

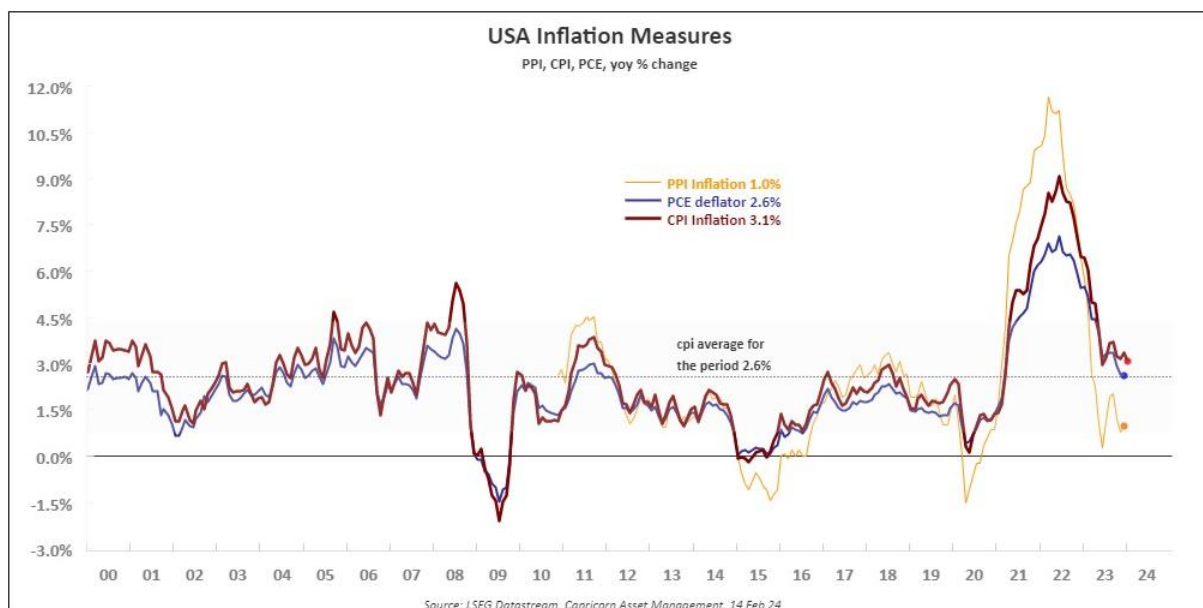
# The Daily Brief



Capricorn Asset Management

## Market Update

Wednesday, 14 February 2024



## Global Markets

Global stock market indexes dropped, the 10-year U.S. Treasury yield hit a 2-1/2-month high and the dollar touched a three-month peak against the yen on Tuesday after data showed U.S. inflation slowed less than expected in January. The U.S. consumer price index report pushed back market expectations that any interest rate cuts by the Federal Reserve were imminent. All three major U.S. stock indexes fell more than 1% each, and the Dow Jones industrial average posted its biggest daily percentage drop in almost 11 months.

The consumer price index increased 0.3% last month after gaining 0.2% in December, the Labor Department's Bureau of Labor Statistics said on Tuesday. Economists polled by Reuters had forecast the CPI gaining 0.2% on the month and rising 2.9% year-on-year. "Markets are taking it pretty hard because it puts a nail in the coffin of early (March) Fed rate cuts," said Carol Schleif, chief investment officer at BMO Family Office in Minneapolis, Minnesota. "It's evidence of a still-sturdy economy. There's still inflation to be wrung out of the system." After the data, expectations rose that the Fed will likely not cut rates until its June 11-12 policy meeting, with CME Group's FedWatch Tool showing a 74.4% chance for a cut of at least 25 basis points at that meeting. Expectations for a cut at the April 30-May 1 meeting declined to 36.1% from 60.7% on Monday. The yield on the benchmark U.S. 10-

