



Market Update

Wednesday, 22 June 2022



Global Markets

Stocks slipped across the board on Wednesday, failing to extend Wall Street's rally as persistent worries about interest rates and inflation remained a key focus for investors, while the Japanese yen hit a fresh 24-year low against the dollar.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 1.39%, still up 1.02% on the more than five-week low it hit on Monday. Tokyo's Nikkei gave up early gains and was flat. Investors are continuing to assess how worried they need to be about central banks pushing the world economy into recession as they attempt to curb red hot inflation with interest rate increases.

The main U.S. share benchmarks rose 2% overnight on the possibility the economic outlook might not be as dire as thought during trade last week when the S&P 500 logged its biggest weekly percentage decline since March 2020. But the lift in sentiment did not last long with S&P 500 and Nasdaq futures, both down nearly 1% on Wednesday while EUROSTOXX 50 futures lost 1.3% and

FTSE futures shed 0.9%. Chinese blue chips lost 0.44%, Hong Kong's Hang Seng Index fell 1.24% and South Korea's KOSPI was down 1.8%.

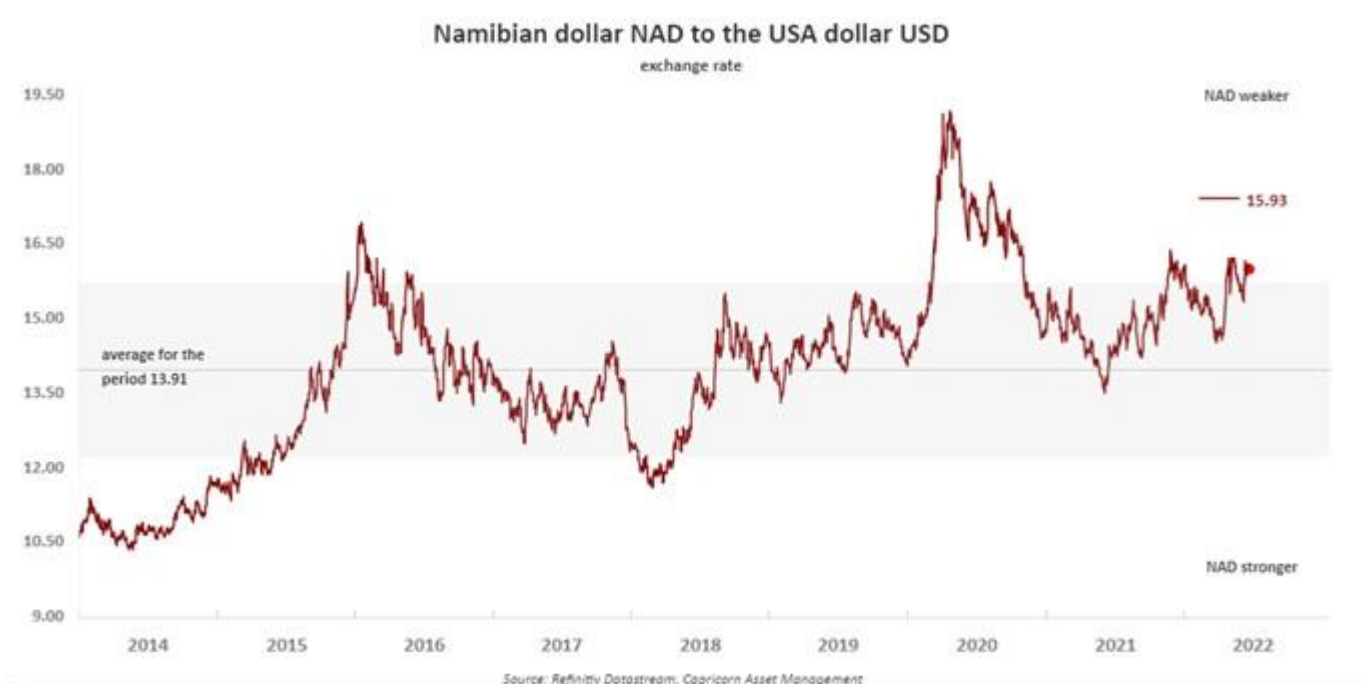
"I think that this recent post-holiday bear market rally is a reflection of the uncertainty that investors have regarding whether we have seen the peak of inflation and Fed hawkishness or not – I think we're close," said Invesco global market strategist for Asia Pacific David Chao. "Even though I suspect global equity markets could end higher at the end of the year than where we are today, it's conceivable to expect continued market volatility until it becomes clear that the Fed is not going to force the U.S. economy into contraction in order to tamp down persistent levels of inflation."

