

The Daily Brief

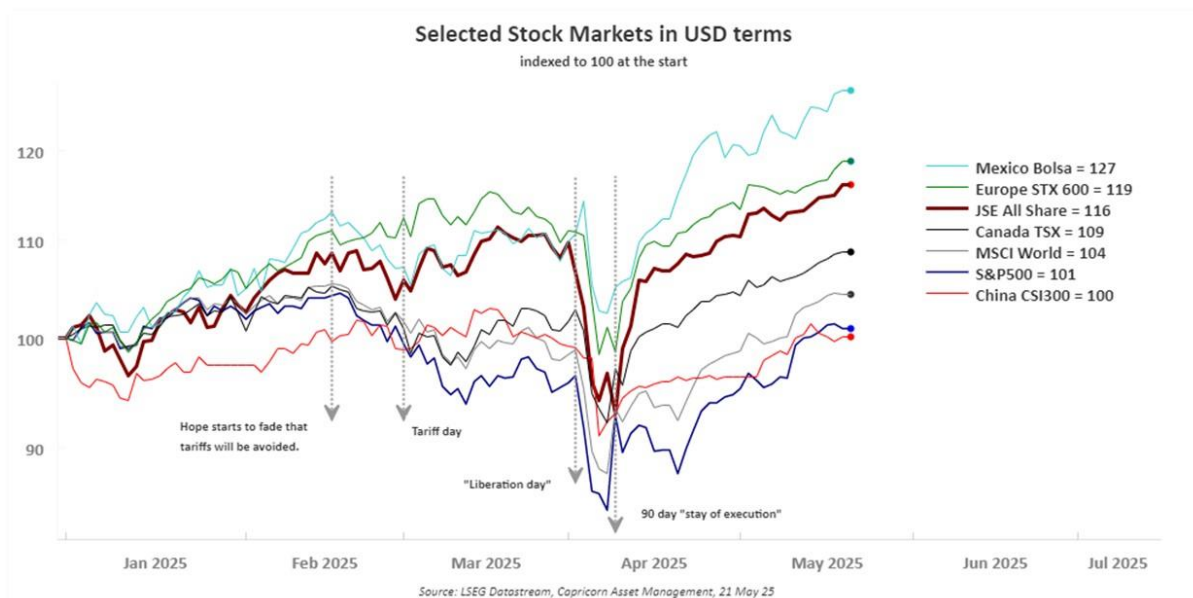


Capricorn Asset Management

Market Update

Wednesday, 21 May 2025

Global Markets



Asian stocks gained, while the U.S. dollar was under pressure on Wednesday finding little support from a rise in bond yields, as investors fretted about the fiscal outlook of major developed economies and the lack of progress on trade deals. Oil prices rose more than 1% after a CNN report said that Israel was preparing a strike on Iranian nuclear facilities, raising supply concerns out of the key Middle East producing region and bringing geopolitical concerns back into focus.

Investor sentiment has been fragile since Moody's last week downgraded U.S. credit rating, stoking worries about the country's \$36 trillion debt pile, with U.S. President Donald Trump pushing for tax cuts that could worsen the debt load by \$3 trillion to \$5 trillion. There are also concerns about a lack of progress on U.S. trade talks with foes and allies pressing Washington to ease or eliminate its tariffs. U.S. stock futures indicated a lower open on Wall Street, while European futures pointed to a muted open. Treasury yields have stayed elevated, with the yield on 30-year Treasury bonds hitting 5% in Asian hours. That brought no respite to the dollar as investors flocked to safe haven currencies including the yen and the Swiss franc. Investors sought those opportunities in Asia, with MSCI's broadest index of the region outside Japan up 1% at a seven-month high.

Investors in the Japanese bond market remained jittery after a steep selloff in super-long bonds in the previous session. Yields on longer-dated bonds hovered near record highs on Wednesday, with questions over how the country could fund new fiscal stimulus, with the central bank trying to normalize monetary policy. Data on Wednesday showed Japanese shipments to the U.S. fell in April even as exports rose for the seventh straight month, highlighting the toll President Donald Trump's tariffs could take on the fragile economic recovery in Japan. Analysts said any progress on deals between the U.S. and its trade partners could fuel risk appetite, but there are concerns Trump's policies could still damage the global economy. On Tuesday, U.S. Federal Reserve officials said prices were rising on the back of higher U.S. import tariffs and counselled patience before making any interest rate decisions.

In currencies, dollar selling accelerated in Asia, driving the yen, Swiss franc and the euro to their strongest levels in two weeks. The pound touched a three-week high and last bought \$1.3443. British inflation jumped to a higher-than-expected annual rate of 3.5% in April from 2.6% in March. Markets were also monitoring the Group of Seven finance minister meetings currently underway in Canada for any hints that a weaker dollar could help advance trade negotiations.

Oil prices were little changed amid uncertainty in U.S.-Iran negotiations and Russia-Ukraine peace talks. Brent futures slid 16 cents, or 0.2%, to settle at \$65.38 a barrel, while U.S. West Texas Intermediate (WTI) crude eased 13 cents, or 0.2%, to settle at \$62.56.

