

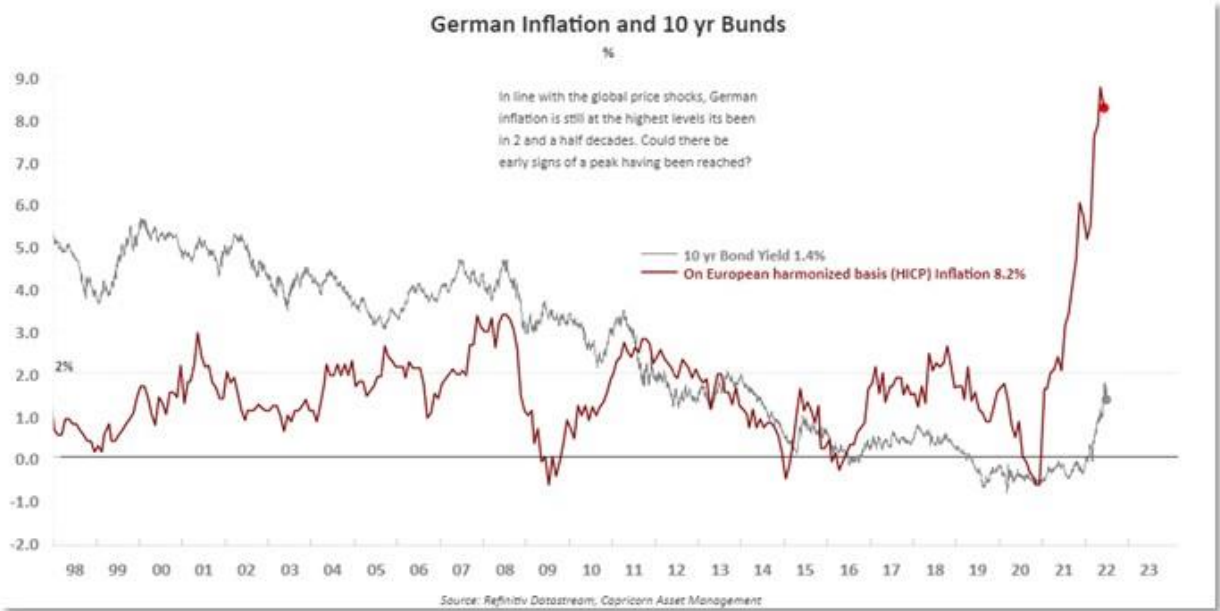


The Daily Brief

 Capricorn Asset Management

Market Update

Friday, 1 July 2022



Global Markets

MSCI's broadest index of Asia-Pacific shares outside Japan was flat, with trade thinned by a holiday in Hong Kong. Japan's Nikkei slipped 0.7%. Treasuries fell, lifting yields a little bit along the curve, and U.S. equity futures dropped about 0.2%. The S&P 500 closed out its worst first-half since 1970 overnight and the Treasury market has taken such a beating in the past six months that Deutsche Bank estimates the performance is the poorest in more than two centuries.

Inflation and central banks' response to it is responsible. Focus is now on any clues about whether it has peaked. Eurozone consumer price data is due later on Friday and July figures in the United States will be a blockbuster for financial markets. German inflation unexpectedly slowed last month, as did the pace of U.S. consumer spending in May, according to data released on Thursday - prompting some pullback in rate-hike bets but at the same time increasing worries about economic weakness. "Many investors want a clear outlook," said Steven Wieting, chief investment strategist at Citi Global Wealth Investments, but the future does not present a steady, reliable recovery. "(2020) was a clear

