

The Daily Brief



Capricorn Asset Management

Market Update

Thursday, 09 November 2023



Global Markets

Asian share markets rallied on Thursday and the dollar was weaker after most U.S. stocks edged higher and the S&P 500 recorded its longest winning streak in two years, with investors on high alert for signs that global interest rates have peaked. MSCI's broadest index of Asia-Pacific shares outside Japan was flat, although up 4.6% so far this month. The yield on benchmark 10-year Treasury notes reached 4.5059% compared with a U.S. close of 4.523% on Wednesday. The two-year yield, which rises with traders' expectations of higher Fed fund rates, touched 4.932% compared with a U.S. close of 4.936%.

Australian shares were up 0.44%, and Japan's Nikkei stock index was up 0.85%. Hong Kong's Hang Seng Index was up 0.11% in early trade while China's bluechip CSI300 Index was 0.2% higher in early trade. "Markets were relatively calm following recent volatility as participants await the release of next week's October U.S. CPI report and try to ascertain whether last week's moves in U.S. Treasuries, equities and the dollar are corrective or represent a fundamental shift in direction," ANZ economists wrote.

Chinese inflation figures for October published on Thursday showed a 0.1% decline compared to September and a 0.2% fall from one year, according to official statistics. China's troubled property

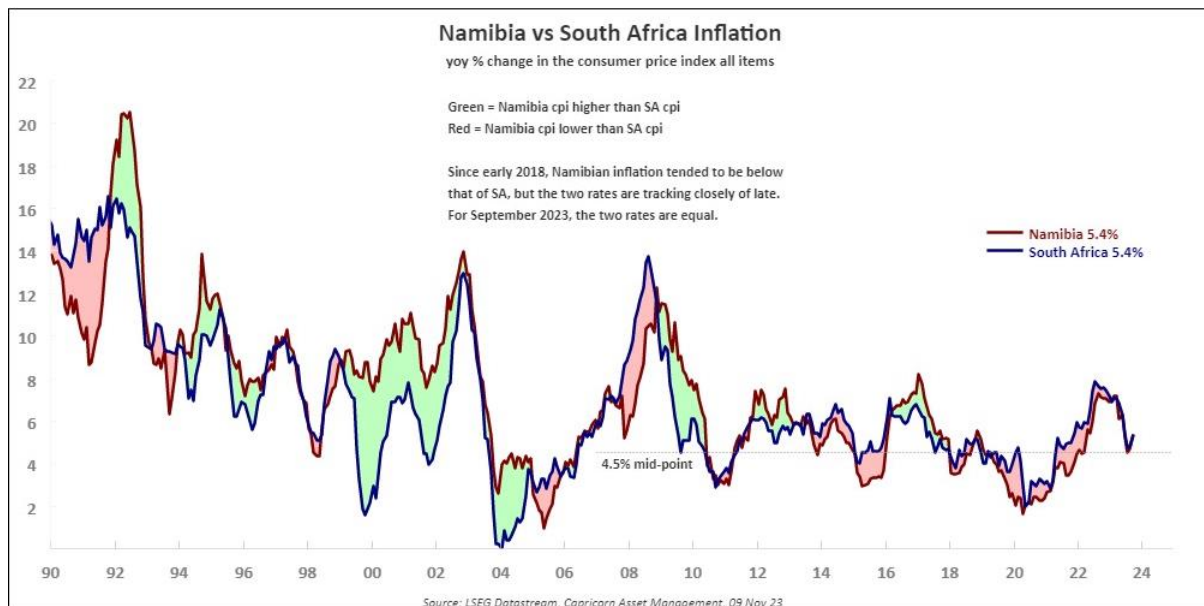
sector will be closely watched on Thursday after most major stocks rallied one day earlier following a Reuters report that Ping An Insurance Group had been asked by the Chinese authorities to take a controlling stake in Country Garden Holdings. A spokesperson for Ping An said the company had not been approached by the government and denied the Reuters report that cited four sources familiar with the plan.

In Asian trading, the dollar dropped 0.06% against the yen to 150.88. It remains not far from its high this year of 151.74 on October 31. The European single currency was at \$1.0709, having gained 1.25% in a month. The dollar index, which tracks the greenback against a basket of currencies of other major trading partners, was down slightly at 105.52. The dollar has rebounded from last week's sharp sell-off on rising confidence the Fed has ended raising rates. There is less agreement on whether a rate cut is on the horizon with inflation still above the U.S. Federal Reserve's 2% target.

