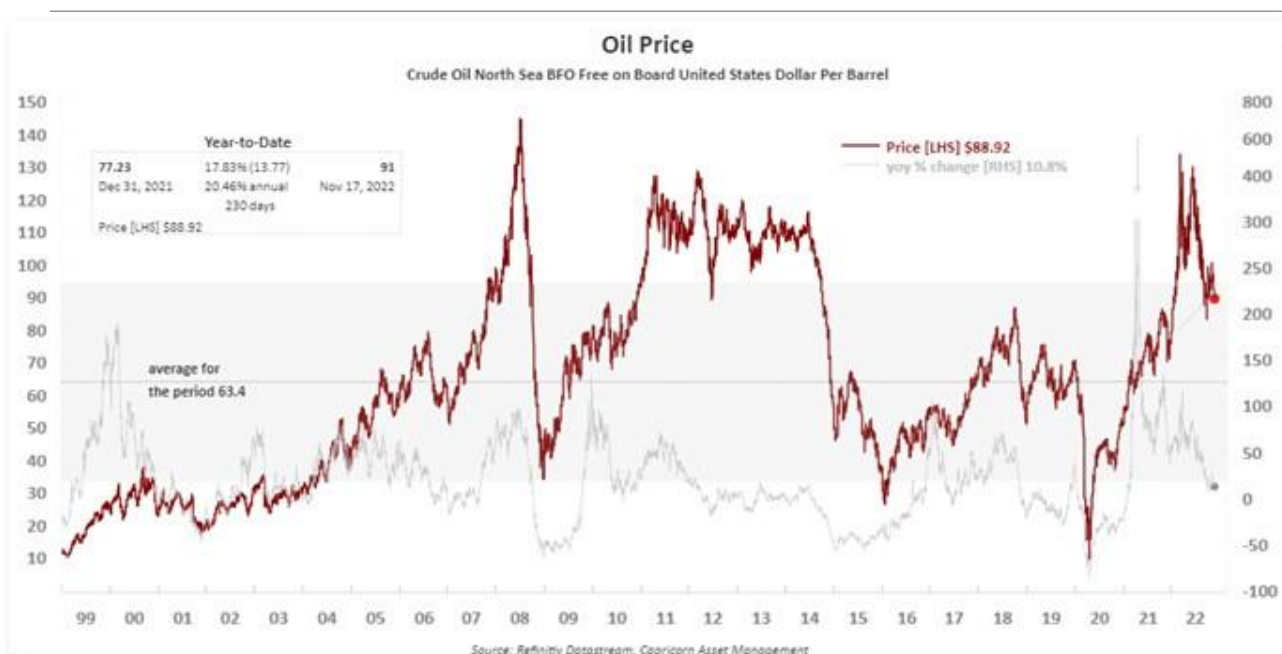




Market Update

Monday, 21 November 2022



Global Markets

Asian share markets and oil prices slipped on Monday as investors fretted about the economic fallout from fresh COVID-19 restrictions in China, with resulting risk aversion benefiting bonds and the dollar.

Beijing's most populous district urged residents to stay at home on Monday as the city's COVID case numbers rose, while at least one district in Guangzhou was locked down for five days.

The rash of outbreaks across the country has been a setback to hopes for an early easing in strict pandemic restrictions, one reason cited for a 10% slide in oil prices last week.

Chinese blue chips fell 1.3% in early trade, dragging MSCI's broadest index of Asia-Pacific shares outside Japan down 1.4%. Japan's Nikkei .N225 was flat and South Korea .KS11 lost 1.2%.

S&P 500 futures were down 0.3%, while Nasdaq futures slipped 0.2%. EUROSTOXX 50 futures lost 0.4% and FTSE futures 0.2%.

The U.S. Thanksgiving holiday on Thursday combined with the distraction of the soccer World Cup could make for thin trading, while Black Friday sales will offer an insight into how consumers are faring and the outlook for retail stocks.

Minutes of the U.S. Federal Reserve's last meeting are due on Wednesday and could sound hawkish, judging by how officials have pushed back against market easing in recent days.

Atlanta Federal Reserve President Raphael Bostic on Saturday said he was ready to step down to a half-point hike in December but also underlined that rates would likely stay high for longer than markets expected.

Futures 0#FF: imply an 80% chance of a rise of 50 basis points to 4.25-4.5% and a peak for rates around 5.0-5.25%. They also have rate cuts priced in for late next year.

"We are comfortable that the deceleration underway in U.S. inflation and European growth produces a moderation in the pace of tightening starting next month," said Bruce Kasman, head of research at JPMorgan.

"But for central banks to pause they also need clear evidence that labour markets are easing," he added. "The latest reports in the U.S., euro area, and U.K. point to only a limited moderation in labour demand, while news on wages points to sustained pressures."

Central banks in Sweden and New Zealand are expected to hike their rates this week, perhaps by an outsized 75 basis points.

