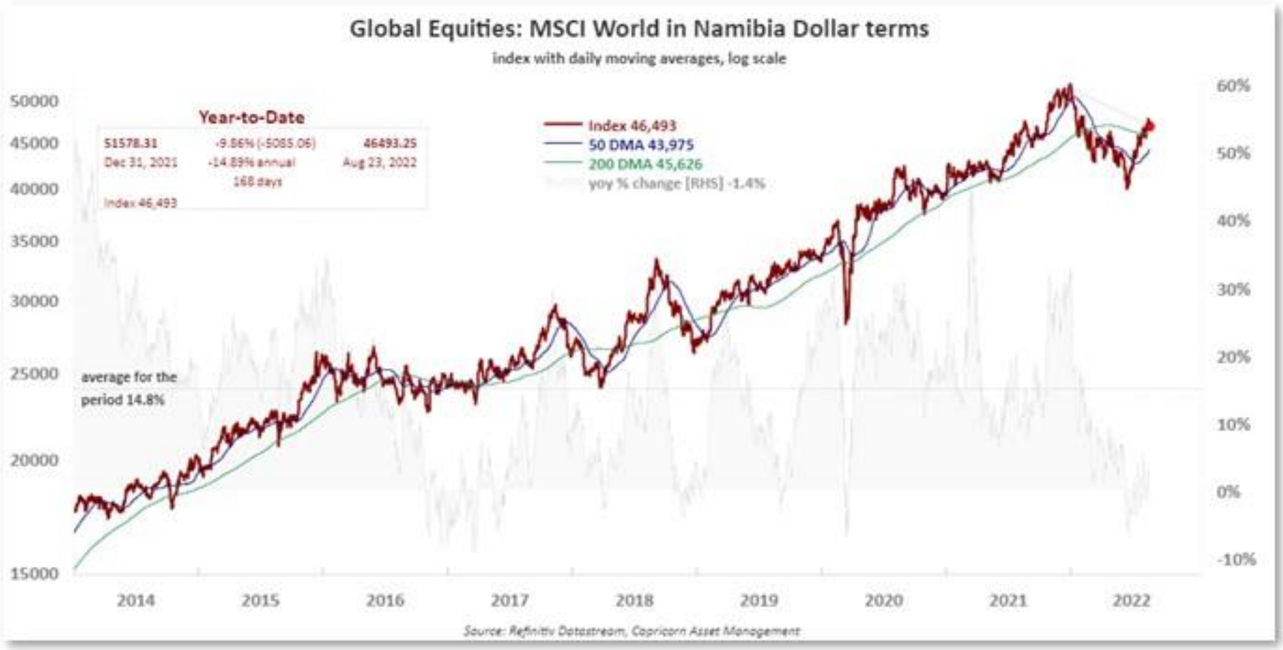
Market Update

Tuesday, 23 August 2022



Global Markets

Asian shares were down for a sixth straight session on Tuesday after a renewed spike in European energy prices stoked fears of recession and pushed bond yields higher, while tipping the euro to 20-year lows.

Benchmark gas prices in the European Union surged 13% overnight to a record peak, having doubled in just a month to be 14 times higher than the average of the past decade.

Analysts at Citi warned inflation in Britain could top 18% if energy prices were not restrained.

European and British manufacturing surveys due later on Tuesday were expected to highlight the damage being done to activity, with Germany seen deeper in contractionary territory.

"Europe's dire energy situation suggests the peak of inflation is not here yet and the risk remains that high inflation is sticky for longer without further aggressive central bank action," said Tapas Strickland, a director of economics at NAB.

"No surprise then to see the USD at near multi-decade highs against a falling EUR and GBP."

The single currency was struggling at $0.9937, having dropped 1% to a 20-year trough of $0.99265. The break of the July low at $0.9952 was taken as a bearish sign for a further push lower, with little in the way of chart support left.

Sterling was down at $1.1766, after diving as deep as $1.1743 and levels last seen in March 2020 at the start of the pandemic. That saw the dollar index up to 108.870 and within a whisker of its July peak.

In Asia, unease over China's economy continued to percolate as a cut in lending rates and talk of a fresh round of official loans to property developers underlined stresses in the sector.

"It would be bad enough for Chinese equities if the economy's struggles were confined to the property sector," said Oliver Allen a market economist at Capital Economics.

"But growth in the services sector seems unlikely to accelerate by much so long as China's zero-COVID policies remain in place; the pandemic-linked export boom is coming to an end; and power shortages due to droughts in parts of the country look set to hobble industry in the near term."

Chinese blue chips were off 0.2% having received only a fleeting lift from the latest policy easing.

FED HAWKS RULE

MSCI's broadest index of Asia-Pacific shares outside Japan dipped 0.4%, and has fallen every day in the past week.

The Nikkei lost 1.2% after a PMI survey showed factory activity in Japan slowed to a 19-month low in August amid persistent rises in raw material and energy costs.

EUROSTOXX 50 futures and FTSE futures were both off a fraction after sliding overnight.

S&P 500 futures and Nasdaq futures both edged up 0.1%, but that followed sharp falls on Monday when rising bond yields undermined tech shares.

The benchmark U.S. 10-year yield hit a five-week high of 3.040% on Monday, while the 30-year yield climbed to a seven-week peak of 3.268%.

Ten-year yields were last trading at 3.029%, up 50 basis points from the lows of early August.

The move in part reflects hawkish commentary from Federal Reserve officials which has led the market to price in a 55% chance of a 75 basis-point hike to 3.0-3.25% in September, and a peak for rates around 3.75%.

The ascent of the dollar and yields has been a drag for gold, which was hovering at $1,740 an ounce after hitting a three-week low overnight.

