

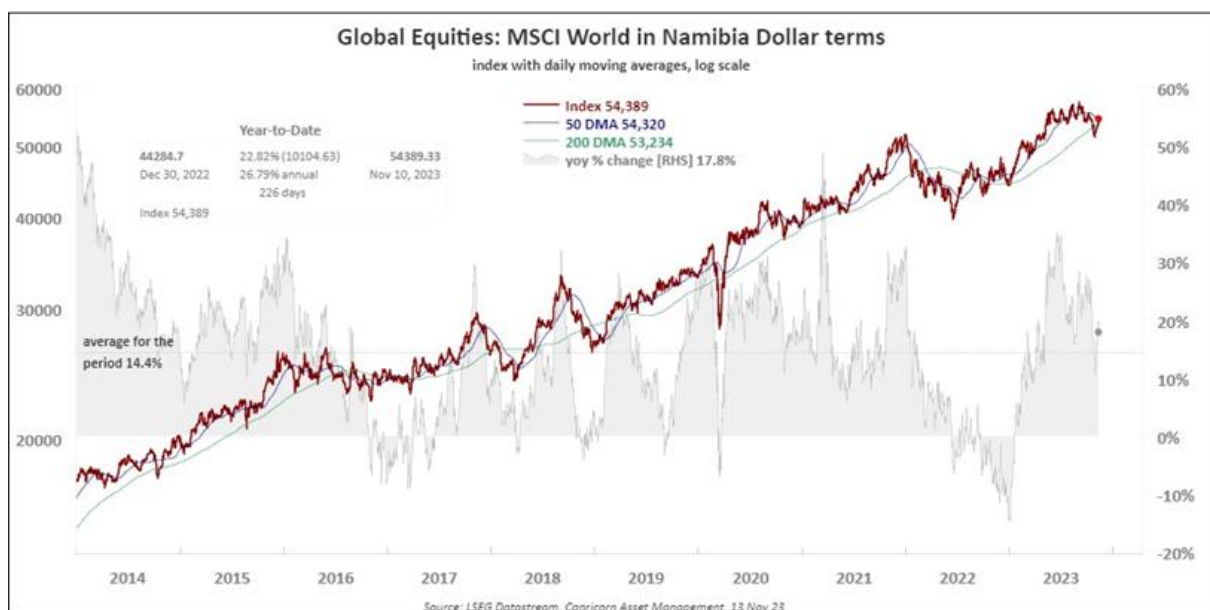
The Daily Brief



Capricorn Asset Management

Market Update

Monday, 13 November 2023



Global Markets

Stocks in Asia rose on Monday while Treasuries and the dollar kept their composure, as investors took their lead from Wall Street's Friday rally, shrugging off a Moody's downgrade to the U.S. credit outlook. Tech stocks stood out, as they had in the U.S. at the end of last week after the calming of long-term Treasury yields since the start of this month boosted the outlook for borrowing-dependent growth shares.

U.S. 10-year Treasury yields were stable at around 4.646%, consolidating around the top of their range since Nov. 3, when softer labour market data spurred bets for a less hawkish Federal Reserve. The yield had been as high as 4.935% on Nov 1st. The U.S. dollar index hovered below its post-payrolls-report high of 106.01, reached on Friday, last trading little changed around 105.80.

