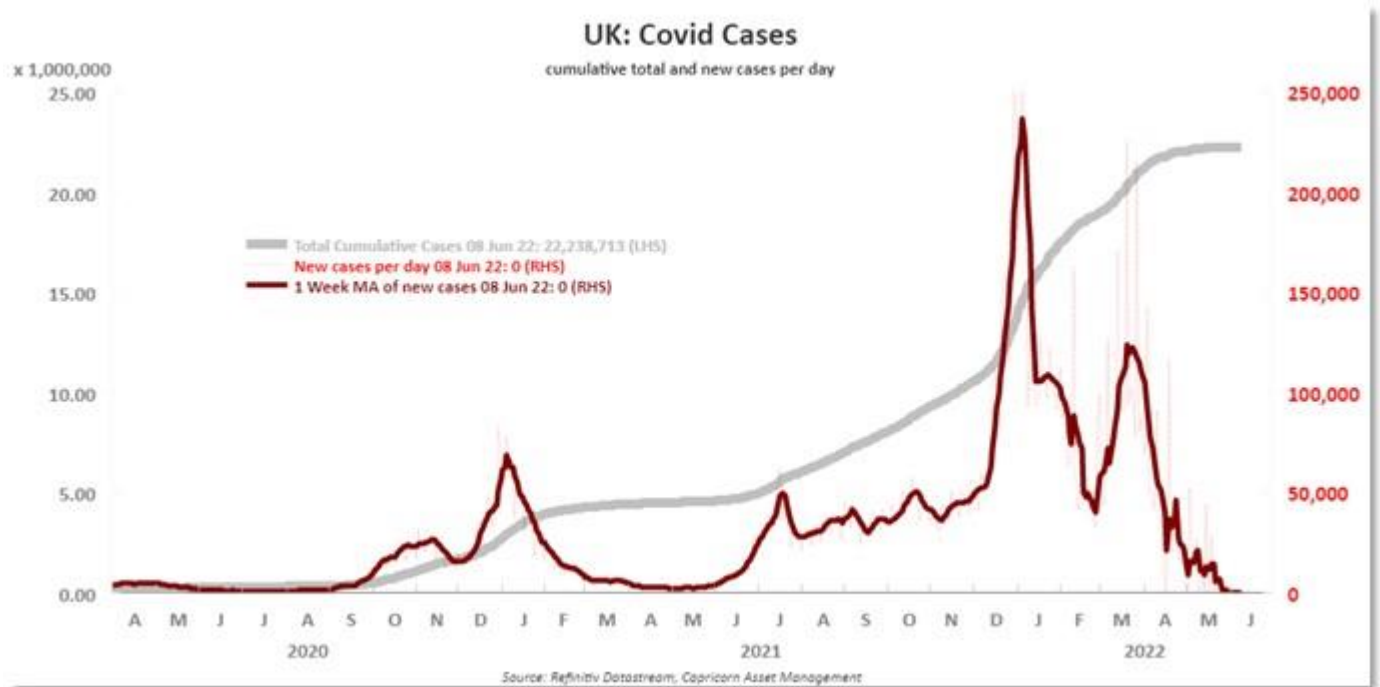
Analysts have said the high inflation rate and rising wages are likely to slow the South African economy. "Slowing global growth, particularly in 2023 on the lagged effects of higher interest rates, is expected to impact SA's performance," Investec economist Annabel Bishop said in a research note.

The stocks in the Johannesburg Stock Exchange (JSE) opened strong but slipped as investors raised their bets on ECB rate hikes and worried about a recession. However, tech stocks performed well, with the market heavyweights Naspers and Prosus ending up 8.91% and 6.81% respectively, as China's Tencent Holdings hit a more than two-month high on the release of a new game amid hopes of China easing the crackdown on its tech giants. Naspers has a majority stake in Prosus, which in turn holds about 29% in Tencent.

Overall on the JSE, the All-Share index fell 0.52% to 69,950 points while the Top-40 index closed 0.45% lower at 63,449 points. The government's benchmark 2030 bond was slightly higher, with the yield down 2 points at 9.945%.

Corona Tracker

| Name | Cases - cumulative total | Cases - newly reported in last 7 days | Deaths - cumulative total | Deaths - newly reported in last 7 days |
|--------|--------------------------|---------------------------------------|---------------------------|--|
| Global | 530,896,347 | 3,138,783 | 6,301,020 | 7,965 |



Source: Thomson Reuters Refinitiv

Behold, I stand at the door and knock. If anyone hears my voice and opens the door, I will come in to him and eat with him, and he with me.