Gold prices rose on Wednesday as the dollar weakened, and investors flocked to safe-haven assets. Spot gold was 0.39% at \$3,301 per ounce, the highest in more than a week.

Source: LSEG Thomson Reuters Refinitiv.

Domestic Markets



South Africa's rand gained against a weaker dollar on Tuesday, before the country's budget speech and a meeting between President Cyril Ramaphosa and U.S. President Donald Trump. At 1522 GMT, the rand traded at 17.9475 against the dollar, roughly up 1% on Monday's closing level. The greenback last traded about 0.2% weaker against a basket of currencies as investors faced uncertainty over Trump's tariff policies and the potential for a Russia-Ukraine ceasefire.

Finance Minister Enoch Godongwana will try to pass a budget for the third time on Wednesday, after his previous two attempts failed to gain support of some coalition partners over plans to increase tax. "The uncertainties we have had regarding the domestic budget and the coalition government are all beginning to settle, so the rand is gaining from that," said Johann Els, a chief economist at Old Mutual, adding that the bulk of the rand's valuation is because of a weaker U.S. dollar.

The South African delegation arrived in Washington on Monday to hold talks with Trump's administration in a bid to reset strained ties between the nations. The meeting between the two heads of state is planned for Wednesday.

On the local bourse, the Top 40 index was last up about 0.3%. South Africa's benchmark 2030 government bond was stronger, with the yield down 2 basis points at 8.86%.

Source: LSEG Thomson Reuters Refinitiv.

The time to worrying about flying is when you're on the ground. When you're up in the air, it's too late. No point in worrying about it then.

Denzel Washington

Market Overview

MARKET INDICATORS (Bloomberg)				21 May 2025	
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↑	7.57	0.004	7.57	7.57
6 months	↓	7.65	-0.016	7.67	7.65
9 months	↓	7.71	-0.006	7.72	7.71
12 months	↓	7.76	-0.021	7.78	7.76
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC26 (Coupon 8.50%, BMK: R186)	↓	7.63	-0.004	7.64	7.63
GC27 (Coupon 8.00%, BMK: R186)	↑	8.27	0.011	8.26	8.27
GC30 (Coupon 8.00%, BMK: R2030)	↑	9.01	0.001	9.01	9.00
GC32 (Coupon 9.00%, BMK: R213)	↓	9.81	0.000	9.81	9.81
GC35 (Coupon 9.50%, BMK: R209)	↑	11.18	0.002	11.18	11.18
GC37 (Coupon 9.50%, BMK: R2037)	↑	11.56	0.031	11.53	11.56
GC40 (Coupon 9.80%, BMK: R214)	↑	11.61	0.004	11.61	11.61
GC43 (Coupon 10.00%, BMK: R2044)	↑	11.71	0.002	11.71	11.71
GC45 (Coupon 9.85%, BMK: R2044)	↑	12.02	0.000	12.02	12.02
GC48 (Coupon 10.00%, BMK: R2048)	↑	11.82	0.000	11.82	11.82
GC50 (Coupon 10.25%, BMK: R2048)	↑	11.93	0.001	11.93	11.93
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI25 (Coupon 3.80%, BMK: NCPI)	↓	2.27	-0.027	2.30	2.24
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.47	0.001	4.47	4.47
GI29 (Coupon 4.50%, BMK: NCPI)	↑	4.67	0.001	4.67	4.67
GI33 (Coupon 4.50%, BMK: NCPI)	↓	5.31	0.000	5.31	5.31
GI36 (Coupon 4.80%, BMK: NCPI)	↓	5.63	-0.001	5.63	5.63
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	3,290	1.88%	3,230	3,316
Platinum	↑	1058	5.60%	1002	1050
Brent Crude	↓	65.4	-0.24%	65.54	66.00
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	→	1024	0.00%	1024	1024
JSE All Share	↑	92,763	0.29%	92,492	92,763
S&P 500	↓	5,940	-0.40%	5,964	5,940
FTSE 100	↑	8,781	0.94%	8,699	8,781
Hangseng	↑	23,791	0.46%	23,681	23,791
DAX	↑	24,036	0.42%	23,935	24,036
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	→	20,831	0.00%	20,831	20,660
Resources	→	67,698	0.00%	67,698	70,064
Industrials	→	133,468	0.00%	133,468	132,951
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	17.92	-0.94%	18.09	17.92
N\$/Pound	↓	24.00	-0.70%	24.17	24.11
N\$/Euro	↓	20.23	-0.49%	20.33	20.33
US Dollar/ Euro	↑	1.128	0.71%	1.12	1.13
		Namibia		RSA	
Interest Rates & Inflation		Apr-25	Mar-25	Apr-25	Mar-25
Central Bank Rate	→	6.75	6.75	7.50	7.50
Prime Rate	→	10.50	10.50	11.00	11.00
		Mar-25	Feb-25	Mar-25	Feb-25
Inflation	↓	3.6	4.2	2.7	3.2

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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