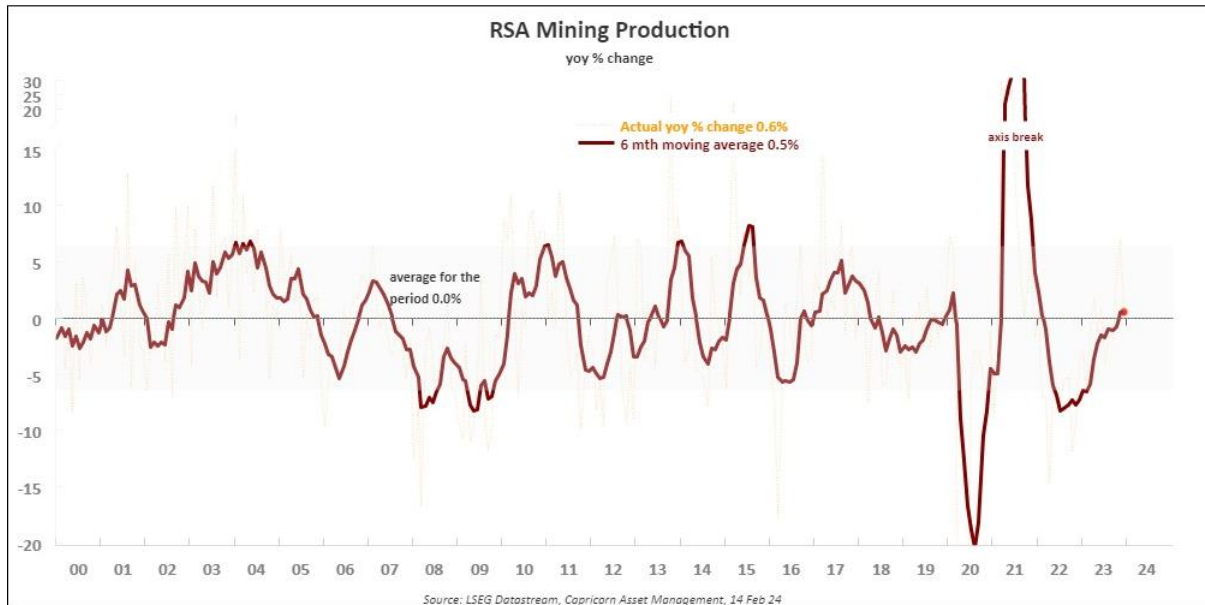
year Treasury note rose 14 basis points to 4.31% after reaching 4.314%, its highest level since December 1.

The Dow Jones Industrial Average fell 524.63 points, or 1.35%, to 38,272.75, the S&P 500 lost 68.67 points, or 1.37%, to 4,953.17 and the Nasdaq Composite lost 286.95 points, or 1.80%, to 15,655.60. U.S. stocks have been trading at record highs, boosted by the big technology companies and expectations the Fed will soon cut rates. The MSCI world equity index, which tracks shares in 49 nations, lost 1.1%. The Europe-wide Stoxx 600 index fell 0.95%. The greenback topped 150 yen for the first time since November following the data.

The dollar surged to 150.88 yen, a three-month peak. It was last up 0.9% at 150.75 yen. The dollar index also touched a three-month high. It was last up 0.68% at 104.86, while the euro was down 0.58% at 1.0709. In cryptocurrencies, bitcoin touched its highest since December 2021 at \$50,383, but was last down 0.58% at \$49,545.00. Also due this week are U.S. retail sales data and a U.S. producer prices report.

Oil prices rose as tensions continued in the Middle East and eastern Europe. Brent futures settled 77 cents higher at \$82.77 a barrel, while U.S. West Texas Intermediate (WTI) crude gained 95 cents to settle at \$77.87. Gold prices fell below the key \$2,000 per ounce level to a two-month low following the CPI data. Spot gold was down 1.3% at \$1,993.29 an ounce, its lowest since Dec. 13.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

The South African rand weakened on Tuesday after local mining production figures disappointed, and as U.S. inflation data pushed the dollar to a three-month peak. At 1512 GMT, the rand traded at 19.1000 against the U.S. dollar, about 1% weaker than its previous close. The dollar was up about 0.68% against a basket of global currencies.

