



Market Update

Tuesday, 10 January 2023



Global Markets

Asian shares fell on Tuesday following hawkish comments from two U.S. Federal Reserve officials overnight with investors turning cautious ahead of key inflation data, while China's reopening after COVID-19 restrictions pushed commodities higher. MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.02% in early trade.

The S&P500 index began the week on a bullish tone with a more than 1.4% increase in early U.S. trading on Monday before giving up all the gains to close a touch lower. The U.S. dollar and U.S. treasury yields remained under pressure, with the yield on U.S. 10-year notes edging higher on Tuesday by 1.14 basis point to 3.5284%, from 3.517% late on Monday. The dollar index fell 0.068.

"The main theme overnight was cautiousness in the equity space as stocks pared gains after hawkish comments from two Fed officials. Raphael Bostic and Mary Daly said the Fed would likely hike (interest) rates to above 5% and hold them there for some time," Commerzbank said in a client note. "Sentiment may turn more cautious ahead of the U.S. CPI (consumer price index) release on

Thursday, dampening the 'risk on' trades initiated as a result of the optimism around China's reopening," Mizuho Bank said in a note. If U.S. consumer price data confirms cooling seen in the most recent monthly jobs report, Atlanta Fed Bank President Bostic said he would have to take a quarter point increase "more seriously and to move in that direction".

China's reopening buoyed sentiment with its stocks rising for a sixth consecutive session on Monday, while Hong Kong shares jumped to a six-month high. However, any optimism may be short-lived, said Trinh Nguyen, emerging Asia economist at Natixis in Hong Kong. "I think what would temper a lot of this optimism coming up is really the reality of this opening up. Even in Hong Kong, although it is officially open, the visa issuance has been rather slow," Nguyen said. China's benchmark dipped 0.21% on Tuesday while Hong Kong's Hang Seng index fell 0.85%.

Copper prices hit their highest in more than six months, driven higher by an improving demand outlook after top consumer China's reopening, while zinc climbed 5% to its highest since Dec. 15.

Japan's Nikkei rose 0.57%, bucking the regional trend. Core consumer prices in Tokyo, released on Tuesday, rose a faster-than-expected 4.0% in December from a year earlier, underpinning market expectations that the Bank of Japan may phase out its massive stimulus by tweaking its yield curve control policy.

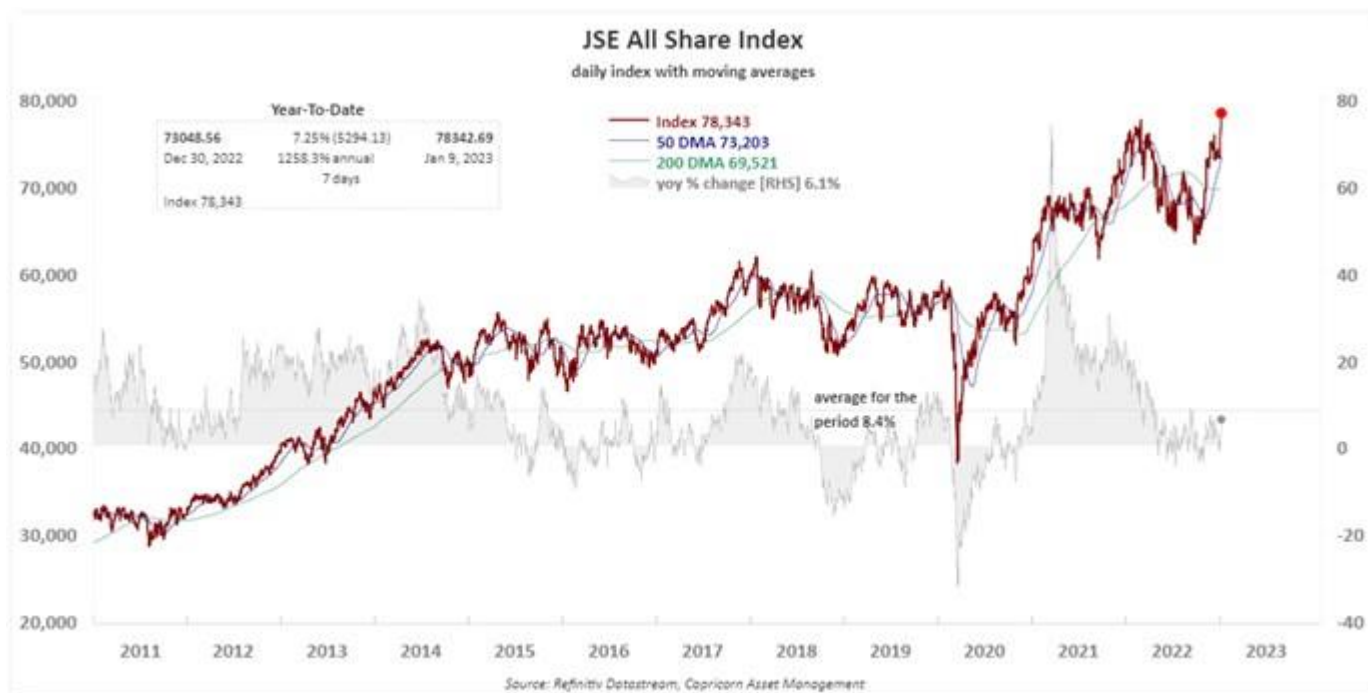
In Australia, shares lost 0.19% in early trading.

Oil prices were little changed on Tuesday as traders awaited clarity on rate hikes. U.S. crude fell 0.07% to \$74.58 per barrel and Brent was at \$79.51, down 0.18%.

