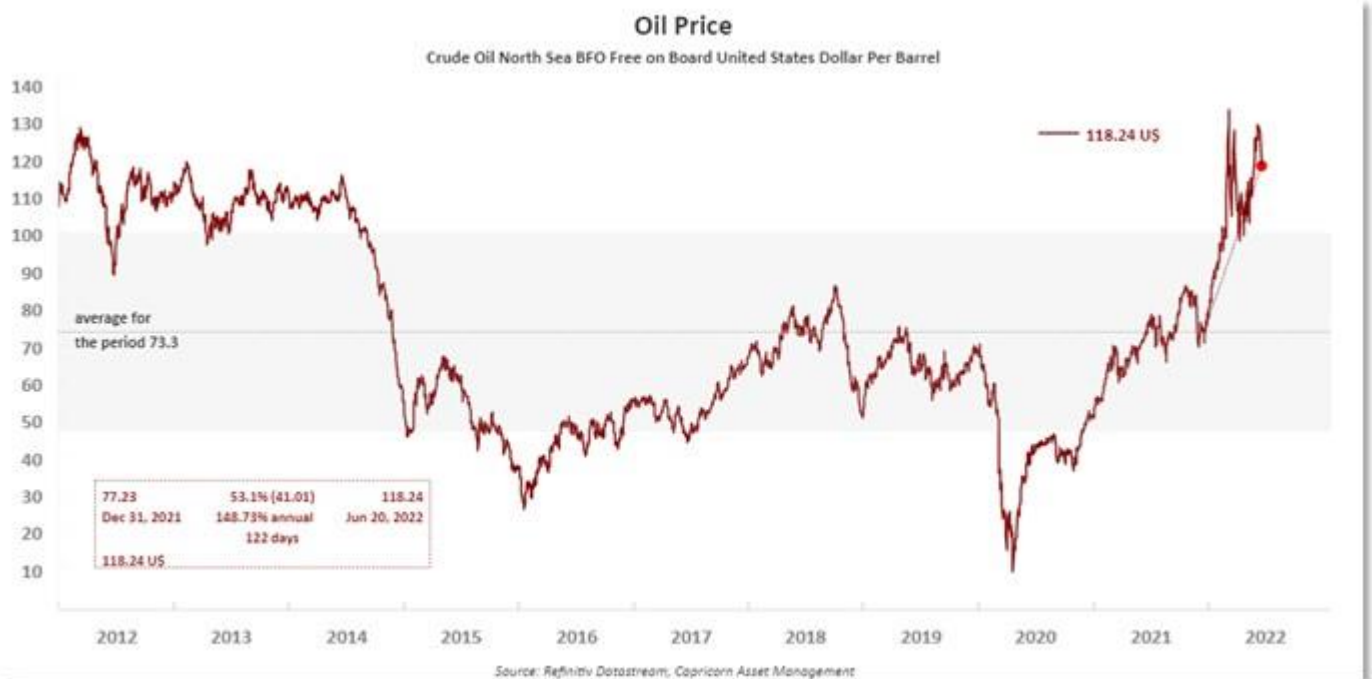




Market Update

Tuesday, 21 June 2022



Global Markets

Stocks rose and the safe-haven dollar edged down on Tuesday as investors paused for breath after a steep selloff, but concerns remain about aggressive central bank interest rate hikes and risks of a global recession.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 1.3%, edging up from a more than five-week low hit and set for its best day in around two weeks. Japan's benchmark Nikkei average gained 2.22%. Gains were broad-based, but Chinese tech names were among the leaders with Hong Kong-listed firms up 1.9%. European shares were also set to extend the previous day's gains with EUROSTOXX 50 futures up 0.6% and FTSE futures gaining 0.5%. U.S. markets, which were closed on Monday for a holiday, looked set for a bigger pop at the open with S&P 500 e-mini share futures 1.63% higher and Nasdaq e-mini share futures advancing 1.76%.

Nonetheless, some investors see the current bounce as short-lived. "I think the green that we're seeing this morning is not necessarily a function that people are moving back in towards risk assets,"

said Kerry Craig, global market strategist at JPMorgan Asset Management. "It's just the normal behaviour on the very large selloff to get some reprieve and breathing space come through because fundamentally, nothing has changed on the macro front last week."

Central banks around the world are looking to raise interest rates aggressively to curb rising inflation, a sentiment underscored on Tuesday by Reserve Bank of Australia (RBA) Governor Philip Lowe, who pointed in a speech to further rate hikes. "As we chart our way back to 2 to 3% inflation, Australians should be prepared for more interest rate increases," Lowe warned. "The level of interest rates is still very low for an economy with low unemployment and that is experiencing high inflation." Australia's S&P/ASX 200 index climbed 1.45% and the Aussie dollar was little changed.

