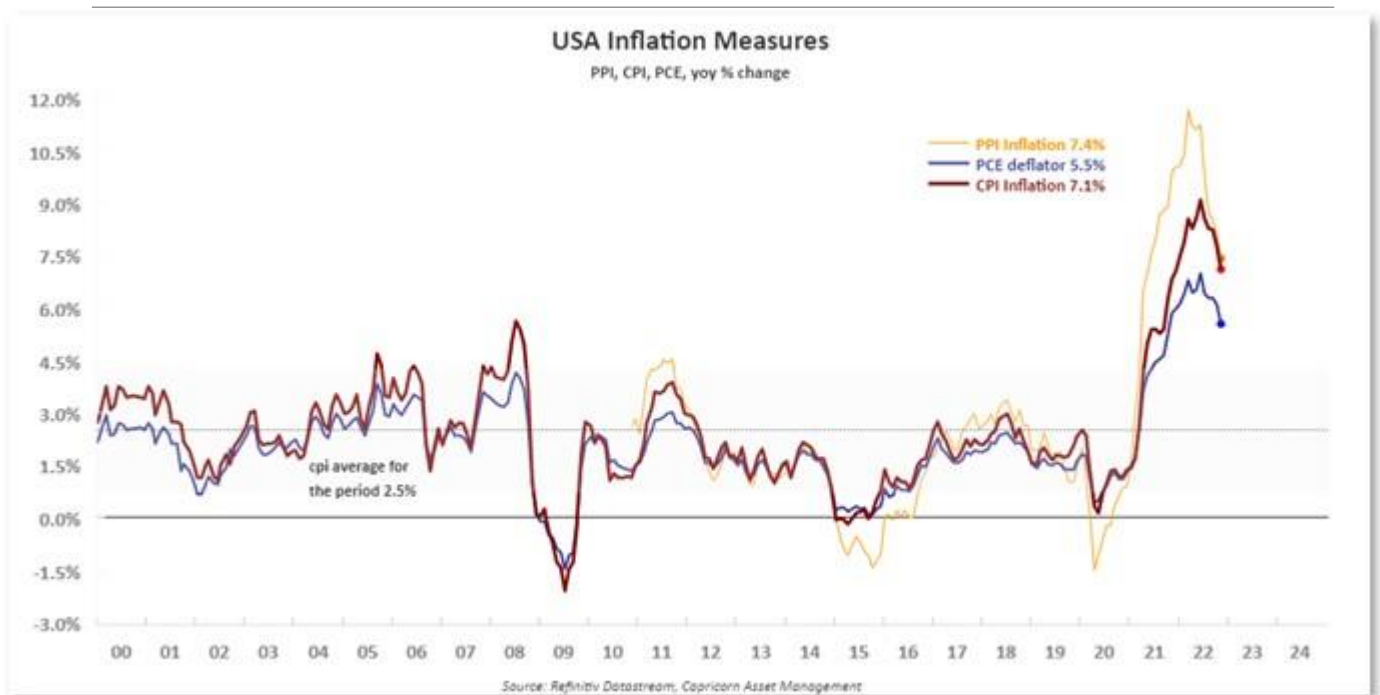




## Market Update

Wednesday, 11 January 2023



## Global Markets

Asian equities edged higher on Wednesday, while the dollar steadied as investors braced for U.S. inflation data that will influence the Federal Reserve's interest rate policy.

MSCI's broadest index of Asia-Pacific shares outside Japan was 0.28% higher, while Japan's Nikkei gained 1%. Australia's S&P/ASX 200 index rose 0.80%.

While China's reopening from pandemic controls has boosted investor sentiment, with stocks in the country and Hong Kong starting the year with a strong rally, some investors have booked profits on doubts over the sustainability of the market's rebound.

China's stocks opened 0.1% higher while Hong Kong's Hang Seng index gained 0.6% at the start of the day.

Overnight, U.S. stocks ended higher as investors heaved a sigh of relief after Fed Chair Jerome Powell refrained in a speech from commenting on rate policy but said the Fed's independence was essential for it to battle inflation.

"With some expectations that Powell would likely push back on the easing financial conditions, equity markets celebrated the lack of any clear guidance on policy direction," Saxo strategists said.

Investor attention will squarely be on the U.S. consumer price index (CPI), scheduled to be released on Thursday. The data is expected to show December's headline annual inflation at 6.5%, versus 7.1% in November.

Thursday's data will be crucial in determining what the Fed is likely to do with interest rates in its next meeting at the start of next month.

