



Market Update

Monday, 13 June 2022



Global Markets

Stocks sank on Monday and bond yields ticked higher, as red-hot U.S. inflation reignited worries about even more aggressive Federal Reserve policy tightening, and a COVID-19 warning from Beijing added to concerns about global growth.

Chinese blue chips dropped 0.84%, and Hong Kong's Hang Seng suffered a 2.9% slide. Japan's Nikkei slumped 2.78, and South Korea's Kospi declined 2.78%. New Zealand's stock benchmark was off 2.1%. Australian markets were closed for a holiday. U.S. stock futures pointed to further losses at the reopen, with the S&P 500 indicating 1.54% lower, after Friday's 2.91% retreat.

The dollar hit 135 yen for the first time in two decades, buoyed by a rise in Treasury yields that continued into Tokyo trading, with the 10-year reaching a more than one-month peak of 3.201%, putting it just two-tenths of a basis point from the highest since November 2018.

Beijing's most populous district of Chaoyang announced on Sunday three rounds of mass testing to quell a "ferocious" COVID-19 outbreak that emerged at a bar in a nightlife and shopping area last week, spurring concern of more growth-strangling lockdowns only a short time after the city relaxed curbs to quell an outbreak from April.

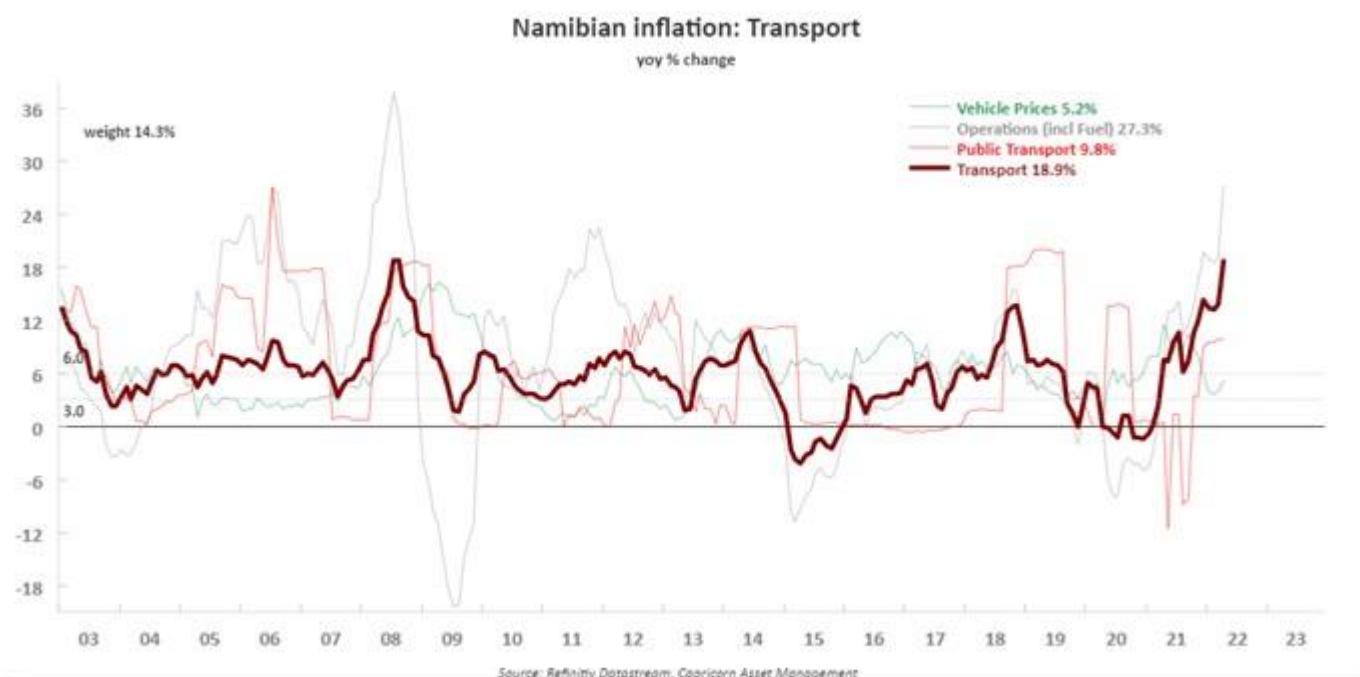
Meanwhile, the U.S. consumer price index increased a bigger-than-expected 8.6% last month, the largest year-on-year increase since December 1981, Labour Department figures showed Friday. That dashed hopes that inflation had peaked, and instead put markets on alert that the Fed may tighten policy for too long and cause a sharp economic slowdown. The next policy decision comes on Wednesday.

