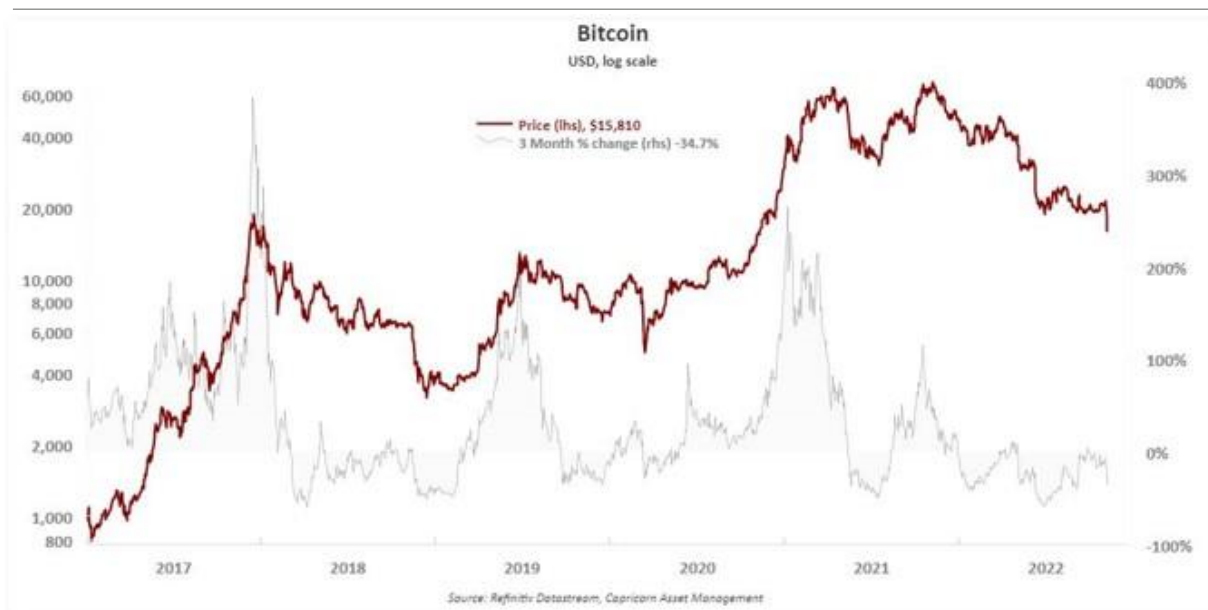




## Market Update

Thursday, 10 November 2022



## Global Markets

Asian share markets were tense on Thursday and the dollar held on to its overnight gains before the big test of a U.S. consumer inflation report, while market sentiment took a dive as the likely collapse of a major crypto exchange spooked investors.

With no final results available from the U.S. mid-term elections, investors were turning to the upcoming inflation data later in the day, which are likely to show a decline in both the monthly and yearly core numbers for October to 0.5% and 6.5%, respectively, according to a Reuters poll.

MSCI's broadest index of Asia-Pacific shares outside Japan dropped 0.6% in early trade, dragged lower by outsized declines in China's bluechips and Hong Kong's Hang Seng index.

Japan's Nikkei lost 1%.

China is again grappling with a COVID surge, with the southern metropolis of Guangzhou reporting thousands of cases. Apple Inc supplier Foxconn plans to update its fourth-quarter outlook on Thursday, after strict COVID curbs remained in place at its major plant in China despite the lifting of a lockdown.

Elsewhere, focus remained squarely on inflation.

"While inflation globally has peaked, the cooling is not sufficiently large or broad-based to bring rate hiking cycles to a convincing conclusion, in our view," said analysts at J.P. Morgan.

Still, some central banks in both developed and emerging markets had become dovish as they worried about monetary tightening pushing down economic growth, the analysts noted.

The futures market currently shows investors believe the target U.S. federal funds rate will peak around 5.1% by next June, and the chances of a rise of 50 or 75 basis points are tilted in favour of a half-point increase next month.

Overnight on Wall Street, shares ended lower as Republican gains in midterm elections appeared more modest than some had expected. Republicans were still favoured to win control of the House of Representatives but key races were too close to call.

In the crypto world, bitcoin clawed back some ground in early trade on Thursday, after tumbling for two straight sessions to its lowest level since late 2020.

