

The Daily Brief



Capricorn Asset Management

Market Update

Tuesday, 13 December 2022



Global Markets

Asian stock markets were buoyed on Tuesday by overnight optimism on Wall Street that the U.S. Federal Reserve and other central banks would ease off on the pace at which interest rates have been hiked to tackle the highest inflation levels in decades.

MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.17% while Japan's Nikkei and Seoul's KOSPI index were 0.32% and 0.01% higher respectively. Australian shares rose 0.34%.

A key focus for traders was U.S. inflation data due out at 1330 GMT on Tuesday, with core CPI expected to slow from 6.3% to 6.1% and headline inflation dropping to 7.3%. Treasury Secretary Janet Yellen struck a cautious note on Sunday in saying she expected a substantial slowdown in 2023 inflation, but that the U.S. economy remained prone to shocks.

Later this week, the Fed, European Central Bank and the Bank of England are all expected to raise rates by 50 basis points (bps), rather than the aggressive 75 bps hikes they approved earlier in the year.

"Given the very close proximity (of U.S. CPI data) to the FOMC, it clearly has the ability to change the tone of the message ... but is highly unlikely to change the headline 50 bps hike," Deutsche Bank said in a research note.

Chinese stocks were expected to be flat on Tuesday as a rapid COVID-19 surge in the world's biggest economy is raising worries that infections might disrupt consumption and manufacturing.

The dollar was firm, rising 0.8% versus the yen overnight and steady at 137.62 yen in early Asia trade on Tuesday. It also held onto gains on the Australian dollar at \$0.6756.

Oil prices were higher after jumping on Monday due to supply jitters, with Brent crude futures up 0.28% at \$78.21 a barrel and U.S. West Texas Intermediate crude up 0.51% at \$73.54 a barrel.

Spot gold was steady at \$1,781.66 per ounce, while U.S. gold futures were up 0.1% at \$1,793.40.

Source: Reuters Refinitiv

Domestic Markets



The South African rand and stocks fell on Monday, with investors cautious ahead of a raft of local data.

At 1532 GMT, the rand traded at 17.5700 against the dollar, about 1.18% weaker than its Friday close.

This week, domestic data that could influence rand trading includes October mining output and November business confidence data on Tuesday, November consumer inflation and October retail sales on Wednesday, and November producer inflation on Thursday.

The U.S. Federal Reserve and the European Central Bank are also holding their policy meetings this week.

On the Johannesburg Stock Exchange, the Top-40 index closed 0.11% lower, while the broader all-share index fell 0.17%

The South African government's benchmark 2030 bond was slightly weaker in afternoon deals, with the yield rising 3.5 basis points to 10.505%.

Source: Reuters Refinitiv

Love may be or it may not, but where it is, it ought to reveal itself in its immensity.

Honore de Balzac

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				13 December 2022	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	8.03	0.008	8.02	8.03
6 months	↑	8.01	0.016	7.99	8.01
9 months	⇒	8.54	0.000	8.54	8.54
12 months	↑	8.78	0.017	8.76	8.78
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⇒	8.99	0.000	8.99	8.99
GC24 (Coupon 10.50%, BMK R186)	↑	8.48	0.035	8.44	8.48
GC25 (Coupon 8.50%, BMK R186)	↑	8.93	0.035	8.89	8.93
GC26 (Coupon 8.50%, BMK R186)	↑	8.99	0.035	8.95	8.99
GC27 (Coupon 8.00%, BMK R186)	↑	9.96	0.035	9.92	9.96
GC30 (Coupon 8.00%, BMK R2030)	↑	11.80	0.035	11.76	11.80
GC32 (Coupon 9.00%, BMK R213)	↑	12.01	0.045	11.96	12.01
GC35 (Coupon 9.50%, BMK R209)	↑	12.77	0.040	12.73	12.77
GC37 (Coupon 9.50%, BMK R2037)	↑	13.41	0.050	13.36	13.41
GC40 (Coupon 9.80%, BMK R214)	↑	13.67	0.030	13.64	13.66
GC43 (Coupon 10.00%, BMK R2044)	↑	14.23	0.040	14.19	14.23
GC45 (Coupon 9.85%, BMK R2044)	↑	14.75	0.040	14.71	14.75
GC48 (Coupon 10.00%, BMK R2048)	↑	14.85	0.040	14.81	14.85
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.86	0.040	14.82	14.86
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)	⇒	3.95	0.000	3.95	3.95
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)	⇒	6.61	0.000	6.61	6.61
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,781	-0.86%	1,797	1,782
Platinum	↓	1,002	-2.03%	1,022	999
Brent Crude	↑	78.0	2.48%	76.1	79.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,647	0.06%	1,646	1,647
JSE All Share	↓	74,422	-0.17%	74,548	74,422
SP500	↑	3,991	1.43%	3,934	3,991
FTSE 100	↓	7,446	-0.41%	7,477	7,446
Hangseng	↓	19,464	-2.20%	19,901	19,573
DAX	↓	14,307	-0.45%	14,371	14,307
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	15,383	-0.12%	15,401	15,383
Resources	↓	72,852	-0.63%	73,315	72,852
Industrials	↑	92,745	0.15%	92,605	92,745
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.59	1.37%	17.35	17.59
N\$/Pound	↑	21.58	1.49%	21.26	21.58
N\$/Euro	↑	18.53	1.41%	18.27	18.54
US dollar/ Euro	↑	1.054	0.05%	1.053	1.054
		Namibia		RSA	
Interest Rates & Inflation		Nov 22	Oct 22	Nov 22	Oct 22
Central Bank Rate	↑	6.75	6.25	7.00	6.25
Prime Rate	↑	10.50	10.00	10.50	9.75
		Oct 22	Sep 22	Oct 22	Sep 22
Inflation	⇒	7.1	7.1	7.6	7.5

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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