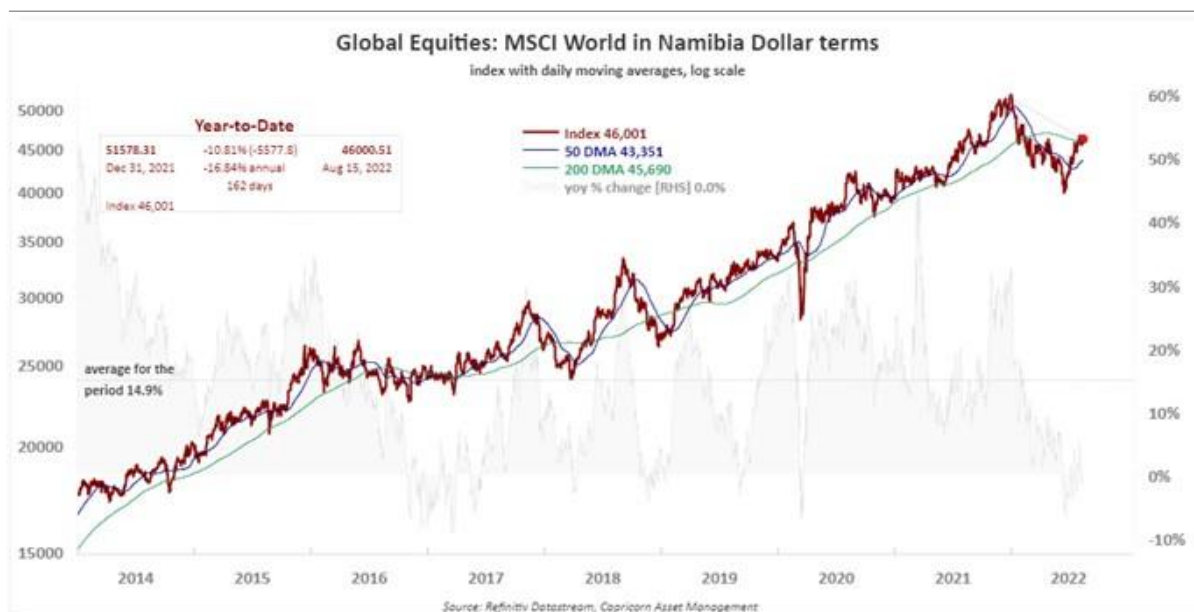




Market Update

Monday, 15 August 2022



Global Markets

Asian shares turned mixed on Monday after China's central bank trimmed key lending rates as a raft of economic data missed forecasts, underlining the need for more stimulus to support the world's second largest economy.

Retail sales and industrial output both rose by less than expected in July, adding to a disappointing reading on new bank lending.

The cut in rates helped cushion the blow a little and Chinese blue chips edged up 0.1%, while the yuan and bond yields slipped.

MSCI's broadest index of Asia-Pacific shares outside Japan was flat, having bounced 0.9% last week.

Japan's Nikkei rose 1.0% even though data showed the economy grew an annualised 2.2% in the second quarter, a touch under estimates.

Investors remain anxious to see if Wall Street can sustain its rally as hopes U.S. inflation has peaked will be tested by likely hawkish commentary from the Federal Reserve this week.

"The FOMC Minutes on Wednesday should reinforce the hawkish tones from recent Fed speakers of being nowhere near being done on rates and inflation," warned Tapas Strickland, a director of economics at NAB.

Markets are still implying around a 50% chance the Fed will hike by 75 basis points in September and that rates will rise to around 3.50-3.75% by the end of the year.

Hopes for a soft economic landing will also get a health check from U.S. retail sales data that is expected to show a sharp slowdown in spending in July.

There is also a risk earnings from major retailers, including Walmart and Target, could be laced with warnings about a downturn in demand.

Geopolitical risks remain high with a delegation of U.S. lawmakers in Taiwan for a two-day trip.

EUROSTOXX 50 futures added 0.5% and FTSE futures rose 0.4%. S&P 500 futures and Nasdaq futures were both down around 0.2% after last week's gains.

The S&P index is almost 17% above its mid-June lows and only 11% from all-time highs amid bets the worst of inflation is past, at least in the United States.

"The leading indicators we observe provide support for moderation with easing supply pressures, weakening demand, collapsing money supply, declining prices and falling expectations," said analysts at BofA.

"Key components of headline inflation, including food and energy are also at an inflection point. Both Wall Street and Main Street now expect inflation to moderate."

The bond market still seems to doubt the Fed can manufacture a soft landing, with the yield curve still deeply inverted. Two-year yields at 3.26% are 42 basis points above those for 10-year notes.

Those yields have underpinned the U.S. dollar, though it did slip 0.8% against a basket of currencies last week as risk sentiment improved.

The euro was holding at \$1.0249, having bounced 0.8% last week, though it shied away from resistance around \$1.0368. Against the yen, the dollar steadied at 133.33 after losing 1% last week.

"Our sense remains that the dollar rally will resume before too long," argued Jonas Goltermann, a senior economist at Capital Economics.

