



Market Update

Monday, 18 March 2024



Global Markets

A gauge of global stocks fell on Friday and was set for a weekly decline that would snap seven straight weekly gains, while the dollar rose and was on track for its strongest week since mid-January, as U.S. inflation data has led to new hopes for interest rate cuts. Data on Friday showed U.S. import prices increased marginally in February as a surge in the cost of petroleum products was partially offset by modest gains elsewhere, suggesting an improving inflation picture.

Equities struggled this week after readings on U.S. consumer prices and producer prices indicated inflation remains sticky, dampening expectations the U.S. Federal Reserve will cut rates by its June meeting. Markets are pricing in a 59.2% chance for a rate cut of at least 25 basis points (bps) by the Fed in June, down from 59.5% in the prior session and 73.3% a week ago, according to CME's FedWatch Tool.

The central bank is widely expected to hold rates steady at its policy meeting next week but investors will be watching the central bank's economic projections, including its interest rate forecast. "We seem in a period here where everyone knows rates eventually will be lowered. The expectation of when it happens keeps getting slightly pushed back, but investors still believe it will happen," said Rick Meckler, partner at Cherry Lane Investments in New Vernon, New Jersey. "It's

been a back-and-forth market as people reposition and consider whether some of the real winners have just gone a little bit too far, so you're seeing them trade off."

On Wall Street, the Dow Jones Industrial Average fell 190.89 points, or 0.49%, to 38,714.77, the S&P 500 lost 33.53 points, or 0.65%, to 5,116.95 and the Nasdaq Composite lost 155.35 points, or 0.96%, to 15,973.17. For the week, the S&P 500 lost 0.13%, the Dow shed 0.02% and the Nasdaq declined 0.73%. In addition, a survey from the University of Michigan showed its preliminary reading on consumer sentiment and inflation expectations were little changed in March while a separate report said production at U.S. factories increased more than expected in February.

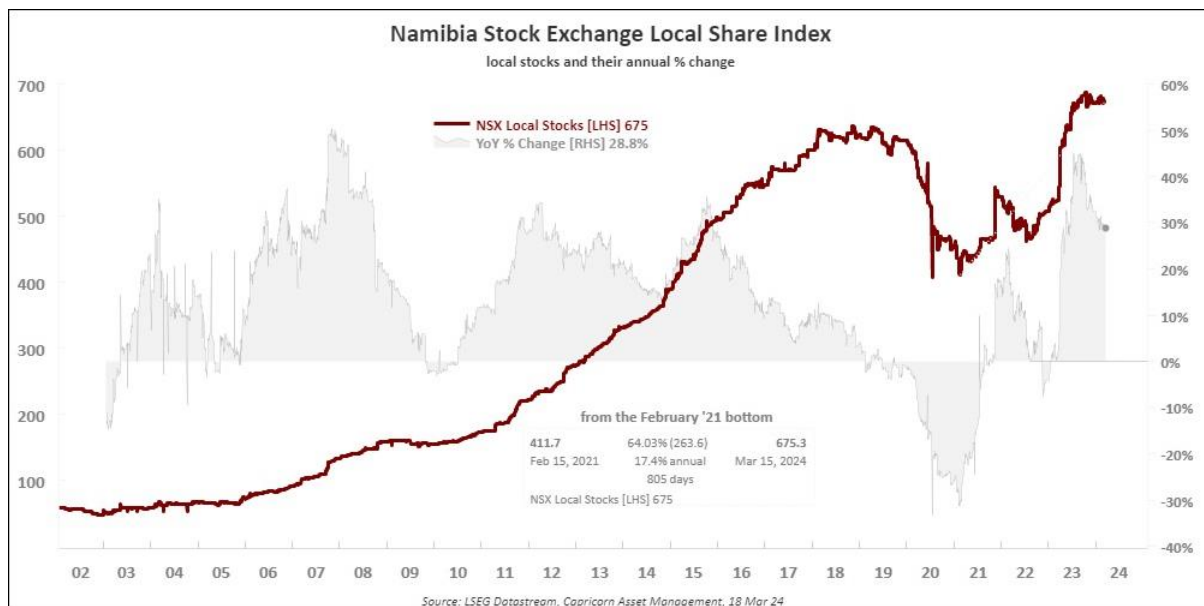
The dollar index gained 0.05% at 103.43, recouping some of the prior week's decline with a gain of 0.71%, with the euro 0.06% at \$1.0889 on the session. Sterling weakened 0.13% at \$1.273. Against the Japanese yen, the dollar strengthened 0.49% to 149.05, despite expectations the Bank of Japan is expected to end its negative interest rate policy at its meeting next week.

MSCI's gauge of stocks across the globe fell 5.07 points, or 0.66%, to 767.58, poised for its third straight daily decline, the longest streak since the start of the year, and down 0.48% on the week. The STOXX 600 index closed down 0.32%, while Europe's broad FTSEurofirst 300 index fell 7.42 points, or 0.37%.

