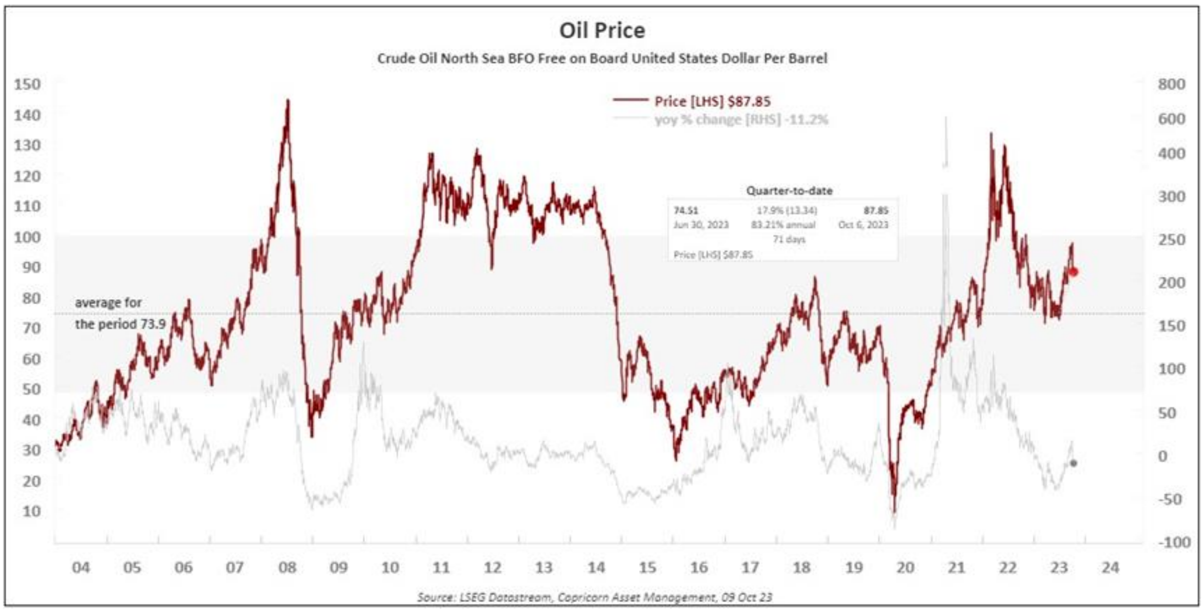
Market Update Monday, 09 October 2023



Global Markets

U.S. stock futures slid on Monday as the military conflict in the Middle East lifted oil and Treasuries, while the sizzling September U.S. jobs report raised the rate stakes for inflation figures later in the week. Holidays in Japan and South Korea made for thin conditions but the initial bid was for bonds and the safe harbours of Japanese yen and gold, while oil prices climbed by more than $3 a barrel. "The risk is higher oil prices, a slump in equities, and a surge in volatility supports the dollar and yen, and undermine 'risk' currencies," said analysts at CBA in a note. In particular, there was a chance oil supplies from Iran might be disrupted, they added. "Given the tightness already facing physical oil markets in Q4 2023, an immediate reduction in Iran's oil exports risks pushing Brent futures above $US100/bbl in the short term."

Israel pounded the Palestinian enclave of Gaza on Sunday, killing hundreds of people in retaliation for one of the bloodiest attacks in its history when Islamist group Hamas killed 700 Israelis and abducted dozens more. The danger of disruptions to supply was enough to drive Brent up $3.14 to $87.72 a barrel, while U.S. crude climbed $3.28 to $86.07 per barrel. Gold was also in demand, rising 1.1% to $1,852 an ounce.

In currency markets, the yen was the main gainer though moves were modest overall. The euro eased 0.3% to 157.37 yen, while the dollar dipped 0.1% to 149.14 yen. The euro also eased 0.3% on the dollar to $1.0552. The cautious mood was a balm for sovereign bonds after recent heavy selling and 10-year Treasury futures TYc1 rose a sizable 12 ticks. Yields were indicated around 4.74% TNc1, compared to 4.81% on Friday.

