

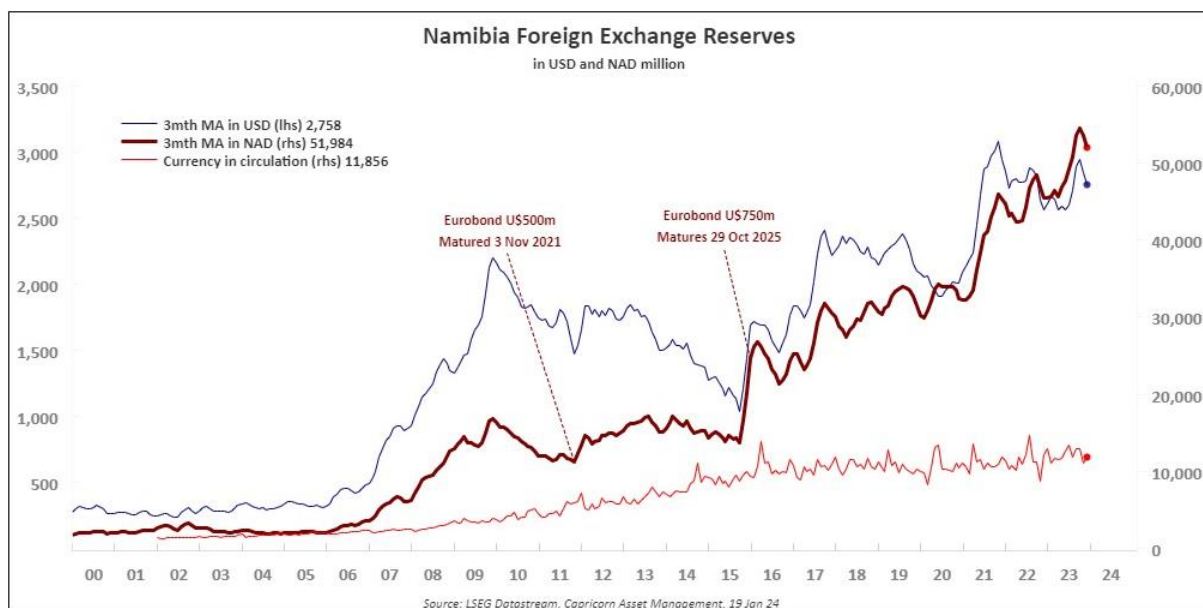
The Daily Brief



Capricorn Asset Management

Market Update

Friday, 19 January 2024



Global Markets

Asian shares bounced on Friday, buoyed by a rally in regional chipmakers, while the yen was set to end the week with heavy losses as investors pared back bets the Bank of Japan would soon abandon its uber-easy policies. Oil prices were on edge amid worries about increasing geopolitical risks in the Middle East. The U.S. launched new strikes against Houthi anti-ship missiles aimed at the Red Sea on Thursday, and Pakistan conducted strikes inside Iran, two days after Iranian strikes inside Pakistani territory.

MSCI's broadest index of Asia-Pacific shares outside Japan rallied 0.9% on Friday but was still down 2.9% for the week, the biggest weekly loss since mid-August. Taipei-listed shares of Taiwan Semiconductor Manufacturing surged 5.0% after the chipmaking giant projected 2024 revenue growth of more than 20%. Its U.S. shares soared nearly 10% overnight, fuelling a tech rally on Wall Street. MSCI Asia ex-Japan IT index gained nearly 3%. Global X Japan semiconductor ETF was up more than 4%. Japan's Nikkei rose 1.6% to just a touch below a 34-year top hit on Wednesday. Data showed Japan's core consumer inflation slowed for a second straight month in December, adding to speculation that the BOJ is not in a rush to tighten its ultra loose monetary policy. The yen held at 148.26 per dollar, having lost 2.2% for the week to the lowest level since early December.

Chinese bluechips slipped 0.2% after bouncing off the five-year lows hit the previous day amid signs of state support. Hong Kong's Hang Seng index rose 0.4%. "Equities haven't been spooked by the higher rates backdrop, supported by the more robust economic backdrop and tech," said Tapas Strickland, head of market economics at National Australia Bank.