On Wall Street, the S&P 500 rose 0.10% and the Nasdaq Composite added 0.08%. The Dow Jones Industrial Average fell 0.12%. The S&P 500 rose for the eighth consecutive day, extending its longest win streak in two years. The Federal Reserve last week kept the benchmark overnight interest rate in the current 5.25%-5.50% range and the central bank is due to meet again mid-next month. The U.S. weekly jobless claims published on Thursday will be closely watched as an indicator of how the country's labour market is performing. Economists predict claims will reach 219,000 after coming in at 217,000 last week.

Oil prices slid over 2% on Wednesday to their lowest in more than three months on concerns over waning demand in the U.S. and China. In Asia on Thursday, U.S. crude and Brent crude both rose 0.8% following the weak performance in the U.S. session. OR Gold was slightly higher. Spot gold was traded at \$1950.79 per ounce.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand weakened against a stronger dollar on Wednesday, as the greenback recovered from a sharp selloff last week. The rand was trading at 18.4975 against the dollar at 1530 GMT, about 0.9% weaker than its previous close. It hit a weekly high of 18.5474 earlier in the day.

The dollar was last trading about 0.12% stronger against a basket of currencies, marking its third consecutive day of gains. The dollar fell last week after Federal Reserve Chair Jerome Powell made remarks that were interpreted by markets as dovish. Powell did not comment on monetary policy during an event on Wednesday. He is also due to speak on Thursday. Like other risk-sensitive currencies, the rand often takes its cues from global factors, such as the direction of U.S. monetary policy.

Shares on the Johannesburg Stock Exchange closed higher, with the blue-chip Top-40 index up about 1.4%. South Africa's benchmark 2030 government bond was stronger, with the yield down 8.5 basis points to 10.315%.

Source: Thomson Reuters Refinitiv

Never leave that till tomorrow which you can do today.

Benjamin Franklin

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				09 November 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.46	0.000	8.46	8.46
6 months	⇒	8.58	0.000	8.58	8.58
9 months	↑	8.65	0.008	8.64	8.65
12 months	↓	8.60	-0.008	8.60	8.60
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↓	8.23	-0.065	8.29	8.21
GC25 (Coupon 8.50%, BMK R186)	↓	9.03	-0.065	9.10	9.02
GC26 (Coupon 8.50%, BMK R186)	↓	8.34	-0.065	8.41	8.33
GC27 (Coupon 8.00%, BMK R186)	↓	8.86	-0.065	8.93	8.85
GC28 (Coupon 8.50%, BMK R2030)	↓	9.34	-0.085	9.42	9.32
GC30 (Coupon 8.00%, BMK R2030)	↓	9.88	-0.085	9.96	9.86
GC32 (Coupon 9.00%, BMK R213)	↓	10.54	-0.075	10.62	10.53
GC35 (Coupon 9.50%, BMK R209)	↓	11.10	-0.085	11.18	11.08
GC37 (Coupon 9.50%, BMK R2037)	↓	11.92	-0.085	12.01	11.91
GC40 (Coupon 9.80%, BMK R214)	↓	11.76	-0.085	11.85	11.75
GC43 (Coupon 10.00%, BMK R2044)	↓	11.81	-0.085	11.90	11.80
GC45 (Coupon 9.85%, BMK R2044)	↓	12.33	-0.085	12.42	12.32
GC48 (Coupon 10.00%, BMK R2048)	↓	12.33	-0.090	12.42	12.32
GC50 (Coupon 10.25%, BMK: R2048)	↓	12.18	-0.090	12.27	12.17
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
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
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,950	-0.95%	1,968	1,948
Platinum	↓	866	-2.77%	891	870
Brent Crude	↓	79.5	-2.54%	81.6	79.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,551	0.77%	1,539	1,551
JSE All Share	↑	72,466	1.25%	71,573	72,466
SP500	↑	4,383	0.10%	4,378	4,383
FTSE 100	↓	7,402	-0.11%	7,410	7,402
Hangseng	↓	17,568	-0.58%	17,670	17,545
DAX	↑	15,230	0.51%	15,153	15,230
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,400	1.29%	16,191	16,400
Resources	↑	55,527	0.92%	55,020	55,527
Industrials	↑	99,246	1.60%	97,684	99,246
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.47	0.45%	18.38	18.47
N\$/Pound	↑	22.68	0.31%	22.61	22.68
N\$/Euro	↑	19.77	0.53%	19.67	19.77
US dollar/ Euro	↑	1.071	0.07%	1.070	1.071
		Namibia		RSA	
Interest Rates & Inflation		Oct 23	Sep 23	Oct 23	Sep 23
Central Bank Rate	⇒	7.75	7.75	8.25	8.25
Prime Rate	⇒	11.50	11.50	11.75	11.75
		Sep 23	Aug 23	Sep 23	Aug 23
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 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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