



Market Update

Tuesday, 16 August 2022



Global Markets

Asian markets struggled for direction on Tuesday, weighed by worries over global growth following weak China data that knocked oil prices and commodity-linked currencies.

The dollar held near a one-week high as investors piled back into the safe-haven currency, while the Aussie, euro and Chinese yuan buckled.

MSCI's broadest index of Asia-Pacific shares outside Japan ticked up 0.2%, recovering from Monday's losses. MSCI's benchmark index has gained 5% from the year's lows but is still down 15% so far this year.

Just as investors were taking heart from a four-week rally in global equities that pushed markets to their highest in more than three months, Monday's underwhelming Chinese activity data spanning industrial output and retail sales hit sentiment.

Also, U.S. single-family homebuilders' confidence and New York state factory activity fell in August to their lowest since near the start of the COVID-19 pandemic, a further sign the world's largest economy is softening as the Federal Reserve raises interest rates.

"In short, the risks of a global recession are suddenly much clearer. Then again, they were 'always' clear to some," Rabobank said in a note. "And does anyone think that a central-bank pivot will make them less likely at this stage?"

Overall, the picture was mixed across Asian bourses on Tuesday, with Tokyo and Taiwan benchmarks little changed, while South Korean stocks gained 0.5%.

Chinese stocks rose, a day after the central bank unexpectedly cut interest rates after data showed economic activity and credit expansion slowed sharply in July. The CSI 300 index ticked up 0.1% after dipping on Monday.

On Wall Street, major indexes climbed on Monday, reversing earlier session losses. Shares posted four straight weeks of gains amid optimism over a slowdown in U.S. inflation that could temper the pace of Fed rate hikes.

The U.S. economy contracted in the first and second quarters, amplifying an ongoing debate over whether the country is, or will soon be, in recession.

Growth worries were also the dominant theme in Europe.

Euro zone government bond yields fell on Monday with investors concerned about a possible recession and amid persistent fears of production cuts in Germany due to potential gas rationing.

On Tuesday, the dollar index, which measures the greenback against six major peers, held steady at 106.53, just below the previous session's peak of 106.55, the strongest since Monday of last week.

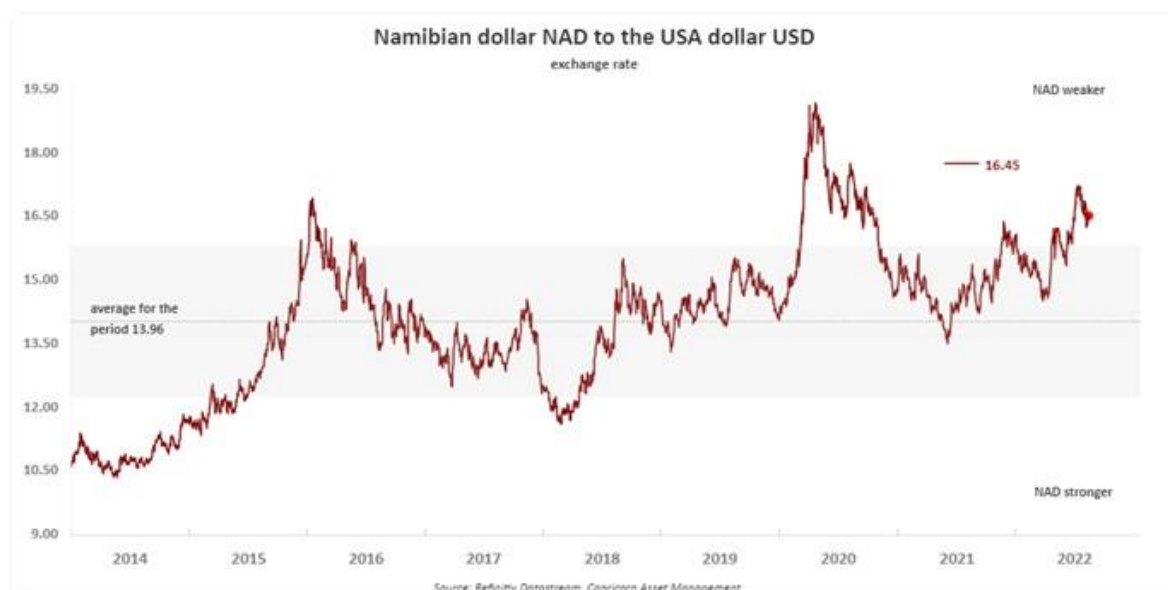
The euro, the most heavily weighted currency in the dollar index, was flat at \$1.0158 after earlier slipping to the weakest since Aug. 5 at 1.0154.