"The inflation data are game changers that force the Fed to switch to a higher gear, front-loading policy tightening," Jefferies strategist Aneta Markowska wrote in a research note, lifting a call for this week's decision to a 75 basis point hike. "Inflation isn't peaking, it isn't even plateauing. It is still accelerating, and it will likely do so in June" as well, the note said. Markets currently price 80% odds of a half point increase, and 20% odds for 75 basis points. Two-year Treasury yields, which are very sensitive to policy expectations, leapt as high as 3.159% in Tokyo on Monday, a first since December 2007.

The U.S. dollar index, which measures the currency against six major peers including the yen, ticked as high as 104.55 for the first time in almost a month. The euro slid as low as \$1.0479 for the first time since May 19. Leading cryptocurrency bitcoin slumped to a one-month low of \$25,975.

Meanwhile, crude oil dropped more than \$2 on worries about global growth. Brent crude futures fell \$2.06, or 1.7, to \$119.95 a barrel, while U.S. West Texas Intermediate crude was at \$118.54 a barrel, down \$2.13, or 1.8%.

Domestic Markets



The South African rand slumped on Friday as the dollar surged after hot U.S. May inflation data raised the likelihood of a prolonged aggressive interest rate hikes by the Federal Reserve to fight inflation.

U.S. consumer prices accelerated in May as gasoline prices hit a record high and the cost of food soared, leading to the largest annual increase in nearly 40-1/2 years. The consumer price index increased 1.0% in May after gaining 0.3% in April.

At 1625 GMT, the rand traded at 15.8575 against the dollar, down 2.19% from its previous close. The dollar index was up 0.88% at 104.21. A stronger dollar can make high-yielding but riskier assets such as the rand relatively unattractive to investors. Higher rates in the United States also tend to drain capital from emerging markets like South Africa.

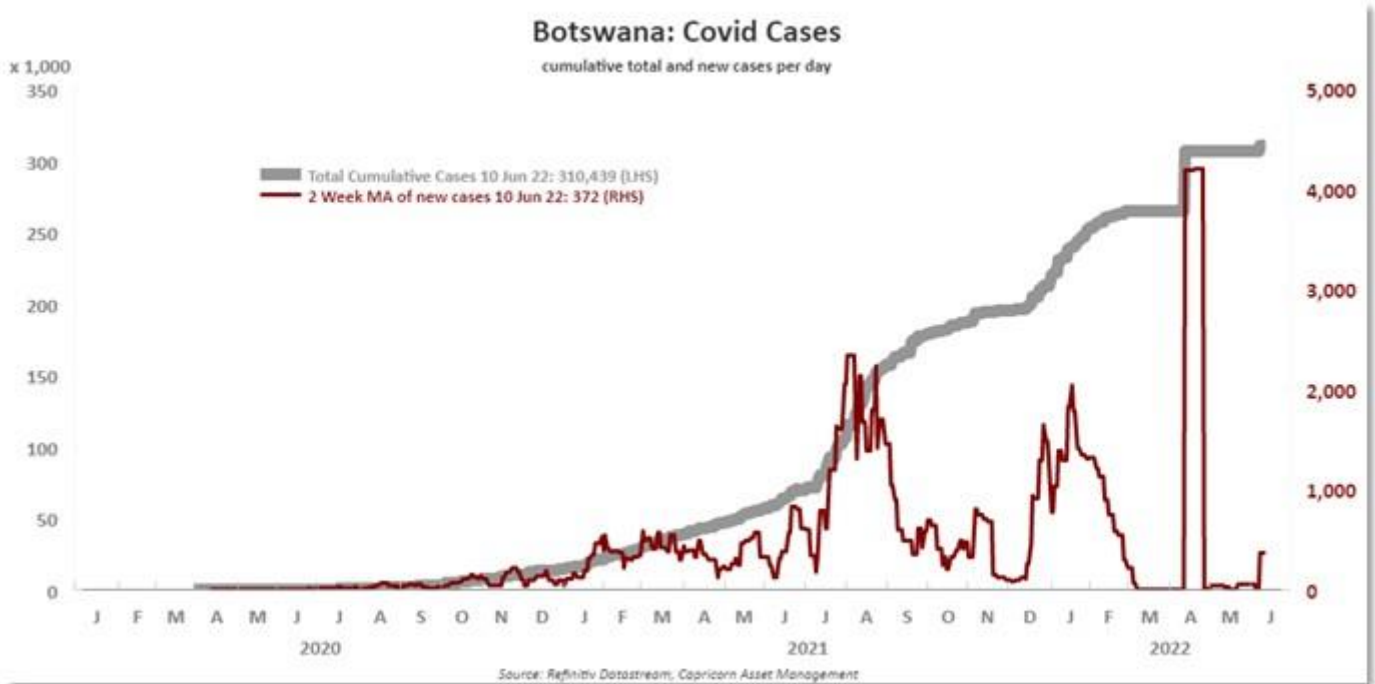
"Sanctions on Russia, adverse weather conditions, the disruption to transport routes in the Black Sea from the Russian/Ukraine war and other issues facing Ukrainian grain exports will all support grain and cooking oils prices, and risk driving price inflation higher," Investec economist Annabel Bishop said in a research note.

