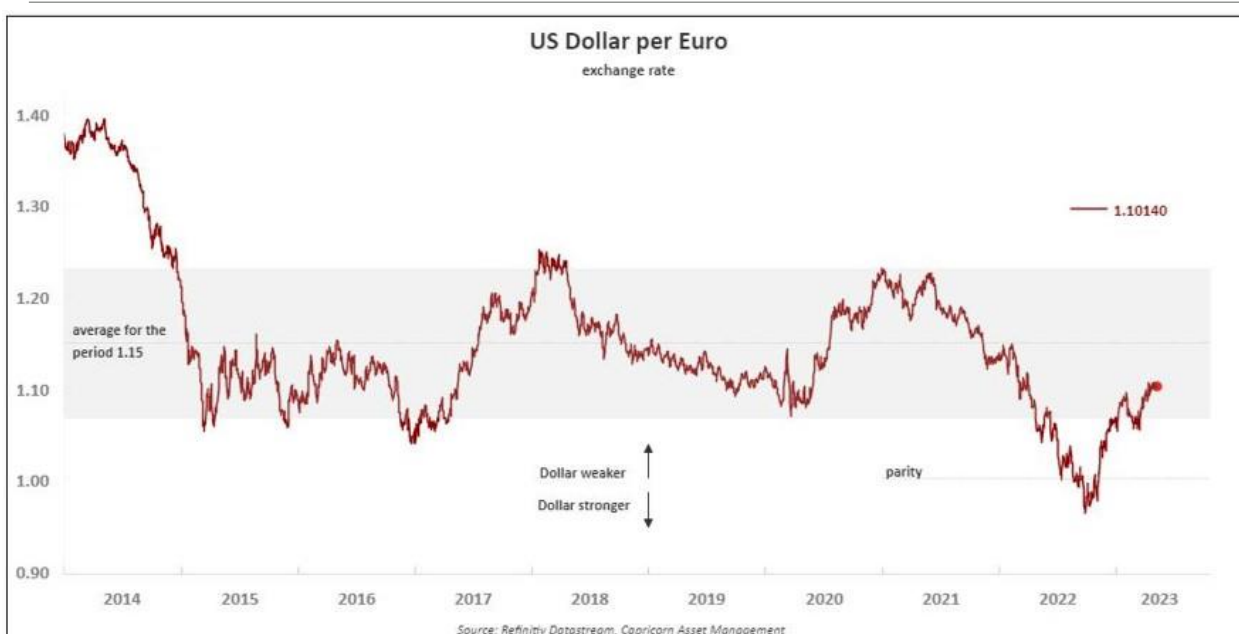




Market Update

Tuesday, 09 May 2023



Global Markets

An index of Asian stocks eased back from more than two-week highs on Tuesday as traders squared positions heading into a key U.S. inflation report, although mainland Chinese shares and Japanese equities bucked the trend.

The dollar ticked higher against major peers as U.S. yields remained elevated amid increased confidence that the banking sector is not headed for a wider crisis.

MSCI's broadest index of Asia-Pacific shares outside Japan, though, slipped 0.3%, erasing part of Monday's 0.9% rally.

Hong Kong's Hang Seng dropped 0.4%, while Australia's benchmark lost 0.2% and South Korea's Kospi declined 0.4%.

Japan's Nikkei jumped 0.8%, led by a surge for steelmakers after JFE Holdings forecast higher profit.

Mainland Chinese blue chips gradually gained strength after an indifferent start to last be 0.5% higher.

Investors were mostly unmoved by the Chinese showing exports surged last month while imports eased.

U.S. S&P 500 E-mini futures signalled a slight decline at the reopening after the equity benchmark ended little changed on Monday.

Investors are keenly focused on Wednesday's U.S. consumer inflation report after Federal Reserve chair Jerome Powell said last week that policy decisions will be "driven by incoming data," while signalling a likely pause in the rate hiking cycle.

At the same time, Friday's robust payrolls report prompted investors to dial back expectations for the timing and size of the Fed's first rate cut.

Money markets currently expect two quarter point rate cuts by year-end, with a risk of a third.

Economists forecast a slight moderation in the headline inflation number to 5.5% annually for April, matching February's print, which was the lowest since the end of 2021.

"The surprise lies on the downside" for the inflation data, particularly the risk of a drop below 5%, said Tony Sycamore, a market analyst at IG markets.

"If we were to get a 4 print, I think you're going to get a great deal of fanfare, at least in the initial instance," with U.S. equities likely to push back to the top of recent ranges, he said.

