

# The Daily Brief

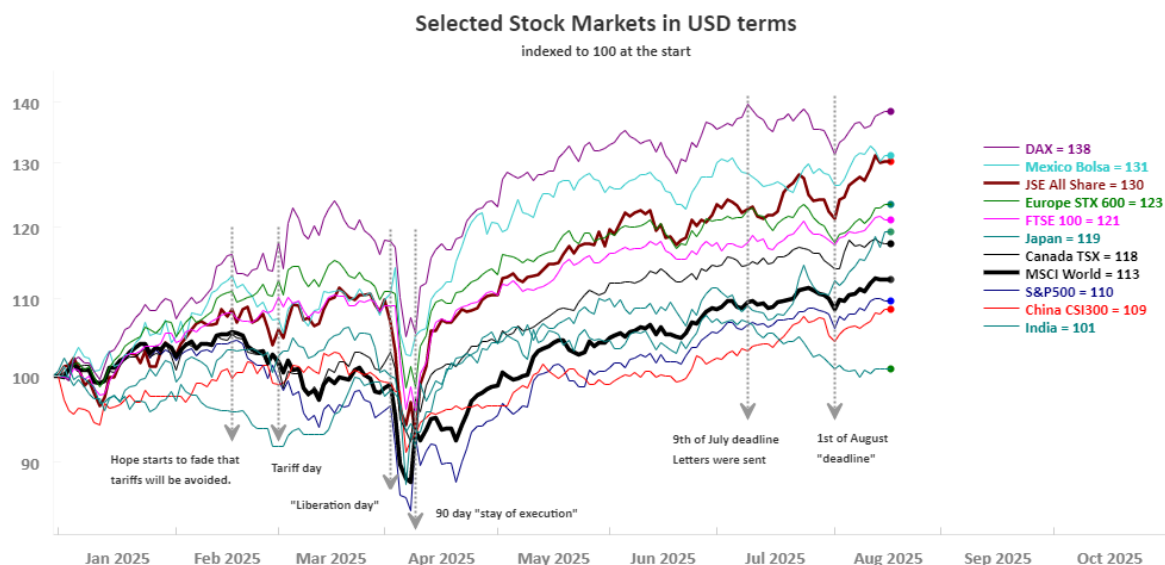


Capricorn Asset Management

## Market Update

Monday, 18 August 2025

## Global Markets



Share markets pushed ahead in Asia on Monday ahead of what is likely to be an eventful week for U.S. interest rate policy, while oil prices were subdued as risks to Russian supplies seemed to fade a little. A cautiously risk-on mood saw indices in Japan and Taiwan make record peaks, while Chinese blue chips reached their highest in 10 months. U.S. President Donald Trump now seemed more aligned with Moscow on seeking a peace deal with Ukraine instead of a ceasefire first, after meeting Russian President Vladimir Putin in Alaska on Friday. Trump will meet Ukrainian President Volodymyr Zelenskyy and European leaders later on Monday to discuss the next steps, though actual proposals are vague as yet.

The major economic event of the week will be the Kansas City Federal Reserve's August 21-23 Jackson Hole symposium, where Chair Jerome Powell is due to speak on the economic outlook and the central bank's policy framework. "Chair Powell will likely signal that risks to the employment and inflation mandates are coming into balance, setting up the Fed to resume returning policy rate to neutral," said Andrew Hollenhorst, chief economist at Citi Research. "But Powell will stop short of explicitly signaling a September rate cut, awaiting the August jobs and inflation reports," he added. "This would be fairly neutral for markets already fully pricing a September cut."

Markets imply around an 85% chance of a quarter-point rate cut at the Fed's meeting on September 17 and are priced for a further easing by December. The prospect of lower borrowing costs globally has underpinned stock markets and Japan's Nikkei climbed 0.9% to a fresh record high. MSCI's broadest index of Asia-Pacific shares outside Japan added 0.5%, having hit a four-year top last week. Chinese blue chips jumped 1.3%, bringing gains so far this quarter to over 8%. EUROSTOXX 50 futures and DAX futures firmed 0.2%, while FTSE futures gained 0.3%. S&P 500 futures nudged up 0.1% while Nasdaq futures added 0.2%, with both near all-time highs. Valuations have been underpinned by a solid earnings season as S&P 500 EPS grew 11% on the year and 58% of companies raised their full-year guidance.