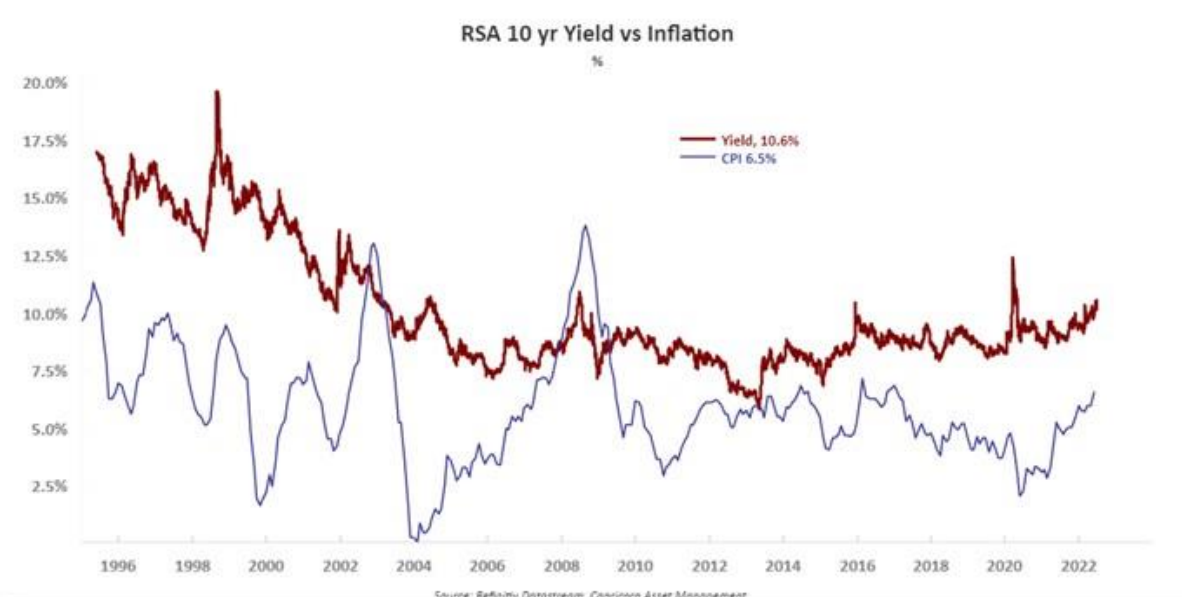
period where the economy was depressed that we could put money to work here with a lot of confidence. We can't say that now," he said.

Growth worries punched oil lower and Brent crude futures were last at \$109.76 a barrel. The uncertainty has kept a bid behind the U.S. dollar, even as markets have pulled back on aggressive interest-rate forecasts and have lately even priced Federal Reserve rate cuts as soon as mid-2023. The dollar had its best quarter since 2016 for the three months to the end of June and the euro and yen were losers. The greenback was firm on Friday and heading for a weekly gain, with the dollar index up 0.7% on the week to 104.830.

Amid the gloom, however, China has suddenly become a bright spot. Mainland markets rose in the last quarter and have bounced about 20% from April lows. China is emerging from lockdown, has no inflation problem and this week factory activity data showed a welcome return to growth, with Caixin PMI data on Friday showing June brought the fastest expansion in manufacturing in 13 months. The Shanghai Composite and blue-chip edged about 0.3% lower on Friday but they are each set to log five straight weeks of gains. The yuan has steadied and that has lent somewhat of a hand to some regional currencies, even if the dollar remains in demand. Friday's focus was on Chinese President Xi Jinping's visit to Hong Kong.