Binance, the world's biggest crypto exchange, said late on Wednesday that it had decided not to acquire smaller rival FTX, which has grappled with a severe liquidity crunch and faced bankruptcy without more capital.

"You can't deny the growing correlation between bitcoin and risk assets. The FTX news is having an outsized effect on asset prices," said Stephen Innes, managing partner at SPI Asset Management.

"Bitcoin spillovers are not negligible, and given how widely crypto coins are held, it could mean more forced liquidation of other assets to cover margin calls as long position investors were massively wrong-footed."

The U.S. dollar on Thursday held onto its most of its gains overnight against a basket of currencies.

The sterling rose 0.2% against the greenback, after tumbling 1.6% in the previous session.

U.S. Treasury yields were lower on Thursday.

The yield on benchmark 10-year notes eased 6 basis points to 4.0866% while the yield on two-year notes edged 5 basis points lower to 4.5732%.

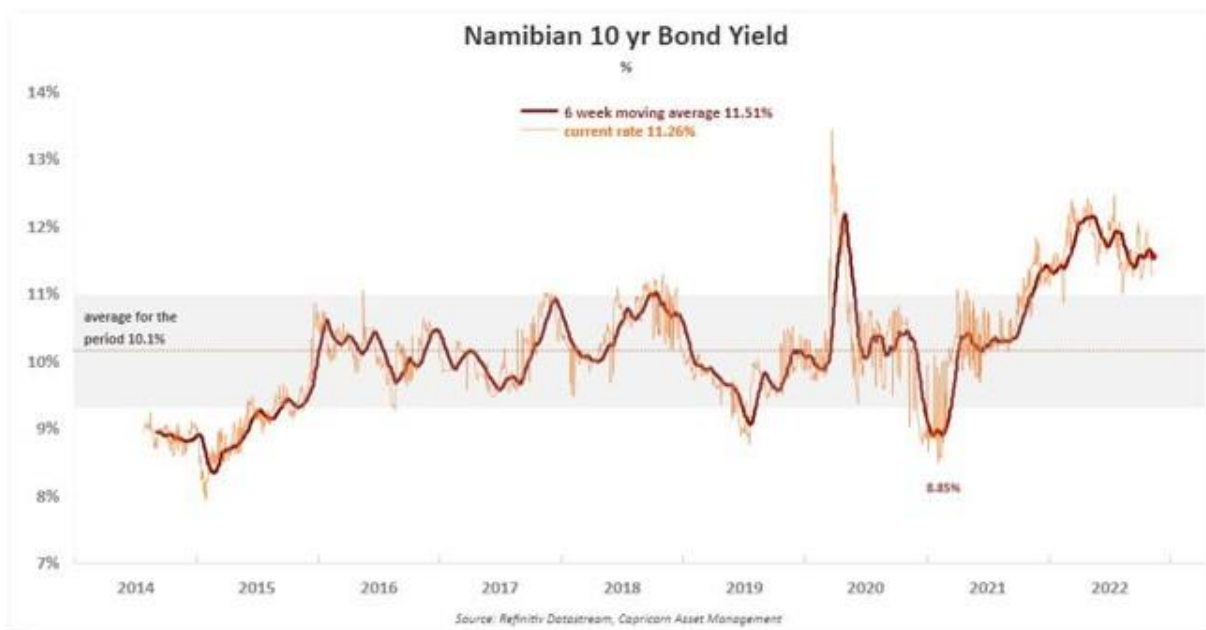
In commodities, oil prices continued to retreat on Thursday, after tumbling about 3% in the previous session on fears of demand from China and rising U.S. crude stocks.

U.S. crude oil futures eased 0.3% to \$85.59 per barrel, while Brent crude futures fell by a similar margin to \$92.37.

Gold was little changed, with the spot price at \$1705.92 per ounce.

**Source: Reuters Refinitiv**

## Domestic Markets



The South African rand slipped on Wednesday, as the dollar rose with investors awaiting results from U.S. midterm elections.

At 1528 GMT, the rand traded at 17.79 against the dollar, about 0.4% weaker than its previous close.

The dollar index, which tracks the dollar against a basket of other currencies, was up more than 0.5%.

The U.S. midterm vote – where Republicans made modest gains but Democrats did better than expected – was taking center stage on global markets.

