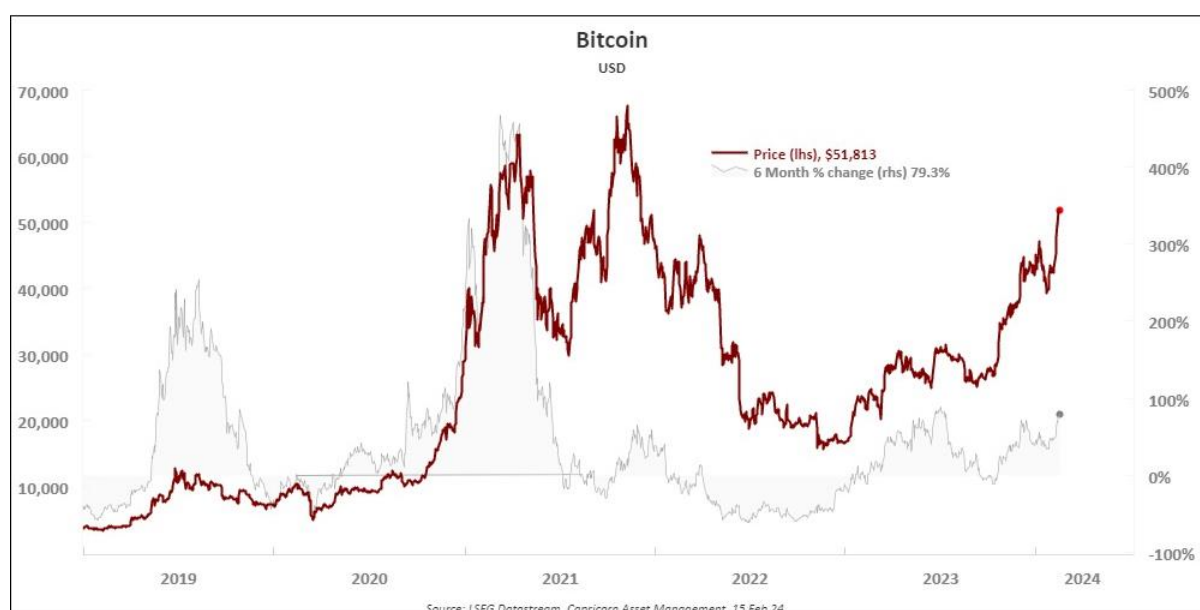




## Market Update

Thursday, 15 February 2024



## Global Markets

Global stock indexes edged higher while Treasury yields slipped on Wednesday as investors tried to assess the timing of possible interest rate cuts from the Federal Reserve, while the dollar eased off of a three-month peak against the yen. Japan's top currency officials warned against what they described as rapid and speculative yen moves overnight. Nvidia shares rose 2.5% and the dominant AI chip maker overtook Alphabet's market capitalization. Nvidia, which reports quarterly results next week, now has a stock market value of \$1.825 trillion.

Yields briefly extended declines after Chicago Fed President Austan Goolsbee said the Fed's path to its 2% inflation target rate would remain on track even if price increases run a bit hotter than expected over the next few months, and the central bank should be wary of waiting too long before cutting interest rates. Market expectations for a cut by the Fed in June of at least 25 basis points stand at 78.5%, according to CME's FedWatch Tool, while expectations for a cut in May have fallen to 38.5%, down from 63.7% a week ago.

An upside surprise in U.S. inflation on Tuesday showed the consumer price index (CPI) rose 3.1% on an annual basis, above forecasts for a 2.9% increase. With the CPI report, "it wasn't as if inflation held, it was that it accelerated, and that was what got the market. Suddenly the expectations (on

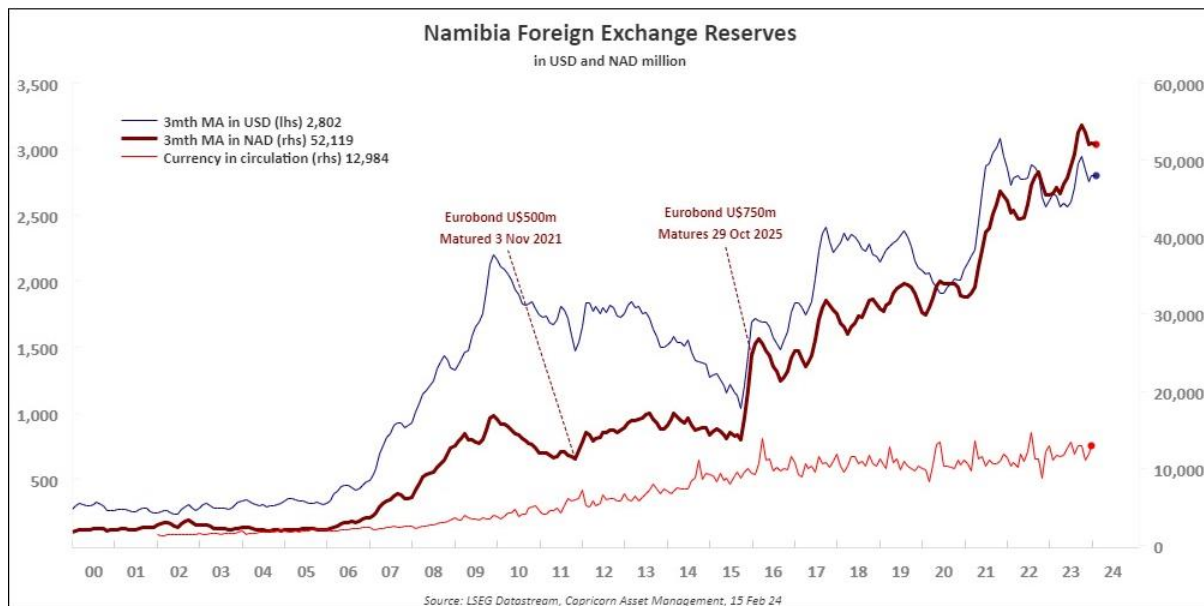
possible rate cuts) pulled back even more," said Quincy Krosby, chief global strategist at LPL Financial in Charlotte, North Carolina. "Every data release is now viewed through the eyes of the Fed. The market wants to know when is the Fed going to feel comfortable about cutting rates and initiating a rate cut regime," Krosby said. Thursday brings U.S. retail sales data, while on Friday the U.S. producer price index report will be released.