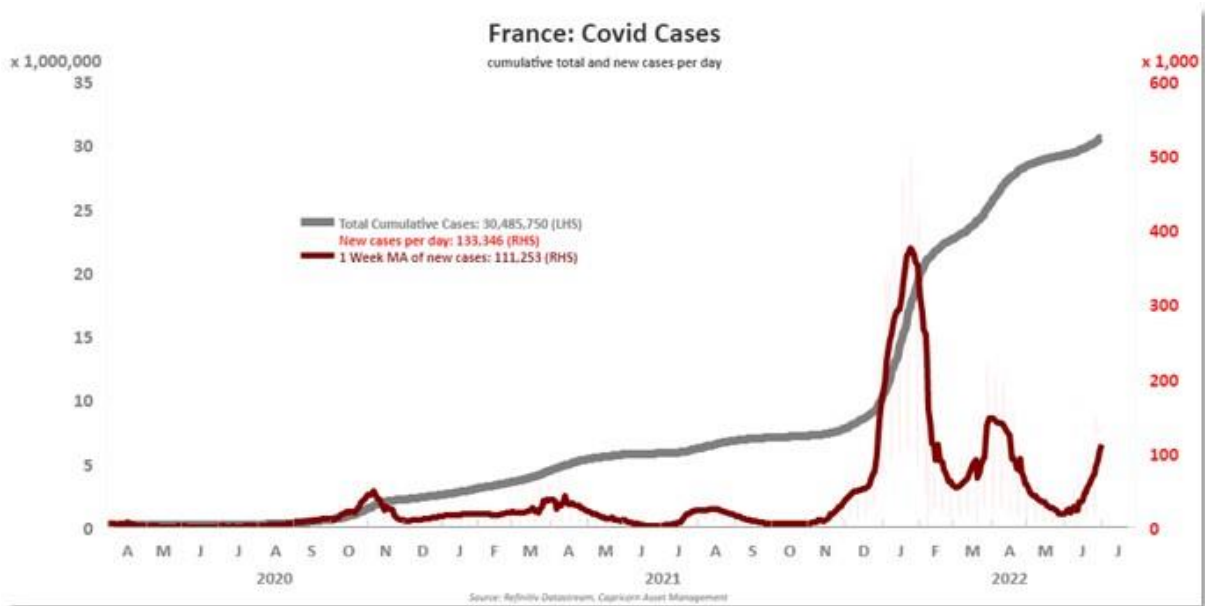
Among majors, the dollar rose to \$1.0469 per euro and was up about 0.3% to \$0.6883 on the Aussie. It bought 135.64 yen after a blistering 11.6% rise over the June quarter. The strong dollar and rising U.S. yields have kept a lid on gold, which pays no yield, and it was drifting toward a weekly loss at \$1,805 an ounce on Friday. Another notable outperformer in Asia has been Indonesia, where stocks are up more than 5% for the year and could benefit further if foreign money does flow back to emerging markets. "While clients remain more in risk reduction mode, at some point there's a weight of money to come back into the asset class," said David Beale, vice chair of global emerging markets' institutional client coverage at Deutsche Bank in Singapore. "Clearly any signs of inflation plateauing and rate hikes starting to be priced out could signal a more favourable path," he said. "Next month's U.S. CPI print will be critical in this regard."

Domestic Markets



Corona Tracker

| Name | Cases - cumulative total | Cases - newly reported in last 7 days | Deaths - cumulative total | Deaths - newly reported in last 7 days |
|--------|--------------------------|---------------------------------------|---------------------------|--|
| Global | 544,324,069 | 4,798,742 | 6,332,963 | 9,231 |



Look at the sky. We are not alone. The whole universe is friendly to us and conspires only to give the best to those who dream and work.