There are at least four Fed officials scheduled to speak this week, a teaser ahead of a speech by Chair Jerome Powell on Nov. 30 that will define the outlook for rates at the December policy meeting.

PRICED FOR RECESSION

Bond markets clearly think the Fed will tighten too far and tip the economy into recession as the yield curve is the most inverse it has been in 40 years.

Yields on 10-year notes eased to 3.79%, leaving them 72 basis points below the two-year.

The Fed chorus has helped the dollar stabilise after its recent sharp sell-off, though speculative positioning in futures has turned net short on the currency for the first time since mid-2021.

On Monday, the dollar was little changed at 140.36 yen, after last week's bounce from a low of 137.67. The euro eased 0.2% to \$1.0298, well short of the recent four-month top of \$1.1481.

The U.S. dollar index firmed 0.25% to 107.180, and away from last week's trough of 105.300.

"Given how far U.S. bond yields and the dollar have dropped in the past couple of weeks, we think there is a good chance that they rebound if the Fed minutes are in line with the recent hawkish language from members," said Jonas Goltermann, a senior markets economist at Capital Economics.

Meanwhile, turmoil in cryptocurrencies continued unabated with the FTX exchange, which has filed for U.S. bankruptcy court protection, saying it owes its 50 biggest creditors nearly \$3.1 billion.

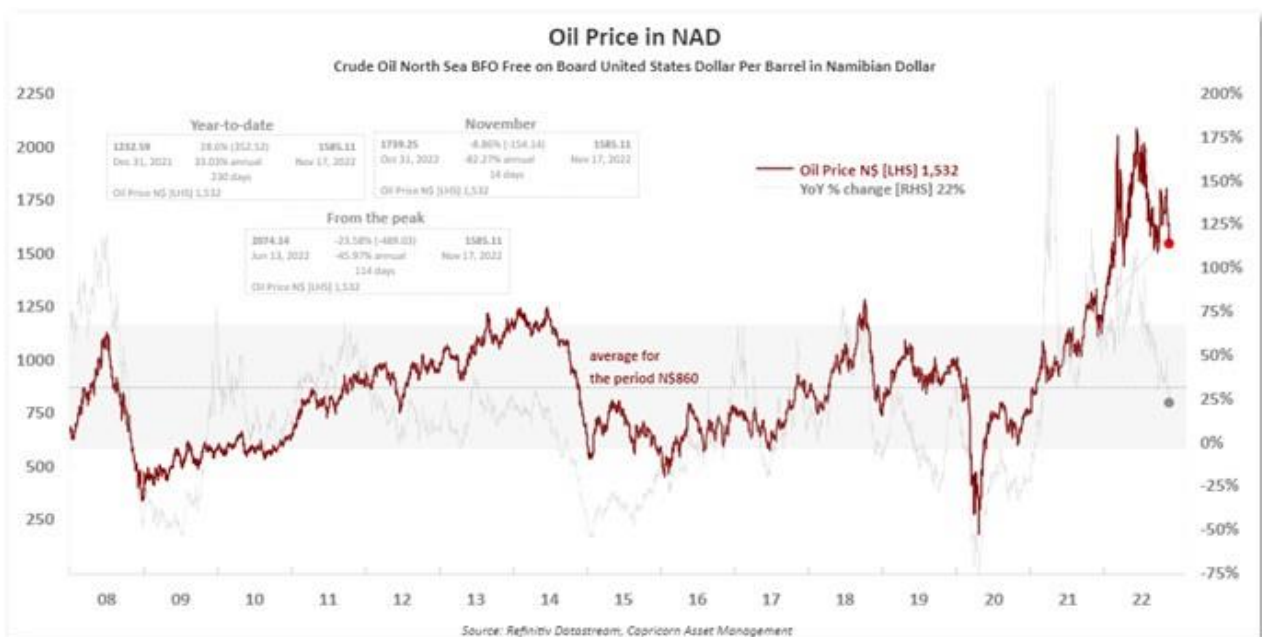
In commodity markets, gold was a fraction lower at \$1,747 an ounce, after dipping 1.2% last week.

Oil futures failed to find a floor after last week's drubbing saw Brent lose 9% and WTI roughly 10%.

Brent shed another 98 cents to \$86.64, while U.S. crude for January lost 90 cents to \$79.18 per barrel.

Source: Reuters Refinitiv

Domestic Markets



The South African rand strengthened on Friday, as investors awaited scheduled reviews of South Africa's sovereign credit ratings by S&P Global and Moody's later in the day.

At 1621 GMT, the rand traded at 17.2300 against the dollar, 0.73% stronger than its previous close.

ETM Analytics said in a research note that it expected S&P and Moody's to leave South Africa's ratings and outlooks unchanged.

