

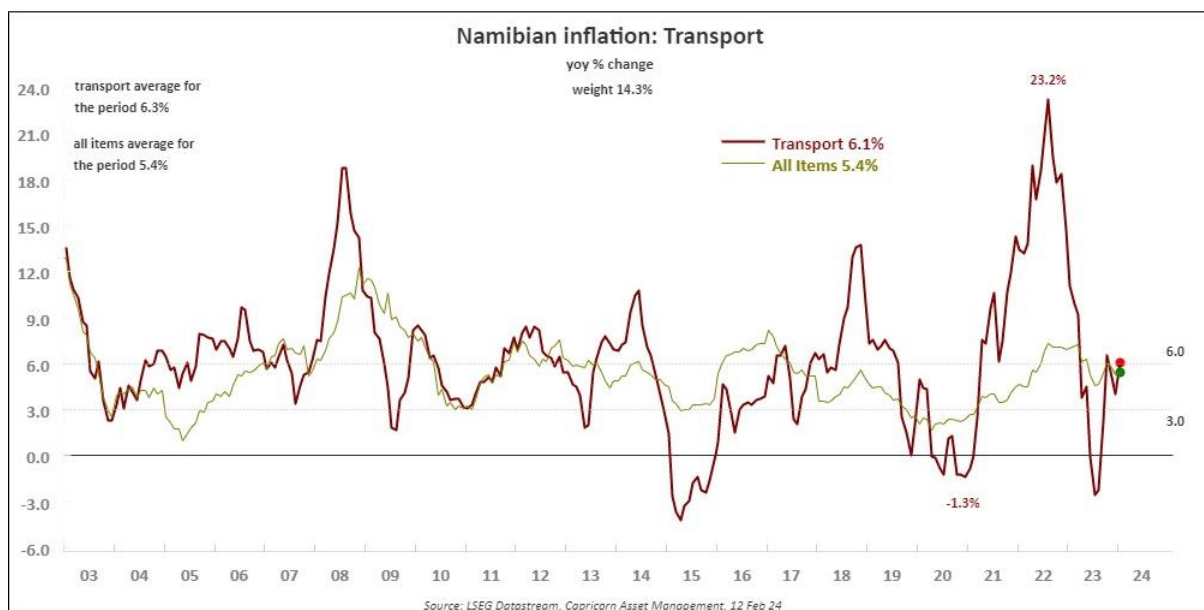
The Daily Brief



Capricorn Asset Management

Market Update

Monday, 12 February 2024



Global Markets

Global equities rose on Friday, with the S&P 500 crossing the 5,000-point milestone for the first time ever, as U.S. inflation data raised expectations of an interest rate cut this year, while closely watched U.S. Treasury yields rose. The greenback reversed earlier gains, falling 0.06%. Oil notched a gain for the week on worries over a broadening conflict in the Middle East after Israel rejected a ceasefire offer from Hamas. The MSCI All Country stock index climbed 0.4% to a third straight weekly gain.