Jesus Christ

Market Overview

| MARKET INDICATORS (Thomson Reuters Refinitiv) | | | | | 09 June 2022 | |
|---|---|--|-------------------|-------------------|-------------------|---------------------|
| Money Market TB Rates % | | | Last close | Difference | Prev close | Current Spot |
| 3 months | ➡ | | 5.29 | 0.000 | 5.29 | 5.29 |
| 6 months | ⬆ | | 5.77 | 0.017 | 5.75 | 5.77 |
| 9 months | ⬆ | | 6.66 | 0.033 | 6.62 | 6.66 |
| 12 months | ⬆ | | 7.04 | 0.050 | 6.99 | 7.04 |
| Nominal Bond Yields % | | | Last close | Difference | Prev close | Current Spot |
| GC23 (Coupon 8.85%, BMK R2023) | ⬇ | | 7.24 | -0.015 | 7.26 | 7.24 |
| GC24 (Coupon 10.50%, BMK R186) | ➡ | | 7.91 | 0.000 | 7.91 | 7.91 |
| GC25 (Coupon 8.50%, BMK R186) | ➡ | | 8.36 | 0.000 | 8.36 | 8.36 |
| GC26 (Coupon 8.50%, BMK R186) | ➡ | | 9.07 | 0.000 | 9.07 | 9.07 |
| GC27 (Coupon 8.00%, BMK R186) | ➡ | | 9.39 | 0.000 | 9.39 | 9.39 |
| GC30 (Coupon 8.00%, BMK R2030) | ⬇ | | 11.24 | -0.030 | 11.27 | 11.24 |
| GC32 (Coupon 9.00%, BMK R213) | ⬇ | | 12.47 | -0.030 | 12.50 | 12.47 |
| GC35 (Coupon 9.50%, BMK R209) | ⬇ | | 13.12 | -0.005 | 13.13 | 13.12 |
| GC37 (Coupon 9.50%, BMK R2037) | ⬇ | | 14.10 | -0.015 | 14.11 | 14.10 |
| GC40 (Coupon 9.80%, BMK R214) | ➡ | | 14.03 | 0.000 | 14.03 | 14.03 |
| GC43 (Coupon 10.00%, BMK R2044) | ⬇ | | 14.31 | -0.010 | 14.32 | 14.31 |
| GC45 (Coupon 9.85%, BMK R2044) | ⬇ | | 14.32 | -0.010 | 14.33 | 14.32 |
| GC48 (Coupon 10.00%, BMK R2048) | ⬇ | | 14.75 | -0.005 | 14.75 | 14.75 |
| GC50 (Coupon 10.25%, BMK: R2048) | ⬇ | | 14.49 | -0.005 | 14.49 | 14.49 |
| Inflation-Linked Bond Yields % | | | Last close | Difference | Prev close | Current Spot |
| GI22 (Coupon 3.55%, BMK NCPI) | ➡ | | 4.00 | 0.000 | 4.00 | 4.00 |
| 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) | ⬇ | | 5.19 | -0.139 | 5.33 | 5.19 |
| GI33 (Coupon 4.50%, BMK NCPI) | ⬇ | | 7.14 | -0.104 | 7.24 | 7.14 |
| GI36 (Coupon 4.80%, BMK NCPI) | ⬆ | | 7.92 | 0.219 | 7.70 | 7.92 |
| Commodities | | | Last close | Change | Prev close | Current Spot |
| Gold | ⬆ | | 1,853 | 0.07% | 1,852 | 1,853 |
| Platinum | ⬇ | | 1,006 | -0.48% | 1,011 | 1,003 |
| Brent Crude | ⬆ | | 123.6 | 2.50% | 120.6 | 123.9 |
| Main Indices | | | Last close | Change | Prev close | Current Spot |
| NSX Overall Index | ⬇ | | 1,761 | -1.04% | 1,779 | 1,761 |
| JSE All Share | ⬇ | | 69,950 | -0.52% | 70,318 | 69,950 |
| SP500 | ⬇ | | 4,116 | -1.08% | 4,161 | 4,116 |
| FTSE 100 | ⬇ | | 7,593 | -0.08% | 7,599 | 7,593 |
| Hangseng | ⬆ | | 22,015 | 2.24% | 21,532 | 21,910 |
| DAX | ⬇ | | 14,446 | -0.76% | 14,557 | 14,446 |
| JSE Sectors | | | Last close | Change | Prev close | Current Spot |
| Financials | ⬇ | | 15,792 | -0.96% | 15,944 | 15,792 |
| Resources | ⬇ | | 75,399 | -1.34% | 76,421 | 75,399 |
| Industrials | ⬆ | | 77,120 | 0.48% | 76,755 | 77,120 |
| Forex | | | Last close | Change | Prev close | Current Spot |
| N\$/US dollar | ⬇ | | 15.26 | -0.60% | 15.35 | 15.26 |
| N\$/Pound | ⬇ | | 19.14 | -0.99% | 19.33 | 19.11 |
| N\$/Euro | ⬇ | | 16.35 | -0.46% | 16.43 | 16.36 |
| US dollar/ Euro | ⬆ | | 1.071 | 0.14% | 1.070 | 1.072 |
| | | | Namibia | | RSA | |
| Interest Rates & Inflation | | | May 22 | Apr 22 | May 22 | Apr 22 |
| Central Bank Rate | ⬆ | | 4.25 | 4.00 | 4.75 | 4.25 |
| Prime Rate | ⬆ | | 8.00 | 7.75 | 8.25 | 7.75 |
| | | | Apr 22 | Mar 22 | Apr 22 | Mar 22 |
| Inflation | ⬆ | | 5.6 | 4.5 | 5.9 | 5.9 |

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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