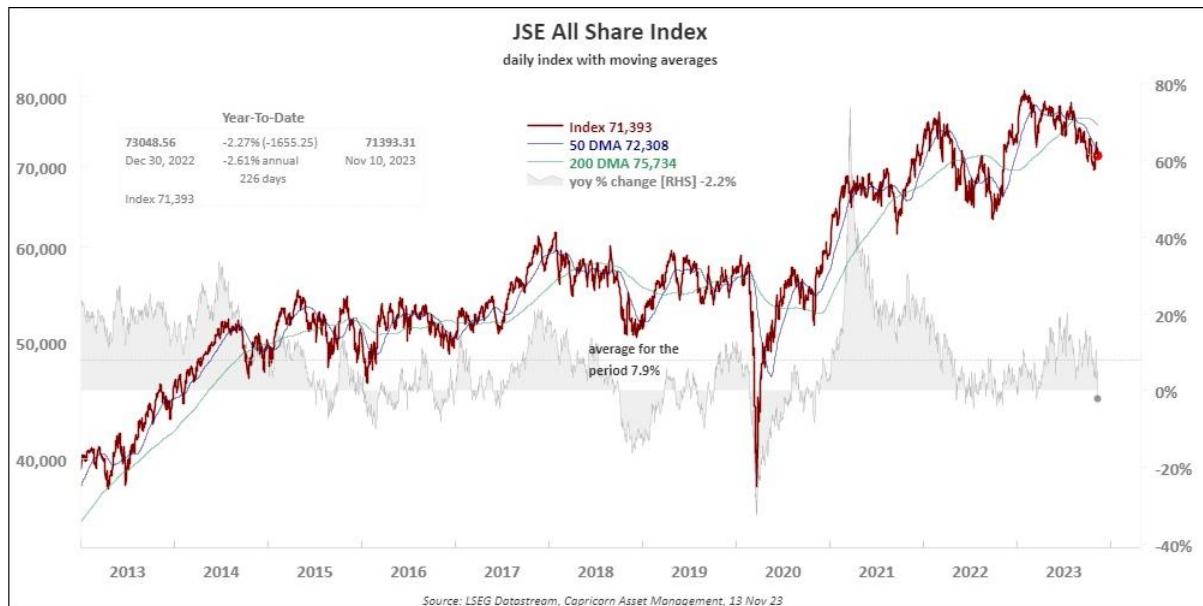
Japan's Nikkei rose 0.46%, with chip-related shares providing the biggest boost. Taiwan's tech-heavy equity benchmark rallied 1.17%. Hong Kong's Hang Seng gained 0.49% amid an outperformance in tech shares. However, mainland Chinese blue chips were slightly lower, and Australia's resource-heavy benchmark slipped 0.13%. Nomura Securities strategist Naka Matsuzawa said equities are likely close to a peak.

"Up until now the market has been taking bad economic news as good news because that would mean a pause in Fed rate hikes," he said. "But now, the Treasury market has already priced in a pause, so there's not much room for Treasury yields to fall further," removing support for the stock market, he added. "In short, I don't think the stock market rally is going to continue."

The market paid little attention to a Moody's announcement late on Friday that it had lowered its outlook on the U.S. credit rating to "negative" from "stable". The focus instead remains on upcoming economic data, with readings of U.S. consumer prices and retail sales due Tuesday and Wednesday, respectively.

Meanwhile, crude oil prices eased on Monday as demand worries trumped supply concerns, amid slowing growth in the United States and China. Brent crude futures for January were down 35 cents, or 0.4%, at \$81.08 a barrel, while the U.S. West Texas Intermediate (WTI) crude futures for December were at \$76.82, down 35 cents, or 0.5%. Both benchmarks gained nearly 2% on Friday as Iraq voiced support for oil cuts by OPEC+.

Source: Thomson Reuters Refinitiv



Domestic Markets

The South African rand fell on Friday, capping off a week of losses after hawkish comments from Federal Reserve Chair Jerome Powell helped the dollar rally and decreased risk appetite. At 1434 GMT, the rand traded at 18.7450 to the dollar, about 0.4% weaker than its previous close. The dollar last traded down about 0.06% against a basket of global currencies but was still set for a strong weekly gain. The rand had jumped last week as risk sentiment improved after the Federal Reserve left interest rates unchanged.

On Thursday, Fed Chair Jerome Powell said that further interest rate hikes may be needed to bring inflation within the U.S. central bank's target range. "(Emerging market) currencies have all given back a large part of recent gains as the rate hike fears and fresh global growth concerns dampen risk appetite," said Andre Cilliers, Currency Strategist at TreasuryONE.

