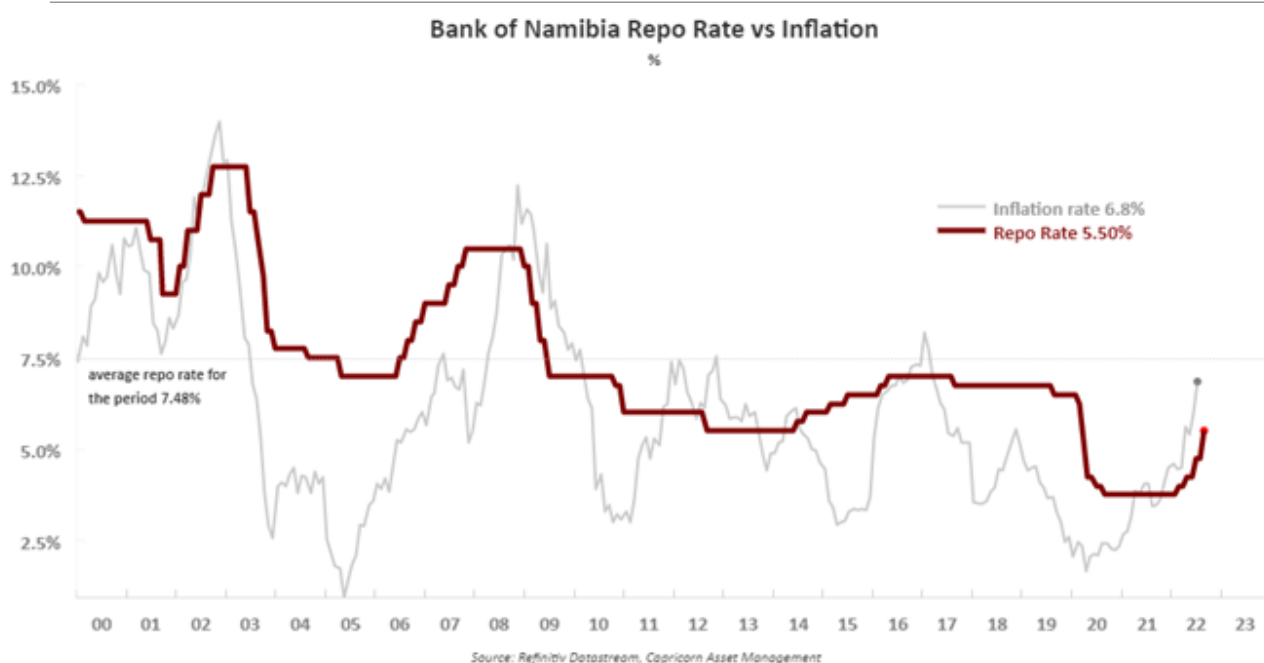




## Market Update

Thursday, 18 August 2022



## Global Markets

Asian shares tracked lower on Thursday, in step with Wall Street's losses, as even the prospect of a less aggressive Federal Reserve has still set the U.S. central bank on a path for interest rates to stay higher for longer.

The dollar rose overnight after the Fed's July minutes pointed to a steady course of rate hikes ahead.

MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.22%, after U.S. stocks ended the previous session with mild losses. The index is up 1.3% so far this month.

Hong Kong's Hang Seng Index was down 0.45% while China's blue chip CSI300 was off 0.33%.

The Federal Reserve's minutes for its July meeting showed it was contemplating paring back the pace of future rate hikes in line with a slowdown in inflation but saw "little evidence" yet that pressures were easing. Investors interpreted the minutes as a sign the U.S. tightening cycle could be

less aggressive than forecast but showed Fed policymakers committed to raising rates till prices come under control.

"Stocks were volatile as traders assessed the latest Fed meeting minutes, which showed that the central bank would continue its aggressive hiking campaign until it can tame inflation," Ord Minnett analysts wrote in a research note. "At the same time, the Fed also indicated that it could soon slow the speed of its tightening, while also acknowledging the state of the economy and risk to the downside for gross domestic product growth."

The yield on the benchmark 10-year Treasury notes rose initially in Asian trade but later retreated to 2.8749% compared with its U.S. close of 2.895% on Wednesday. The two-year yield, which rises with traders' expectations of higher Fed funds rates, stood at 3.2681% compared with a U.S. close of 3.295%. Higher yields helped strengthen the dollar which rose following the release of the minutes. However, in early Asian trade, the dollar index gave up some of the overnight gains and was down 0.05% to 106.58.

