



Market Update

Tuesday, 22 November 2022



Global Markets

Asian shares were on the defensive on Tuesday as a COVID-19 resurgence in China increased concerns that Beijing may reimpose strict pandemic curbs and that further restrictions could cause supply chain disruptions.

The dollar pulled back from strong overnight gains on Tuesday while oil took a pause from Monday's retreat.

The broader Asia-Pacific index ex-Japan lost 0.25% in early trade, while China's benchmark dipped 0.13%. Hong Kong's benchmark index fell 1.31%.

Japan's benchmark Nikkei average opened up 0.78%, while Australian shares rose 0.55%.

"China's Covid situation is really in the front row for Asia trading," said Redmond Wong, market strategist for Greater China at Saxo Markets in Hong Kong.

Beijing warned on Monday that it was facing its most severe test of the pandemic, fuelling investor concerns that China may be forced to resume strict mobility curbs and give stay-at-home orders across cities.

Surging cases in manufacturing cities may cause supply chain disruptions, said Wong.

The dollar pared some of its strong overnight gains on Tuesday after investors flocked to the safe-haven currency on nerves over China's COVID flare-ups, but analysts at the National Australia Bank questioned whether demand for the greenback was sustainable.

"Evidence U.S. inflation has peaked and can fall significantly in 2023, together with China and Europe developments, convince us a USD depreciation cycle is now in train," they said in a note on Tuesday.

U.S. Treasury yields across most maturities rose on Tuesday amid expectations of further Federal Reserve interest rate hikes. The benchmark 10-year Treasury yield rose six basis points.

Oil prices rose slightly in early Asian trade, a day after Saudi Arabia denied a media report that it was discussing an increase in oil supply with OPEC and its allies.

U.S. crude rose 0.27% to \$80.26 per barrel on Tuesday and Brent was at \$87.79, up 0.19%.

Spot gold traded at \$1,738.39 an ounce.

"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.

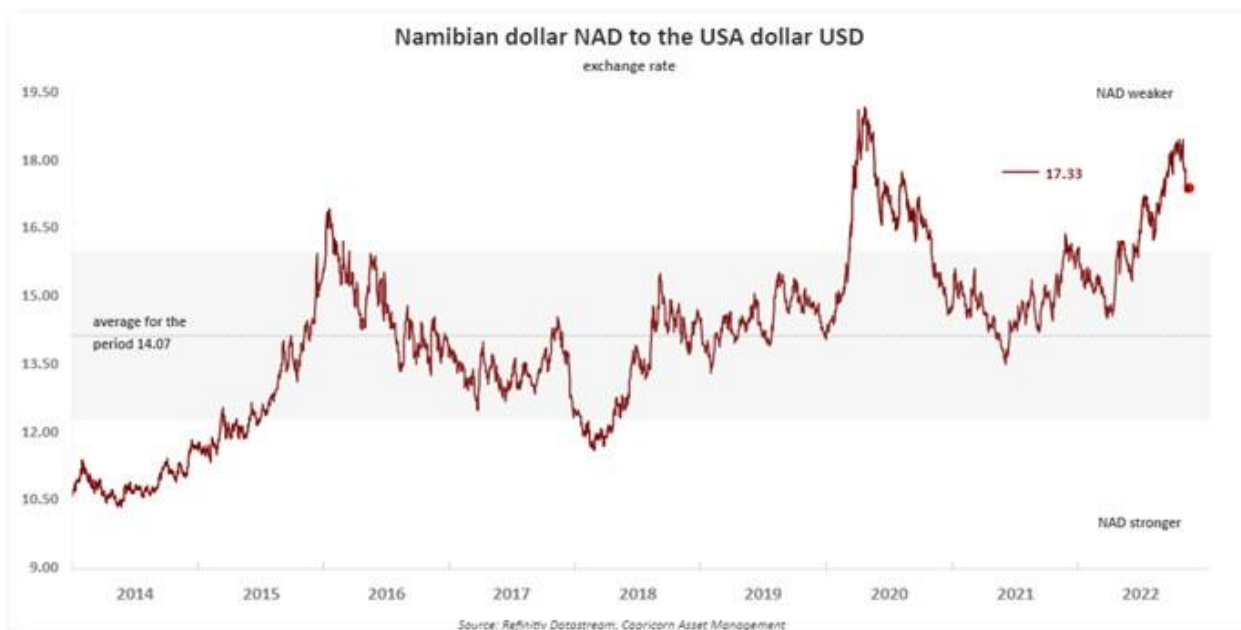
In commodity markets, gold was a fraction lower at \$1,747 an ounce, after dipping 1.2% last week.