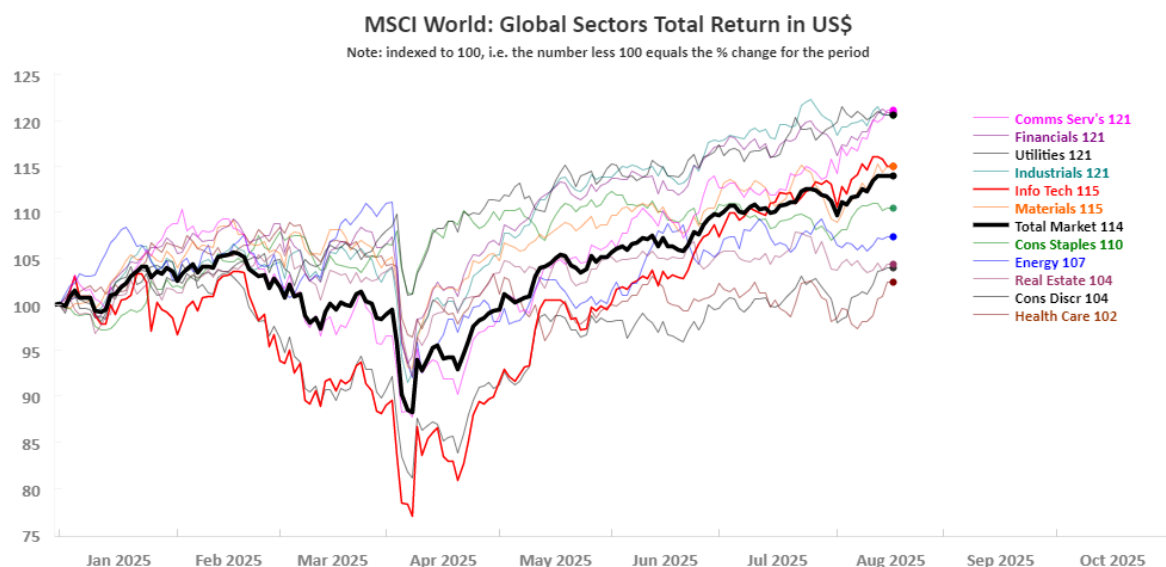
"Earnings results have continued to be exceptional for the mega-cap tech companies," noted analysts at Goldman Sachs. "While Nvidia has yet to report, the Magnificent 7 apparently grew EPS by 26% year/year in 2Q, a 12% beat relative to consensus expectation coming into earnings season." This week's results will provide some color on the health of consumer spending with Home Depot, Target, Lowe's and Walmart all reporting. In bond markets, the chance of Fed easing is keeping down short-term Treasury yields while the longer end is pressured by the risk of stagflation and giant budget deficits, leading to the steepest yield curve since 2021. European bonds also have been pressured by the prospect of increased borrowing to fund defense spending, pushing German long-term yields to 14-year highs.

Wagers on more Fed easing have weighed on the dollar, which dropped 0.4% against a basket of currencies last week to last stand at 97.851. The dollar was a fraction firmer on the yen at 147.41, while the euro held at \$1.1704 after adding 0.5% last week. The dollar has fared better against its New Zealand counterpart as the country's central bank is widely expected to cut rates to 3.0% on Wednesday.

In commodity markets, gold bounced 0.5% to \$3,343 an ounce after losing 1.9% last week.

Oil prices struggled as Trump backed away from threats to place more restrictions on Russian oil exports. Brent dropped 0.1% to \$65.78 a barrel, while U.S. crude steadied at \$62.73 per barrel.

## Domestic Markets



South Africa's rand firmed against a weaker dollar on Friday, helped by higher gold prices as concerns over the United States' fiscal health sent investors into the safe-haven asset. At 1434 GMT, the rand traded at 17.58 against the dollar, about 0.2% stronger than its previous close. Gold prices rose on Friday, boosted by a decline in the dollar, which was last trading down about 0.4% against a basket of currencies.

Like other major producers of precious metals, South Africa often benefits from higher gold prices. Investors will be closely watching domestic inflation figures, due on Wednesday this week, for clues about the health of Africa's most industrialized economy. "Last week was an impressive for the ZAR, as it started the week above 17.70 and made it 10 cents stronger at the close of trade on friday," said ETM Analytics in a research note.