Stocks in the Johannesburg Stock Exchange (JSE) mirrored global markets in its melt down over worries of higher inflation in the U.S. following the latest inflation data. However, mining companies performed well, with the mining index up 1.87%, after gold prices bounced back. Harmony Gold Mining Company Ltd closed 6.72% higher, while Gold Fields Ltd ended up 9.49%. Gold Fields' gains came on the heels of a top investor calling its Yamana Gold Inc buyout a "serious error." Overall on the JSE, the All-Share index fell 1.61% to 67,804 points while the Top-40 index closed 1.73% lower at 61,348 points.

The government's benchmark 2030 bond fell, with the yield rising 22.5 basis points to 10.205%.

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	532,201,219	3,267,537	6,305,358	8,893



Source: Thomson Reuters Refinitiv

If you cannot do great things, do small things in a great way.

Napoleon Hill

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				13 June 2022	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	5.30	0.000	5.30	5.30
6 months	⇒	5.78	0.000	5.78	5.78
9 months	↑	6.71	0.017	6.69	6.71
12 months	↑	7.12	0.059	7.06	7.12
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↑	7.30	0.070	7.23	7.30
GC24 (Coupon 10.50%, BMK R186)	↑	8.18	0.200	7.98	8.18
GC25 (Coupon 8.50%, BMK R186)	↑	8.63	0.200	8.43	8.63
GC26 (Coupon 8.50%, BMK R186)	↑	9.34	0.200	9.14	9.34
GC27 (Coupon 8.00%, BMK R186)	↑	9.66	0.200	9.46	9.66
GC30 (Coupon 8.00%, BMK R2030)	↑	11.50	0.225	11.27	11.50
GC32 (Coupon 9.00%, BMK R213)	↑	12.73	0.230	12.50	12.73
GC35 (Coupon 9.50%, BMK R209)	↑	13.38	0.225	13.15	13.38
GC37 (Coupon 9.50%, BMK R2037)	↑	14.36	0.225	14.14	14.36
GC40 (Coupon 9.80%, BMK R214)	↑	14.30	0.225	14.07	14.28
GC43 (Coupon 10.00%, BMK R2044)	↑	14.60	0.240	14.36	14.60
GC45 (Coupon 9.85%, BMK R2044)	↑	14.61	0.240	14.37	14.61
GC48 (Coupon 10.00%, BMK R2048)	↑	15.03	0.230	14.80	15.03
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.77	0.230	14.54	14.77
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	4.00	0.000	4.00	4.00
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.94	0.000	3.94	3.94
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	4.94	0.000	4.94	4.94
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.85	0.000	6.85	6.85
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.83	0.000	7.83	7.83
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,871	1.26%	1,848	1,866
Platinum	↑	973	0.23%	971	961
Brent Crude	↓	122.0	-0.86%	123.1	120.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,677	-3.34%	1,735	1,677
JSE All Share	↓	67,804	-1.61%	68,911	67,804
SP500	↓	3,901	-2.91%	4,018	3,901
FTSE 100	↓	7,318	-2.12%	7,476	7,318
Hangseng	↓	21,806	-0.29%	21,869	21,126
DAX	↓	13,762	-3.08%	14,199	13,762
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	15,310	-1.56%	15,553	15,310
Resources	↓	72,018	-2.38%	73,776	72,018
Industrials	↓	75,272	-1.26%	76,231	75,272
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	15.83	2.85%	15.39	15.83
N\$/Pound	↑	19.49	1.40%	19.22	19.47
N\$/Euro	↑	16.64	1.89%	16.33	16.61
US dollar/ Euro	↓	1.052	-0.93%	1.061	1.049
		Namibia		RSA	
Interest Rates & Inflation		May 22	Apr 22	May 22	Apr 22
Central Bank Rate	↑	4.25	4.00	4.75	4.25
Prime Rate	↑	8.00	7.75	8.25	7.75
		Apr 22	Mar 22	Apr 22	Mar 22
Inflation	↑	5.6	4.5	5.9	5.9

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 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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