The Dow Jones Industrial Average rose 151.52 points, or 0.40%, to 38,424.27, the S&P 500 gained 47.45 points, or 0.96%, to 5,000.62 and the Nasdaq Composite gained 203.55 points, or 1.30%, to 15,859.15. MSCI's gauge of stocks across the globe rose 5.37 points, or 0.73%, to 744.95, while Europe's STOXX 600 index rose 0.5%. Japan's Nikkei, which hit its highest in 34 years on Tuesday, fell 0.7%. The yield on the 10-year Treasury note fell 5 basis points to 4.267% after touching 4.332% earlier in the session, its highest since Dec. 1.

The dollar index fell 0.13% at 104.72 as investors consolidated gains, while the euro up 0.15% at 1.0725. Against the Japanese yen, the dollar weakened 0.12% at 150.61. The dollar was at a three-month peak against the yen on Tuesday. The 150 level on the pair has been seen in the past as a potential catalyst for intervention by Japanese monetary authorities. It was just past this level that they intervened to shore up the yen in late 2022. In cryptocurrencies, bitcoin gained 4.16% at \$51,626.95.

Oil futures declined as higher U.S. crude inventories weighed on prices. U.S. crude lost \$1.23 to settle at \$76.64 a barrel and Brent fell \$1.17 to settle at \$81.60. Spot gold was steady at \$1,991.92 per ounce.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

The South African rand firmed on Wednesday after of December retail sales figures, having weakened more than 1% against the dollar the day before. At 1504 GMT, the rand traded at 19.0900 against the dollar, about 0.3% stronger than its previous close. The dollar was down about 0.06% against a basket of global currencies. It had reached a three-month peak on Tuesday after U.S. inflation rose more than expected, reinforcing expectations that the Federal Reserve will hold interest rates in March.

South African retail sales rose 2.7% year on year in December, a surprise after economists polled by Reuters had expected them to fall by 0.7%. On a month-on-month basis, sales increased 1.4%, Statistics South Africa figures showed on Wednesday.

On the Johannesburg Stock Exchange, the Top-40 index closed 0.1% lower. South Africa's benchmark 2030 government bond was weaker, with the yield up 5.5 basis points to 10.165%.

**Source: Thomson Reuters Refinitiv**

Too often we... enjoy the comfort of opinion without the discomfort of thought.

**John F. Kennedy**

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				15 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	0.000	8.86	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)	↑	9.13	0.015	9.12	9.08
GC25 (Coupon 8.50%, BMK R186)	↑	9.22	0.015	9.21	9.17
GC26 (Coupon 8.50%, BMK R186)	↑	9.22	0.015	9.21	9.17
GC27 (Coupon 8.00%, BMK R186)	↑	9.34	0.015	9.33	9.29
GC28 (Coupon 8.50%, BMK R2030)	↑	9.70	0.065	9.63	9.63
GC30 (Coupon 8.00%, BMK R2030)	↑	9.74	0.065	9.67	9.67
GC32 (Coupon 9.00%, BMK R213)	↑	10.25	0.085	10.16	10.17
GC35 (Coupon 9.50%, BMK R209)	↑	11.23	0.045	11.18	11.17
GC37 (Coupon 9.50%, BMK R2037)	↑	12.39	0.045	12.34	12.33
GC40 (Coupon 9.80%, BMK R214)	↑	12.55	0.015	12.53	12.47
GC43 (Coupon 10.00%, BMK R2044)	↑	12.76	0.010	12.75	12.70
GC45 (Coupon 9.85%, BMK R2044)	↑	12.59	0.010	12.58	12.53
GC48 (Coupon 10.00%, BMK R2048)	↑	12.71	0.015	12.69	12.65
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.44	0.015	12.42	12.38
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	0.01%	1,992	1,993
Platinum	↑	889	2.02%	872	888
Brent Crude	↓	81.6	-1.41%	82.8	81.2
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,511	0.23%	1,507	1,511
JSE All Share	↓	73,010	-0.07%	73,063	73,010
SP500	↑	5,001	0.96%	4,953	5,001
FTSE 100	↑	7,568	0.75%	7,512	7,568
Hangseng	↑	15,879	0.84%	15,747	15,954
DAX	↑	16,945	0.38%	16,881	16,945
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	17,150	0.91%	16,996	17,150
Resources	↓	49,477	-0.59%	49,773	49,477
Industrials	↓	103,348	-0.45%	103,815	103,348
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	19.04	-0.44%	19.12	19.05
N\$/Pound	↓	23.92	-0.64%	24.08	23.93
N\$/Euro	↓	20.42	-0.25%	20.48	20.43
US dollar/ Euro	↑	1.073	0.15%	1.071	1.073
		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.*



**Capricorn Asset Management**



**Bank Windhoek**

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**For enquiries concerning the Daily Brief please contact us at**

**[Daily.Brief@capricorn.com.na](mailto:Daily.Brief@capricorn.com.na)**

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