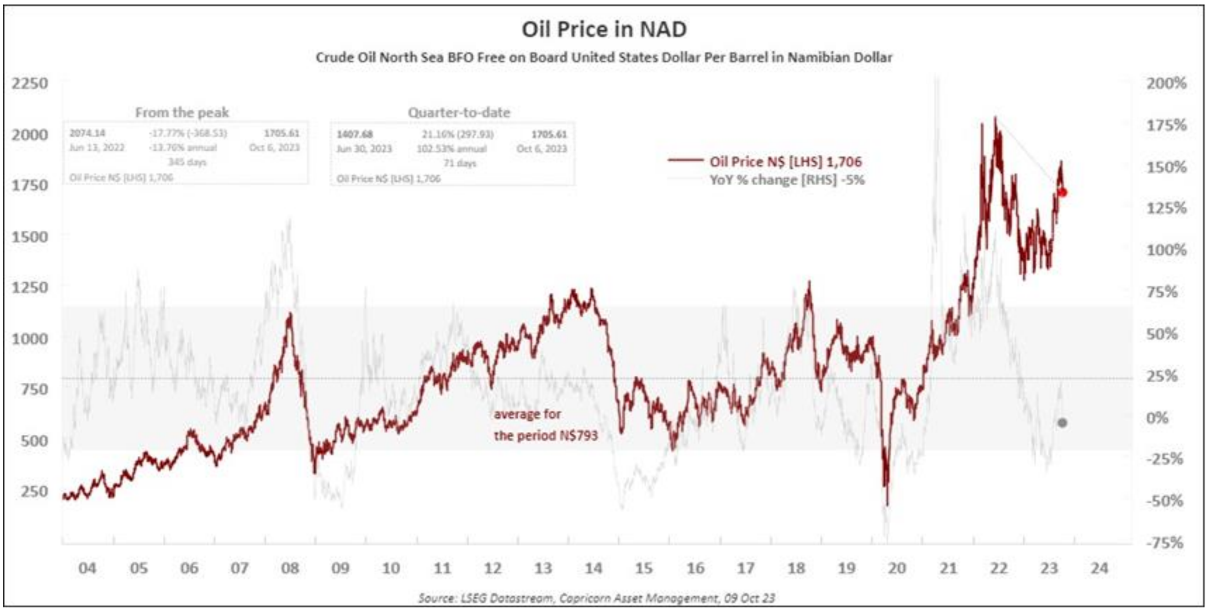
Any sustained rally in oil prices would act as a tax on consumers and add to inflationary pressures, which weighed on equities as S&P 500 futures shed 0.8% and Nasdaq futures lost 0.7%. EUROSTOXX 50 futures slipped 0.4% and FTSE futures 0.1%. While Tokyo was closed, Nikkei futures were trading down 1.0% and near where the cash market ended on Friday. MSCI's broadest index of Asia-Pacific shares outside Japan went flat, as Chinese blue chips dropped 0.6% on their return from holidays.

The strength of the U.S. jobs report had fed expectations that interest rates would have to stay high for longer, with another major test looming from data on September consumer prices. Median forecasts are for a 0.3% gain in both the headline and core measures, which should see the annual pace of inflation slow a touch. Minutes of the last Federal Reserve meeting are due this week and should help gauge how serious members were about keeping rates up, or even hiking again.

Early Monday, markets seemed to think developments in the Middle East would lean against further Fed hikes, and perhaps hasten a policy easing next year. Fed fund futures 0#FF: now implied an 86% chance rates would stay on hold in November, and had around 75 basis points of cuts priced in for 2024. China also returns from holiday this week with a deluge of data including consumer and producer inflation, trade, credit and lending growth.

The news from the Middle East could sour the start of corporate earnings season with 12 S&P 500 companies reporting this week including JP Morgan, Citi, and Wells Fargo. Goldman Sachs sees 2% sales growth, with 55 basis points of margin contraction to 11.2% and flat EPS relative to last year. "Near-trend economic growth and moderating inflation pressures will support modest sales growth and slim margin improvement," Goldman analysts aid in a note. "However, substantial margin expansion is unlikely given the 'higher for longer' interest rate regime, resilient wage growth, and AI investments among some tech firms."

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand shook off its earlier losses on Friday after it had slumped to a four-month low following U.S. payrolls data. At 1513 GMT, the rand was at 19.3650 against the dollar, about 0.8% above its previous close. It earlier touched 19.6400 - its lowest since June - after non-farm payrolls data out of the United States showed a larger than expected increase in jobs for September. The dollar last traded around 0.07% weaker against a basket of global currencies.

Analysts had earlier warned that encouraging U.S. employment figures would bolster the dollar and adversely impact the rand. Despite Friday's gains, the rand has lost about 12.1% against the greenback since the start of the year. "The rand has remained very weak this year, far removed from its fair value of closer to R15.00/USD. Substantial US dollar strength has been a key reason," said Investec economist Annabel Bishop in a research note.