After a whipsaw session overnight, oil prices were bouncing as Saudi Arabia warned that the OPEC+ producer alliance could cut output.

Prices have been weighed by demand concerns and the chance of a nuclear deal that could return sanctioned Iranian oil to the market.

Brent was up 78 cents at $97.26, while U.S. crude rose 78 cents to $91.14 per barrel.

Source: Thomson Reuters Refinitiv

Domestic Markets

South Africa's rand was flat on Monday, as the dollar continued to surge after more Federal Reserve officials flagged the likelihood of aggressive interest rate hikes.

At 1511 GMT, the rand traded at 17.0150 against the dollar, 0.07% stronger than its previous close.

Local investors will be looking this week at July consumer and producer inflation, second-quarter unemployment and a leading business cycle indicator for clues on the health of the economy.

Global investors will be eyeing the Jackson Hole symposium later this week, where Fed Chair Jerome Powell headlines a host of policy makers.

On the Johannesburg Stock Exchange (JSE), the Top-40 index closed down 0.78% at 62,482 points, while the broader all-share dropped 0.75% to 69,195 points.

The government's benchmark 2030 bond was stable at 10.315%.

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	**593,269,262**	**4,633,111**	**6,446,547**	**11,122**

Source: Thomson Reuters Refinitiv

> The best artists know what to leave out.
>
> **Charles de Lint**

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)					23 August 2022
Money Market TB Rates %		**Last close**	**Difference**	**Prev close**	**Current Spot**
3 months	➡	6.54	0.000	6.54	6.54
6 months	⬆	6.73	0.008	6.73	6.73
9 months	⬆	7.44	0.025	7.41	7.44
12 months	⬆	7.83	0.050	7.78	7.83
Nominal Bond Yields %		**Last close**	**Difference**	**Prev close**	**Current Spot**
GC23 (Coupon 8.85%, BMK R2023)	➡	8.57	0.000	8.57	8.57
GC24 (Coupon 10.50%, BMK R186)	⬇	8.40	-0.015	8.42	8.40
GC25 (Coupon 8.50%, BMK R186)	⬇	8.85	-0.015	8.87	8.85
GC26 (Coupon 8.50%, BMK R186)	⬇	8.91	-0.015	8.93	8.91
GC27 (Coupon 8.00%, BMK R186)	⬇	9.88	-0.015	9.90	9.88
GC30 (Coupon 8.00%, BMK R2030)	⬇	11.61	-0.010	11.62	11.61
GC32 (Coupon 9.00%, BMK R213)	⬆	11.74	0.015	11.72	11.74
GC35 (Coupon 9.50%, BMK R209)	⬇	12.28	-0.020	12.30	12.28
GC37 (Coupon 9.50%, BMK R2037)	⬇	12.90	-0.025	12.93	12.90
GC40 (Coupon 9.80%, BMK R214)	⬇	13.28	-0.025	13.30	13.25
GC43 (Coupon 10.00%, BMK R2044)	⬇	13.79	-0.025	13.81	13.79
GC45 (Coupon 9.85%, BMK R2044)	⬇	14.31	-0.025	14.33	14.31
GC48 (Coupon 10.00%, BMK R2048)	⬇	14.47	-0.025	14.50	14.47
GC50 (Coupon 10.25%, BMK: R2048)	⬇	14.48	-0.025	14.51	14.48
Inflation-Linked Bond Yields %		**Last close**	**Difference**	**Prev close**	**Current Spot**
GI22 (Coupon 3.55%, BMK NCPI)	➡	0.20	0.000	0.20	0.00
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)	➡	4.78	0.000	4.78	4.78
GI33 (Coupon 4.50%, BMK NCPI)	➡	6.50	0.000	6.50	6.50
GI36 (Coupon 4.80%, BMK NCPI)	➡	7.25	0.000	7.25	7.25
Commodities		**Last close**	**Change**	**Prev close**	**Current Spot**
Gold	⬇	1,736	-0.69%	1,748	1,737
Platinum	⬇	876	-2.24%	896	874
Brent Crude	⬇	96.5	-0.25%	96.7	97.2
Main Indices		**Last close**	**Change**	**Prev close**	**Current Spot**
NSX Overall Index	⬇	1,556	-0.33%	1,562	1,556
JSE All Share	⬇	69,196	-0.75%	69,719	69,196
SP500	⬇	4,138	-2.14%	4,228	4,138
FTSE 100	⬇	7,534	-0.22%	7,550	7,534
Hangseng	⬇	19,657	-0.59%	19,773	19,561
DAX	⬇	13,231	-2.32%	13,545	13,231
JSE Sectors		**Last close**	**Change**	**Prev close**	**Current Spot**
Financials	⬇	15,618	-0.51%	15,698	15,618
Resources	⬇	62,054	-0.16%	62,153	62,054
Industrials	⬇	85,004	-1.28%	86,103	85,004
Forex		**Last close**	**Change**	**Prev close**	**Current Spot**
N$/US dollar	⬇	16.97	-0.13%	17.00	16.97
N$/Pound	⬇	19.97	-0.65%	20.10	19.96
N$/Euro	⬇	16.87	-1.05%	17.05	16.86
US dollar/ Euro	⬇	0.994	-0.93%	1.003	0.994
		Namibia		**RSA**	
Interest Rates & Inflation		**Jul 22**	**Jun 22**	**Jul 22**	**Jun 22**
Central Bank Rate	⬆	4.75	4.25	5.50	4.75
Prime Rate	⬆	8.50	8.00	9.00	8.25
		Jul 22	**Jun 22**	**Jun 22**	**May 22**
Inflation	⬆	6.8	6.0	7.4	6.5

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 listeds

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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