U.S. Federal Reserve chair Jerome Powell is due to start his testimony to Congress on Wednesday with investors looking for further clues about whether another 75-basis-point rate hike is on the cards in July. Economists polled by Reuters expect the Fed will deliver a 75-basis-point interest rate hike next month, followed by a half-percentage-point rise in September, and won't scale back to quarter-percentage-point moves until November at the earliest.

Most other global central banks are in a similar situation, apart from the Bank of Japan, which last week pledged to maintain its policy of ultra-low interest rates. The gap between low interest rates in Japan and rising U.S. rates has weighed on the yen, which hit a new 24-year low of 136.71 per dollar in early trading, before drifting firmer to 136.25. Minutes from the Bank of Japan's April policy meeting released Wednesday showed the central bank's concerns over the impact the plummeting currency could have on the country's business environment.

Other currency moves were more muted on Wednesday, with the dollar index, which tracks the greenback against six peers, a touch firmer at 104.62. The yield on benchmark U.S. 10-year Treasuries was fairly steady at 3.2617%. Oil prices fell with U.S. President Joe Biden expected on Wednesday to call for a temporary suspension of the 18.4-cents a gallon federal tax on gasoline, a source briefed on the plan told Reuters. Brent dropped 3.37% to \$110.79 a barrel, while U.S. crude fell 3.71% to \$105.46. Spot gold dropped 0.32%, trading at \$1,826.72 an ounce. Bitcoin lost 6.54% from its Tuesday high, trading at \$20,288 after falling as low as \$17,592 last week.

Domestic Markets



The South African rand strengthened against a broadly weaker dollar on Tuesday, although worries lingered over aggressive interest hikes from global central banks.

At 1603 GMT, the rand traded at 15.8700 against the dollar, 1.09% stronger than its previous close. The dollar index, which tracks the greenback against six other major currencies, weakened slightly to 104.35.

The focus was on Federal Reserve chair Jerome Powell's testimony to the Senate Banking Committee on Wednesday for clues on future interest rate hikes amid fears that aggressive policy tightening by central banks could usher in a recession.

The rand showed little reaction to a slight decrease in the monthly South African composite business cycle indicator, which collects data including vehicle sales, business confidence and money supply.

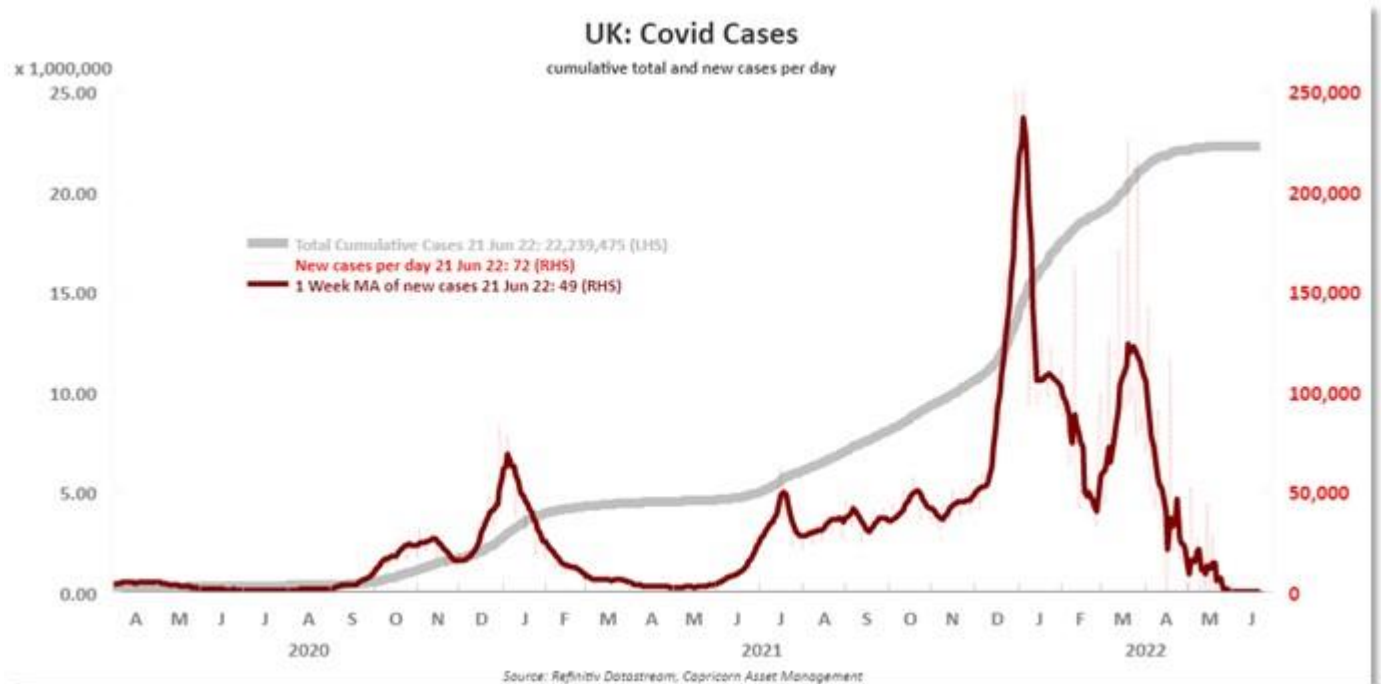
Stocks on the Johannesburg Stock Exchange (JSE) traded higher, mirroring broader strength in equities as investors returning from a long weekend in the United States scooped up shares of mega-cap growth and energy companies.