"Fresh data releases over the next few weeks will be critical to what the Fed will likely do at its next FOMC meeting," he added. Like other risk-sensitive currencies, the rand often takes cues from global factors, such as U.S. monetary policy, in the absence of local drivers.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index was down about 1.4%. South Africa's benchmark 2030 government bond was weaker, with the yield up 5 basis points to 10.390%.

Source: Thomson Reuters Refinitiv

It is the mark of an educated mind to be able to entertain a thought without accepting it.

Aristotle

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				13 November 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	8.46	0.000	8.46	8.46
6 months	↑	8.59	0.009	8.58	8.59
9 months	→	8.62	0.000	8.62	8.62
12 months	↑	8.59	0.009	8.58	8.59
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↑	8.31	0.080	8.23	8.31
GC25 (Coupon 8.50%, BMK R186)	↑	9.12	0.080	9.04	9.12
GC26 (Coupon 8.50%, BMK R186)	↑	8.43	0.080	8.35	8.43
GC27 (Coupon 8.00%, BMK R186)	↑	8.95	0.080	8.87	8.95
GC28 (Coupon 8.50%, BMK R2030)	↑	9.43	0.075	9.36	9.43
GC30 (Coupon 8.00%, BMK R2030)	↑	9.97	0.075	9.90	9.97
GC32 (Coupon 9.00%, BMK R213)	↑	10.63	0.080	10.55	10.63
GC35 (Coupon 9.50%, BMK R209)	↑	11.20	0.085	11.12	11.20
GC37 (Coupon 9.50%, BMK R2037)	↑	12.03	0.085	11.95	12.03
GC40 (Coupon 9.80%, BMK R214)	↑	11.86	0.080	11.78	11.83
GC43 (Coupon 10.00%, BMK R2044)	↑	11.90	0.085	11.82	11.90
GC45 (Coupon 9.85%, BMK R2044)	↑	12.42	0.085	12.34	12.42
GC48 (Coupon 10.00%, BMK R2048)	↑	12.42	0.085	12.34	12.42
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.27	0.085	12.19	12.27
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	→	3.20	0.000	3.20	3.20
GI27 (Coupon 4.00%, BMK NCPI)	↑	4.74	0.029	4.71	4.74
GI29 (Coupon 4.50%, BMK NCPI)	↓	5.18	-0.024	5.20	5.18
GI33 (Coupon 4.50%, BMK NCPI)	↑	5.81	0.001	5.81	5.81
GI36 (Coupon 4.80%, BMK NCPI)	↓	6.18	-0.010	6.19	6.18
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,937	-1.09%	1,958	1,936
Platinum	↓	840	-2.30%	860	845
Brent Crude	↑	81.4	1.77%	80.0	80.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,524	-0.93%	1,538	1,524
JSE All Share	↓	71,393	-1.15%	72,227	71,393
SP500	↑	4,415	1.56%	4,347	4,415
FTSE 100	↓	7,361	-1.28%	7,456	7,361
Hangseng	↓	17,203	-1.76%	17,511	17,168
DAX	↓	15,234	-0.77%	15,353	15,234
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,464	0.48%	16,386	16,464
Resources	↓	52,499	-4.03%	54,701	52,499
Industrials	↓	98,712	-0.68%	99,389	98,712
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.73	0.41%	18.65	18.75
N\$/Pound	↑	22.89	0.42%	22.79	22.93
N\$/Euro	↑	20.00	0.55%	19.89	20.03
US dollar/ Euro	↑	1.068	0.14%	1.067	1.068
		Namibia		RSA	
Interest Rates & Inflation		Oct 23	Sep 23	Oct 23	Sep 23
Central Bank Rate	→	7.75	7.75	8.25	8.25
Prime Rate	→	11.50	11.50	11.75	11.75
		Oct 23	Sep 23	Sep 23	Aug 23
Inflation	↑	6.0	5.4	5.4	4.8

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.



Capricorn Asset Management



Bank Windhoek

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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