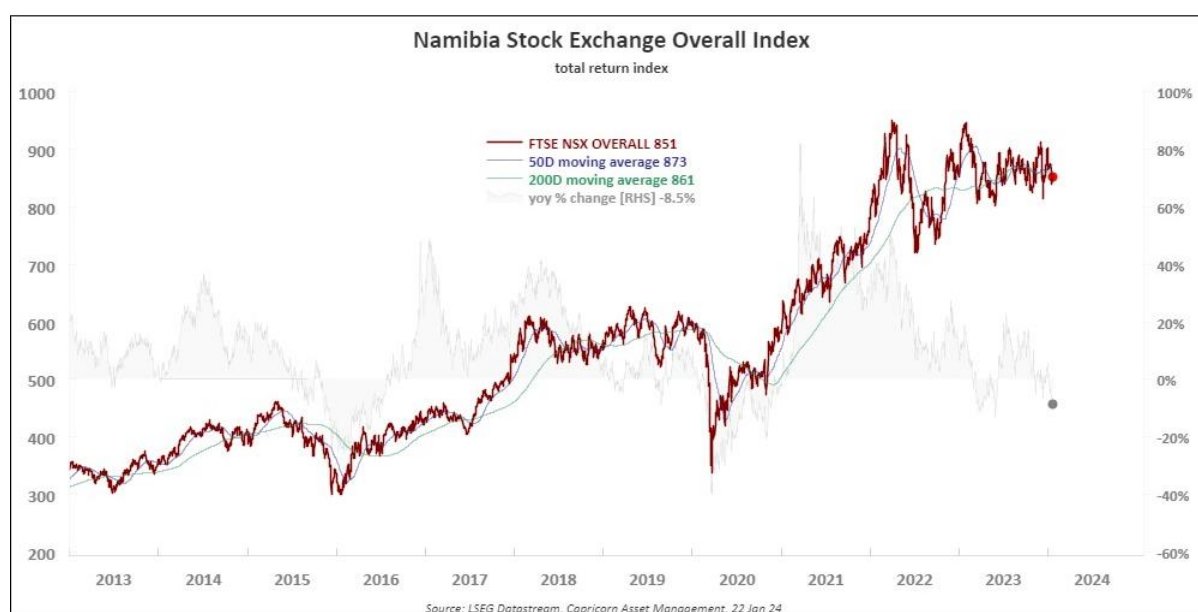




Market Update

Monday, 22 January 2024



Global Markets

Asian shares tracked Tokyo higher on Monday as AI hype helped the tech sector ahead of a week brimming with central bank meetings, major economic data and corporate earnings. Chip stocks have been on a roll since Taiwan Semiconductor Manufacturing (TSMC) upgraded its profit outlook last week on booming demand for high-end chips used in AI applications. That helped send the Nikkei up 1.2% to a fresh 34-year peak and brought gains for January to 8.7%. Chipmakers, including Nvidia and Advanced Micro Devices were among the beneficiaries of the AI-driven rally. That should sharpen attention on results from Intel and IBM this week, along with Tesla, Netflix, Lockheed Martin and a host of others.

Nasdaq futures extended their rally with gains of 0.7%, while S&P 500 futures firmed 0.3%. futures jumped 1.0% and FTSE futures 0.5% MSCI's broadest index of Asia-Pacific shares outside Japan advanced 0.5%, after taking a drubbing last week. The index has been pressured by weakness in China's markets, which hit five-year lows last week and sparked speculation state funds were having to support stocks. Beijing still seems reluctant to deliver aggressive stimulus with the central bank again skipping on a rate cut in its market operations on Monday.

The Bank of Japan is also expected to keep policy super-easy at a meeting on Tuesday, helped by a second month of slowdown in consumer prices. The general assumption among analysts is the central bank will want to see if the spring wage rounds deliver strong growth before deciding whether to nudge toward tightening. "Drawing on the first 'shunto' results released mid-March and the April branch managers' meeting, the BoJ will be able to confirm the sustainability of wages and exit negative interest rate policy in April," wrote analysts at Barclays in a note. "Thereafter, we expect gradual rate hikes from H2 24, but policy rates should remain well below neutral."