The Australian dollar fell as low as \$0.70005, threatening to drop below the psychological 70 cent mark for the first time since Wednesday. New Zealand's kiwi slipped to \$0.6349, also the lowest since Wednesday.

A fragile demand outlook hit oil prices as they extended losses from the previous session.

Brent crude futures lost 1% to \$94 a barrel after falling to their lowest on Monday since before Russia sent troops into Ukraine on Feb. 24. WTI crude futures shed 0.7% to \$88.80 a barrel.**Source: Thomson Reuters Refinitiv**

Domestic Markets



The South African rand fell on Monday as the U.S. dollar edged higher on global markets after disappointing economic data from China reinforced global recession worries.

At 1525 GMT the rand traded at 16.4300 against the dollar, down 1.47% from its previous close.

Chinese industrial output, retail sales and fixed-asset investment all fell short of analyst estimates in data published on Monday.

In a thin week for domestic economic data, analysts say the rand is likely to take its cues from global drivers such as the outlook for U.S. monetary policy.

The dollar index was up about 0.58% against a basket of currencies as traders weighed hawkish comments by Federal Reserve policymakers against signs that U.S. inflation may have peaked.

Fed minutes on Wednesday will be scrutinised for further clues about the U.S. interest rate trajectory.

"This will be the main economic driver for the week as the minutes will possibly reveal what we already know ... We could possibly see the rand trade a touch weaker after the release," Andre Cilliers, currency strategist at TreasuryONE, said in a research note.

Also on Wednesday, South Africa's June retail sales figures will shed more light on the economy's second-quarter performance.

Shares on the Johannesburg Stock Exchange (JSE) ended marginally higher, as lender Absa Group and coal exporter Thungela Resources reported a surge in profits.

Overall on the JSE, the All-share index closed up 0.01% while the Top-40 index was up 0.04%.

The South African government's benchmark 2030 bond was weaker, with the yield up 7 basis points to 10.000%.

Source: Thomson Reuters Refinitiv

Corona Tracker

Name	Cases - cumulative total	⇅↓	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	587,396,589		4,723,133	6,428,661	11,271

Source: Thomson Reuters Refinitiv

If fear is cultivated it will become stronger, if faith is cultivated it will achieve mastery.

John Paul Jones

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				16 August 2022	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	6.55	0.017	6.53	6.55
6 months	↓	6.73	-0.008	6.73	6.73
9 months	↓	7.40	-0.008	7.41	7.40
12 months	⇒	7.70	0.000	7.70	7.70
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⇒	8.49	0.000	8.49	8.49
GC24 (Coupon 10.50%, BMK R186)	↑	8.12	0.010	8.11	8.12
GC25 (Coupon 8.50%, BMK R186)	↑	8.57	0.010	8.56	8.57
GC26 (Coupon 8.50%, BMK R186)	↑	8.63	0.010	8.62	8.63
GC27 (Coupon 8.00%, BMK R186)	↑	9.60	0.010	9.59	9.60
GC30 (Coupon 8.00%, BMK R2030)	↑	11.29	0.070	11.22	11.29
GC32 (Coupon 9.00%, BMK R213)	↑	11.43	0.090	11.34	11.43
GC35 (Coupon 9.50%, BMK R209)	↑	11.95	0.070	11.88	11.97
GC37 (Coupon 9.50%, BMK R2037)	↑	12.59	0.085	12.50	12.59
GC40 (Coupon 9.80%, BMK R214)	↑	12.98	0.075	12.90	12.97
GC43 (Coupon 10.00%, BMK R2044)	↑	13.49	0.080	13.41	13.50
GC45 (Coupon 9.85%, BMK R2044)	↑	14.01	0.080	13.93	14.02
GC48 (Coupon 10.00%, BMK R2048)	↑	14.18	0.070	14.11	14.19
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.19	0.070	14.12	14.20
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	↓	1,779	-1.27%	1,802	1,782
Platinum	↓	933	-3.05%	962	931
Brent Crude	↓	95.1	-3.11%	98.2	94.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,590	0.03%	1,589	1,590
JSE All Share	↑	70,741	0.01%	70,731	70,741
SP500	↑	4,297	0.40%	4,280	4,297
FTSE 100	↑	7,509	0.11%	7,501	7,509
Hangseng	↓	20,041	-0.67%	20,176	20,064
DAX	↑	13,817	0.15%	13,796	13,817
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,154	0.59%	16,059	16,154
Resources	↓	63,315	-1.14%	64,048	63,315
Industrials	↑	86,967	0.45%	86,577	86,967
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	16.42	1.38%	16.19	16.40
N\$/Pound	↑	19.79	0.75%	19.64	19.76
N\$/Euro	↑	16.68	0.41%	16.61	16.65
US dollar/ Euro	↓	1.016	-0.96%	1.026	1.016
		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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