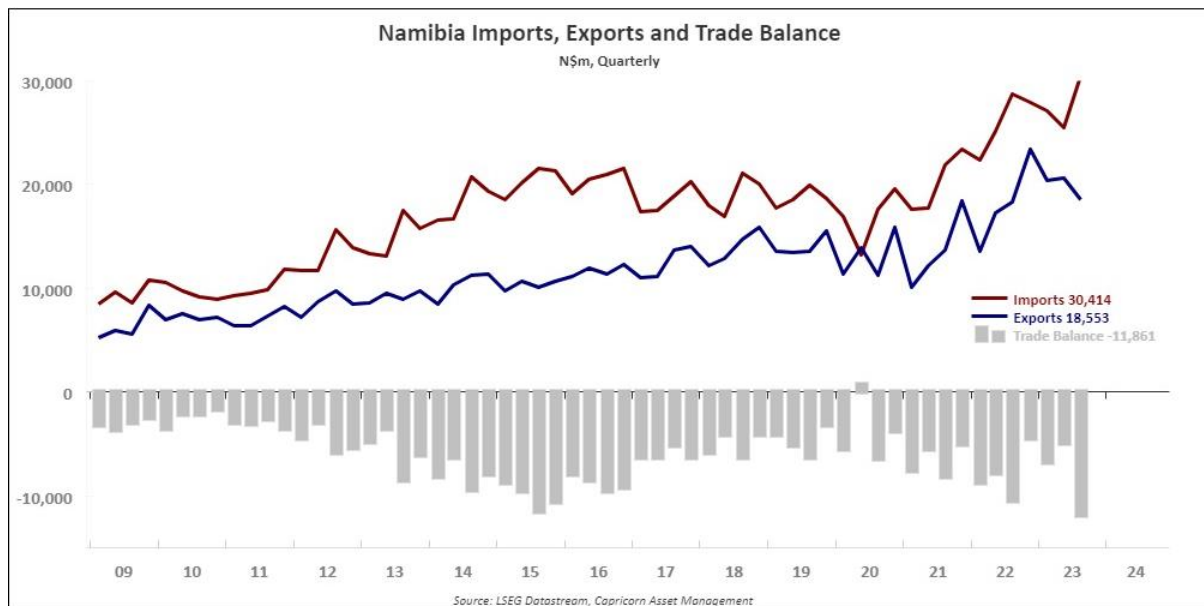
"The US labour market retains its 'Titanium Status'... Given data resilience, it is hard to see the U.S. Fed rushing towards cuts unless inflation continues to print lower than expected." Data overnight showed that U.S. weekly jobless claims unexpectedly dropped, tempering some hopes of a March interest rate cut from the Federal Reserve. Treasury yields crept higher and the dollar held firm.

Treasury yields edged higher in Asia. The 10 year rose 2 basis points to 4.167%, after an increase of 4 bps overnight, while the two-year yield crept 1 bp higher to 4.3672%, having ended the previous day little changed. Futures were still leaning towards a first rate cut in March from the Fed but with less conviction at a 55% probability, down from 70% last week. Meanwhile, the total easing this year stood at 140 basis points. Atlanta Fed President Raphael Bostic said he would be open to reducing U.S. interest rates sooner than he had anticipated if inflation fell faster than he expected.

The European Central Bank (ECB) also warned in minutes from its most recent meeting that it was far too soon to discuss policy easing. In the foreign exchange market, moves were muted and the dollar index was little changed at 103.36 against its major peers.

Oil prices were a little lower on Friday. U.S. crude futures were flat at \$74.09 per barrel and Brent futures were at \$78.95, down 0.2% on the day. Spot gold rose 0.1% to \$2,023.89 an ounce.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand strengthened on Thursday after monthly mining figures showed an increase in production. At 1619 GMT, the rand traded at 18.9475 against the dollar, 0.6% stronger than its previous close.

The country's total mining output rose 6.8% year on year in November after a revised increase of 3.6% the previous month, Statistics South Africa data showed. Analysts polled by Reuters had predicted a 3% increase in November. However, declines were recorded in the production of diamonds, manganese ore and gold, local data showed.