At the same time, Sycamore cautioned against becoming too sanguine on the U.S. banking sector, after the market's mood was lifted by a Fed survey of lenders that suggested no imminent credit crunch.

U.S. Treasury Secretary Janet Yellen said overnight that regulators stand ready to mobilize the same tools used in recent bank rescues if necessary."It looks like they are trying to put out the fires for now, but whether they've managed to fully extinguish what's going on, I don't think that's going to happen to be honest," Sycamore said.

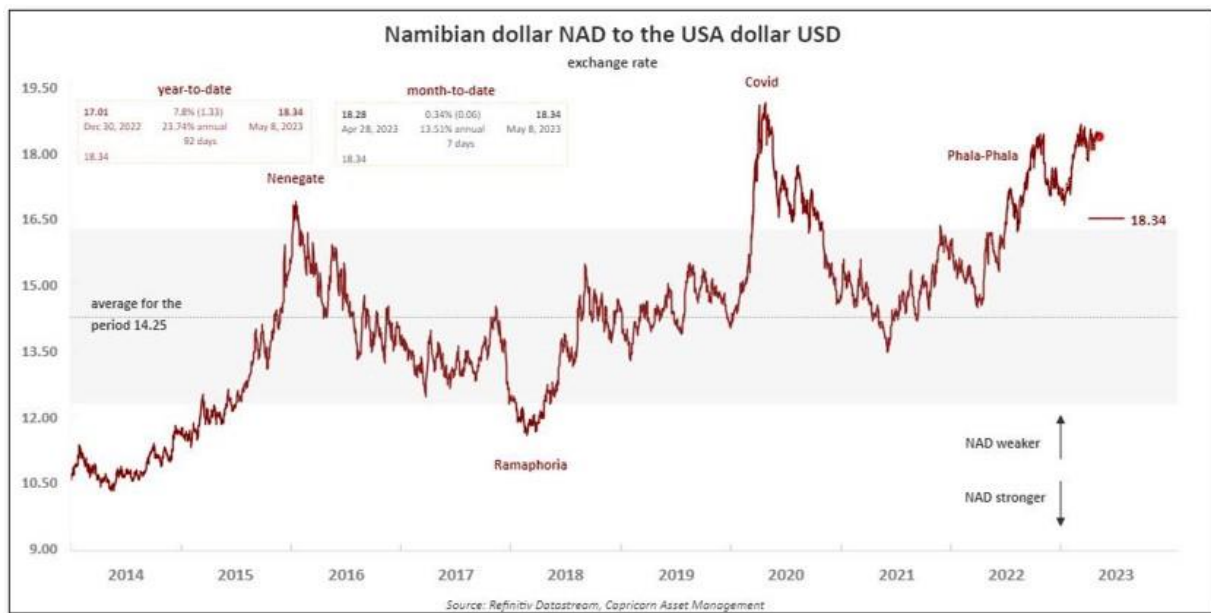
The debt ceiling standoff gives another reason for caution, with Yellen warning that failure to lift the debt limit would cause a huge hit to the U.S. economy and weaken the dollar as the world's reserve currency.

The dollar index, which measures the currency against six major peers, was little changed after earlier rising overnight from near the bottom of its trading range since the middle of last month.

The 10-year Treasury yield eased off a one-week high in Tokyo to last sit around 3.5%.

Nerves before the U.S. CPI data also ruled in commodity markets.

Spot gold prices eased slightly to around \$2,020 per ounce. Oil prices slipped, paring strong gains from the previous two sessions. Brent crude declined 31 cents to \$76.70 and U.S. West Texas Intermediate (WTI) crude lost 23 cents to \$72.92. **Source: Thomson Reuters Refinitiv**



Domestic Markets

The South African rand slipped against the dollar on Friday after stronger-than-expected U.S. jobs data signalled that the Federal Reserve could continue with its rate hike cycle.

At 1512 GMT, the rand traded at 18.4200 against the dollar, down around 0.7% from its closing level on Thursday.

Non-farm payrolls in the United States grew by 253,000 in April, above the 180,000 predicted by economists, pointing to sustained labour market strength that could compel the Fed to keep interest rates higher for longer to tame inflation.

The dollar index jumped on the report before paring gains to trade near its previous close of 101.34.

The risk-sensitive rand often takes cues from global drivers such as U.S. economic data in the absence of local catalysts.

