

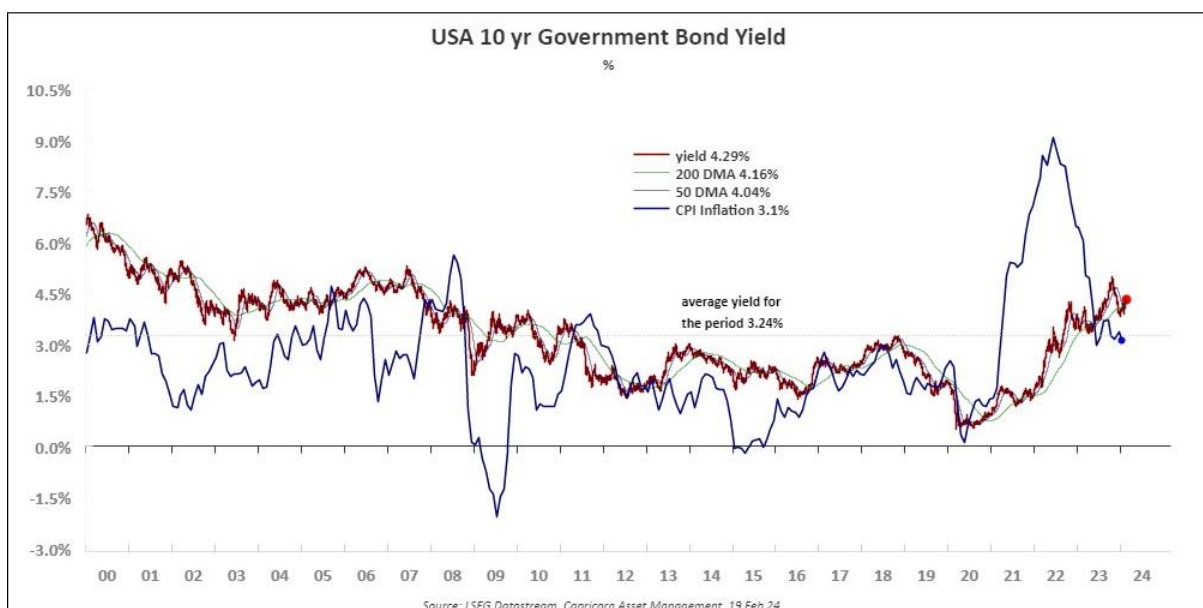
The Daily Brief



Capricorn Asset Management

Market Update

Monday, 19 February 2024



Global Markets

U.S. Treasury yields rose and the dollar edged up against the yen on Friday after data showed U.S. producer prices increased more than expected in January, adding to the view that any interest rate cuts by the Federal Reserve are not imminent. U.S. stocks ended lower, while the MSCI global stock index dipped slightly. The producer price index for final demand rose 0.3% last month after declining by a revised 0.1% in December, the Labor Department's Bureau of Labor Statistics said. Economists polled by Reuters had forecast the PPI rebounding 0.1% following a previously reported 0.2% drop.

On Friday, market expectations the Fed will start cutting rates in June were dialled back, with CME's FedWatch Tool now showing a 69.9% chance for a cut of at least 25 basis points, down from the nearly 90% in the prior session. "A number like this, it definitely pushes off the Fed for another month or two," said Tom di Galoma, co-head of global rates trading at BTIG in New York. A U.S. consumer prices reading earlier this week was also stronger than expected. The yield on the benchmark U.S. 10-year Treasury note climbed 5.3 basis points to 4.293%, down from an earlier high of 4.33%, and was on pace for its second straight weekly gain.

