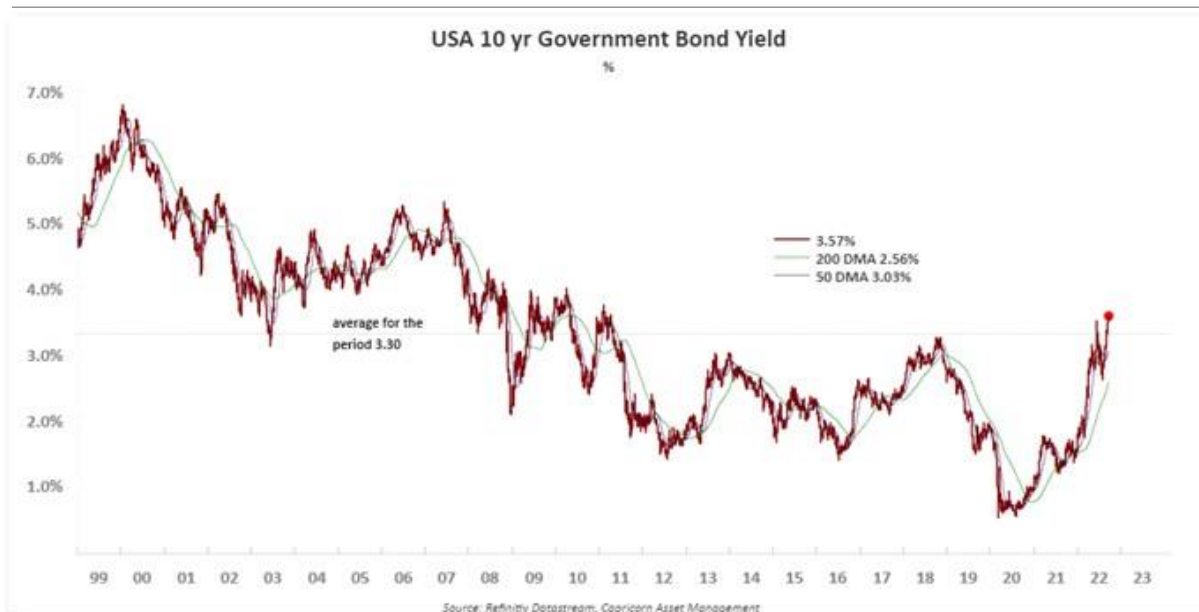




## Market Update

Wednesday, 21 September 2022



## Global Markets

Stocks in Asia sank and bond yields were elevated on Wednesday, as investors braced for another aggressive interest rate hike from the U.S. Federal Reserve later in the day.

Japan's Nikkei dropped 1.26% and touched a two-week low. Australia's benchmark share index slid 1.35% and South Korea's Kospi fell 0.9%.

Chinese blue chips declined 0.82%, while Hong Kong's Hang Seng lost 1.26%.

MSCI's broadest index of Asia-Pacific shares lost 1%.

That follows a sell-off on Wall Street overnight that knocked 1.13% off the S&P 500, although futures pointed to a slightly higher open on Wednesday.

The Fed headlines a week in which more than a dozen central banks announce policy decisions, including the Bank of Japan and Bank of England on Thursday.

Sweden's Riksbank surprised markets overnight with a full percentage-point hike and warned of more to come over the next six months.

Despite that, bets for Fed tightening stayed stable.

Markets are pricing in an 81% chance of another 75-basis-point increase, and see a 19% probability of a full percentage point rise.

Global yields rose amid expectations of further tightening.

The two-year U.S. Treasury yield hit an almost 15-year high at 3.992% on Tuesday, and remained elevated at 3.9516% in Tokyo trading, while the 10-year Treasury yield touched its highest in over a decade.

It hit 3.604% for the first time since April 2011 and was last at 3.5473%.

Australia's benchmark 10-year yield rose to an almost three-month high of 3.789%, and South Korea's equivalent yield hit the highest since April 2012.

Markets are "seemingly well positioned for a 75bps hike alongside a hawkish update" from the Fed, Taylor Nugent, a markets economist at National Australia Bank in Sydney, wrote in a client note.

"The post-meeting commentary and the updated dots will be key," said Nugent, adding that the NAB was looking for a policy rate of "something like 4%" at the end of this year with no rate cuts expected until 2024.