On Thursday, South Africa-focused investors' attention will turn to domestic economic data, with September mining and manufacturing numbers due to be published.

Some analysts are becoming more downbeat about South Africa's economic growth prospects.

BNP Paribas said in a research note that it was revising down its 2023 growth estimate by 0.6 percentage points to 0.2%, adding that high, sticky inflation was likely to keep the South African central bank hawkish into next year.

On the Johannesburg Stock Exchange, the All-share index closed up about 0.9%. The government's benchmark 2030 bond firmed slightly, with the yield falling 3 basis points to 10.500%.

**Source: Reuters Refinitiv**

Nature scarcely ever gives us the very best; for that we must have recourse to art.

**Baltasar Gracian**

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)		10 November 2022			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↑	7.37	0.009	7.36	7.37
6 months	↓	7.61	-0.009	7.62	7.61
9 months	↓	8.23	-0.008	8.24	8.23
12 months	↓	8.49	-0.033	8.53	8.49
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC23 (Coupon 8.85%, BMK R2023)	↑	9.02	0.055	8.97	9.02
GC24 (Coupon 10.50%, BMK R186)	↓	8.38	-0.010	8.39	8.38
GC25 (Coupon 8.50%, BMK R186)	↓	8.83	-0.010	8.84	8.83
GC26 (Coupon 8.50%, BMK R186)	↓	8.89	-0.010	8.90	8.89
GC27 (Coupon 8.00%, BMK R186)	↓	9.86	-0.010	9.87	9.86
GC30 (Coupon 8.00%, BMK R2030)	↓	11.79	-0.030	11.82	11.79
GC32 (Coupon 9.00%, BMK R213)	↓	11.96	-0.025	11.99	11.96
GC35 (Coupon 9.50%, BMK R209)	↓	12.56	-0.005	12.57	12.56
GC37 (Coupon 9.50%, BMK R2037)	⇒	13.15	0.000	13.15	13.15
GC40 (Coupon 9.80%, BMK R214)	↑	13.44	0.005	13.43	13.44
GC43 (Coupon 10.00%, BMK R2044)	↑	13.98	0.010	13.97	13.98
GC45 (Coupon 9.85%, BMK R2044)	↑	14.50	0.010	14.49	14.50
GC48 (Coupon 10.00%, BMK R2048)	↑	14.63	0.010	14.62	14.63
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.64	0.010	14.63	14.64
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI25 (Coupon 3.80%, BMK NCPI)	⇒	2.88	0.000	2.88	2.88
GI27 (Coupon 4.00%, BMK NCPI)	⇒	3.94	0.000	3.94	3.94
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.19	0.000	5.19	5.19
GI33 (Coupon 4.50%, BMK NCPI)	↓	5.93	-0.066	6.00	5.93
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.90	0.000	6.90	6.90
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,706	-0.36%	1,713	1,711
Platinum	↓	985	-1.21%	997	991
Brent Crude	↓	92.7	-2.84%	95.4	92.5
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,628	0.95%	1,612	1,628
JSE All Share	↑	69,640	0.91%	69,011	69,640
SP500	↓	3,749	-2.08%	3,828	3,749
FTSE 100	↓	7,296	-0.14%	7,306	7,296
Hangseng	↓	16,359	-1.20%	16,557	16,034
DAX	↓	13,666	-0.16%	13,689	13,666
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	15,875	0.05%	15,867	15,875
Resources	↑	68,375	2.74%	66,550	68,375
Industrials	↑	81,484	0.40%	81,158	81,484
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	17.74	0.15%	17.71	17.75
N\$/Pound	↓	20.19	-1.21%	20.43	20.24
N\$/Euro	↓	17.80	-0.24%	17.84	17.81
US dollar/ Euro	↓	1.001	-0.61%	1.007	1.003
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Oct 22</b>	<b>Sep 22</b>	<b>Sep 22</b>	<b>Aug 22</b>
Central Bank Rate	↑	6.25	5.50	6.25	5.50
Prime Rate	↑	10.00	9.25	9.75	9.00
		<b>Sep 22</b>	<b>Aug 22</b>	<b>Sep 22</b>	<b>Aug 22</b>
Inflation	↓	7.1	7.3	7.5	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 listed

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**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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