The U.S. dollar index, which measures the dollar against a basket of six major currencies, is up about 0.8% this week -- putting the brakes on a pullback that began about a month ago. "The U.S. dollar got back onto a rallying tack ... and did so with some force, making this week's gains sizeable," CBA analysts wrote. "The world economy broadly looks to be a slower growing place, favouring the greenback." The dollar rose 0.04% against the yen to 135.06. It is still some distance from its high this year of 139.39 on July 14.

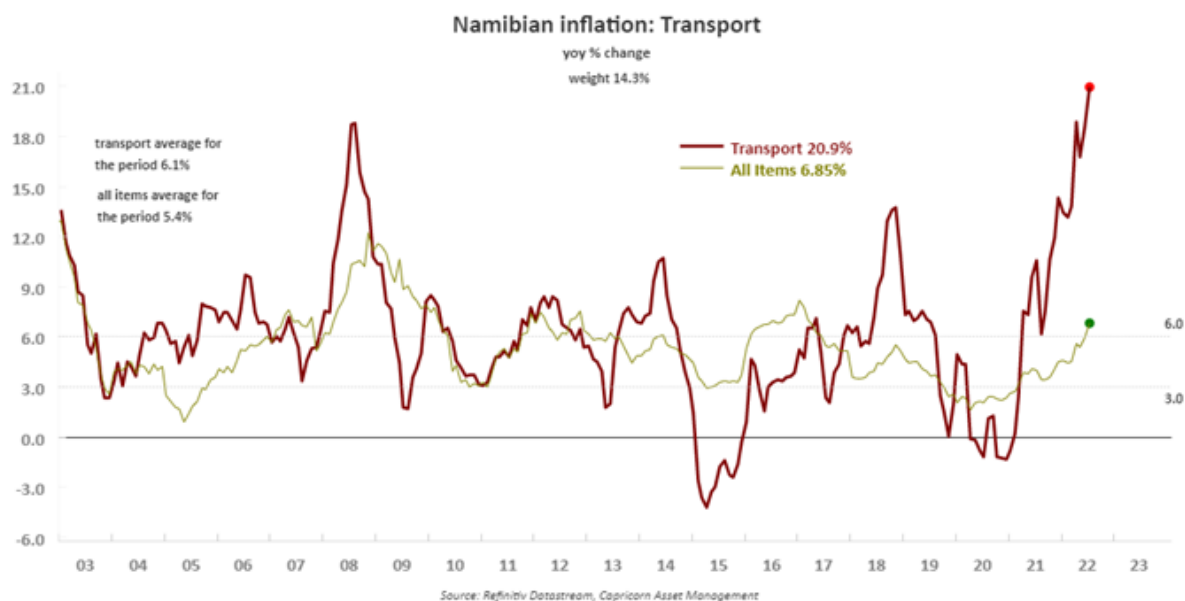
On Wednesday, the Dow Jones Industrial Average fell 0.5% to 33,980.32, the S&P 500 lost 0.72% to 4,274.04 and the Nasdaq Composite dropped 1.25% to 12,938.12.

U.S. crude dipped 0.64% to \$87.53 a barrel. Brent crude was down 0.52% to \$93.16 per barrel.

Gold was slightly higher. Spot gold was traded at \$1763.4532 per ounce.

**Source: Thomson Reuters Refinitiv**

## Domestic Markets



The South African rand fell on Wednesday after data showing a surprise drop in retail sales fuelled worries of consumers curbing their spending habits in the face of rising inflation and as frequent power cuts limited industry-wide activity. At 1530 GMT, the rand traded at 16.6775 against the dollar, 1.66% weaker than its previous close.

South African June retail sales fell 2.5% year on year in June, while analysts polled by Reuters expected a 0.4% increase compared to a 0.1% rise in May.

Meanwhile, state utility Eskom said it would extend rolling power cuts to Wednesday and Thursday evenings due to a shortage of generation capacity. "Retailers have been plagued by longer delivery lead times and electricity disruptions ... declining real disposable incomes on high inflation and rising interest rates have negatively affected consumer expenditure," Investec analyst Lara Hodes said in a research note.

The dollar index was up at 106.76 after briefly hitting a session high earlier as data showed that U.S. consumer spending was steady in July.