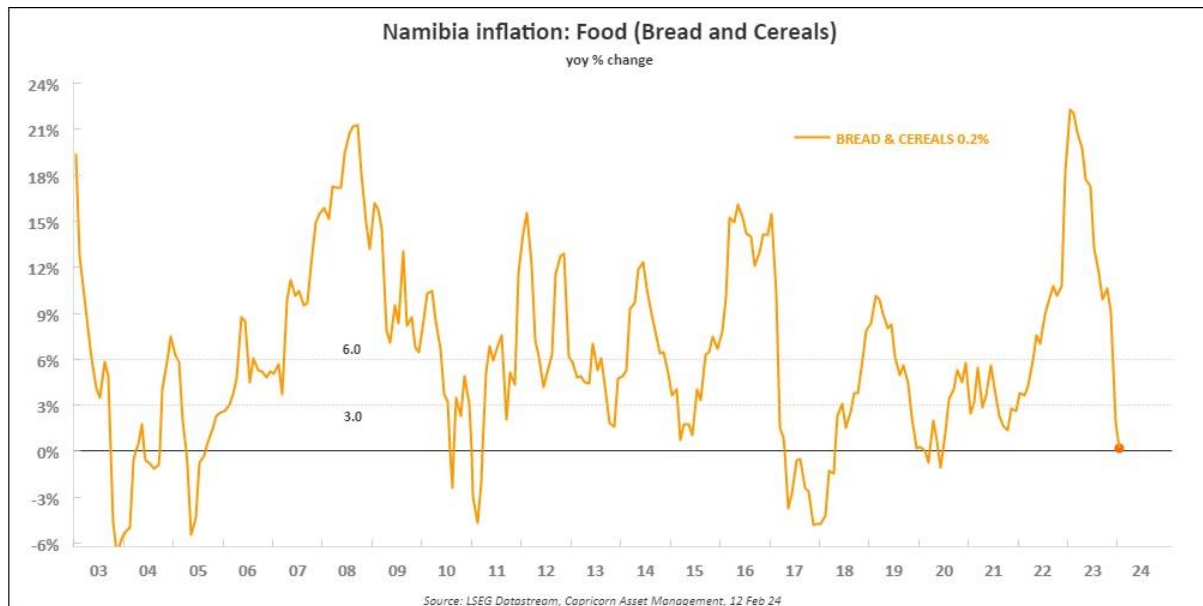
The mood in stock markets was buoyed by Wall Street, where the S&P 500 index rose above 5,000 points, helped by big gains in megacap stocks such as Nvidia. The chipmaker climbed to a record high after Reuters reported it was building a new business unit. "The new closing high over 5,000 bodes well over the intermediate to longer term, with a key technical level being cleared today," Larry Tentarelli, Chief Technical Strategist with Blue Chip Daily Trend Report, in North Andover, Massachusetts. "We believe that the combination of very strong corporate earnings, strong jobs data, strong GDP data and declining inflation are an excellent backdrop for equities going forward." U.S. monthly consumer prices rose less than initially estimated in December, but underlying inflation remained a bit warm, data showed on Friday. The data revision did little to alter expectations for central bank rate changes. U.S. inflation data for January is coming next week.

The Dow Jones Industrial Average fell 54.64 points, or 0.14%, to 38,671.69, the S&P 500 gained 28.70 points, or 0.57%, to 5,026.61 and the Nasdaq Composite gained 196.95 points, or 1.25%, to 15,990.66. The yield on benchmark U.S. 10-year notes rose 0.7 basis points to 4.177%, from 4.17% late on Thursday. The 2-year note yield, which typically moves in step with interest rate expectations, rose 3.2 basis points to 4.4883%, from 4.456% late on Thursday. Gold prices came under pressure from the stronger yields, with spot gold down 0.44% at \$2,024.16 an ounce. U.S. gold futures settled 0.4% lower at \$2038.7. Brent crude futures settled up 0.7% at \$82.19 a barrel, and U.S. crude futures finished up 0.8% at \$76.84.

European shares ended slightly lower under pressure from rising yields and sliding L'Oreal shares. The pan-European STOXX 600 index closed 0.1% lower, but still eked out a weekly advance of 0.2%. L'Oreal dropped 7.6% after the French cosmetics company reported underwhelming fourth-quarter sales growth. Inflation in Germany, Europe's biggest economy, eased in January to 3.1%, adding fuel to bets on when the European Central Bank will begin easing rates. However, euro zone bond yields hit multi-week highs after several ECB rate setters warned against easing monetary policy too early. "Indeed, it seems pretty clear now that the ECB will be waiting for European wage data statistics at the end of April before likely cutting rates in June," ING bank said in a note.

Japanese shares hit 34-year highs. The yen recovered after falling to a 10-week low, with traders reassessing their bets on how quickly the Bank of Japan might raise rates. In China, mainland markets were closed and Hong Kong traded thinly and shut early, with the Hang Seng .HIS down 0.8% amid worries authorities might not deliver on promises for support.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand was little changed in early trade on Friday, after President Cyril Ramaphosa gave little detail about his plans to address the country's major challenges in his annual State of the Nation Address (SONA) on Thursday evening. "President Ramaphosa's SONA address had absolutely zero impact on markets. Traders and investors are now waiting for the budget speech in two weeks' time," Andre Cilliers, currency strategist at TreasuryONE, said in a research note.