South Africa's total mining output rose 0.6% year on year in December, far below the 4.9% expected by economists polled by Reuters, Statistics South Africa data showed. Total output rose by a revised 6.9% in November. "Domestic challenges continue to impede South Africa's production and export potential," said Investec economist Laura Hodes, adding that "congestion at the ports has had a significant bearing on the sector."

U.S. inflation rose more than expected in January, reinforcing expectations that the Federal Reserve will hold interest rates in March and causing the dollar to jump.

On the Johannesburg Stock Exchange, the Top-40 index closed 1.06% lower. The benchmark 2030 government bond was weaker, with the yield up 5.5 basis points to 10.100%.

**Source: Thomson Reuters Refinitiv**

There's a long life ahead of you and it's going to be beautiful, as long as you keep loving and hugging each other.

Yoko Ono

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				14 February 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.79	0.000	8.79	8.79
6 months	↑	8.86	0.008	8.85	8.86
9 months	⇒	8.92	0.000	8.92	8.92
12 months	⇒	9.00	0.000	9.00	9.00
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↑	9.12	0.050	9.07	9.12
GC25 (Coupon 8.50%, BMK R186)	↑	9.21	0.050	9.16	9.21
GC26 (Coupon 8.50%, BMK R186)	↑	9.21	0.050	9.16	9.21
GC27 (Coupon 8.00%, BMK R186)	↑	9.33	0.050	9.28	9.33
GC28 (Coupon 8.50%, BMK R2030)	↑	9.63	0.055	9.58	9.63
GC30 (Coupon 8.00%, BMK R2030)	↑	9.67	0.055	9.62	9.67
GC32 (Coupon 9.00%, BMK R213)	↑	10.16	0.040	10.12	10.16
GC35 (Coupon 9.50%, BMK R209)	↑	11.18	0.040	11.14	11.17
GC37 (Coupon 9.50%, BMK R2037)	↑	12.34	0.040	12.30	12.33
GC40 (Coupon 9.80%, BMK R214)	↑	12.53	0.040	12.49	12.52
GC43 (Coupon 10.00%, BMK R2044)	↑	12.75	0.040	12.71	12.73
GC45 (Coupon 9.85%, BMK R2044)	↑	12.58	0.040	12.54	12.56
GC48 (Coupon 10.00%, BMK R2048)	↑	12.69	0.040	12.65	12.68
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.42	0.040	12.38	12.41
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)	⇒	4.64	0.000	4.64	4.64
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.07	0.000	5.07	5.07
GI33 (Coupon 4.50%, BMK NCPI)	⇒	5.72	0.000	5.72	5.72
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.01	0.000	6.01	6.01
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,992	-1.37%	2,020	1,993
Platinum	↓	872	-1.91%	889	872
Brent Crude	↑	82.8	0.94%	82.0	82.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,507	-0.63%	1,517	1,507
JSE All Share	↓	73,063	-0.89%	73,722	73,063
SP500	↓	4,953	-1.37%	5,022	4,953
FTSE 100	↓	7,512	-0.81%	7,574	7,512
Hangseng	⇒	15,747	0.00%	15,747	15,799
DAX	↓	16,881	-0.92%	17,037	16,881
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,996	-0.68%	17,113	16,996
Resources	↓	49,773	-1.39%	50,477	49,773
Industrials	↓	103,815	-1.02%	104,890	103,815
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	19.12	1.19%	18.90	19.09
N\$/Pound	↑	24.08	0.88%	23.87	24.05
N\$/Euro	↑	20.48	0.60%	20.35	20.45
US dollar/ Euro	↓	1.071	-0.58%	1.077	1.071
		Namibia		RSA	
Interest Rates & Inflation		Jan 24	Dec 23	Jan 24	Dec 23
Central Bank Rate	⇒	7.75	7.75	8.25	8.25
Prime Rate	⇒	11.50	11.50	11.75	11.75
		Jan 24	Dec 23	Dec 23	Nov 23
Inflation	↑	5.4	5.3	5.1	5.5



#### 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

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**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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**Bank Windhoek**

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