



The Daily Brief

 Capricorn Asset Management

Market Update

Tuesday, 18 February 2025

Global Markets



European futures hit record peaks on Tuesday as defence stocks soared on expectations of a spending bump, while Hong Kong shares were on the verge of three-year highs as investors cheered business leaders' meeting with President Xi Jinping. S&P 500 futures were up 0.2% and European futures were up 0.1%. Japan's Nikkei rose 0.5% with bank and defence-related shares taking cues from Europe's rally. On Monday, the pan-European STOXX 600 index closed 0.5% higher as a gauge of defence and aerospace stocks surged 4.6% to lifetime peaks, having already more than doubled in value since Russia invaded Ukraine three years ago.

Hopes for an end to hostilities in Ukraine also improved sentiment in other sectors in Europe. French President Emmanuel Macron on Monday hosted an emergency summit on Ukraine after U.S. officials suggested Europe would have no role in any talks this week in Saudi Arabia aimed at ending the conflict. Britain said it was ready to send peacekeeping troops to back up any deal, while Russian and U.S. officials prepared to meet for their own talks on Tuesday in Saudi Arabia. Ukraine's President Volodymyr Zelenskiy said on Monday that the country would not recognize any decisions made in deliberations where they were not present.

U.S. markets were closed overnight for a public holiday. In China, markets have been buoyed by Monday's rare meeting between Xi and business leaders. Shares in Baidu steadied following their slide on Monday after the founder of the search engine giant was not spotted at the meeting. BHP shares ticked 0.6% higher after the global miner logged its lowest first-half profit in six years, but said it saw signs of economic recovery in China. The imminent threat of reciprocal U.S. tariffs has receded until April, but the risk that they might include levies based on value-added taxes in other countries was a major worry.

The Financial Times reported on Sunday that the European Commission would explore tough import limits on certain foods made to different standards in an effort to protect its farmers, echoing U.S. President Donald Trump's reciprocal trade policy. The rest of the week is filled with key data releases, including February flash business activity data across the globe while in Europe, markets also have their eye on German elections this weekend.

In currencies, the euro hovered just below \$1.05, while the yen was firm at 151.74 after solid growth data bolstered chances of a rate hike in Japan in coming months. The pound traded at around \$1.26033, just below its highest level in two months, as investors looked towards employment and inflation data later in the week. Australia's central bank began its rate cut cycle, as expected, and the Australian dollar found support at \$0.6350 as a cut came with caution on further easing. Hong Kong's Hang Seng rose 1.8% to its highest since October and an index of tech shares stood near three-year highs.

In commodity markets, gold came off Friday's record highs at \$2,895 an ounce having rallied for seven weeks straight.

Oil producer group OPEC+ is considering pushing back a series of monthly supply increases due to begin in April despite calls from Trump to lower prices, Bloomberg News reported on Monday, citing delegates. Brent held overnight gains at \$75.42 a barrel.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand weakened on Monday, ahead of Finance Minister Enoch Godongwana's budget speech this week, which will provide insights on the state of Africa's most industrialised economy. At 1503 GMT, the rand traded at 18.4275 against the U.S. dollar, about 0.4% softer than its previous close.

Analysts said all eyes will be on the budget presentation to parliament on Wednesday, which will lay out the government's spending priorities, revenue collection measures and updated economic forecasts for the year. Analysts polled by Reuters said South Africa's budget deficit forecasts will be wider than those in its October estimates for the next three years.

On the stock market, the Top-40 index closed about 0.3% lower. South Africa's benchmark 2030 government bond was also weaker, with the yield up 5 basis points at 9.145%.

Source: LSEG Thomson Reuters Refinitiv.

Every day is a learning day.

Winston Marshall

Market Overview

MARKET INDICATORS (Bloomberg)			18 February 2025		
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↓	7.65	-0.106	7.76	7.65
6 months	↓	7.77	-0.063	7.83	7.77
9 months	↓	7.80	-0.041	7.84	7.80
12 months	↓	7.80	-0.080	7.88	7.80
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC25 (Coupon 8.50%, BMK: R186)	↑	7.62	0.019	7.60	7.61
GC26 (Coupon 8.50%, BMK: R186)	↓	8.46	0.000	8.46	8.46
GC27 (Coupon 8.00%, BMK: R186)	↑	8.80	0.025	8.77	8.80
GC30 (Coupon 8.00%, BMK: R2030)	↑	9.10	0.014	9.09	9.10
GC32 (Coupon 9.00%, BMK: R213)	↑	10.03	0.001	10.02	10.03
GC35 (Coupon 9.50%, BMK: R209)	↑	11.02	0.072	10.95	11.02
GC37 (Coupon 9.50%, BMK: R2037)	↓	11.19	-0.065	11.25	11.19
GC40 (Coupon 9.80%, BMK: R214)	↑	11.54	0.050	11.49	11.54
GC43 (Coupon 10.00%, BMK: R2044)	↓	11.49	-0.016	11.50	11.49
GC45 (Coupon 9.85%, BMK: R2044)	↓	11.81	-0.032	11.85	11.82
GC50 (Coupon 10.25%, BMK: R2048)	↓	11.62	-0.049	11.67	11.62
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI25 (Coupon 3.80%, BMK: NCPI)	↑	3.35	0.006	3.35	3.35
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.38	0.002	4.38	4.38
GI29 (Coupon 4.50%, BMK: NCPI)	↓	4.80	-0.005	4.80	4.80
GI33 (Coupon 4.50%, BMK: NCPI)	↑	5.28	0.002	5.28	5.28
GI36 (Coupon 4.80%, BMK: NCPI)	↓	5.68	0.000	5.68	5.68
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	2,897	0.49%	2,883	2,914
Platinum	↑	985	0.14%	984	988
Brent Crude	↑	75.2	0.64%	74.74	75.50
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↓	1041	-0.29%	1044	1041
JSE All Share	↑	88,469	0.08%	88,400	88,469
S&P 500	→	6,115	0.00%	6,115	6,115
FTSE 100	↑	8,768	0.41%	8,732	8,768
Hangseng	↑	22,848	1.03%	22,616	22,848
DAX	↑	22,798	1.27%	22,513	22,798
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	↓	20,274	-0.26%	20,326	20,178
Resources	↓	62,526	-2.47%	64,110	62,700
Industrials	↑	126,636	0.56%	125,935	127,132
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↑	18.40	0.05%	18.39	18.47
N\$/Pound	↑	23.23	0.48%	23.12	23.30
N\$/Euro	↑	19.29	0.10%	19.27	19.32
US Dollar/ Euro	↓	1.048	-0.19%	1.05	1.05
		Namibia		RSA	
Interest Rates & Inflation		Jan-25	Dec-24	Jan-25	Dec-24
Central Bank Rate	↓	6.75	7	7.50	7.75
Prime Rate	↓	10.50	10.75	11.00	11.25
		Jan-25	Dec-24	Dec-24	Nov-24
Inflation	↓	3.2	3.4	3.0	2.9

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

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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