

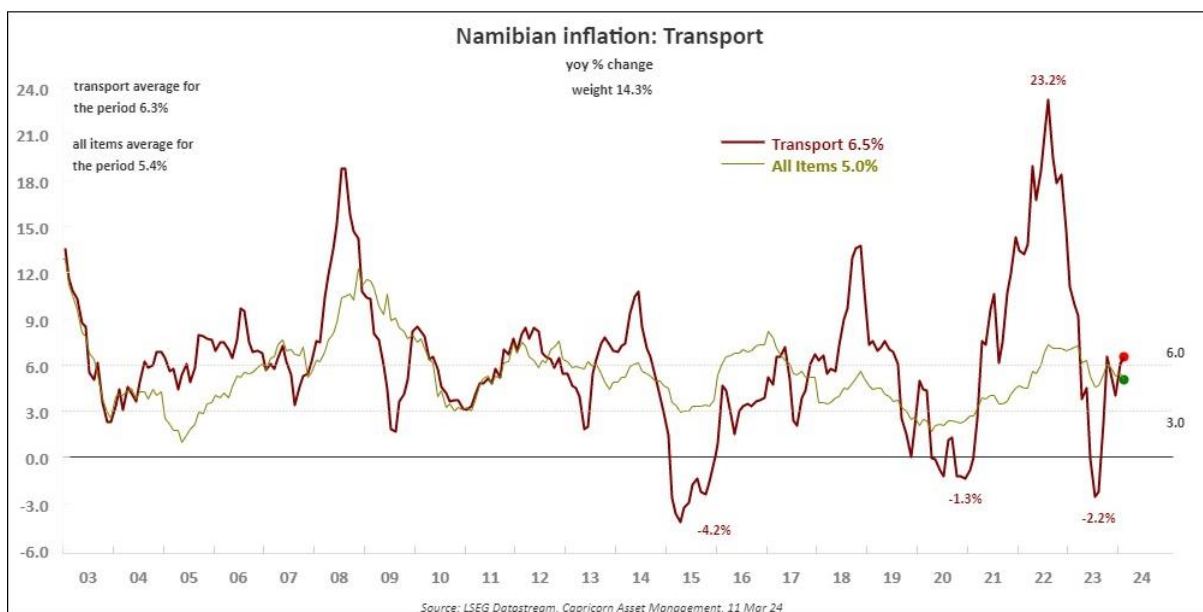
The Daily Brief



Capricorn Asset Management

Market Update

Monday, 11 March 2024



Global Markets

Investors stretched record-breaking stock rallies on Friday, before Wall Street took profits, while U.S. Treasury yields dipped after not-too-hot, not-too-cold U.S. jobs data reinforced the conviction that the Federal Reserve will begin easing by mid-year. Two U.S. stock indexes advanced into uncharted territory after the Labor Department said U.S. job growth accelerated in February, even as the unemployment rate jumped and wage gains moderated. The mixed report kept on the table an anticipated interest rate cut in June by the Fed. But the S&P 500 and the Nasdaq reversed course while the Dow Jones Industrial Average did not reach a record high. The Dow fell 68.66 points, or 0.18%, to close at 38,722.69, the S&P 500 lost 33.67 points, or 0.65%, to close at 5,123.69 and the Nasdaq Composite lost 188.26 points, or 1.16%, to close at 16,085.11.

"I don't think this is anything other than taking a little money off the table. I don't think it does anything for the momentum," said Scott Wren, Senior Global Market strategist, Wells Fargo Investment Institute in St. Louis. "Now, do I think there's a probability we see a decent pull back, five or 10%, over the course of next month or two? I do." With the widely anticipated payrolls number out of the way, attention immediately turned to next Tuesday's U.S. Consumer Price Index inflation report. This week, central bankers from the United States and Europe raised expectations that cuts

in borrowing costs will begin in the summer on both sides of the Atlantic, pushing stock indices to new highs again on Friday.

A day after the European Central Bank held rates steady, ECB policymaker Francois Villeroy de Galhau said there would be a rate cut in the spring, which he defined as from April until June 21, the date of the central bank's meeting that month. Markets have priced in a Fed rate cut in June as well. Some traders even bet on a May rate cut by the Fed after U.S. employers added a surprisingly robust 275,000 jobs last month, even while figures for prior months were revised down to show fewer job gains. "The immediate takeaway is the focus on the unemployment rate going from 3.7% to 3.9%," said Robert Pavlik, senior portfolio manager at Dakota Wealth. "More unemployment rate implies that the economy is slowing, which would, in the markets' view hopefully, necessitate a rate cut sooner rather than later."