The U.S. dollar index, which measures the currency against six major peers, edged a little higher to 110.22, grinding back toward this month's 20-year high of 110.79.

The greenback was little changed at 143.64 yen, after twice trying 145 this month, a level last seen 24 years ago.

This week, the BOJ is set to cement its position as the lone dove among the central banks of advanced economies by sticking to its ultra-accommodative policy that pins the 10-year Japanese government bond yield near 0%.

The Bank offered to buy 250 billion yen of bonds in an unscheduled operation on Wednesday to keep yields in check.

Sterling languished around \$1.1372, sticking close to Friday's 37-year low of \$1.1351.

Markets are split on whether the BOE will opt for a 50- or a 75-basis-point hike on Thursday.

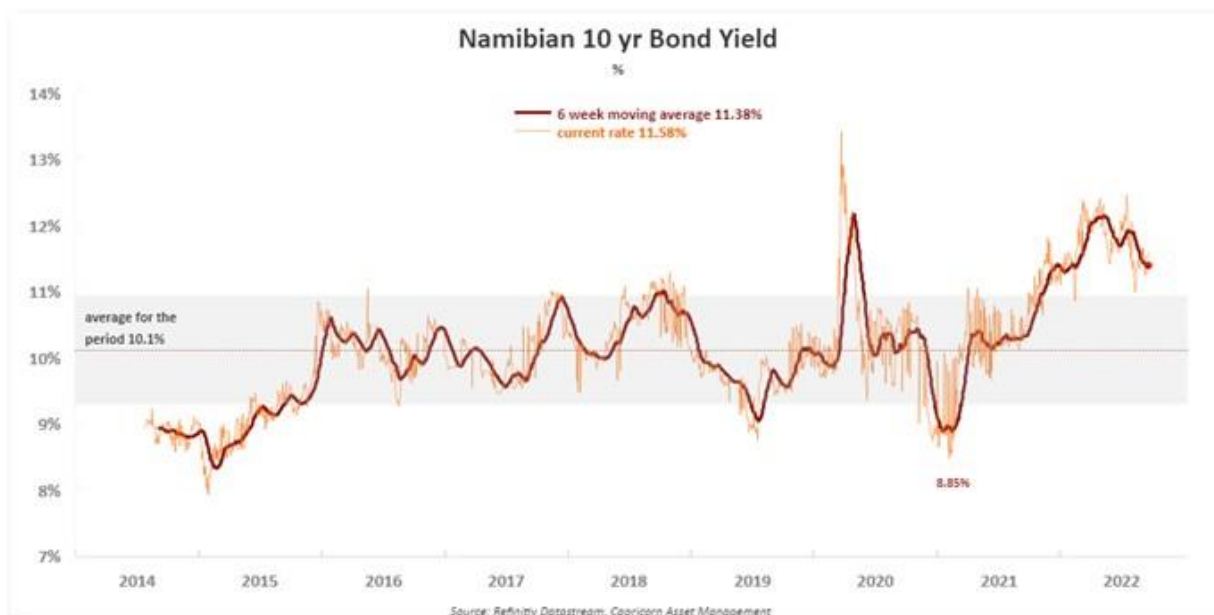
Meanwhile, crude oil continued its decline amid worries that aggressive tightening by the Fed and other central banks would crimp growth and curb demand.

Brent crude futures dropped 26 cents to \$90.36 a barrel after falling \$1.38 the previous day.

U.S. West Texas Intermediate crude was at \$83.74 a barrel, down 20 cents. The October delivery contract expired down \$1.28 on Tuesday while the more active November contract lost \$1.42.

**Source: Thomson Reuters Refinitiv**

## Domestic Markets



The South African rand weakened against the U.S. dollar on Tuesday as financial markets braced for this week's U.S. Federal Reserve meeting where an aggressive interest rate hike is expected.

At 1530 GMT, the rand traded at 17.7100 against the dollar, 0.25% weaker than its previous close.

Local data showed that a composite leading business cycle indicator decreased 1.0% month-on-month in July.

Investec economist Annabel Bishop said in a research note that power cuts intensified in the third quarter, reducing the average hours worked per factory worker in manufacturing, and afflicting other activities such as the number of building plans approved.