Continuing the central bank theme, two Federal Reserve policymakers are due to speak later in the day, as are two speakers from the Bank of England, with traders watching their remarks closely for clues about the interest rate trajectory. In currency markets, the dollar index, which tracks the greenback against a basket of its peers, edged down a little in line with the improved risk sentiment to 104.37, as the dollar lost a modicum of ground on the euro. "However, the risk rally should prove to be short-lived as major central banks maintained their hawkish tone," said Ken Cheung, chief Asian FX strategist at Mizuho in a note. The Japanese yen remained under pressure at 135.1 yen per dollar, not far off a 24-year low of 135.58 yen hit early last week.

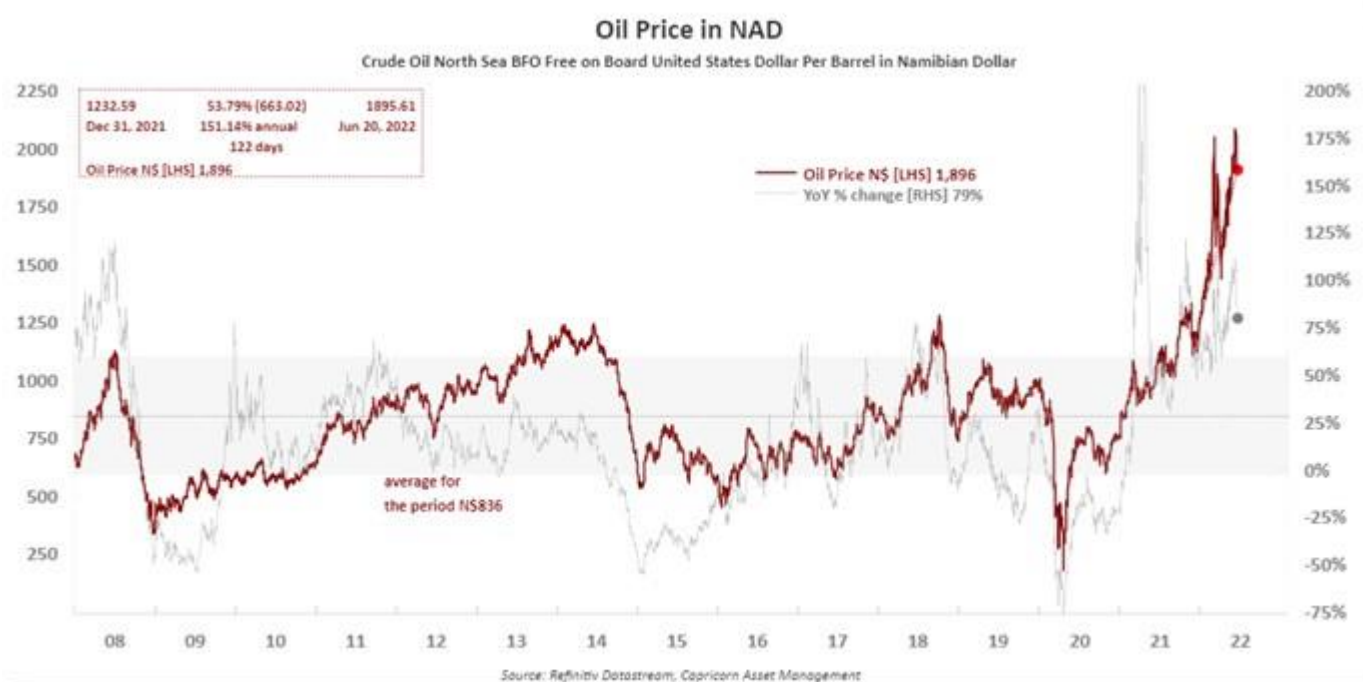
In bond markets, the yield on U.S. benchmark 10-year Treasury notes was 3.2825%, up from last Friday's close of 3.2313. Last week's peak of 3.495% was the 10-year yield's highest since 2011 and came the same day the Fed raised interest rates by a massive 75 basis points.

Oil prices swung higher with traders focusing on tight supplies over slowing global economic growth. U.S. crude rose 1.79% to \$111.52 per barrel and Brent was at \$115.47, up 1.17% on the day. The United States is in talks with Canada and other allies globally to further restrict Moscow's energy revenue by imposing a price cap on Russian oil without causing spillover effects to low-income countries, Treasury Secretary Janet Yellen said on Monday.