Although government finances have been boosted by high commodity prices, risks like persistent power cuts and a public sector wage dispute mean the ratings agencies may wait until after the February budget before taking any action, it said.

Next week, investors will focus on an interest rate decision by the South African Reserve Bank (SARB) on Thursday, a day after the release of October inflation figures.

Consumer inflation slowed to 7.5% year on year in September, but it remains well above the SARB's 3%-6% target range.

South Africa's Reserve Bank will hike its repo rate another 75 basis points to 7.00% to reinforce its action over sticky and uncomfortably high inflation, a Reuters poll found on Friday.

On the Johannesburg Stock Exchange, the Top-40 index closed 0.6% higher.

The government's benchmark 2030 bond was stronger in afternoon deals, with the yield down 4.5 basis points at 10.395%.

Source: Reuters Refinitiv

The future belongs to those who believe in the beauty of their dreams.

Eleanor Roosevelt

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)					21 November 2022	
Money Market TB Rates %			Last close	Difference	Prev close	Current Spot
3 months	→		7.45	0.000	7.45	7.45
6 months	↑		7.58	0.025	7.56	7.58
9 months	↑		8.15	0.025	8.12	8.15
12 months	↑		8.42	0.067	8.35	8.42
Nominal Bond Yields %			Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↓		9.00	-0.015	9.01	9.00
GC24 (Coupon 10.50%, BMK R186)	↓		8.27	-0.035	8.31	8.28
GC25 (Coupon 8.50%, BMK R186)	↓		8.72	-0.035	8.76	8.73
GC26 (Coupon 8.50%, BMK R186)	↓		8.78	-0.035	8.82	8.79
GC27 (Coupon 8.00%, BMK R186)	↓		9.75	-0.035	9.79	9.76
GC30 (Coupon 8.00%, BMK R2030)	↓		11.69	-0.050	11.74	11.69
GC32 (Coupon 9.00%, BMK R213)	↓		11.86	-0.055	11.92	11.86
GC35 (Coupon 9.50%, BMK R209)	↓		12.49	-0.050	12.54	12.49
GC37 (Coupon 9.50%, BMK R2037)	↓		13.10	-0.045	13.15	13.10
GC40 (Coupon 9.80%, BMK R214)	↓		13.40	-0.055	13.46	13.40
GC43 (Coupon 10.00%, BMK R2044)	↓		13.94	-0.055	14.00	13.94
GC45 (Coupon 9.85%, BMK R2044)	↓		14.46	-0.055	14.52	14.46
GC48 (Coupon 10.00%, BMK R2048)	↓		14.60	-0.055	14.66	14.60
GC50 (Coupon 10.25%, BMK: R2048)	↓		14.61	-0.055	14.67	14.61
Inflation-Linked Bond Yields %			Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	→		2.80	0.000	2.80	2.80
GI27 (Coupon 4.00%, BMK NCPI)	→		3.65	0.000	3.65	3.65
GI29 (Coupon 4.50%, BMK NCPI)	→		5.20	0.000	5.20	5.20
GI33 (Coupon 4.50%, BMK NCPI)	→		5.93	0.000	5.93	5.93
GI36 (Coupon 4.80%, BMK NCPI)	→		6.90	0.000	6.90	6.90
Commodities			Last close	Change	Prev close	Current Spot
Gold	↓		1,750	-0.63%	1,761	1,746
Platinum	↓		977	-0.42%	981	969
Brent Crude	↓		87.6	-2.41%	89.8	86.8
Main Indices			Last close	Change	Prev close	Current Spot
NSX Overall Index	↑		1,663	0.80%	1,650	1,663
JSE All Share	↑		72,577	0.58%	72,155	72,577
SP500	↑		3,965	0.48%	3,947	3,965
FTSE 100	↑		7,386	0.53%	7,347	7,386
Hangseng	↓		17,993	-0.29%	18,046	17,603
DAX	↑		14,432	1.16%	14,266	14,432
JSE Sectors			Last close	Change	Prev close	Current Spot
Financials	↑		16,032	1.66%	15,770	16,032
Resources	↑		69,923	0.09%	69,860	69,923
Industrials	↑		88,014	0.41%	87,655	88,014
Forex			Last close	Change	Prev close	Current Spot
N\$/US dollar	↓		17.24	-0.70%	17.37	17.33
N\$/Pound	↓		20.49	-0.52%	20.60	20.50
N\$/Euro	↓		17.80	-1.05%	17.99	17.81
US dollar/ Euro	↓		1.032	-0.35%	1.036	1.028
Interest Rates & Inflation			Namibia		RSA	
			Oct 22	Sep 22	Oct 22	Sep 22
Central Bank Rate	↑		6.25	5.50	6.25	6.25
Prime Rate	↑		10.00	9.25	9.75	9.75
			Oct 22	Sep 22	Sep 22	Aug 22
Inflation	→		7.1	7.1	7.5	7.6

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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