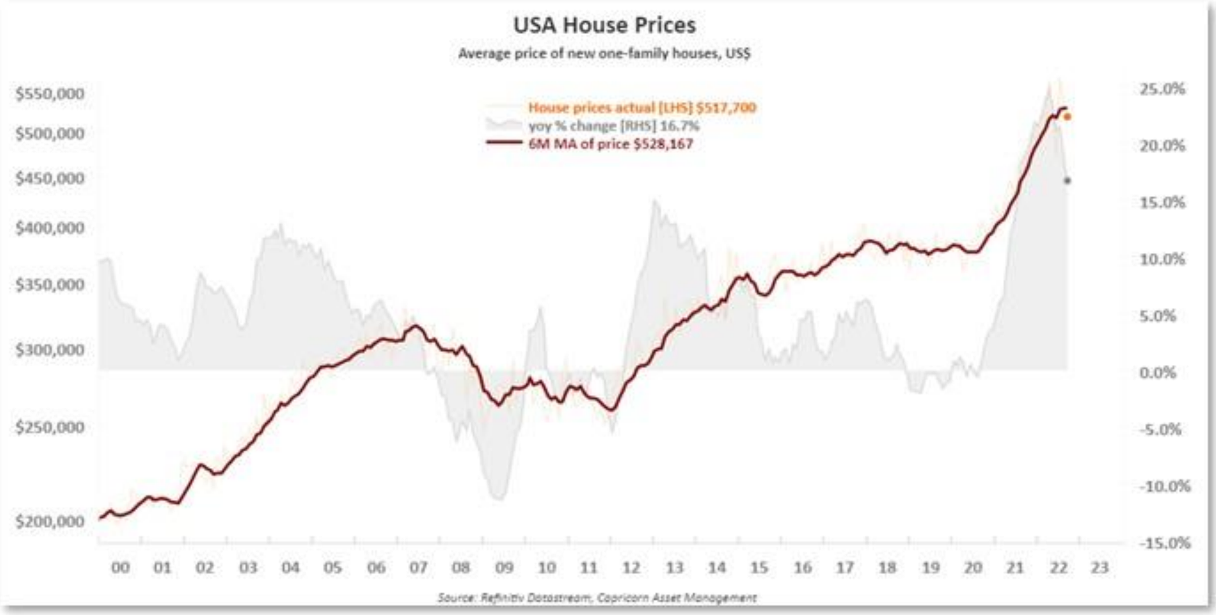
Market Update Monday, 14 November 2022



Global Markets

Asian share markets were mixed on Monday as a top U.S. central banker warned investors against getting carried away over one inflation number, while Chinese stocks gained on signs of aid for the country's hard-hit property sector.

A modest miss on U.S. inflation was enough to see two-year Treasury yields dive 33 basis points for the week and the dollar loses almost 4% - the fourth biggest weekly decline since the era of free-floating exchange rates began over 50 years ago.

However, the resulting easing in U.S. financial conditions was not entirely welcomed by the Federal Reserve, with Governor Christopher Waller saying it would take a string of soft reports for the bank to take its foot off the brakes.

Waller added the markets were well ahead of themselves on just one inflation print, though he did concede the Fed could now start thinking about hiking at a slower pace.

Futures are wagering heavily on a half-point rate rise to 4.25-4.5% in December, and then a couple of quarter-point moves to a peak in the 4.75-5.0% range.

Two-year yields edged up to 4.42%, after diving as deep as 4.29% on Friday.

"The CPI downside surprise aligns with a broad range of indicators pointing to a downshift in global inflation that should encourage a moderation in the pace of monetary policy tightening at the Fed and elsewhere," said Bruce Kasman, head of economic research at JPMorgan.

"This positive message needs be tempered by the recognition that downshift in inflation will be too little for central banks to declare mission-accomplished, and more tightening is likely on the way."

MSCI's broadest index of Asia-Pacific shares outside Japan added 1.1%, after jumping 7.7% last week.

Japan's Nikkei eased 0.8%, while South Korea went flat. S&P 500 futures dipped 0.3% and Nasdaq futures lost 0.5%.

EUROSTOXX 50 futures gained 0.4%, while FTSE futures tacked on 0.1%.

EYES ON CHINA

Dealers were also waiting to see if Chinese stocks could extend their big rally amid reports regulators have asked financial institutions to extend more support to stressed property developers.

China's real estate index jumped 5% in response. Blue chips rose 1.1%, helped by a slew of changes to China's COVID curbs, even as the country reported more cases over the weekend.

"It's hard to see how the case news is anything but negative from an economic standpoint, but it's the symbolism of the movement, however small, in the zero COVID strategy that markets are happily latching onto," said Ray Attrill, head of FX strategy at NAB.

U.S. President Joe Biden will meet Chinese leader Xi Jinping in person on Monday for the first time since taking office, with U.S. concerns over Taiwan, Russia's war in Ukraine and North Korea's nuclear ambitions on top of his agenda.

The news on COVID rules had stoked a short-covering bounce in the yuan, which added to broad pressure on the dollar as yields dived. The yuan was set 1.4% firmer on Monday - the largest such move since 2005.

The dollar index was up a fraction on Monday at 106.920, but still well short of last week's 111.280 top.

The euro eased a touch to $1.0308, after climbing 3.9% last week, while the dollar firmed to 139.49 yen following last week's 5.4% drubbing.

The dollar lost almost as much to the Swiss franc, steered in part by warnings from the Swiss National Bank that it would use rates and currency purchases to tame inflation.