"Risk assets may be in for a sympathy bounce today ... And with U.S. traders returning to their desks, it seems like a good opportunity for a small relief rally before the next leg lower for global equities," ETM Analytics said in a note.

Overall, on the JSE, the All-Share index rose 0.6% to 66,747 points, while the Top-40 index closed 0.5% higher at 60,374 points. The government's benchmark 2030 bond firmed, with the yields down 7.5 basis points at 10.165%.

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	537,591,764	3,493,650	6,319,395	7,685



Source: Thomson Reuters Refinitiv

In everyone's life, at some time, our inner fire goes out. It is then burst into flame by an encounter with another human being. We should all be thankful for those people who rekindle the inner spirit.

Albert Schweitzer

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				22 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	↓	5.84	-0.016	5.86	5.84
9 months	→	6.83	0.000	6.83	6.83
12 months	→	7.26	0.000	7.26	7.26
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↑	7.37	0.005	7.36	7.37
GC24 (Coupon 10.50%, BMK R186)	↓	8.08	-0.085	8.17	8.07
GC25 (Coupon 8.50%, BMK R186)	↓	8.53	-0.085	8.62	8.52
GC26 (Coupon 8.50%, BMK R186)	↓	9.24	-0.085	9.33	9.23
GC27 (Coupon 8.00%, BMK R186)	↓	9.56	-0.085	9.65	9.55
GC30 (Coupon 8.00%, BMK R2030)	↓	11.47	-0.060	11.53	11.46
GC32 (Coupon 9.00%, BMK R213)	↓	12.70	-0.060	12.76	12.69
GC35 (Coupon 9.50%, BMK R209)	↓	13.32	-0.035	13.35	13.30
GC37 (Coupon 9.50%, BMK R2037)	↓	14.30	-0.035	14.34	14.31
GC40 (Coupon 9.80%, BMK R214)	↓	14.24	-0.035	14.27	14.22
GC43 (Coupon 10.00%, BMK R2044)	↓	14.52	-0.035	14.55	14.50
GC45 (Coupon 9.85%, BMK R2044)	↓	14.53	-0.035	14.56	14.51
GC48 (Coupon 10.00%, BMK R2048)	↓	14.97	-0.015	14.98	14.95
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.71	-0.015	14.72	14.69
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	→	3.55	0.000	3.55	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)	↑	4.95	0.015	4.94	4.95
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	↓	1,833	-0.31%	1,838	1,825
Platinum	↑	938	0.67%	932	933
Brent Crude	↑	114.7	0.46%	114.1	111.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,629	0.04%	1,628	1,629
JSE All Share	↑	66,747	0.60%	66,350	66,747
SP500	↑	3,765	2.45%	3,675	3,765
FTSE 100	↑	7,152	0.42%	7,122	7,152
Hangseng	↑	21,560	1.87%	21,164	21,334
DAX	↑	13,292	0.20%	13,266	13,292
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	15,436	0.14%	15,414	15,436
Resources	↑	68,625	0.50%	68,282	68,625
Industrials	↑	74,906	0.68%	74,401	74,906
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	15.92	-0.69%	16.03	15.99
N\$/Pound	↓	19.54	-0.48%	19.64	19.56
N\$/Euro	↓	16.75	-0.54%	16.84	16.78
US dollar/ Euro	↑	1.053	0.15%	1.051	1.049
		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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