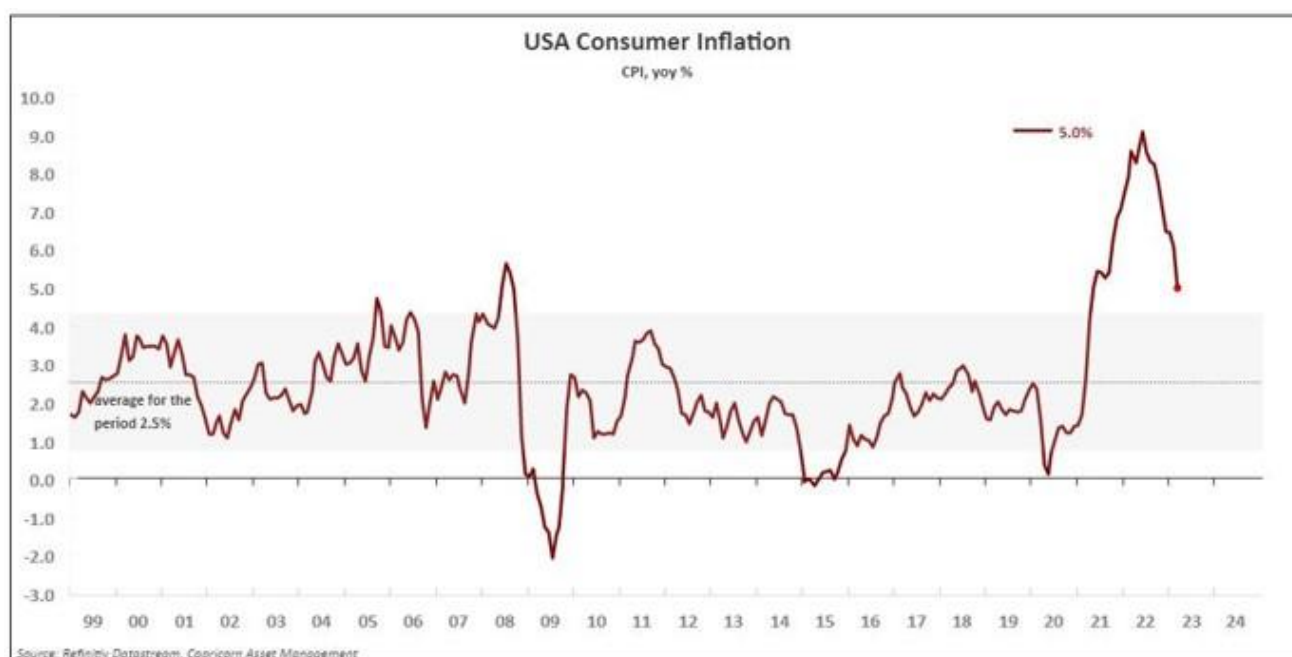




Market Update

Thursday, 13 April 2023



Global Markets

Asian stocks struggled on Thursday, dragged down by tech and property selling in Hong Kong, while the dollar was under pressure as softening U.S. inflation seemed to suggest the Federal Reserve's rate hike cycle was nearing its end.

Early in the Asia day the euro hit a 2-1/2 month top at \$1.10. Investors are positive on Europe, where blue-chip stocks hit a two-decade high on Wednesday, and reckon Europe's central bankers will need to be more hawkish longer than their U.S. counterparts to rein in rising prices.

U.S. and European futures nudged up 0.1% and 0.2%, respectively. The Aussie dollar rose 0.2% on the back of surprise surges in both Chinese exports, which zoomed 14.8% compared with last March, and domestic Australian jobs .

MSCI's broadest index of Asia-Pacific shares outside Japan slipped 0.3%, largely pressured by 1% drops in Hong Kong tech and China property stocks.

China's major stock indexes were slightly in the red, with analysts saying an unexpected rise in March exports was unlikely to be sustained given softening global demand.

Tech stocks slid after the Financial Times reported SoftBank was selling down its Alibaba stake, on the heels of Netherlands' investor Prosus flagging some selling of its Tencent stake on Wednesday.

"It was a cluster of bad news," said Wong Kok Hoong, head of equity sales trading at Maybank in Singapore. "Interestingly, though, SoftBank trimming...may lift the final overhang on Alibaba shares," he said, which could encourage buying.

Alibaba shares were down more than 5% at one stage, though pared losses to sit 2.4% lower at lunchtime.

SoftBank shares rose 0.2%, in line with the broader Japan market which is on a five-session winning streak in the afterglow of Warren Buffett increasing Japan exposure.

A 50% collapse in the stock price of property developer Sunac China, which resumed trade in Hong Kong after a year-long suspension, put pressure on a sector that is attempting to steady. Sunac is in the midst of a debt restructuring.

Two-year Treasury yields were steady at 3.985% in Asia after dropping more than 8 basis points on Wednesday when data showed U.S. consumer prices barely rose in March.

The annual 5% headline rise for U.S. inflation was the smallest since May 2021 and down from 9.1% last June.

Though with core CPI sticky at an annual 5.6% and minutes from last month's Fed meeting showing participants cautious about credit tightening in the wake of banking sector wobbles in March, markets are nervous.

