



The Daily Brief



Capricorn Asset Management

Market Update

Tuesday, 11 April 2023



Global Markets

Asia stocks posted gains on Tuesday, boosted by investor optimism that the region's central banks will continue to pause or end interest rate hike cycles, whatever action the U.S. Federal Reserve takes.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.6% as trading resumed after a long holiday weekend in many major Asian markets.

On Tuesday morning, South Korea's central bank held interest rates steady for a second consecutive meeting, as expected.

Gary Ng, senior economist at Natixis Corporate and Investment Bank, said Asian economies are more cautious about hiking rates as their determination to preserve growth outweighs concern over taming inflation, which is a bigger concern in the U.S. and Europe.

Strong U.S. employment data published last Friday sparked expectations that the Fed may hike rates in May, but the 25 basis point rise now priced in by the market is smaller than what had previously been estimated, according to Ng.

"I think investors are more optimistic in terms of seeing the end of the rate cycle," he added, "but whether we are already at the top - that is really the key driver of this oscillation that we see right now."

Japan's Nikkei 225 index advanced 1.0% in early trading as the market welcomed the new Bank of Japan governor's first public remarks on maintaining the central bank's ultra-easy monetary policy.

Australia's S&P/ASX 200 index gained 1.4% with miner Newcrest's shares jumping as much as 7.1% on an improved takeover offer from Newmont, making it the top gainer on the benchmark

Hong Kong stocks were tech sector gains, with the benchmark Hang Seng climbing 0.9%.

Shares of Chinese artificial intelligence company SenseTime surged as much as 11% a day after it unveiled a series of new AI-powered products as it joins a global race to dominate the sector. SenseTime investor Alibaba itself rose as much as 3.8%.

Elsewhere, the yield on benchmark U.S. Treasury 10-year notes fell by 1.5 basis points to 3.4%.

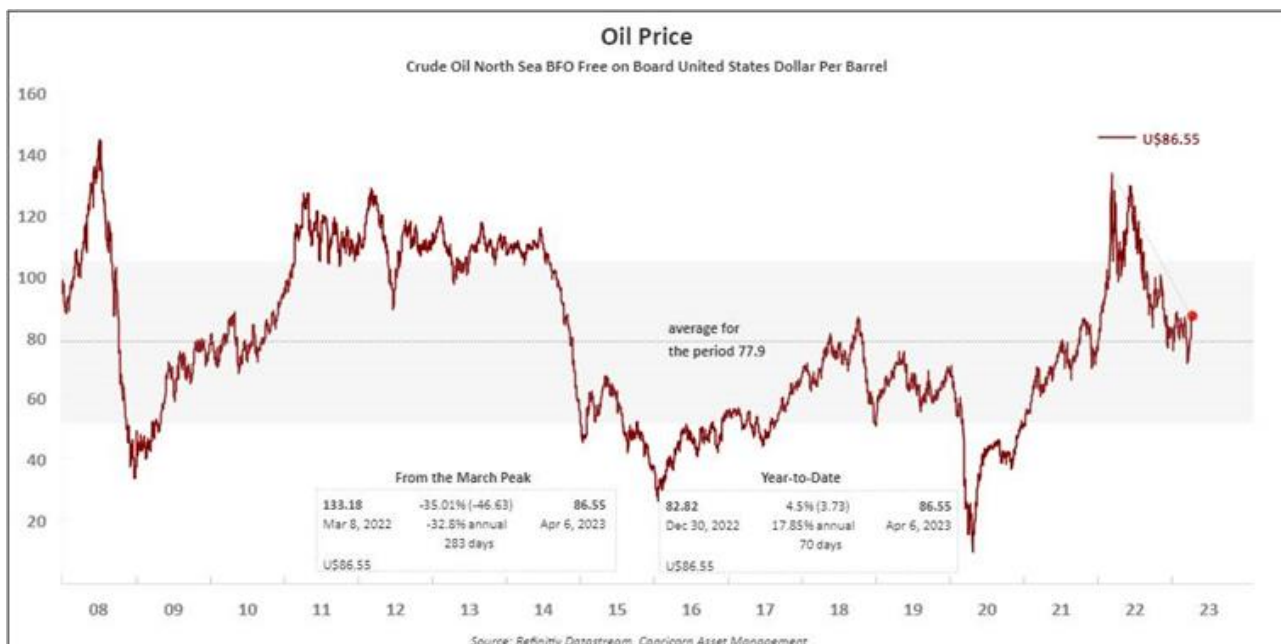
The dollar index edged down by 0.098% to 102.36, while the Japanese yen weakened 0.15% versus the dollar to 133.4.

In oil markets, U.S. crude gained 0.6% to \$80.19 per barrel while Brent was at \$84.65, also up 0.6%.

Gold price rose 0.32% to \$1996.25 on Tuesday as the dollar weakened.