The U.S. central bank raised interest rates by 50 basis points in December after four straight 75 bps hikes in 2022 but has reiterated that it will keep rates higher for longer to tame inflation.

Investors are betting that the upcoming inflation report could show further deceleration, potentially giving the Fed room to slow the pace of interest rate rises, said Stephen Wu, economist at Commonwealth Bank of Australia.

Saxo strategists said despite Powell's relative silence on policy outlook, there were other Fed and non-Fed speakers on Tuesday who continued to sound hawkish and raising alarms on inflation.

Federal Reserve Governor Michelle Bowman said on Tuesday the central bank would have to raise interest rates further to combat high inflation and that would likely lead to softer job market conditions.

JPMorgan Chase & Co Chief Executive Officer Jamie Dimon said heightened economic uncertainties might encourage the Federal Reserve to raise interest rates to 5%.

In the foreign exchange market, the Australian dollar was 0.3% higher after data showed the annual pace of inflation had increased to 7.3% in November. The New Zealand dollar rose 0.2%.

The dollar index, which measures the dollar against six major currencies, rose 0.058% to 103.31, hovering close to seven-month low.

The Japanese yen weakened 0.05% to 132.33 per dollar, while sterling was last trading at \$1.2146, down 0.07% on the day.

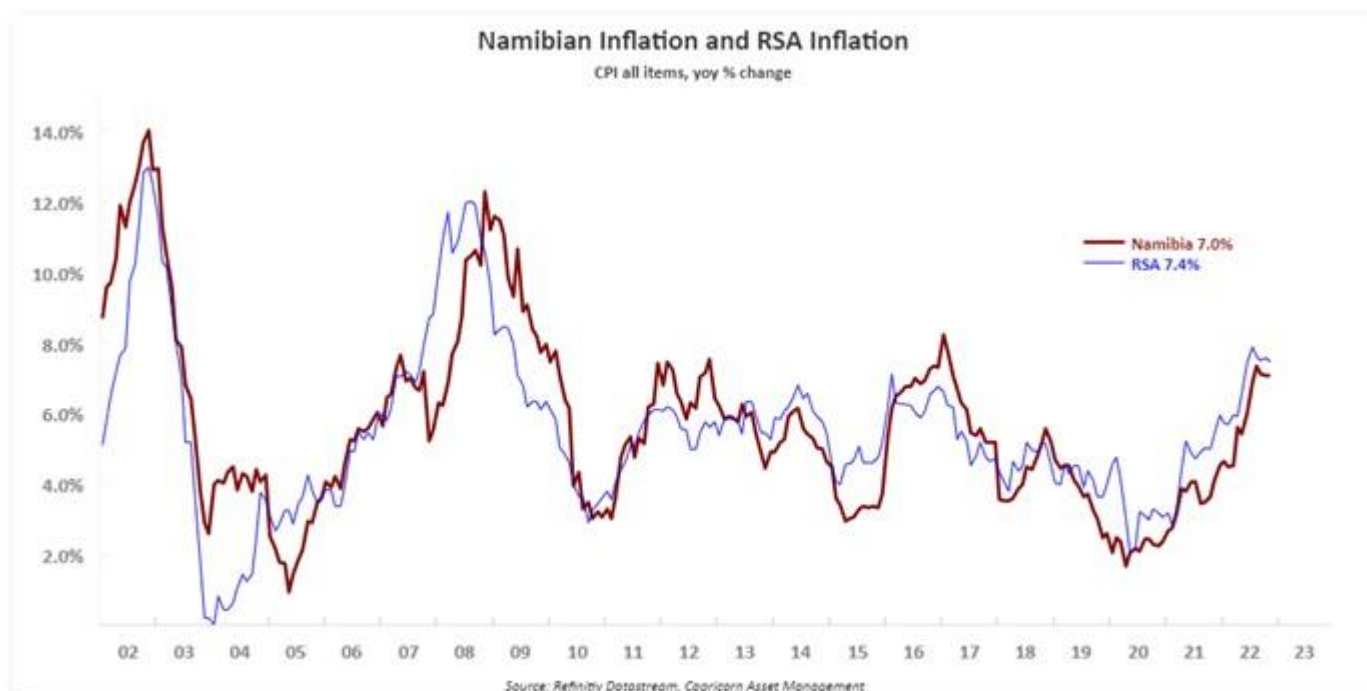
The yield on 10-year Treasury notes was down 1.3 basis points to 3.606%, while the yield on the 30-year Treasury bond was down 1.5 basis points to 3.739%.

The two-year U.S. Treasury yield, which typically moves in step with interest rate expectations, was down 1.7 basis points at 4.241%.