The yield on benchmark U.S. 10-year notes was up 1 basis point at 4.308% after reaching 4.322%, its highest since Feb. 23. The 10-year yield has jumped 22 bps this week, the most since mid-October. The 2-year note yield, which typically moves in step with interest rate expectations, rose 3.9 basis points to 4.7297% and has risen 24.6 bps for the week, its largest jump in two months.

Oil prices dipped, a day after topping \$85 a barrel for the first time since November. The oil benchmarks were on track to close out the week with a gain of more than 3%. U.S. crude settled down 0.27% lower on the day at \$81.04 a barrel and Brent settled off 0.09% to \$85.34 per barrel.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand firmed on Friday, after slumping the day before on a stronger U.S. dollar and mixed local data. At 1502 GMT, the rand traded at 18.7000 against the dollar, about 0.2% stronger than its previous close.

The local currency slipped more than 1% on Thursday at one point after the dollar firmed on the back of U.S. inflation data. The greenback had trimmed its gains to trade up about 0.03% against a basket of global currencies on Friday. The rand's weakness was also fuelled by domestic data, which showed a total mining output drop of 3.3% year-on-year in January, while gold production was down 12.7% in the same period.

Investors will now turn their focus toward South Africa's inflation figures due next week. On the stock market, the Top-40 index closed down 0.63% while the broader all-share slipped 0.53%. South Africa's benchmark 2030 government bond was unchanged, with the yield at 10.240%.

Source: Thomson Reuters Refinitiv

Who has a harder fight than he who is striving to overcome himself.

Thomas a Kempis

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				18 March 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.78	0.000	8.78	8.78
6 months	⇒	8.81	0.000	8.81	8.81
9 months	⇒	8.88	0.000	8.88	8.88
12 months	⇒	8.93	0.000	8.93	8.93
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↑	9.33	0.095	9.23	9.33
GC25 (Coupon 8.50%, BMK R186)	↑	9.42	0.095	9.32	9.42
GC26 (Coupon 8.50%, BMK R186)	↑	9.42	0.095	9.32	9.42
GC27 (Coupon 8.00%, BMK R186)	↑	9.54	0.095	9.44	9.54
GC28 (Coupon 8.50%, BMK R2030)	↑	9.90	0.125	9.77	9.90
GC30 (Coupon 8.00%, BMK R2030)	↑	9.94	0.125	9.81	9.94
GC32 (Coupon 9.00%, BMK R213)	⇒	10.30	0.000	10.30	10.43
GC35 (Coupon 9.50%, BMK R209)	⇒	11.33	0.000	11.33	11.46
GC37 (Coupon 9.50%, BMK R2037)	⇒	12.54	0.000	12.54	12.67
GC40 (Coupon 9.80%, BMK R214)	⇒	12.71	0.000	12.71	12.83
GC43 (Coupon 10.00%, BMK R2044)	↑	13.01	0.090	12.92	13.01
GC45 (Coupon 9.85%, BMK R2044)	↑	12.84	0.090	12.75	12.84
GC48 (Coupon 10.00%, BMK R2048)	↑	12.96	0.090	12.87	12.96
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.69	0.090	12.60	12.69
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)	⇒	4.57	0.000	4.57	4.57
GI29 (Coupon 4.50%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI33 (Coupon 4.50%, BMK NCPI)	⇒	5.70	0.000	5.70	5.70
GI36 (Coupon 4.80%, BMK NCPI)	⇒	5.89	0.000	5.89	5.89
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	2,156	-0.25%	2,161	2,146
Platinum	↑	933	0.63%	928	928
Brent Crude	↓	85.3	-0.09%	85.4	85.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,517	-0.09%	1,519	1,517
JSE All Share	↓	72,991	-1.19%	73,867	72,991
SP500	↓	5,117	-0.65%	5,150	5,117
FTSE 100	↓	7,727	-0.20%	7,743	7,727
Hangseng	↓	16,721	-1.42%	16,962	16,752
DAX	↓	17,937	-0.03%	17,942	17,937
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,785	-1.97%	17,122	16,785
Resources	↓	53,886	-0.32%	54,056	53,886
Industrials	↓	100,728	-1.05%	101,794	100,728
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.74	0.08%	18.72	18.76
N\$/Pound	↓	23.87	-0.01%	23.87	23.88
N\$/Euro	↑	20.40	0.14%	20.37	20.42
US dollar/ Euro	↑	1.089	0.06%	1.088	1.088
		Namibia		RSA	
Interest Rates & Inflation		Feb 24	Jan 24	Feb 24	Jan 24
Central Bank Rate	⇒	7.75	7.75	8.25	8.25
Prime Rate	⇒	11.50	11.50	11.75	11.75
		Feb 24	Jan 24	Jan 24	Dec 23
Inflation	↓	5.0	5.4	5.3	5.1

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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