South African lender Absa Group on Monday posted a 17% rise in half-year headline earnings as credit impairments declined and pre-provision profit grew. The lender posted headline earnings of 11.9 billion rand (\$677 million) in the six months ended on June 30. The group declared an interim dividend of 785 cents per share.

On the stock market, the Johannesburg Stock Exchange's Top 40 index closed down 0.1%. South Africa's benchmark 2035 government bond was flat, with the yield down half a basis point to 9.6%.

**Winners never quit and quitters never win.**

**Vince Lombardi**

## Market Overview

MARKET INDICATORS		18 August 2025			
<b>Money Market TB's</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
3 months	↓	7.35	-0.038	7.39	7.35
6 months	↓	7.55	-0.022	7.57	7.55
9 months	↓	7.64	-0.029	7.67	7.64
12 months	↓	7.63	-0.036	7.67	7.63
<b>Nominal Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GC26 (Coupon 8.50%, BMK: R186)	→	7.60	0.000	7.60	7.55
GC27 (Coupon 8.00%, BMK: R186)	↑	7.90	0.003	7.90	7.84
GC30 (Coupon 8.00%, BMK: R2030)	↓	8.74	-0.008	8.75	8.68
GC32 (Coupon 9.00%, BMK: R213)	↓	9.17	-0.005	9.18	9.11
GC35 (Coupon 9.50%, BMK: R209)	↓	10.56	-0.013	10.57	10.50
GC37 (Coupon 9.50%, BMK: R2037)	↓	10.86	-0.025	10.88	10.81
GC40 (Coupon 9.80%, BMK: R214)	↓	11.27	-0.005	11.28	11.20
GC43 (Coupon 10.00%, BMK: R2044)	↓	11.40	-0.007	11.41	11.33
GC45 (Coupon 9.85%, BMK: R2044)	↓	11.47	-0.008	11.48	11.40
GC50 (Coupon 10.25%, BMK: R2048)	↓	11.58	-0.003	11.59	11.52
<b>Inflation-Linked Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GI27 (Coupon 4.00%, BMK: NCPI)	→	4.58	0.000	4.58	4.53
GI29 (Coupon 4.50%, BMK: NCPI)	→	4.96	0.000	4.96	4.91
GI33 (Coupon 4.50%, BMK: NCPI)	→	5.33	0.000	5.33	5.28
GI36 (Coupon 4.80%, BMK: NCPI)	→	5.90	0.000	5.90	5.85
<b>Commodities</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Gold	↑	3,336	0.02%	3,335	3,350
Platinum	↓	1342	-1.32%	1360	1337
Brent Crude	↓	65.9	-1.48%	66.84	66.06
<b>Main Indices</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
NSX Local Index	↑	1079	0.37%	1075	1079
JSE All Share	↓	101,950	-0.04%	101,993	101,950
S&P 500	↓	6,450	-0.29%	6,469	6,450
FTSE 100	↓	9,139	-0.41%	9,177	9,139
Hangseng	↑	25,314	0.17%	25,270	25,314
DAX	↓	24,359	-0.08%	24,378	24,359
<b>JSE Sectors</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Financials	→	21,910	0.00%	21,910	21,914
Resources	→	87,048	0.00%	87,048	86,683
Industrials	→	141,958	0.00%	141,958	142,053
<b>Forex</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
N\$/US Dollar	↓	17.59	-0.06%	17.60	17.62
N\$/Pound	↑	23.84	0.13%	23.81	23.87
N\$/Euro	↑	20.59	0.49%	20.49	20.61
US Dollar/ Euro	↑	1.170	0.86%	1.16	1.17
<b>Interest Rates &amp; Inflation</b>		<b>Namibia</b>		<b>RSA</b>	
		<b>Jul-25</b>	<b>Jun-25</b>	<b>Jun-25</b>	<b>May-25</b>
Central Bank Rate	→	6.75	6.75	7.00	7.25
Prime Rate	→	10.50	10.50	10.50	10.75
		<b>Jul-25</b>	<b>Jun-25</b>	<b>Jun-25</b>	<b>May-25</b>
Inflation	↓	3.5	3.7	3.0	2.8

#### 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

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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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