U.S. crude fell 0.71% to \$74.59 per barrel and Brent was at \$79.56, down 0.67% on the day.

**Source: Reuters Refinitiv**

## Domestic Markets



South Africa's rand weakened against the dollar on Tuesday, as investors looked for clarity on the outlook of the Federal Reserve's rate-hike path.

At 1601 GMT, the rand traded at 17.0475 against the dollar, 0.62% weaker than its previous close. The dollar index, which measures the greenback against six rivals, was last up 0.16% at 103.30.

Like most emerging market currencies, the rand is often influenced by global drivers such as U.S. monetary policy.

Markets will look towards U.S. inflation data due on Thursday for cues on the likely path of rates this year after Federal Reserve Chairman Jerome Powell avoided speaking about rate hikes at a conference on Tuesday.

"U.S. inflation is expected to drop sharply, which could hold implications for U.S. monetary policy," ETM Analytics said in a research note.

"A larger-than-expected drop might quickly soften expectations for further hikes and detract from the dollar," ETM added.

Shares on the Johannesburg Stock Exchange fell, mirroring similar moves in global equities as comments from two Fed officials injected a note of caution over the U.S. rate outlook.

The government's benchmark 2030 bond was weaker, with the yield up 2 basis points to 9.870%.

**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)				11 January 2023	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	8.08	0.000	8.08	8.08
6 months	⇓	8.01	-0.050	8.06	8.01
9 months	⇓	8.44	-0.100	8.54	8.44
12 months	⇓	8.59	-0.108	8.70	8.59
<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)	⇓	9.19	-0.050	9.24	9.19
GC24 (Coupon 10.50%, BMK R186)	⇑	7.80	0.105	7.69	7.79
GC25 (Coupon 8.50%, BMK R186)	⇑	8.25	0.105	8.14	8.24
GC26 (Coupon 8.50%, BMK R186)	⇑	8.31	0.105	8.20	8.30
GC27 (Coupon 8.00%, BMK R186)	⇑	9.28	0.105	9.17	9.27
GC30 (Coupon 8.00%, BMK R2030)	⇑	11.14	0.110	11.03	11.13
GC32 (Coupon 9.00%, BMK R213)	⇑	11.37	0.130	11.24	11.36
GC35 (Coupon 9.50%, BMK R209)	⇑	12.15	0.110	12.04	12.14
GC37 (Coupon 9.50%, BMK R2037)	⇑	12.80	0.115	12.68	12.79
GC40 (Coupon 9.80%, BMK R214)	⇑	13.13	0.110	13.02	13.09
GC43 (Coupon 10.00%, BMK R2044)	⇑	13.72	0.105	13.61	13.71
GC45 (Coupon 9.85%, BMK R2044)	⇑	14.24	0.105	14.13	14.23
GC48 (Coupon 10.00%, BMK R2048)	⇑	14.30	0.105	14.19	14.29
GC50 (Coupon 10.25%, BMK: R2048)	⇑	14.31	0.105	14.20	14.30
<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)	⇒	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	0.000	6.80	6.80
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	⇑	1,877	0.30%	1,872	1,884
Platinum	⇑	1,081	0.20%	1,079	1,088
Brent Crude	⇑	80.1	0.56%	79.7	79.4
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	⇓	1,720	-1.02%	1,737	1,720
JSE All Share	⇓	78,000	-0.44%	78,343	78,000
SP500	⇑	3,919	0.70%	3,892	3,919
FTSE 100	⇓	7,694	-0.39%	7,725	7,694
Hangseng	⇓	21,331	-0.27%	21,388	21,585
DAX	⇓	14,775	-0.12%	14,793	14,775
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⇓	15,916	-0.91%	16,062	15,916
Resources	⇓	76,950	-0.59%	77,405	76,950
Industrials	⇓	97,906	-0.30%	98,198	97,906
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	⇑	17.00	0.31%	16.94	16.98
N\$/Pound	⇑	20.66	0.08%	20.64	20.67
N\$/Euro	⇑	18.24	0.37%	18.18	18.26
US dollar/ Euro	⇑	1.073	0.06%	1.073	1.075
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Dec 22</b>	<b>Nov 22</b>	<b>Dec 22</b>	<b>Nov 22</b>
Central Bank Rate	⇒	6.75	6.75	7.00	7.00
Prime Rate	⇒	10.50	10.50	10.50	10.50
		<b>Nov 22</b>	<b>Oct 22</b>	<b>Nov 22</b>	<b>Oct 22</b>
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 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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