"It will take a lot more good news on inflation before the Fed changes tack. The minutes from the last FOMC meeting and the Jackson Hole conference may well push back further against the notion that the Fed is 'pivoting'."

The pullback in the dollar provided something of a reprieve for gold which was up at \$1,797 an ounce, having gained 1% last week.

Oil prices eased as China's disappointing data added to worries about global demand for fuel. Traders were also cautious in case progress was made on a possible European-brokered nuclear deal with Iran.

Brent slipped 45 cents to \$97.70, while U.S. crude fell 48 cents to \$91.61 per barrel.

Source: Thomson Reuters Refinitiv

Domestic Markets



Stock markets rose on Friday, still riding the positive US inflation data from earlier this week as investors mull the size of the next interest rate move by the US Federal Reserve. But the JSE's All-Share index was down almost a percent, compared to the MSCI World (+1.2%) and MSCI Emerging (+0.3%).

Most domestic sectors proved resilient while the miners took the brunt of the selling, including Sibanye (-6%), Anglo (-4%) and Implats (-3.6%). Naspers and Prosus both lost -2.6%, with obvious angst in the tech sector ahead of Wednesday's Tencent (-1.2%) results. The Personal Care, Drug and Food Retail and General Retail Indices have climbed for five days straight (up 8.1% and 6.6% so far this month) ahead of South Africa's retail sales out on Wednesday (consensus -0.1% y/y).

The rand benefitted from the subdued dollar and the risk rally last week, appreciating sharply towards R16.20/\$ on Friday – its highest level since 28 June – after reaching a high of R16.11/\$ during trade on Thursday. However, the local currency remains at the mercy of the broader global environment, and any shift in sentiment will see the rand tumble again.

Brent crude is trading at \$97 a barrel.

Source: Avior, Fin24, BusinessTech

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	585,950,085	5,897,674	6,425,422	14,887

Source: Thomson Reuters Refinitiv

Happiness is not a goal; it is a by-product.

Eleanor Roosevelt

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				15 August 2022	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	6.53	0.000	6.53	6.53
6 months	↓	6.73	-0.017	6.75	6.73
9 months	↓	7.41	-0.025	7.43	7.41
12 months	↓	7.70	-0.058	7.76	7.70
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↓	8.49	-0.100	8.59	8.49
GC24 (Coupon 10.50%, BMK R186)	↑	8.11	0.125	7.98	8.11
GC25 (Coupon 8.50%, BMK R186)	↑	8.56	0.125	8.43	8.56
GC26 (Coupon 8.50%, BMK R186)	↑	8.62	0.125	8.49	8.62
GC27 (Coupon 8.00%, BMK R186)	↑	9.59	0.125	9.46	9.59
GC30 (Coupon 8.00%, BMK R2030)	↑	11.22	0.115	11.11	11.22
GC32 (Coupon 9.00%, BMK R213)	↑	11.34	0.100	11.24	11.34
GC35 (Coupon 9.50%, BMK R209)	↑	11.88	0.160	11.72	11.88
GC37 (Coupon 9.50%, BMK R2037)	↑	12.50	0.175	12.33	12.50
GC40 (Coupon 9.80%, BMK R214)	↑	12.90	0.210	12.69	12.88
GC43 (Coupon 10.00%, BMK R2044)	↑	13.41	0.200	13.21	13.41
GC45 (Coupon 9.85%, BMK R2044)	↑	13.93	0.200	13.73	13.93
GC48 (Coupon 10.00%, BMK R2048)	↑	14.11	0.205	13.90	14.11
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.12	0.205	13.91	14.12
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	0.20	0.000	0.20	0.20
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)	⇒	4.85	0.000	4.85	4.85
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.42	0.000	6.42	6.42
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.15	0.000	7.15	7.15
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,802	0.69%	1,789	1,794
Platinum	↑	962	0.68%	956	952
Brent Crude	↓	98.2	-1.46%	99.6	97.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,589	-1.51%	1,614	1,589
JSE All Share	↓	70,731	-0.75%	71,265	70,731
SP500	↑	4,280	1.73%	4,207	4,280
FTSE 100	↑	7,501	0.47%	7,466	7,501
Hangseng	↑	20,176	0.46%	20,082	20,119
DAX	↑	13,796	0.74%	13,695	13,796
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,059	0.60%	15,964	16,059
Resources	↓	64,048	-2.74%	65,851	64,048
Industrials	↓	86,577	-0.56%	87,063	86,577
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.19	-0.33%	16.25	16.24
N\$/Pound	↓	19.64	-1.00%	19.84	19.68
N\$/Euro	↓	16.61	-0.90%	16.76	16.65
US dollar/ Euro	↓	1.026	-0.57%	1.032	1.025
		Namibia		RSA	
Interest Rates & Inflation		Jul 22	Jun 22	Jul 22	Jun 22
Central Bank Rate	↑	4.75	4.25	5.50	4.75
Prime Rate	↑	8.50	8.00	9.00	8.25
		Jul 22	Jun 22	Jun 22	May 22
Inflation	↑	6.8	6.0	7.4	6.5

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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