"Notwithstanding November's result, which was buoyed in part by base effects, the fragile global environment continues to weigh on commodity demand," Investec analyst Lara Hodes said in a research note.

Shares on the Johannesburg Stock Exchange closed higher, with the broader all-share index up 0.91% and blue-chip Top-40 index up 1.0% South Africa's benchmark 2030 government bond was firmer, with the yield down 3 basis points to 9.795%.

The world breaks everyone, and afterward, some are strong at the broken places.

Ernest Hemingway

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				19 January 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	8.83	0.000	8.83	8.83
6 months	→	8.90	0.000	8.90	8.90
9 months	→	8.96	0.000	8.96	8.96
12 months	↑	8.98	0.008	8.97	8.98
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↓	8.98	-0.025	9.01	8.98
GC25 (Coupon 8.50%, BMK R186)	↓	9.07	-0.025	9.10	9.07
GC26 (Coupon 8.50%, BMK R186)	↓	9.07	-0.025	9.10	9.07
GC27 (Coupon 8.00%, BMK R186)	↓	9.19	-0.025	9.22	9.19
GC28 (Coupon 8.50%, BMK R2030)	↓	9.33	-0.030	9.36	9.33
GC30 (Coupon 8.00%, BMK R2030)	↓	9.37	-0.030	9.40	9.37
GC32 (Coupon 9.00%, BMK R213)	↓	9.88	-0.030	9.91	9.88
GC35 (Coupon 9.50%, BMK R209)	↓	10.94	-0.015	10.96	10.94
GC37 (Coupon 9.50%, BMK R2037)	↓	12.13	-0.025	12.16	12.13
GC40 (Coupon 9.80%, BMK R214)	↓	12.30	-0.030	12.33	12.29
GC43 (Coupon 10.00%, BMK R2044)	↓	12.50	-0.025	12.53	12.50
GC45 (Coupon 9.85%, BMK R2044)	↓	12.33	-0.025	12.36	12.33
GC48 (Coupon 10.00%, BMK R2048)	↓	12.46	-0.025	12.48	12.46
GC50 (Coupon 10.25%, BMK: R2048)	↓	12.19	-0.025	12.21	12.19
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	→	3.30	0.000	3.30	4.40
GI27 (Coupon 4.00%, BMK NCPI)	↑	4.70	0.005	4.69	4.69
GI29 (Coupon 4.50%, BMK NCPI)	↑	5.13	0.001	5.13	5.13
GI33 (Coupon 4.50%, BMK NCPI)	↓	5.79	-0.001	5.79	5.79
GI36 (Coupon 4.80%, BMK NCPI)	↑	6.13	0.004	6.13	6.13
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	2,023	0.85%	2,006	2,020
Platinum	↑	907	2.70%	883	908
Brent Crude	↑	79.1	1.57%	77.9	78.9
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,533	0.97%	1,518	1,533
JSE All Share	↑	72,344	0.91%	71,693	72,344
SP500	↑	4,781	0.88%	4,739	4,781
FTSE 100	↑	7,459	0.17%	7,446	7,459
Hangseng	↑	15,392	0.75%	15,277	15,377
DAX	↑	16,567	0.83%	16,432	16,567
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	17,071	0.84%	16,929	17,071
Resources	↑	50,806	0.77%	50,417	50,806
Industrials	↑	99,834	1.19%	98,661	99,834
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	18.94	-0.62%	19.05	18.92
N\$/Pound	↓	24.05	-0.39%	24.14	24.03
N\$/Euro	↓	20.59	-0.68%	20.73	20.58
US dollar/ Euro	↓	1.087	-0.06%	1.088	1.088
		Namibia		RSA	
Interest Rates & Inflation		Dec 23	Nov 23	Dec 23	Nov 23
Central Bank Rate	→	7.75	7.75	8.25	8.25
Prime Rate	→	11.50	11.50	11.75	11.75
		Dec 23	Nov 23	Nov 23	Oct 23
Inflation	↓	5.3	5.7	5.5	5.9

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 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.



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