British monthly GDP is due later on Wednesday, as are Tesco earnings and U.S. producer prices.

However, given the Fed's concern about banks, much of the week's focus will fall on earnings from Citi, Wells Fargo and JP Morgan Chase due on Friday.

"It is an 'if' monetary policy world, that is, wait and see about banking and financial conditions," said Sam Rines, managing director at research firm CORBŪ in Texas. "Banking sector issues are explicitly part of the reaction function now."

Goldman Sachs' chief economist Jan Hatzius sounded upbeat, noting risks of an outright banking crisis have declined sharply since no further banks have blown up since the weekend of the collapse of Silicon Valley Bank a month ago. Still, there is pressure and warning signs, particularly for regional lenders, with Rines pointing to the Bank of South Carolina which noted "precipitous increases" in deposit costs and thin margins in its first-quarter earnings this week.

Elsewhere, oil prices held sharp gains made in the wake of the inflation data, with Brent crude futures mostly steady at \$87.02 a barrel. Gold held at \$2,018 an ounce.

Bitcoin, which has this week broken above \$30,000 for the first time since mid-2022, hovered at \$30,008. **Source: Thomson Reuters Refinitiv**

Domestic Markets



The South African rand gained modestly on Wednesday as the dollar fell globally on data showing cooler-than-expected U.S. headline inflation in March.

Johannesburg-listed stocks closed slightly lower.

U.S. consumer prices rose 0.1% in March, compared to expectations for a 0.2% increase and a 0.4% rise in February. Despite the smaller-than-predicted increase, economists said underlying inflation pressures mean the Federal Reserve will probably still raise interest rates again next month.

At 1550 GMT, the rand traded at 18.3750 against the dollar, about 0.1% stronger than its previous close.

The dollar was down around 0.5% against a basket of global currencies.

The risk-sensitive rand is highly sensitive to shifts in the outlook for U.S. inflation and monetary policy.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index closed down 0.4% and the broader All-share index ended the day 0.3% lower, with the bulk of the losses coming before the U.S. inflation figures were released.

Global stock markets were boosted by the U.S. inflation figures, and South Africa-based traders said they should support local equities also.

"I think JSE market investors would be relieved the efforts by the Federal Reserve to tame inflation seem to be working," said Greg Davies, head of wealth at Cratos Capital.

South Africa's benchmark 2030 government bond traded stronger, the yield down 3.5 basis points at 9.905%.

Source: Thomson Reuters Refinitiv

The glow of one warm thought is to me worth more than money.
Thomas Jefferson

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				13 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	↑	9.05	0.025	9.03	9.05
12 months	↑	9.15	0.025	9.13	9.15
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⇒	8.40	0.000	8.40	8.40
GC24 (Coupon 10.50%, BMK R186)	↓	8.81	-0.020	8.83	8.81
GC25 (Coupon 8.50%, BMK R186)	↓	8.96	-0.020	8.98	8.96
GC26 (Coupon 8.50%, BMK R186)	↓	8.86	-0.020	8.88	8.86
GC27 (Coupon 8.00%, BMK R186)	↓	9.33	-0.020	9.35	9.33
GC28 (Coupon 8.50%, BMK R2030)	↓	9.71	-0.035	9.74	9.71
GC30 (Coupon 8.00%, BMK R2030)	↓	10.41	-0.035	10.44	10.41
GC32 (Coupon 9.00%, BMK R213)	↓	11.09	-0.035	11.12	11.09
GC35 (Coupon 9.50%, BMK R209)	↓	12.52	-0.025	12.55	12.52
GC37 (Coupon 9.50%, BMK R2037)	↓	12.96	-0.025	12.99	12.96
GC40 (Coupon 9.80%, BMK R214)	↓	13.08	-0.020	13.10	13.08
GC43 (Coupon 10.00%, BMK R2044)	↓	13.88	-0.025	13.90	13.88
GC45 (Coupon 9.85%, BMK R2044)	↓	13.78	-0.025	13.80	13.78
GC48 (Coupon 10.00%, BMK R2048)	↓	13.94	-0.020	13.96	13.94
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.04	-0.020	14.06	14.04
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)	↑	6.22	0.070	6.15	6.22
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.56	0.000	6.56	6.56
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	2,015	0.58%	2,003	2,015
Platinum	↑	1,015	2.08%	995	1,013
Brent Crude	↑	87.3	2.01%	85.6	86.9
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,629	0.27%	1,625	1,629
JSE All Share	↓	77,741	-0.32%	77,991	77,741
SP500	↓	4,092	-0.41%	4,109	4,092
FTSE 100	↑	7,825	0.50%	7,786	7,825
Hangseng	↓	20,310	-0.86%	20,485	20,167
DAX	↑	15,704	0.31%	15,655	15,704
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	15,983	0.74%	15,866	15,983
Resources	↓	70,716	-0.05%	70,750	70,716
Industrials	↓	102,461	-0.97%	103,461	102,461
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.41	0.20%	18.37	18.39
N\$/Pound	↑	22.98	0.67%	22.82	22.95
N\$/Euro	↑	20.23	0.92%	20.05	20.20
US dollar/ Euro	↑	1.099	0.72%	1.091	1.098
		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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