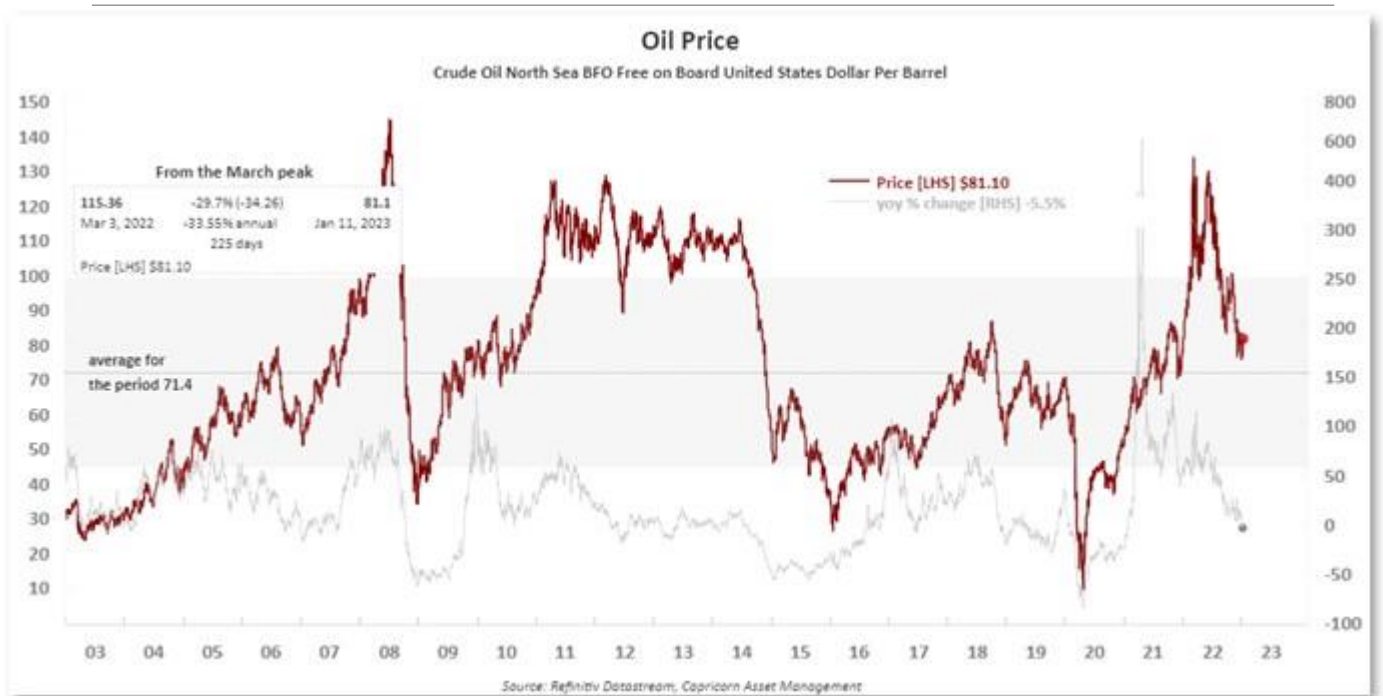




Market Update

Thursday, 12 January 2023



Global Markets

Asian stock markets mostly pushed higher on Thursday, ahead of U.S. consumer price data that investors hope will confirm inflation is in retreat, while the yen rose with a report Japan will next week review the side effects of its ultra-easy policy.

Following gains for Wall Street indexes overnight, MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.5% and touched an almost seven-month high.

Japan's Nikkei wobbled 0.2% lower. Bonds were bought around the world overnight and the U.S. dollar wavered, to touch a seven-month low at \$1.0776 per euro.

Due at 1330 GMT, economists expect the rise in core U.S. consumer prices slowed to an annual pace of 5.7% in December, from 6% a month earlier. Month-on-month headline inflation is seen at zero.

The hope is that falling inflation reduces the need for interest rate hikes, and markets have priced better-than-even odds that the Federal Reserve slows its cracking pace and hikes by 25 basis points, rather than 50, at next month's meeting.

"(It) is the CPI number that could help settle the debate for the February meeting," said NatWest Markets' U.S. rates strategist Jan Nevruzi.

"We expect a below consensus CPI print, which if it materialises, could push this rally even further." Boston Federal Reserve bank leader Susan Collins also helped things, remarking to the New York Times that she was leaning towards a 25 basis point hike.

Optimism for a more benign rates outlook and a pickup in demand as China emerges from strict COVID restrictions also drove oil prices sharply higher to one-week peaks.