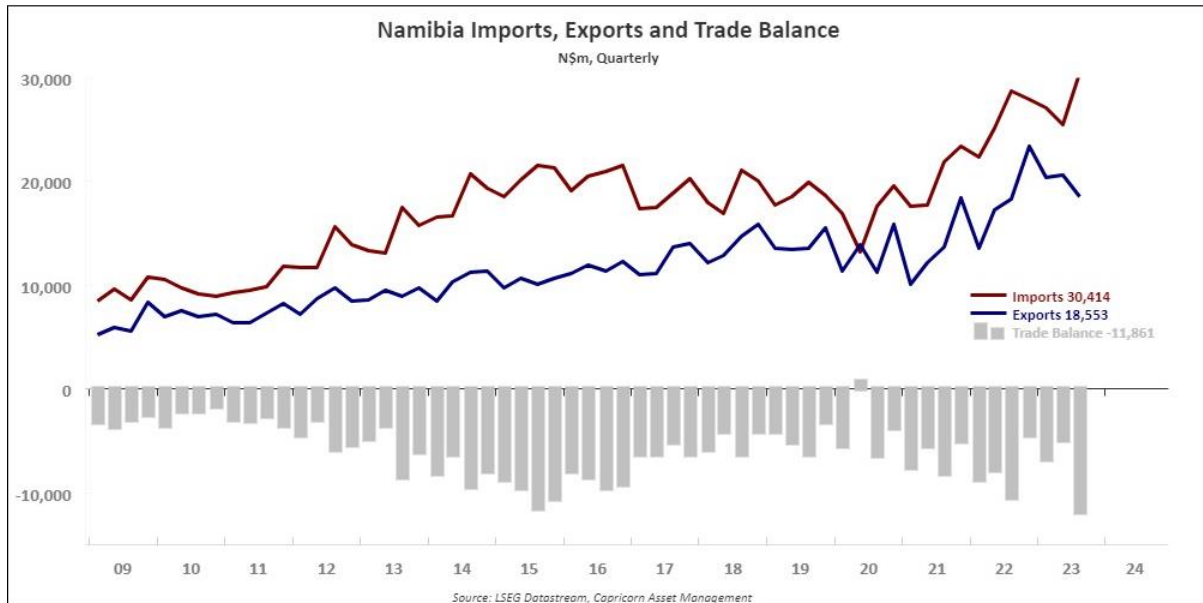
The European Central Bank (ECB) meets on Thursday and is considered certain to hold steady, given recent hawkish commentary from top officials. "A March cut still makes sense, but the push back from ECB officials has been potent in recent days, making a June cut more likely," said Giovanni Zanni, an economist at NatWest Markets. "Data have continued to support our long-held view that the ECB probably went too far in its rate rising cycle," he added. "We believe that a delay will likely imply the need for a bolder first move, with a 50bp cut more likely than a 25bp one."

Futures have priced in 40 basis points of easing by June, with a first cut in May implied at a 76% chance. Central banks in Canada and Norway also meet this week and no change to rates is expected. Hawkish talk has also seen markets scale back the probability of a March cut from the Federal Reserve to 49%, from around 75% a couple of weeks ago. Yet, a first easing of 25 basis points in May is more than fully priced. Fed officials are in blackout this week ahead of the next meeting on Jan. 30-31. Prospects for an early easing could be affected by data on U.S. economic growth and core inflation due later this week.

Gross domestic product is seen running at an annualised 2% pace in the fourth quarter, while the core personal consumption price index is seen slowing to an annual 3.0% in December, down from 3.2% the previous month and the lowest since early 2021. Recent data has tended to surprise on the high side, one reason yields on 10-year Treasuries climbed almost 20 basis points last week to last stand at 4.12%. That shift underpinned the dollar, which hit a five-week high on a basket of currencies. It was a shade lower at 147.88 yen on Monday, having jumped 2.2% last week, while the euro was idling at \$1.0900 after easing 0.5% for the week.