MSCI's gauge of stocks across the globe rose to its highest level ever then closed off 0.27%. In Europe, the STOXX index of 600 companies hit a new lifetime high, ending just 0.02% higher, while Europe's broad FTSEuroFirst 300 index slipped 0.03%. While central banks on both sides of the Atlantic manage expectations of exactly when they will start lowering borrowing costs, investors pushed up the yen after reports that Japan's central bank may begin hauling up rates from negative territory as soon as this month. MSCI's broadest index of Asia-Pacific shares outside Japan went up 1.01%, while Japan's Nikkei rose 90.23 points, or 0.23%.

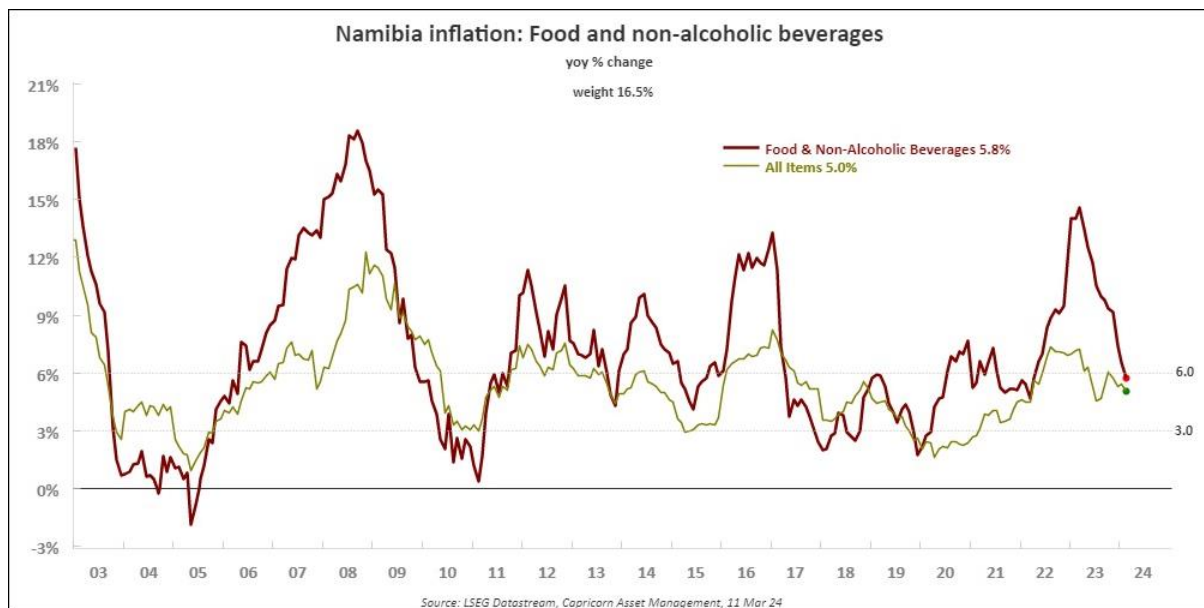
The dollar headed for its sharpest weekly drop of the year on the growing likelihood of lower borrowing costs. Against the Japanese yen, the dollar weakened 0.66% to 147.05. The dollar index, a basket comprised of six currencies from major U.S. trade partners, fell 0.03%. Its largest component, the euro, fell 0.06% to \$1.0939.

Hopes of rate cuts put downward pressure on U.S. government bond yields. The yield on benchmark U.S. 10-year notes fell to its lowest since Feb. 2 but in late trade was only down 0.3 basis points from Thursday at 4.089%. The 2-year note yield, which typically moves in step with rate expectations, fell to its lowest since Feb. 7, and was last 2.4 basis points lower at 4.4902%. German bund yields were on track to record their biggest weekly fall since mid-December on raised bets of an ECB cut in rates.

Spot gold logged another record and added 0.87% to \$2,177.99 an ounce. U.S. gold futures gained 0.92% to \$2,177.80 an ounce. U.S. crude settled down 1.17% at \$78.01 a barrel and Brent fell to \$82.02 per barrel, down 1.12% to on the day.