A. P. J. Abdul Kalam

Market Overview

| MARKET INDICATORS (Thomson Reuters Refinitiv) | | | | 01 July 2022 | |
|---|---|-------------------|-------------------|-------------------|---------------------|
| Money Market TB Rates % | | Last close | Difference | Prev close | Current Spot |
| 3 months | ⇒ | 5.41 | 0.000 | 5.41 | 5.41 |
| 6 months | ↑ | 6.13 | 0.025 | 6.11 | 6.13 |
| 9 months | ↓ | 7.11 | -0.017 | 7.12 | 7.11 |
| 12 months | ↑ | 7.54 | 0.025 | 7.52 | 7.54 |
| Nominal Bond Yields % | | Last close | Difference | Prev close | Current Spot |
| GC23 (Coupon 8.85%, BMK R2023) | ⇒ | 7.59 | 0.000 | 7.59 | 7.59 |
| GC24 (Coupon 10.50%, BMK R186) | ↑ | 8.36 | 0.095 | 8.26 | 8.39 |
| GC25 (Coupon 8.50%, BMK R186) | ↑ | 8.81 | 0.095 | 8.71 | 8.84 |
| GC26 (Coupon 8.50%, BMK R186) | ↑ | 9.52 | 0.095 | 9.42 | 9.55 |
| GC27 (Coupon 8.00%, BMK R186) | ↑ | 9.84 | 0.095 | 9.74 | 9.87 |
| GC30 (Coupon 8.00%, BMK R2030) | ↑ | 11.83 | 0.115 | 11.71 | 11.87 |
| GC32 (Coupon 9.00%, BMK R213) | ↑ | 13.07 | 0.130 | 12.94 | 13.10 |
| GC35 (Coupon 9.50%, BMK R209) | ↑ | 13.63 | 0.090 | 13.54 | 13.66 |
| GC37 (Coupon 9.50%, BMK R2037) | ↑ | 14.62 | 0.085 | 14.53 | 14.65 |
| GC40 (Coupon 9.80%, BMK R214) | ↑ | 14.50 | 0.080 | 14.42 | 14.53 |
| GC43 (Coupon 10.00%, BMK R2044) | ↑ | 14.78 | 0.075 | 14.70 | 14.81 |
| GC45 (Coupon 9.85%, BMK R2044) | ↑ | 14.79 | 0.075 | 14.71 | 14.82 |
| GC48 (Coupon 10.00%, BMK R2048) | ↑ | 15.22 | 0.075 | 15.14 | 15.25 |
| GC50 (Coupon 10.25%, BMK: R2048) | ↑ | 14.96 | 0.075 | 14.88 | 14.99 |
| Inflation-Linked Bond Yields % | | Last close | Difference | Prev close | Current Spot |
| GI22 (Coupon 3.55%, BMK NCPI) | ⇒ | 3.55 | 0.000 | 3.55 | 3.55 |
| 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) | ⇒ | 4.91 | 0.000 | 4.91 | 4.91 |
| GI33 (Coupon 4.50%, BMK NCPI) | ⇒ | 6.69 | 0.000 | 6.69 | 6.69 |
| GI36 (Coupon 4.80%, BMK NCPI) | ⇒ | 7.63 | 0.000 | 7.63 | 7.63 |
| Commodities | | Last close | Change | Prev close | Current Spot |
| Gold | ↓ | 1,807 | -0.56% | 1,817 | 1,802 |
| Platinum | ↓ | 894 | -2.50% | 917 | 892 |
| Brent Crude | ↓ | 114.8 | -1.25% | 116.3 | 108.8 |
| Main Indices | | Last close | Change | Prev close | Current Spot |
| NSX Overall Index | ↓ | 1,500 | -4.01% | 1,562 | 1,500 |
| JSE All Share | ↓ | 66,223 | -2.25% | 67,747 | 66,223 |
| SP500 | ↓ | 3,785 | -0.88% | 3,819 | 3,785 |
| FTSE 100 | ↓ | 7,169 | -1.96% | 7,312 | 7,169 |
| Hangseng | ↓ | 21,860 | -0.62% | 21,997 | 21,860 |
| DAX | ↓ | 12,784 | -1.69% | 13,003 | 12,784 |
| JSE Sectors | | Last close | Change | Prev close | Current Spot |
| Financials | ↓ | 14,686 | -3.17% | 15,167 | 14,686 |
| Resources | ↓ | 63,748 | -3.06% | 65,762 | 63,748 |
| Industrials | ↓ | 79,405 | -1.42% | 80,548 | 79,405 |
| Forex | | Last close | Change | Prev close | Current Spot |
| N\$/US dollar | ↑ | 16.26 | 0.26% | 16.21 | 16.37 |
| N\$/Pound | ↑ | 19.79 | 0.67% | 19.66 | 19.83 |
| N\$/Euro | ↑ | 17.04 | 0.67% | 16.92 | 17.10 |
| US dollar/ Euro | ↑ | 1.048 | 0.41% | 1.044 | 1.045 |
| | | Namibia | | RSA | |
| Interest Rates & Inflation | | Jun 22 | May 22 | Jun 22 | May 22 |
| Central Bank Rate | ↑ | 4.75 | 4.25 | 4.75 | 4.75 |
| Prime Rate | ↑ | 8.50 | 8.00 | 8.25 | 8.25 |
| | | May 22 | Apr 22 | May 22 | Apr 22 |
| Inflation | ↓ | 5.4 | 5.6 | 6.5 | 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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