Source: Thomson Reuters Refinitiv

Domestic Markets



The South African rand weakened against the dollar on Thursday as investors awaited U.S. jobs data and its implications for the Federal Reserve's monetary policy.

At 1551 GMT, the rand traded at 18.2325 to the dollar, about 1% weaker than its previous close. The dollar index, which measures the currency against six rivals, was holding steady at 101.87.

With no major local economic data due until Tuesday, the rand is taking its cues from global drivers.

Investors will be closely looking at U.S. non-farm payrolls report for March which is due Friday, when many markets globally are closed.

While a slew of sluggish economic data this week has caused traders to scale back bets on how much longer U.S. rates would need to stay in restrictive territory, it has simultaneously reignited recession fears.

"The U.S. dollar consequently gained traction from its safe-haven appeal while the pro-growth aspect of the South African rand has suffered," DailyFX analyst Warren Venketas said.

Lower commodity prices driven by weak U.S. economic data have added to the rand's weakness, he said.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index and the broader All-share index ended the day about 0.6% up.

The resources sector drove strength in the market, closing over 1% higher.

South Africa's benchmark 2030 government bond was weaker, with the yield up 5 basis points to 9.830%.

Source: Thomson Reuters Refinitiv

All change is not growth, as all movement is not forward.

Ellen Glasgow

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				11 April 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.47	0.000	8.47	8.47
6 months	⇒	8.72	0.000	8.72	8.72
9 months	⇒	9.03	0.000	9.03	9.03
12 months	⇒	9.13	0.000	9.13	9.13
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⇒	8.48	0.000	8.48	8.48
GC24 (Coupon 10.50%, BMK R186)	⇒	8.74	0.000	8.74	8.76
GC25 (Coupon 8.50%, BMK R186)	⇒	8.89	0.000	8.89	8.91
GC26 (Coupon 8.50%, BMK R186)	⇒	8.79	0.000	8.79	8.81
GC27 (Coupon 8.00%, BMK R186)	⇒	9.26	0.000	9.26	9.28
GC28 (Coupon 8.50%, BMK R2030)	⇒	9.63	0.000	9.63	9.67
GC30 (Coupon 8.00%, BMK R2030)	⇒	10.33	0.000	10.33	10.37
GC32 (Coupon 9.00%, BMK R213)	⇒	11.00	0.000	11.00	11.04
GC35 (Coupon 9.50%, BMK R209)	⇒	12.41	0.000	12.41	12.44
GC37 (Coupon 9.50%, BMK R2037)	⇒	12.85	0.000	12.85	12.88
GC40 (Coupon 9.80%, BMK R214)	⇒	12.94	0.000	12.94	12.97
GC43 (Coupon 10.00%, BMK R2044)	⇒	13.75	0.000	13.75	13.77
GC45 (Coupon 9.85%, BMK R2044)	⇒	13.65	0.000	13.65	13.67
GC48 (Coupon 10.00%, BMK R2048)	⇒	13.81	0.000	13.81	13.83
GC50 (Coupon 10.25%, BMK: R2048)	⇒	13.91	0.000	13.91	13.93
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.29	0.000	3.29	3.29
GI27 (Coupon 4.00%, BMK NCPI)	⇒	3.70	0.000	3.70	3.70
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.25	0.000	5.25	5.25
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.15	0.000	6.15	6.15
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.56	0.000	6.56	6.56
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,990	-0.90%	2,008	2,001
Platinum	↓	992	-1.56%	1,007	997
Brent Crude	↓	84.2	-1.10%	85.1	84.8
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇒	1,599	0.00%	1,599	1,599
JSE All Share	⇒	77,114	0.00%	77,114	77,114
SP500	↑	4,109	0.10%	4,105	4,109
FTSE 100	⇒	7,742	0.00%	7,742	7,742
Hangseng	⇒	20,331	0.00%	20,331	20,304
DAX	⇒	15,598	0.00%	15,598	15,598
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⇒	15,748	0.00%	15,748	15,748
Resources	⇒	68,515	0.00%	68,515	68,515
Industrials	⇒	103,070	0.00%	103,070	103,070
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.27	0.42%	18.19	18.45
N\$/Pound	↑	22.62	0.16%	22.58	22.90
N\$/Euro	↑	19.84	0.07%	19.82	20.09
US dollar/ Euro	↓	1.086	-0.35%	1.090	1.089
		Namibia		RSA	
Interest Rates & Inflation		Mar 23	Feb 23	Mar 23	Feb 23
Central Bank Rate	⇒	7.00	7.00	7.75	7.25
Prime Rate	⇒	10.75	10.75	11.25	10.75
		Feb 23	Jan 23	Feb 23	Jan 23
Inflation	↑	7.2	7.0	7.0	6.9

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 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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