In cryptocurrencies, bitcoin popped to a record high, after a three-day breather since setting its last one. It briefly topped \$70,000 for the first time and was up 2.90% at \$69,298.00 in late trade. Ethereum rose 2% at \$3952.4.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand was trading at its strongest level in over a month on Friday, after a week of gains supported by surging gold prices. At 1505 GMT, the rand traded at 18.70 against the U.S. dollar, not far from its previous close. It was the strongest level seen since early February. "The rand has enjoyed a stellar week so far, capitalising on some appreciation that began last week," said ETM Analytics in a research note. "The USD-ZAR has cracked below some key technical support and generated momentum of its own, but it is unclear whether the momentum is about to fade," it added.

The rand has been boosted by the price of gold, one of South Africa's key exports, which is hovering near a historic high. But local economic data releases this week were broadly negative, with the current account deficit widening more than expected and net foreign reserves falling in February. South Africa's public enterprises minister Pravin Gordhan told Reuters on Friday that he would retire after this year's general elections in May. The poor performance of state-owned enterprises such as power utility Eskom and logistics firm Transnet has been a key factor in dragging down South Africa's economic growth.

On the stock market, the Top-40 index ended 0.23% higher. South Africa's benchmark 2030 government bond was weaker, with the yield up 2.5 basis points to 10.090%.

Source: Thomson Reuters Refinitiv

At times I think and at times I am.

Paul Valery

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)					11 March 2024
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.78	0.000	8.78	8.78
6 months	↓	8.82	-0.016	8.84	8.82
9 months	↓	8.91	-0.025	8.93	8.91
12 months	↓	8.95	-0.025	8.98	8.95
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⇒	9.14	0.000	9.14	9.16
GC25 (Coupon 8.50%, BMK R186)	⇒	9.23	0.000	9.23	9.25
GC26 (Coupon 8.50%, BMK R186)	⇒	9.23	0.000	9.23	9.25
GC27 (Coupon 8.00%, BMK R186)	⇒	9.35	0.000	9.35	9.37
GC28 (Coupon 8.50%, BMK R2030)	↑	9.62	0.015	9.61	9.64
GC30 (Coupon 8.00%, BMK R2030)	↑	9.66	0.015	9.65	9.68
GC32 (Coupon 9.00%, BMK R213)	↑	10.15	0.005	10.15	10.17
GC35 (Coupon 9.50%, BMK R209)	↑	11.15	0.035	11.12	11.17
GC37 (Coupon 9.50%, BMK R2037)	↑	12.35	0.040	12.31	12.37
GC40 (Coupon 9.80%, BMK R214)	↑	12.53	0.060	12.47	12.55
GC43 (Coupon 10.00%, BMK R2044)	↑	12.71	0.060	12.65	12.73
GC45 (Coupon 9.85%, BMK R2044)	↑	12.54	0.060	12.48	12.56
GC48 (Coupon 10.00%, BMK R2048)	↑	12.66	0.060	12.60	12.68
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.39	0.060	12.33	12.41
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)	↑	4.57	0.016	4.55	4.57
GI29 (Coupon 4.50%, BMK NCPI)	↓	4.99	-0.042	5.03	4.99
GI33 (Coupon 4.50%, BMK NCPI)	↓	5.66	-0.028	5.69	5.66
GI36 (Coupon 4.80%, BMK NCPI)	↓	5.89	-0.105	5.99	5.89
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	2,178	0.85%	2,159	2,181
Platinum	↓	913	-0.69%	919	911
Brent Crude	↓	82.1	-1.06%	83.0	81.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,550	0.47%	1,543	1,550
JSE All Share	↑	73,718	0.15%	73,604	73,718
SP500	↓	5,124	-0.65%	5,157	5,124
FTSE 100	↓	7,660	-0.43%	7,692	7,660
Hangseng	↑	16,353	0.76%	16,230	16,577
DAX	↓	17,815	-0.16%	17,843	17,815
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	17,271	0.60%	17,169	17,271
Resources	↑	54,220	0.68%	53,853	54,220
Industrials	↓	100,300	-0.34%	100,644	100,300
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.72	0.19%	18.68	18.76
N\$/Pound	↑	24.07	0.66%	23.91	24.11
N\$/Euro	↑	20.47	0.18%	20.44	20.52
US dollar/ Euro	↓	1.094	-0.08%	1.095	1.094
		Namibia		RSA	
Interest Rates & Inflation		Feb 24	Jan 24	Feb 24	Jan 24
Central Bank Rate	⇒	7.75	7.75	8.25	8.25
Prime Rate	⇒	11.50	11.50	11.75	11.75
		Feb 24	Jan 24	Jan 24	Dec 23
Inflation	↓	5.0	5.4	5.3	5.1

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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