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



South Africa's rand weakened on Monday, as market sentiment was dented by worries about a rise in COVID cases in China and tightening restrictions in some cities of the world's second-biggest economy.

At 1546 GMT, the rand traded at 17.3275 against the dollar, 0.42% weaker than its previous close.

China's capital reported two deaths on Nov. 20, with the city's most populous district urging residents to stay at home on Monday, extending a request from the weekend as the country fights numerous COVID-19 flare-ups.

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

"The rand remains vulnerable to global risk sentiment... while domestically markets are tending towards a 75bp instead of a 100bp hike from the MPC this week, which is also weakening the rand," Investec analyst Annabel Bishop said in a research note.

The implementation of 'stage 5' power cuts has also weakened the local currency, she added.

South Africa has seen the worst power cuts in years over the past six months as state power utility Eskom has struggled to meet electricity demands with its fleet of ageing, unreliable coal-fired power stations that are prone to breakdowns.

Shares on the Johannesburg Stock Exchange fell, mirroring similar moves in global equities as fresh COVID curbs in China spooked markets.

Overall on the stock market, the Top-40 index closed 0.96% lower, while the broader all-share ended down 0.88%.

The government's benchmark 2030 bond was unchanged, with the yield at 10.395%.

Source: Reuters Refinitiv

Art requires philosophy, just as philosophy requires art. Otherwise, what would become of beauty?

Paul Gauguin

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				22 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	↑	7.60	0.017	7.58	7.60
9 months	↑	8.16	0.008	8.15	8.16
12 months	↓	8.40	-0.017	8.42	8.40
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↑	9.01	0.015	9.00	9.01
GC24 (Coupon 10.50%, BMK R186)	↓	8.23	-0.045	8.27	8.21
GC25 (Coupon 8.50%, BMK R186)	↓	8.68	-0.045	8.72	8.66
GC26 (Coupon 8.50%, BMK R186)	↓	8.74	-0.045	8.78	8.72
GC27 (Coupon 8.00%, BMK R186)	↓	9.71	-0.045	9.75	9.69
GC30 (Coupon 8.00%, BMK R2030)	⇒	11.69	0.000	11.69	11.67
GC32 (Coupon 9.00%, BMK R213)	↓	11.83	-0.035	11.86	11.81
GC35 (Coupon 9.50%, BMK R209)	↓	12.47	-0.020	12.49	12.47
GC37 (Coupon 9.50%, BMK R2037)	↓	13.10	-0.005	13.10	13.08
GC40 (Coupon 9.80%, BMK R214)	↓	13.39	-0.015	13.40	13.35
GC43 (Coupon 10.00%, BMK R2044)	↓	13.93	-0.015	13.94	13.92
GC45 (Coupon 9.85%, BMK R2044)	↓	14.45	-0.015	14.46	14.44
GC48 (Coupon 10.00%, BMK R2048)	↑	14.62	0.015	14.60	14.61
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.63	0.015	14.61	14.62
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	↓	1,738	-0.68%	1,750	1,743
Platinum	↑	982	0.52%	977	987
Brent Crude	↓	87.5	-0.19%	87.6	87.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,647	-0.97%	1,663	1,647
JSE All Share	↓	71,938	-0.88%	72,577	71,938
SP500	↓	3,950	-0.39%	3,965	3,950
FTSE 100	↓	7,377	-0.12%	7,386	7,377
Hangseng	↓	17,656	-1.87%	17,993	17,413
DAX	↓	14,380	-0.36%	14,432	14,380
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,074	0.26%	16,032	16,074
Resources	↓	68,568	-1.94%	69,923	68,568
Industrials	↓	87,235	-0.89%	88,014	87,235
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.32	0.46%	17.24	17.31
N\$/Pound	↓	20.48	-0.07%	20.49	20.51
N\$/Euro	↓	17.74	-0.35%	17.80	17.75
US dollar/ Euro	↓	1.024	-0.80%	1.032	1.026
		Namibia		RSA	
Interest Rates & Inflation		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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