Stocks on the Johannesburg Stock Exchange (JSE) ended lower, weighed down by resources and mining sector companies after oil hit a six-month low earlier in the day. Miner Sibanye Stillwater Ltd ended 5.87% lower after it warned that its half-year profit was expected to halve. Sibanye had been punished by the market for below-consensus H1 earnings, but the reaction seemed severe, said Roy Topol, portfolio manager at Cratos Asset Management. Overall on the JSE, the All-Share index fell 0.75%, while the Top-40 index closed 0.86% lower.

The South African government's benchmark 2030 bond fell, with the yield up 9 basis points at 10.170%.

**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	589,680,368		5,157,188	6,436,519	14,194

Source: Thomson Reuters Refinitiv

What lies behind you and what lies in front of you, pales  
in comparison to what lies inside of you.

Ralph Waldo Emerson

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				18 August 2022	
<b>Money Market TB Rates %</b>					
		Last close	Difference	Prev close	Current Spot
3 months	→	6.54	0.000	6.54	6.54
6 months	↓	6.71	-0.017	6.73	6.71
9 months	↓	7.39	-0.017	7.41	7.39
12 months	↑	7.73	0.025	7.70	7.73
<b>Nominal Bond Yields %</b>					
		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	→	8.53	0.000	8.53	8.53
GC24 (Coupon 10.50%, BMK R186)	↑	8.27	0.105	8.16	8.26
GC25 (Coupon 8.50%, BMK R186)	↑	8.72	0.105	8.61	8.71
GC26 (Coupon 8.50%, BMK R186)	↑	8.78	0.105	8.67	8.77
GC27 (Coupon 8.00%, BMK R186)	↑	9.75	0.105	9.64	9.74
GC30 (Coupon 8.00%, BMK R2030)	↑	11.46	0.090	11.37	11.46
GC32 (Coupon 9.00%, BMK R213)	↑	11.58	0.070	11.51	11.59
GC35 (Coupon 9.50%, BMK R209)	↑	12.15	0.085	12.06	12.14
GC37 (Coupon 9.50%, BMK R2037)	↑	12.77	0.080	12.69	12.76
GC40 (Coupon 9.80%, BMK R214)	↑	13.15	0.075	13.07	13.15
GC43 (Coupon 10.00%, BMK R2044)	↑	13.66	0.060	13.60	13.66
GC45 (Coupon 9.85%, BMK R2044)	↑	14.18	0.060	14.12	14.18
GC48 (Coupon 10.00%, BMK R2048)	↑	14.35	0.060	14.29	14.34
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.36	0.060	14.30	14.35
<b>Inflation-Linked Bond Yields %</b>					
		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	→	0.20	0.000	0.20	0.00
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)	↑	4.95	0.100	4.85	4.95
GI33 (Coupon 4.50%, BMK NCPI)	↑	6.50	0.081	6.42	6.50
GI36 (Coupon 4.80%, BMK NCPI)	↑	7.25	0.099	7.15	7.25
<b>Commodities</b>					
		Last close	Change	Prev close	Current Spot
Gold	↓	1,761	-0.82%	1,776	1,763
Platinum	↓	924	-1.20%	935	917
Brent Crude	↑	93.7	1.42%	92.3	93.9
<b>Main Indices</b>					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,590	-1.94%	1,622	1,590
JSE All Share	↓	70,967	-0.75%	71,505	70,967
SP500	↓	4,274	-0.72%	4,305	4,274
FTSE 100	↓	7,516	-0.27%	7,536	7,516
Hangseng	↑	19,922	0.46%	19,831	19,817
DAX	↓	13,627	-2.04%	13,910	13,627
<b>JSE Sectors</b>					
		Last close	Change	Prev close	Current Spot
Financials	↓	16,160	-0.48%	16,239	16,160
Resources	↓	63,227	-3.30%	65,387	63,227
Industrials	↑	87,430	0.41%	87,072	87,430
<b>Forex</b>					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	16.62	1.60%	16.36	16.68
N\$/Pound	↑	20.03	1.21%	19.79	20.05
N\$/Euro	↑	16.92	1.69%	16.64	16.96
US dollar/ Euro	↑	1.018	0.10%	1.017	1.016
<b>Interest Rates &amp; Inflation</b>					
		Namibia		RSA	
		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

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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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