Stocks edged cautiously higher on Tuesday ahead of the expected Fed rate hike, with declines in gold miners preventing meaningful gains.

On the Johannesburg Stock Exchange, the Top-40 index rose 0.25%, while the broader all-share ended 0.19% higher.

The government's benchmark 2030 bond was weaker in afternoon trade, with the yield rising 9.5 basis points to 10.535%.

**Source: Thomson Reuters Refinitiv**

## Corona Tracker

Name	Cases - cumulative total	⇅	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	609,848,852		3,094,653	6,507,002	9,519

Source: Thomson Reuters Refinitiv

A painting that is well composed is half finished.

Pierre Bonnard

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				21 September 2022	
<b>Money Market TB Rates %</b>		Last close	Difference	Prev close	Current Spot
3 months	↑	6.72	0.017	6.70	6.72
6 months	↑	7.13	0.025	7.10	7.13
9 months	↑	8.01	0.050	7.96	8.01
12 months	↑	8.43	0.025	8.40	8.43
<b>Nominal Bond Yields %</b>		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↑	8.66	0.020	8.64	8.66
GC24 (Coupon 10.50%, BMK R186)	↑	8.64	0.080	8.56	8.64
GC25 (Coupon 8.50%, BMK R186)	↑	9.09	0.080	9.01	9.09
GC26 (Coupon 8.50%, BMK R186)	↑	9.15	0.080	9.07	9.15
GC27 (Coupon 8.00%, BMK R186)	↑	10.12	0.080	10.04	10.12
GC30 (Coupon 8.00%, BMK R2030)	↑	11.83	0.095	11.73	11.83
GC32 (Coupon 9.00%, BMK R213)	↑	11.99	0.105	11.88	11.99
GC35 (Coupon 9.50%, BMK R209)	↑	12.50	0.105	12.39	12.50
GC37 (Coupon 9.50%, BMK R2037)	↑	13.09	0.095	12.99	13.09
GC40 (Coupon 9.80%, BMK R214)	↑	13.44	0.100	13.34	13.42
GC43 (Coupon 10.00%, BMK R2044)	↑	13.97	0.085	13.88	13.97
GC45 (Coupon 9.85%, BMK R2044)	↑	14.49	0.085	14.40	14.49
GC48 (Coupon 10.00%, BMK R2048)	↑	14.64	0.085	14.56	14.64
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.65	0.085	14.57	14.65
<b>Inflation-Linked Bond Yields %</b>		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	2.90	0.000	2.90	2.90
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	4.75	0.000	4.75	4.75
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.11	0.000	6.11	6.11
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.10	0.000	7.10	7.10
<b>Commodities</b>		Last close	Change	Prev close	Current Spot
Gold	↓	1,663	-0.76%	1,676	1,664
Platinum	↑	922	0.35%	919	927
Brent Crude	↓	90.6	-1.50%	92.0	90.9
<b>Main Indices</b>		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,499	0.27%	1,495	1,499
JSE All Share	↑	66,603	0.19%	66,475	66,603
SP500	↓	3,856	-1.13%	3,900	3,856
FTSE 100	↓	7,193	-0.61%	7,237	7,193
Hangseng	↑	18,781	1.16%	18,566	18,491
DAX	↓	12,671	-1.03%	12,803	12,671
<b>JSE Sectors</b>		Last close	Change	Prev close	Current Spot
Financials	↑	14,491	0.75%	14,384	14,491
Resources	↓	60,705	-0.61%	61,077	60,705
Industrials	↑	82,301	0.47%	81,916	82,301
<b>Forex</b>		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.68	0.07%	17.67	17.69
N\$/Pound	↓	20.12	-0.39%	20.19	20.13
N\$/Euro	↓	17.62	-0.45%	17.70	17.62
US dollar/ Euro	↓	0.997	-0.52%	1.002	0.996
		Namibia		RSA	
<b>Interest Rates &amp; Inflation</b>		Aug 22	Jul 22	Aug 22	Jul 22
Central Bank Rate	↑	5.50	4.75	5.50	5.50
Prime Rate	↑	9.25	8.50	9.00	9.00
		Aug 22	Jul 22	Jul 22	Jun 22
Inflation	↑	7.3	6.8	7.8	7.4

**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

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**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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