Brent crude futures rose more than 3% to \$83 a barrel overnight. U.S. Treasuries rallied at the longer end of the curve, with benchmark 10-year yields down 6 bps to 3.5558% and 30-year yields down 7 bps to 3.6874%.

European rate expectations also pulled back a little.

CHINA HOPES

Against hopes for gentler central banks in the West, investors are also hoping recovery in China can help global growth and are eyeing a potential policy shift in Japan.

The Bank of Japan stunned markets last month by widening the band around its 10-year bond yield target, a move that triggered a sudden rise in yields and a jump in the yen.

On Thursday Japan's Yomiuri newspaper reported the BOJ will review of the side-effects of Japan's ultra-easy settings at next week's policy meetings, and that it may take additional steps to correct distortions in the yield curve.

Uniqlo parent Fast Retailing on Wednesday also gave inflation expectations something of a jolt in Japan by announcing plans for wages hikes of as much as 40%.

BOJ Governor Haruhiko Kuroda is due to make remarks later in the day. The yen rose about 0.5% in otherwise quiet currency trade to 131.84 per dollar. Japanese government bond futures fell to almost eight-year lows.

Foreign exchange markets were elsewhere holding their breath ahead of CPI data while China's reopening kept a bid under Asia's currencies. The yuan hit a five-month high of 6.7532 in offshore trade. The Aussie held above \$0.69.

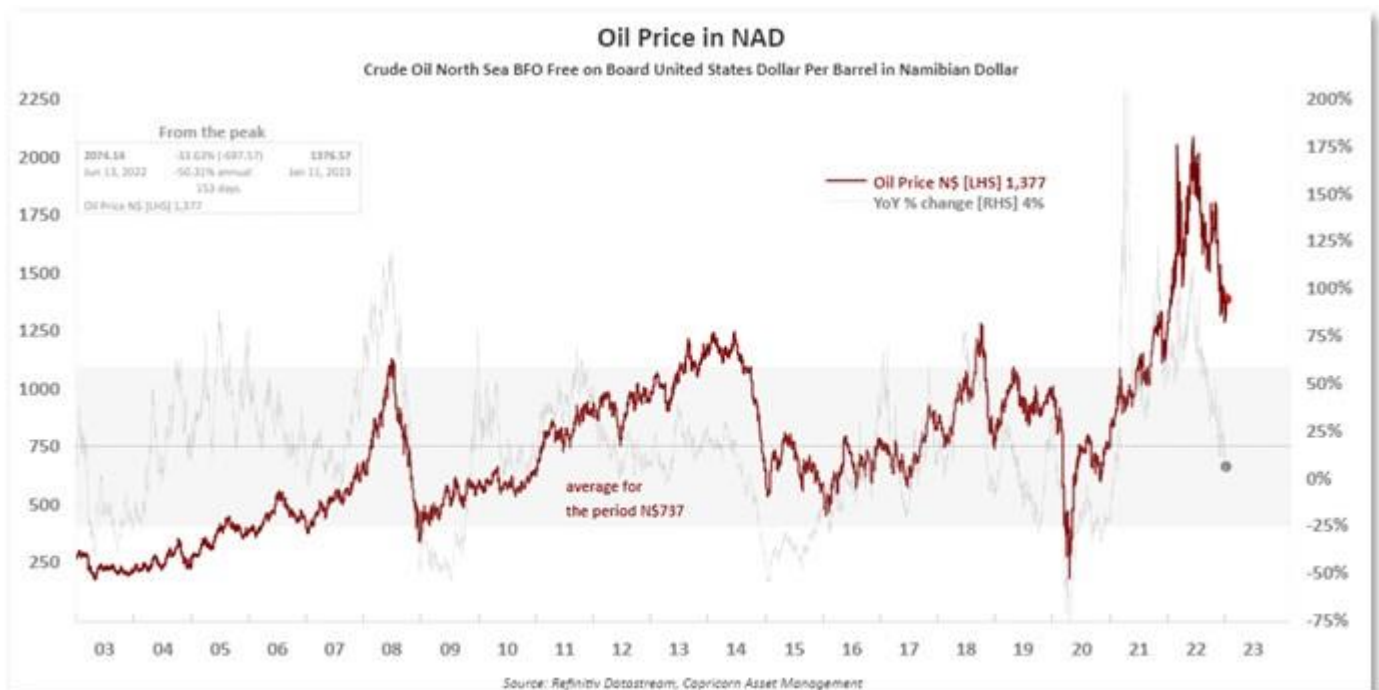
China on Thursday reported consumer price falls in December and a larger-than-expected drop in factory gate prices - underscoring the weakness in demand that investors are betting will recover over the coming months.