Finance Minister Enoch Godongwana will present this year's budget on Feb. 21, laying out the government's spending priorities, revenue collection measures and updated economic forecasts. "The budget later this month ... is arguably a more important announcement given that it will contain details on ... what the country's finances look like. Until then, the dollar-rand pair is set to lack clear direction and will likely close the week out around current levels," ETM Analytics said on Friday.

At 0738 GMT, the rand traded at 18.9375 against the dollar, up 0.2% on its previous close. The Johannesburg Stock Exchange's Top-40 index was flat.

Source: Thomson Reuters Refinitiv

It is the dim haze of mystery that adds enchantment to pursuit.

Antoine Rivarol

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				12 February 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	8.79	0.000	8.79	8.79
6 months	→	8.85	0.000	8.85	8.85
9 months	→	8.91	0.000	8.91	8.91
12 months	↑	9.00	0.017	8.98	9.00
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↑	9.01	0.025	8.98	9.01
GC25 (Coupon 8.50%, BMK R186)	↑	9.10	0.025	9.07	9.10
GC26 (Coupon 8.50%, BMK R186)	↑	9.10	0.025	9.07	9.10
GC27 (Coupon 8.00%, BMK R186)	↑	9.22	0.025	9.19	9.22
GC28 (Coupon 8.50%, BMK R2030)	↑	9.47	0.025	9.45	9.49
GC30 (Coupon 8.00%, BMK R2030)	↑	9.51	0.025	9.49	9.53
GC32 (Coupon 9.00%, BMK R213)	↑	10.01	0.010	10.00	10.02
GC35 (Coupon 9.50%, BMK R209)	↑	11.04	0.025	11.01	11.05
GC37 (Coupon 9.50%, BMK R2037)	↑	12.19	0.010	12.18	12.21
GC40 (Coupon 9.80%, BMK R214)	↑	12.39	0.010	12.38	12.40
GC43 (Coupon 10.00%, BMK R2044)	↑	12.60	0.010	12.59	12.61
GC45 (Coupon 9.85%, BMK R2044)	↑	12.43	0.010	12.42	12.44
GC48 (Coupon 10.00%, BMK R2048)	↑	12.55	0.010	12.54	12.56
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.28	0.010	12.27	12.29
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	→	4.40	0.000	4.40	3.90
GI27 (Coupon 4.00%, BMK NCPI)	→	4.64	0.000	4.64	4.64
GI29 (Coupon 4.50%, BMK NCPI)	→	5.07	0.000	5.07	5.07
GI33 (Coupon 4.50%, BMK NCPI)	→	5.72	0.000	5.72	5.72
GI36 (Coupon 4.80%, BMK NCPI)	→	6.01	0.000	6.01	6.01
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	2,024	-0.44%	2,033	2,024
Platinum	↓	872	-1.51%	885	872
Brent Crude	↑	82.2	0.69%	81.6	82.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,506	-0.65%	1,515	1,506
JSE All Share	↓	73,423	-0.41%	73,725	73,423
SP500	↑	5,027	0.57%	4,998	5,027
FTSE 100	↓	7,573	-0.30%	7,595	7,573
Hangseng	↓	15,747	-0.83%	15,878	15,747
DAX	↓	16,927	-0.22%	16,964	16,927
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	17,100	-0.10%	17,117	17,100
Resources	↓	49,718	-2.02%	50,741	49,718
Industrials	↑	104,743	0.16%	104,581	104,743
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	19.05	0.50%	18.96	19.03
N\$/Pound	↑	24.05	0.58%	23.91	24.04
N\$/Euro	↑	20.54	0.55%	20.43	20.54
US dollar/ Euro	↑	1.078	0.06%	1.078	1.079
		Namibia		RSA	
Interest Rates & Inflation		Jan 24	Dec 23	Jan 24	Dec 23
Central Bank Rate	→	7.75	7.75	8.25	8.25
Prime Rate	→	11.50	11.50	11.75	11.75
		Jan 24	Dec 23	Dec 23	Nov 23
Inflation	↑	5.4	5.3	5.1	5.5

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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Bank Windhoek

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