Spot gold traded nearly flat at \$1,838.41 an ounce. Bitcoin was at \$20,629 having failed to break strongly above or below the psychologically significant \$20,000 level in recent days. The strength in the dollar has kept gold in a tight sideways pattern for the past month or so and it was last stuck at \$1,841 an ounce

Oil prices edged down again after a sharp retreat late last week amid concerns high energy prices were adding to the risk of a global recession which would ultimately curb demand. Brent fell 10 cents to \$113.02, while U.S. crude lost 27 cents to \$109.29 per barrel.

Domestic Markets



South Africa's rand firmed against the dollar on Monday, as investors continued to assess risks to the economy from tighter U.S. monetary policy following the Federal Reserve's biggest interest rate increase in a quarter of a century.

At 1545 GMT, the rand traded at 16.0250 per dollar, 0.14% stronger than its previous close. The dollar index was down 0.33% at 104.34, after reaching a two-decade high of 105.79 in the middle of last week.

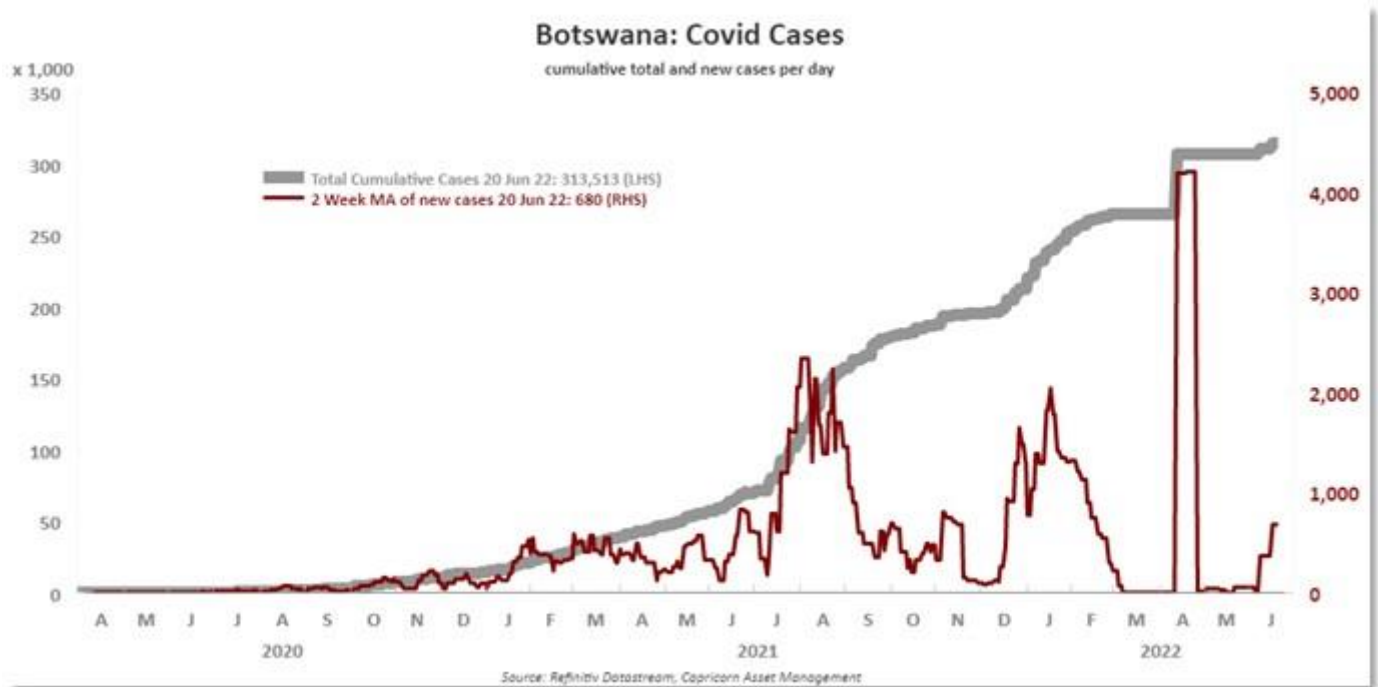
Analysts have said the rand's value against the dollar is still finding directional cues from the ever-changing outlook for U.S. monetary policy and the risk of recession down the line. "The risk is that the U.S. economy slows more quickly than its policymakers and markets anticipate, with a recession, and not necessarily a mild one, spooking markets as stagflation worsens on obdurate supply-side price pressures, weakening the rand," Investec analyst Annabel Bishop said in a note.

Stocks in the Johannesburg Stock Exchange (JSE) were up, mirroring the modest gains in the global markets at the start of the week, which is likely to be dominated by news on the path for interest rates and inflation. Overall, on the JSE, the All-Share index rose 1.47% to 66,350 points while the Top-40 index closed 1.68% higher at 60,074 points.