Gold prices inched higher, adding 0.1% to \$1,872.66 an ounce.

Source: Reuters Refinitiv

Domestic Markets



The Johannesburg Stock Exchange hit an all-time high on Monday as South African technology and mining stocks gained on enthusiasm about China reopening its borders and hopes the U.S. Federal Reserve may slow the pace of interest rate hikes. The all-share index rose to as high as 78,624 points before closing at 78,342.7 points, about 1.93% higher than the previous close. The blue-chip index of top 40 companies also reached an all-time high, of 72,514.6 points and ended up 2% at 72,223 points. Mining companies were among the big winners, with the mining index up 1.31% at 61,074.5 points, as prices of basic materials rose on the hope that China's economy will rebound after COVID-19 policies dampened demand, and as a weaker dollar boosted gold prices.

"The market is expecting that U.S., UK and Europe will enter a mild recession and that will lead to a cut in interest rates in the second half," said Wayne McCurrie, a portfolio manager at First National Bank. "Another factor that is helping the South African market is China just abandoning its zero-COVID policy over the weekend and that impact is seen in the mining stocks on the market, as well as Naspers." Tech investor and market heavyweight Naspers Ltd, through its subsidiary Prosus, holds a 27% stake in Chinese tech and gaming giant Tencent and is its biggest investor. Shares of Naspers jumped 3.93%, while Prosus climbed 3.52%.

Improved risk sentiment also boosted the rand, which at 1530 GMT traded at 16.96 against the dollar, 0.92% stronger than its previous close. ETM Analytics attributed the rand's recovery to last week's strong U.S. labour market data and more measured views of indications that the government may try to change the South African Reserve Bank's (SARB) mandate. "Talk of changing the SARB's mandate is not necessarily something to fear," ETM said in a note, after the currency was hit on Friday by the prospect of a change in the central bank's mandate. Gwede Mantashe, chairman of the governing African National Congress (ANC), said on Friday that it wanted to expand the SARB's

mandate to do more to support the economy, prompting the rand to fall during the session. The central bank's focus, spelled out in the constitution, is "to protect the value of the currency in the interest of balanced and sustainable economic growth".

The government's benchmark 2030 bond was stronger, with the yield down 26 basis points at 9.74%.

Source: Reuters Refinitiv

I do not make resolutions for New Year, but visualise and plan things.

Amala Akkineni

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				10 January 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	8.08	0.016	8.07	8.08
6 months	⇒	8.06	0.000	8.06	8.06
9 months	↓	8.54	-0.034	8.57	8.54
12 months	↓	8.70	-0.083	8.78	8.70
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⇒	9.13	0.000	9.13	9.19
GC24 (Coupon 10.50%, BMK R186)	↓	7.69	-0.255	7.95	7.68
GC25 (Coupon 8.50%, BMK R186)	↓	8.14	-0.255	8.40	8.13
GC26 (Coupon 8.50%, BMK R186)	↓	8.20	-0.255	8.46	8.19
GC27 (Coupon 8.00%, BMK R186)	↓	9.17	-0.255	9.43	9.16
GC30 (Coupon 8.00%, BMK R2030)	↓	11.03	-0.280	11.31	11.02
GC32 (Coupon 9.00%, BMK R213)	↓	11.24	-0.290	11.53	11.23
GC35 (Coupon 9.50%, BMK R209)	↓	12.04	-0.265	12.31	12.03
GC37 (Coupon 9.50%, BMK R2037)	↓	12.68	-0.280	12.96	12.67
GC40 (Coupon 9.80%, BMK R214)	↓	13.02	-0.260	13.28	13.00
GC43 (Coupon 10.00%, BMK R2044)	↓	13.61	-0.275	13.89	13.60
GC45 (Coupon 9.85%, BMK R2044)	↓	14.13	-0.275	14.41	14.12
GC48 (Coupon 10.00%, BMK R2048)	↓	14.19	-0.275	14.47	14.18
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.20	-0.275	14.48	14.19
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.90	0.000	3.90	3.90
GI27 (Coupon 4.00%, BMK NCPI)	⇒	3.40	0.000	3.40	3.40
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.20	0.000	5.20	5.20
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.39	0.000	6.39	6.39
GI36 (Coupon 4.80%, BMK NCPI)	↑	6.80	0.189	6.61	6.80
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,872	0.32%	1,866	1,874
Platinum	↓	1,079	-1.04%	1,090	1,082
Brent Crude	↑	79.7	1.37%	78.6	79.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,737	2.59%	1,693	1,737
JSE All Share	↑	78,343	1.93%	76,859	78,343
SP500	↓	3,892	-0.08%	3,895	3,892
FTSE 100	↑	7,725	0.33%	7,699	7,725
Hangseng	↑	21,388	1.89%	20,992	21,312
DAX	↑	14,793	1.25%	14,610	14,793
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,062	2.68%	15,643	16,062
Resources	↑	77,405	2.04%	75,857	77,405
Industrials	↑	98,198	1.65%	96,608	98,198
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.94	-0.87%	17.09	16.94
N\$/Pound	↓	20.64	-0.12%	20.67	20.62
N\$/Euro	↓	18.18	-0.08%	18.19	18.19
US dollar/ Euro	↑	1.073	0.79%	1.064	1.074
		Namibia		RSA	
Interest Rates & Inflation		Dec 22	Nov 22	Dec 22	Nov 22
Central Bank Rate	⇒	6.75	6.75	7.00	7.00
Prime Rate	⇒	10.50	10.50	10.50	10.50
		Nov 22	Oct 22	Nov 22	Oct 22
Inflation	↓	7.0	7.1	7.4	7.6

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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