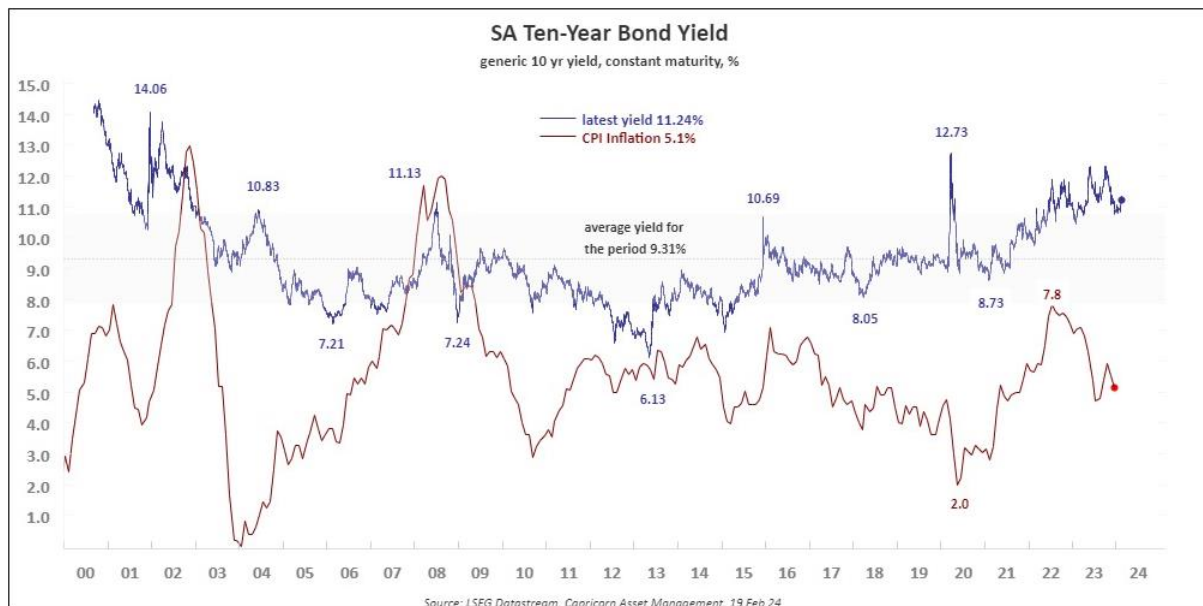
The greenback also gained after the data. Against the Japanese yen, the dollar was last up 0.23% at 150.26. The dollar index was last up just 0.02% to 104.29, while the euro was up 0.02% at 1.0773.

Bank of Japan Governor Kazuo Ueda said on Friday that monetary policy would most likely remain accommodative, even after ending negative interest rates, echoing recent reassurances from BOJ officials that have weighed on the yen.

On Wall Street, the Dow Jones Industrial Average fell 145.13 points, or 0.37%, to 38,627.99, the S&P 500 lost 24.16 points, or 0.48%, to 5,005.57 and the Nasdaq Composite lost 130.52 points, or 0.82%, to 15,775.65. U.S. markets will be closed on Monday for the Presidents' Day holiday. MSCI's gauge of stocks across the globe fell 0.31 points, or 0.04%, to 750.24, while Europe's STOXX 600 index rose 0.62%. Earlier on Friday, Japan's benchmark Nikkei rallied to a 34-year high and was on the cusp of eclipsing the all-time peak reached during the heyday of the nation's bubble economy in the 1980s. Figures on Thursday showed that Japan and Britain slipped into recession at the end of last year.

Gold eased early on Friday and was set for a second straight weekly fall, but spot gold was last up 0.4% on the day at \$2,012.86 per ounce. Oil prices rose amid geopolitical tensions in the Middle East. Brent crude futures gained 61 cents to settle at \$83.47 a barrel, while U.S. West Texas Intermediate crude rose \$1.16 to settle at \$79.19.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand firmed on Friday, recouping its midweek losses to end below the 19.0 handle ahead of next week's budget speech. At 1508 GMT, the rand traded at 18.9000 against the dollar, about 0.3% stronger than its previous close. The dollar was last trading up about 0.13% against a basket of global currencies.

There were no economic data releases in South Africa on Friday.

Investors will now turn their attention to next week's budget presentation, which will lay out the government's spending priorities, revenue collection measures and updated economic forecasts for the coming year. "The domestic currency... remains weak," said Investec analyst Laura Hodes, estimating it would trade in a range of 18.40 to 19.40 rand to the U.S. dollar next week. The budget to be tabled on Feb. 21 is projected to see similar fiscal ratios to the Medium-Term Budget Policy Statement revisions, with fiscal consolidation delayed, she said in a note.

On the stock market, the Top-40 index closed 0.67% higher. South Africa's benchmark 2030 government bond was weaker, with the yield up 5 basis points to 10.095%.

Source: Thomson Reuters Refinitiv

You cannot escape the responsibility of tomorrow by
evading it today.