The government's benchmark 2030 bond was steady, with the yield down by 0.5 points at 10.240%.

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	536,590,224	2,857,823	6,316,655	6,320



Source: Thomson Reuters Refinitiv

A person will sometimes devote all his life to the development of one part of his body - the wishbone.

Robert Frost

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)					21 June 2022
Money Market TB Rates %			Last close	Difference	Prev close Current Spot
3 months	➡		5.34	0.000	5.34 5.34
6 months	⬇		5.86	-0.009	5.87 5.86
9 months	⬇		6.83	-0.008	6.84 6.83
12 months	⬇		7.26	-0.017	7.28 7.26
Nominal Bond Yields %			Last close	Difference	Prev close Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⬆		7.36	0.020	7.34 7.37
GC24 (Coupon 10.50%, BMK R186)	⬇		8.17	-0.020	8.19 8.17
GC25 (Coupon 8.50%, BMK R186)	⬇		8.62	-0.020	8.64 8.62
GC26 (Coupon 8.50%, BMK R186)	⬇		9.33	-0.020	9.35 9.33
GC27 (Coupon 8.00%, BMK R186)	⬇		9.65	-0.020	9.67 9.65
GC30 (Coupon 8.00%, BMK R2030)	⬇		11.53	-0.005	11.54 11.53
GC32 (Coupon 9.00%, BMK R213)	➡		12.76	0.000	12.76 12.76
GC35 (Coupon 9.50%, BMK R209)	⬆		13.35	0.025	13.33 13.35
GC37 (Coupon 9.50%, BMK R2037)	⬆		14.34	0.025	14.31 14.34
GC40 (Coupon 9.80%, BMK R214)	⬆		14.27	0.030	14.24 14.25
GC43 (Coupon 10.00%, BMK R2044)	⬆		14.55	0.020	14.53 14.55
GC45 (Coupon 9.85%, BMK R2044)	⬆		14.56	0.020	14.54 14.56
GC48 (Coupon 10.00%, BMK R2048)	⬆		14.98	0.015	14.97 14.98
GC50 (Coupon 10.25%, BMK: R2048)	⬆		14.72	0.015	14.71 14.72
Inflation-Linked Bond Yields %			Last close	Difference	Prev close Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⬇		3.55	-0.450	4.00 3.55
GI25 (Coupon 3.80%, BMK NCPI)	➡		3.94	0.000	3.94 3.94
GI27 (Coupon 4.00%, BMK NCPI)	➡		4.99	0.000	4.99 4.99
GI29 (Coupon 4.50%, BMK NCPI)	➡		4.94	0.000	4.94 4.94
GI33 (Coupon 4.50%, BMK NCPI)	➡		6.85	0.000	6.85 6.85
GI36 (Coupon 4.80%, BMK NCPI)	➡		7.83	0.000	7.83 7.83
Commodities			Last close	Change	Prev close Current Spot
Gold	⬇		1,838	-0.06%	1,839 1,835
Platinum	⬇		932	-0.10%	933 932
Brent Crude	⬆		114.1	0.89%	113.1 115.0
Main Indices			Last close	Change	Prev close Current Spot
NSX Overall Index	⬆		1,628	1.90%	1,598 1,628
JSE All Share	⬆		66,350	1.47%	65,391 66,350
SP500	➡		3,675	0.00%	3,675 3,675
FTSE 100	⬆		7,122	1.50%	7,016 7,122
Hangseng	⬆		21,164	0.42%	21,075 21,410
DAX	⬆		13,266	1.06%	13,126 13,266
JSE Sectors			Last close	Change	Prev close Current Spot
Financials	⬆		15,414	2.64%	15,017 15,414
Resources	⬆		68,282	1.17%	67,489 68,282
Industrials	⬆		74,401	1.45%	73,336 74,401
Forex			Last close	Change	Prev close Current Spot
N\$/US dollar	⬆		16.03	0.10%	16.01 16.05
N\$/Pound	⬆		19.64	0.32%	19.57 19.67
N\$/Euro	⬆		16.84	0.21%	16.81 16.87
US dollar/ Euro	⬆		1.051	0.10%	1.050 1.052
			Namibia		RSA
Interest Rates & Inflation			Jun 22	May 22	May 22 Apr 22
Central Bank Rate	⬆		4.75	4.25	4.75 4.25
Prime Rate	⬆		8.50	8.00	8.25 7.75
			May 22	Apr 22	Apr 22 Mar 22
Inflation	⬇		5.4	5.6	5.9 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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