Locally, South Africa's net foreign reserves fell to $54.980 billion by the end of September from $55.444 billion in August, central bank data showed on Friday. On the Johannesburg Stock Exchange, the blue-chip Top-40 index closed around 0.6% higher. South Africa's benchmark 2030 government bond was stronger, with the yield down 11 basis points to 10.890%.

Source: Thomson Reuters Refinitiv

Following the light of the sun, we left the Old World.

Christopher Columbus

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				09 October 2023
Money Market TB Rates %	**Last close**	**Difference**	**Prev close**	**Current Spot**
3 months	8.25	0.008	8.24	8.25
6 months	8.83	0.000	8.83	8.83
9 months	9.03	0.008	9.02	9.03
12 months	9.13	-0.042	9.17	9.13
Nominal Bond Yields %	**Last close**	**Difference**	**Prev close**	**Current Spot**
GC24 (Coupon 10.50%, BMK R186)	9.66	-0.145	9.81	9.66
GC25 (Coupon 8.50%, BMK R186)	9.48	-0.145	9.63	9.48
GC26 (Coupon 8.50%, BMK R186)	9.39	-0.145	9.54	9.39
GC27 (Coupon 8.00%, BMK R186)	9.86	-0.145	10.01	9.86
GC28 (Coupon 8.50%, BMK R2030)	10.49	-0.115	10.61	10.49
GC30 (Coupon 8.00%, BMK R2030)	10.81	-0.115	10.93	10.81
GC32 (Coupon 9.00%, BMK R213)	10.99	-0.115	11.10	10.99
GC35 (Coupon 9.50%, BMK R209)	11.84	-0.145	11.99	11.84
GC37 (Coupon 9.50%, BMK R2037)	12.40	-0.145	12.54	12.40
GC40 (Coupon 9.80%, BMK R214)	12.84	-0.140	12.98	12.84
GC43 (Coupon 10.00%, BMK R2044)	12.83	-0.140	12.97	12.83
GC45 (Coupon 9.85%, BMK R2044)	13.23	-0.140	13.37	13.23
GC48 (Coupon 10.00%, BMK R2048)	13.33	-0.140	13.47	13.33
GC50 (Coupon 10.25%, BMK: R2048)	13.42	-0.140	13.56	13.42
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)	4.44	0.000	4.44	4.51
GI29 (Coupon 4.50%, BMK NCPI)	5.09	0.000	5.09	5.11
GI33 (Coupon 4.50%, BMK NCPI)	5.58	0.000	5.58	5.71
GI36 (Coupon 4.80%, BMK NCPI)	5.98	0.000	5.98	6.07
Commodities	**Last close**	**Change**	**Prev close**	**Current Spot**
Gold	1,832	0.67%	1,820	1,848
Platinum	877	2.63%	855	883
Brent Crude	84.6	0.61%	84.1	87.3
Main Indices	**Last close**	**Change**	**Prev close**	**Current Spot**
NSX Overall Index	1,552	0.62%	1,542	1,552
JSE All Share	71,657	0.57%	71,250	71,657
SP500	4,309	1.18%	4,258	4,309
FTSE 100	7,495	0.58%	7,452	7,495
Hangseng	17,486	1.58%	17,214	17,486
DAX	15,230	1.06%	15,070	15,230
JSE Sectors	**Last close**	**Change**	**Prev close**	**Current Spot**
Financials	16,091	0.19%	16,060	16,091
Resources	55,512	1.11%	54,900	55,512
Industrials	98,453	0.42%	98,043	98,453
Forex	**Last close**	**Change**	**Prev close**	**Current Spot**
N$/US dollar	19.30	-1.04%	19.50	19.34
N$/Pound	23.61	-0.65%	23.77	23.58
N$/Euro	20.43	-0.68%	20.57	20.41
US dollar/ Euro	1.059	0.36%	1.055	1.055
	Namibia		**RSA**	
Interest Rates & Inflation	**Aug 23**	**Jul 23**	**Aug 23**	**Jul 23**
Central Bank Rate	7.75	7.75	8.25	8.25
Prime Rate	11.50	11.50	11.75	11.75
	Aug 23	**Jul 23**	**Aug 23**	**Jul 23**
Inflation	4.7	4.5	4.8	4.7

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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