Abraham Lincoln

Market Overview

| MARKET INDICATORS (Thomson Reuters Refinitiv) | | | | 19 February 2024 | |
|---|---|-------------------|-------------------|-------------------|---------------------|
| Money Market TB Rates % | | Last close | Difference | Prev close | Current Spot |
| 3 months | ⇒ | 8.79 | 0.000 | 8.79 | 8.79 |
| 6 months | ↓ | 8.85 | -0.008 | 8.85 | 8.85 |
| 9 months | ⇒ | 8.91 | 0.000 | 8.91 | 8.91 |
| 12 months | ↓ | 8.97 | -0.033 | 9.00 | 8.97 |
| Nominal Bond Yields % | | Last close | Difference | Prev close | Current Spot |
| GC24 (Coupon 10.50%, BMK R186) | ↑ | 9.09 | 0.035 | 9.06 | 9.09 |
| GC25 (Coupon 8.50%, BMK R186) | ↑ | 9.18 | 0.035 | 9.15 | 9.18 |
| GC26 (Coupon 8.50%, BMK R186) | ↑ | 9.18 | 0.035 | 9.15 | 9.18 |
| GC27 (Coupon 8.00%, BMK R186) | ↑ | 9.30 | 0.035 | 9.27 | 9.30 |
| GC28 (Coupon 8.50%, BMK R2030) | ↑ | 9.63 | 0.040 | 9.59 | 9.63 |
| GC30 (Coupon 8.00%, BMK R2030) | ↑ | 9.67 | 0.040 | 9.63 | 9.67 |
| GC32 (Coupon 9.00%, BMK R213) | ↑ | 10.16 | 0.045 | 10.12 | 10.16 |
| GC35 (Coupon 9.50%, BMK R209) | ↑ | 11.13 | 0.005 | 11.12 | 11.13 |
| GC37 (Coupon 9.50%, BMK R2037) | ↑ | 12.29 | 0.025 | 12.27 | 12.29 |
| GC40 (Coupon 9.80%, BMK R214) | ↓ | 12.42 | -0.010 | 12.43 | 12.41 |
| GC43 (Coupon 10.00%, BMK R2044) | ↓ | 12.63 | -0.005 | 12.63 | 12.63 |
| GC45 (Coupon 9.85%, BMK R2044) | ↓ | 12.46 | -0.005 | 12.46 | 12.46 |
| GC48 (Coupon 10.00%, BMK R2048) | ↑ | 12.59 | 0.005 | 12.58 | 12.59 |
| GC50 (Coupon 10.25%, BMK: R2048) | ↑ | 12.32 | 0.005 | 12.31 | 12.32 |
| 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) | ↓ | 4.60 | -0.048 | 4.64 | 4.60 |
| GI29 (Coupon 4.50%, BMK NCPI) | ↓ | 5.03 | -0.044 | 5.07 | 5.03 |
| GI33 (Coupon 4.50%, BMK NCPI) | ↓ | 5.69 | -0.033 | 5.72 | 5.69 |
| GI36 (Coupon 4.80%, BMK NCPI) | ↓ | 5.99 | -0.016 | 6.01 | 5.99 |
| Commodities | | Last close | Change | Prev close | Current Spot |
| Gold | ↑ | 2,013 | 0.45% | 2,004 | 2,019 |
| Platinum | ↑ | 906 | 0.86% | 898 | 902 |
| Brent Crude | ↑ | 83.5 | 0.74% | 82.9 | 82.8 |
| Main Indices | | Last close | Change | Prev close | Current Spot |
| NSX Overall Index | ↑ | 1,535 | 1.66% | 1,510 | 1,535 |
| JSE All Share | ↑ | 73,616 | 0.54% | 73,218 | 73,616 |
| SP500 | ↓ | 5,006 | -0.48% | 5,030 | 5,006 |
| FTSE 100 | ↑ | 7,712 | 1.50% | 7,598 | 7,712 |
| Hangseng | ↑ | 16,340 | 2.48% | 15,945 | 16,176 |
| DAX | ↑ | 17,117 | 0.42% | 17,047 | 17,117 |
| JSE Sectors | | Last close | Change | Prev close | Current Spot |
| Financials | ↑ | 17,271 | 1.14% | 17,076 | 17,271 |
| Resources | ↑ | 50,962 | 0.69% | 50,614 | 50,962 |
| Industrials | ↑ | 103,450 | 0.21% | 103,232 | 103,450 |
| Forex | | Last close | Change | Prev close | Current Spot |
| N\$/US dollar | ↓ | 18.84 | -0.48% | 18.93 | 18.88 |
| N\$/Pound | ↓ | 23.74 | -0.49% | 23.86 | 23.82 |
| N\$/Euro | ↓ | 20.30 | -0.45% | 20.39 | 20.34 |
| US dollar/ Euro | ↑ | 1.077 | 0.03% | 1.077 | 1.078 |
| | | Namibia | | RSA | |
| Interest Rates & Inflation | | Jan 24 | Dec 23 | Jan 24 | Dec 23 |
| Central Bank Rate | ⇒ | 7.75 | 7.75 | 8.25 | 8.25 |
| Prime Rate | ⇒ | 11.50 | 11.50 | 11.75 | 11.75 |
| | | Jan 24 | Dec 23 | Dec 23 | Nov 23 |
| Inflation | ↑ | 5.4 | 5.3 | 5.1 | 5.5 |

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.



Capricorn Asset Management



Bank Windhoek

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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