"It's not enough for China to come out of COVID to really turn the whole world economy around," said Steven Wieting, chief investment strategist and chief economist at Citi Global Wealth Investments. "But it really weighs in the opposite direction."

Inflation data is also due in India later on Thursday, where hopes are it will steady below 6%.

Source: Reuters Refinitiv

Domestic Markets



South African rand firmed on Wednesday, as the dollar weakened on global markets with investors awaiting U.S. consumer price data due tomorrow.

At 1535 GMT, the risk-sensitive rand traded at 16.9800 against the dollar, 0.19% stronger than its previous close.

The dollar index, which measures the greenback against six major rivals, was last down about 0.1% at 103.14.

"For now, the rand is struggling to find the catalyst to drive the USD-ZAR through strong technical support," ETM Analytics said in a research note.

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.

Locally, investors will again be wary of the impact on businesses from the latest rotational power cuts by state power utility Eskom, which on Wednesday repeated its worst outages on record until further notice.

Shares on the Johannesburg Stock Exchange ended higher, mirroring similar moves in global equities. Overall, the Top-40 index ended 0.77% higher while the broader all-share index rose 0.67%.

The government's benchmark 2030 bond was weaker, with the yield up 4.5 basis points at 9.895%.

Source: Reuters Refinitiv

You can't expect to hit the jackpot if you don't put a few nickels in the machine.

Flip Wilson

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				12 January 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	8.09	0.009	8.08	8.09
6 months	↑	8.02	0.009	8.01	8.02
9 months	↑	8.45	0.009	8.44	8.45
12 months	↑	8.62	0.025	8.59	8.62
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⇒	9.19	0.000	9.19	9.19
GC24 (Coupon 10.50%, BMK R186)	↑	7.84	0.045	7.80	7.83
GC25 (Coupon 8.50%, BMK R186)	↑	8.29	0.045	8.25	8.28
GC26 (Coupon 8.50%, BMK R186)	↑	8.35	0.045	8.31	8.34
GC27 (Coupon 8.00%, BMK R186)	↑	9.32	0.045	9.28	9.31
GC30 (Coupon 8.00%, BMK R2030)	↑	11.19	0.045	11.14	11.17
GC32 (Coupon 9.00%, BMK R213)	↑	11.41	0.035	11.37	11.41
GC35 (Coupon 9.50%, BMK R209)	↑	12.18	0.030	12.15	12.17
GC37 (Coupon 9.50%, BMK R2037)	↑	12.82	0.020	12.80	12.80
GC40 (Coupon 9.80%, BMK R214)	↑	13.16	0.030	13.13	13.14
GC43 (Coupon 10.00%, BMK R2044)	↑	13.75	0.030	13.72	13.73
GC45 (Coupon 9.85%, BMK R2044)	↑	14.27	0.030	14.24	14.25
GC48 (Coupon 10.00%, BMK R2048)	↑	14.32	0.025	14.30	14.31
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.33	0.025	14.31	14.32
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.90	0.000	3.90	3.08
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	6.61
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,876	-0.05%	1,877	1,884
Platinum	↓	1,070	-0.96%	1,081	1,071
Brent Crude	↑	82.7	3.21%	80.1	82.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,731	0.64%	1,720	1,731
JSE All Share	↑	78,522	0.67%	78,000	78,522
SP500	↑	3,970	1.28%	3,919	3,970
FTSE 100	↑	7,725	0.40%	7,694	7,725
Hangseng	↑	21,436	0.49%	21,331	21,415
DAX	↑	14,948	1.17%	14,775	14,948
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	15,846	-0.44%	15,916	15,846
Resources	↑	77,640	0.90%	76,950	77,640
Industrials	↑	99,031	1.15%	97,906	99,031
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.91	-0.51%	17.00	16.91
N\$/Pound	↓	20.53	-0.61%	20.66	20.57
N\$/Euro	↓	18.19	-0.31%	18.24	18.21
US dollar/ Euro	↑	1.076	0.20%	1.073	1.077
		Namibia		RSA	
Interest Rates & Inflation		Dec 22	Nov 22	Dec 22	Nov 22
Central Bank Rate	⇒	6.75	6.75	7.00	7.00
Prime Rate	⇒	10.50	10.50	10.50	10.50
		Nov 22	Oct 22	Nov 22	Oct 22
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

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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