Shares on the Johannesburg Stock Exchange recovered from their previous day's tumble, ending the week higher.

The blue-chip Top-40 index closed up 1.13%, while the broader all-share index .JALSH was 1.12% higher.

"Equity markets look to have been given a late week reprieve after U.S. employment data saw the U.S. leading the rest of the world higher in afternoon trade," said Shaun Murison, senior market analyst at IG.

South Africa's benchmark 2030 government bond was weaker, with the yield up 4 basis points at 10.130%.

Source: Thomson Reuters Refinitiv

It is amazing what you can accomplish if you do not care who gets the credit.

Harry S Truman

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				09 May 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⬆️	8.49	0.008	8.49	8.49
6 months	➡️	8.85	0.000	8.85	8.85
9 months	➡️	9.22	0.000	9.22	9.22
12 months	➡️	9.30	0.000	9.30	9.30
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	➡️	8.40	0.000	8.40	8.40
GC24 (Coupon 10.50%, BMK R186)	⬆️	9.06	0.015	9.04	9.06
GC25 (Coupon 8.50%, BMK R186)	⬆️	9.21	0.015	9.19	9.21
GC26 (Coupon 8.50%, BMK R186)	⬆️	9.11	0.015	9.09	9.11
GC27 (Coupon 8.00%, BMK R186)	⬆️	9.58	0.015	9.56	9.58
GC28 (Coupon 8.50%, BMK R2030)	⬆️	9.96	0.030	9.93	9.96
GC30 (Coupon 8.00%, BMK R2030)	⬆️	10.66	0.030	10.63	10.66
GC32 (Coupon 9.00%, BMK R213)	⬆️	11.36	0.025	11.33	11.36
GC35 (Coupon 9.50%, BMK R209)	⬆️	12.72	0.045	12.67	12.72
GC37 (Coupon 9.50%, BMK R2037)	⬆️	13.17	0.045	13.12	13.17
GC40 (Coupon 9.80%, BMK R214)	⬆️	13.29	0.095	13.20	13.27
GC43 (Coupon 10.00%, BMK R2044)	⬆️	14.08	0.065	14.02	14.08
GC45 (Coupon 9.85%, BMK R2044)	⬆️	13.98	0.065	13.92	13.98
GC48 (Coupon 10.00%, BMK R2048)	⬆️	14.12	0.060	14.06	14.12
GC50 (Coupon 10.25%, BMK: R2048)	⬆️	14.22	0.060	14.16	14.22
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	➡️	3.29	0.000	3.29	3.29
GI27 (Coupon 4.00%, BMK NCPI)	➡️	3.59	0.000	3.59	3.59
GI29 (Coupon 4.50%, BMK NCPI)	➡️	5.14	0.000	5.14	5.14
GI33 (Coupon 4.50%, BMK NCPI)	➡️	6.13	0.000	6.13	6.13
GI36 (Coupon 4.80%, BMK NCPI)	➡️	6.43	0.000	6.43	6.43
Commodities		Last close	Change	Prev close	Current Spot
Gold	⬆️	2,021	0.24%	2,017	2,025
Platinum	⬆️	1,071	1.08%	1,059	1,073
Brent Crude	⬆️	77.0	2.27%	75.3	76.8
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆️	1,572	0.72%	1,561	1,572
JSE All Share	⬆️	78,572	0.56%	78,133	78,572
SP500	⬆️	4,138	0.05%	4,136	4,138
FTSE 100	➡️	7,778	0.00%	7,778	7,778
Hangseng	⬆️	20,297	1.24%	20,049	20,189
DAX	⬇️	15,953	-0.05%	15,961	15,953
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆️	15,425	0.22%	15,392	15,425
Resources	⬆️	72,192	1.82%	70,904	72,192
Industrials	⬆️	105,299	0.07%	105,222	105,299
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇️	18.31	-0.59%	18.42	18.32
N\$/Pound	⬇️	23.10	-0.68%	23.26	23.10
N\$/Euro	⬇️	20.15	-0.70%	20.29	20.13
US dollar/ Euro	⬇️	1.100	-0.12%	1.102	1.099
		Namibia		RSA	
Interest Rates & Inflation		Apr 23	Mar 23	Apr 23	Mar 23
Central Bank Rate	⬆️	7.25	7.00	7.75	7.75
Prime Rate	⬆️	11.00	10.75	11.25	10.75
		Mar 23	Feb 23	Mar 23	Feb 23
Inflation	➡️	7.2	7.2	7.1	7.0

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 listeds

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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