Sterling eased back to $1.1755 ahead of the British Chancellor's Autumn Statement on Thursday, where he is expected to set out tax rises and spending cuts.

Crypto currencies remained under pressure as at least $1 billion of customer funds were reported to have vanished from collapsed crypto exchange FTX.

Bitcoin was trading down 1.5% at $16,055, having shed almost 22% last week.

The dollar's recent retreat provided a much-needed fillip to commodities, with gold holding at $1,760 an ounce jumping more than $100 last week.

Oil futures extended their gains on hopes for a pick-up in Chinese demand, with Brent up 28 cents at $96.27 while U.S. crude rose 20 cents to $89.16 per barrel.

Source: Reuters Refinitiv

Domestic Markets

The South African rand and Johannesburg-listed shares extended gains on Friday, as investors piled into riskier assets on hopes for less aggressive interest rate hikes from the Federal Reserve and as China eased some COVID-19 curbs.

Data on Thursday showed U.S. consumer prices rose less than expected in October, pushing the annual increase below 8% for the first time in eight months in one of the strongest signs yet that inflation was slowing.

Adding to optimism across emerging markets, China eased some of its COVID rules.

At 1618 GMT the rand was up about 0.4% against the dollar at 17.2900, after earlier hitting a two-month high.

The Johannesburg Stock Exchange's All-share index closed up 3.2% higher on Friday. The yield on the South African government's 2030 bond fell by 9 basis points to 10.190%, reflecting a stronger price.

Source: Reuters Refinitiv

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)					14 November 2022
Money Market TB Rates %		**Last close**	**Difference**	**Prev close**	**Current Spot**
3 months		7.38	0.000	7.38	7.38
6 months		7.54	-0.075	7.62	7.54
9 months		8.13	-0.100	8.23	8.13
12 months		8.34	-0.166	8.51	8.34
Nominal Bond Yields %		**Last close**	**Difference**	**Prev close**	**Current Spot**
GC23 (Coupon 8.85%, BMK R2023)		8.96	-0.020	8.98	8.96
GC24 (Coupon 10.50%, BMK R186)		8.20	-0.020	8.22	8.20
GC25 (Coupon 8.50%, BMK R186)		8.65	-0.020	8.67	8.65
GC26 (Coupon 8.50%, BMK R186)		8.71	-0.020	8.73	8.71
GC27 (Coupon 8.00%, BMK R186)		9.68	-0.020	9.70	9.68
GC30 (Coupon 8.00%, BMK R2030)		11.48	-0.090	11.57	11.48
GC32 (Coupon 9.00%, BMK R213)		11.67	-0.080	11.75	11.67
GC35 (Coupon 9.50%, BMK R209)		12.29	-0.045	12.33	12.29
GC37 (Coupon 9.50%, BMK R2037)		12.88	-0.040	12.92	12.88
GC40 (Coupon 9.80%, BMK R214)		13.18	-0.030	13.21	13.18
GC43 (Coupon 10.00%, BMK R2044)		13.72	-0.025	13.75	13.72
GC45 (Coupon 9.85%, BMK R2044)		14.24	-0.025	14.27	14.24
GC48 (Coupon 10.00%, BMK R2048)		14.38	-0.020	14.40	14.38
GC50 (Coupon 10.25%, BMK: R2048)		14.39	-0.020	14.41	14.39
Inflation-Linked Bond Yields %		**Last close**	**Difference**	**Prev close**	**Current Spot**
GI25 (Coupon 3.80%, BMK NCPI)		2.88	0.000	2.88	2.88
GI27 (Coupon 4.00%, BMK NCPI)		3.94	0.000	3.94	3.94
GI29 (Coupon 4.50%, BMK NCPI)		5.19	0.000	5.19	5.19
GI33 (Coupon 4.50%, BMK NCPI)		5.93	0.000	5.93	5.93
GI36 (Coupon 4.80%, BMK NCPI)		6.90	0.000	6.90	6.90
Commodities		**Last close**	**Change**	**Prev close**	**Current Spot**
Gold		1,771	0.91%	1,755	1,760
Platinum		1,029	-0.34%	1,032	1,017
Brent Crude		96.0	2.48%	93.7	96.2
Main Indices		**Last close**	**Change**	**Prev close**	**Current Spot**
NSX Overall Index		1,699	2.75%	1,654	1,699
JSE All Share		72,983	3.21%	70,710	72,983
SP500		3,993	0.92%	3,956	3,993
FTSE 100		7,318	-0.78%	7,375	7,318
Hangseng		17,326	7.74%	16,081	17,779
DAX		14,225	0.56%	14,146	14,225
JSE Sectors		**Last close**	**Change**	**Prev close**	**Current Spot**
Financials		16,055	-0.20%	16,088	16,055
Resources		72,313	4.05%	69,497	72,313
Industrials		87,136	4.95%	83,023	87,136
Forex		**Last close**	**Change**	**Prev close**	**Current Spot**
N$/US dollar		17.22	-0.72%	17.35	17.30
N$/Pound		20.38	0.32%	20.32	20.33
N$/Euro		17.83	0.68%	17.71	17.82
US dollar/ Euro		1.035	1.41%	1.021	1.030
		Namibia		**RSA**	
Interest Rates & Inflation		**Oct 22**	**Sep 22**	**Sep 22**	**Aug 22**
Central Bank Rate		6.25	5.50	6.25	5.50
Prime Rate		10.00	9.25	9.75	9.00
		Sep 22	**Aug 22**	**Sep 22**	**Aug 22**
Inflation		7.1	7.3	7.5	7.6

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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