All of this left non-yielding gold looking unattractive at \$2,029 an ounce. In the oil market, worries about global demand has so far offset the threat to supply from tensions in the Middle East. Brent was off 32 cents at \$78.24 a barrel, while U.S. crude for February eased 2 cents to \$73.39 per barrel.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand weakened further on Friday after losing ground against a surging U.S. dollar all week due to indications that the Federal Reserve might keep rates higher for longer. At 1512 GMT the rand traded at 19.0550 to the dollar, about 0.6% weaker than its previous close. It started the week at around 18.6800 to the dollar. The dollar was last up about 0.12% against a basket of global currencies and on track for a second weekly gain in a row. Signs of resilience in the U.S. economy and caution from central bankers have caused traders to dial down expectations of swift falls in interest rates, strengthening the greenback.

Fitch ratings agency on Friday affirmed South Africa's rating at "BB-", with its outlook stable, saying it estimated that power cuts would reduce in intensity in 2024 and 2025 compared with 2023, but not disappear. In a response, South Africa's treasury said it planned to focus on boosting economic growth over the medium-term by improving electricity provision and infrastructure. South Africa's chronic power cuts were at their worst ever in 2023, lasting up to 10 hours a day for many businesses and households.

On the stock market, the Top-40 index closed about 0.5% higher. South Africa's benchmark 2030 government bond was slightly stronger, with the yield down 3 basis points at 9.765%

Source: Thomson Reuters Refinitiv

We are not permitted to choose the frame of our destiny. But what we put into it is ours.

Dag Hammarskjöld

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				22 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	⇓	8.94	-0.017	8.96	8.94
12 months	⇓	8.97	-0.008	8.98	8.97
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⇓	8.95	-0.035	8.98	8.95
GC25 (Coupon 8.50%, BMK R186)	⇓	9.04	-0.035	9.07	9.04
GC26 (Coupon 8.50%, BMK R186)	⇓	9.04	-0.035	9.07	9.04
GC27 (Coupon 8.00%, BMK R186)	⇓	9.16	-0.035	9.19	9.16
GC28 (Coupon 8.50%, BMK R2030)	⇓	9.30	-0.030	9.33	9.30
GC30 (Coupon 8.00%, BMK R2030)	⇓	9.34	-0.030	9.37	9.34
GC32 (Coupon 9.00%, BMK R213)	⇓	9.85	-0.035	9.88	9.85
GC35 (Coupon 9.50%, BMK R209)	⇓	10.91	-0.035	10.94	10.91
GC37 (Coupon 9.50%, BMK R2037)	⇓	12.10	-0.035	12.13	12.10
GC40 (Coupon 9.80%, BMK R214)	⇓	12.27	-0.030	12.30	12.27
GC43 (Coupon 10.00%, BMK R2044)	⇓	12.47	-0.035	12.50	12.47
GC45 (Coupon 9.85%, BMK R2044)	⇓	12.30	-0.035	12.33	12.30
GC48 (Coupon 10.00%, BMK R2048)	⇓	12.42	-0.035	12.46	12.42
GC50 (Coupon 10.25%, BMK: R2048)	⇓	12.15	-0.035	12.19	12.15
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇑	4.40	1.100	3.30	4.40
GI27 (Coupon 4.00%, BMK NCPI)	⇓	4.69	-0.005	4.70	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	⇑	2,029	0.32%	2,023	2,025
Platinum	⇓	900	-0.81%	907	899
Brent Crude	⇓	78.6	-0.68%	79.1	78.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇑	1,540	0.43%	1,533	1,540
JSE All Share	⇑	72,661	0.44%	72,344	72,661
SP500	⇑	4,840	1.23%	4,781	4,840
FTSE 100	⇑	7,462	0.04%	7,459	7,462
Hangseng	⇓	15,309	-0.54%	15,392	15,005
DAX	⇓	16,555	-0.07%	16,567	16,555
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⇑	17,207	0.80%	17,071	17,207
Resources	⇑	51,031	0.44%	50,806	51,031
Industrials	⇑	100,092	0.26%	99,834	100,092
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⇑	19.02	0.45%	18.94	19.05
N\$/Pound	⇑	24.16	0.44%	24.05	24.21
N\$/Euro	⇑	20.73	0.66%	20.59	20.76
US dollar/ Euro	⇑	1.090	0.21%	1.087	1.090
		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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