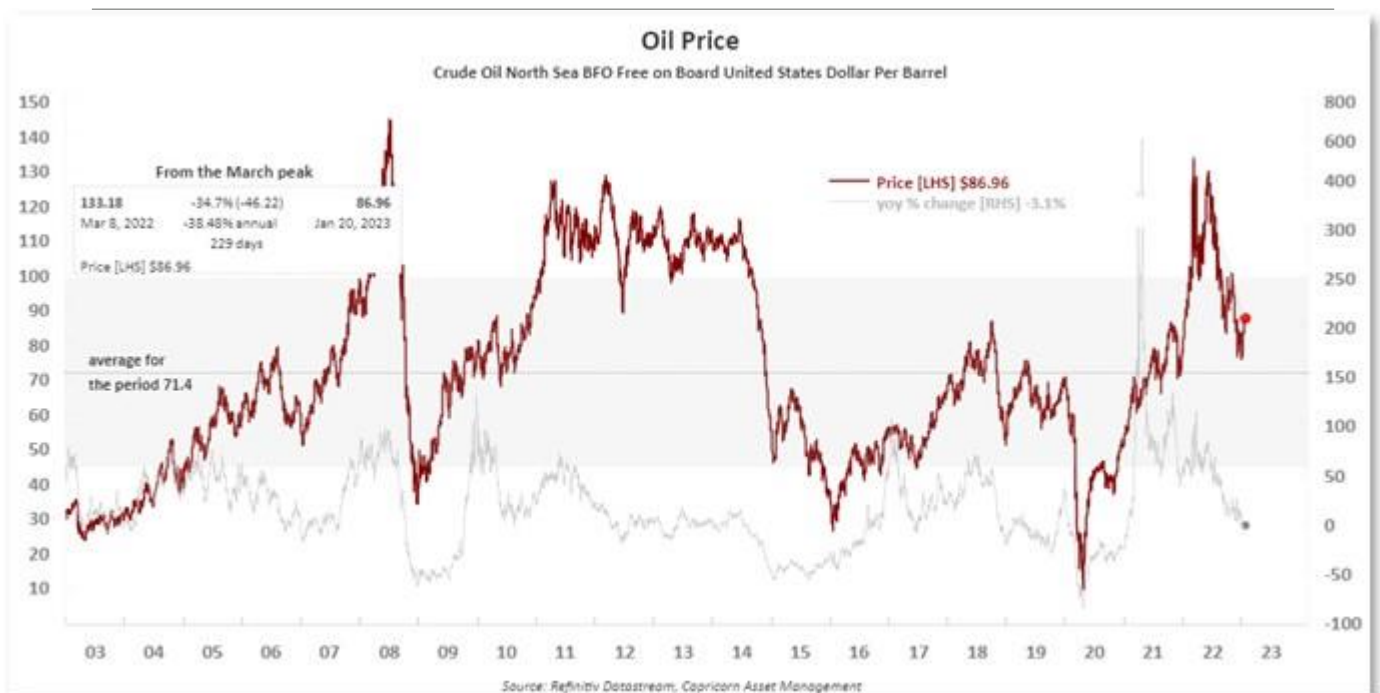




Market Update

Monday, 23 January 2023



Global Markets

Global equity indexes rose sharply on Friday, with Wall Street rallying after a jump in Netflix and Alphabet shares, while the U.S. dollar had its biggest daily percentage gain against the yen in about two weeks as the Bank of Japan governor repeated the central bank will maintain its ultra-loose monetary policy.

The S&P 500 and Dow snapped a three-session losing streak and the Nasdaq rose more than 2%. Netflix Inc gained 8.5% after the streaming video company reported quarterly results and said it had picked up more subscribers than expected at the end of last year. Also, its co-founder Reed Hastings stepped down as chief executive. Google parent Alphabet climbed 5.4% after announcing job cuts.

BOJ Governor Haruhiko Kuroda, who addressed the World Economic Forum in Davos, Switzerland, said the central bank will maintain its "extremely accommodative" monetary policy to achieve its 2% inflation target in a stable, sustainable manner.

On Wall Street, the Dow Jones Industrial Average rose 330.93 points, or 1%, to 33,375.49, the S&P 500 gained 73.76 points, or 1.89%, to 3,972.61 and the Nasdaq Composite added 288.17 points, or 2.66%, to 11,140.43. "We had three down days, so it got into a little bit of an oversold position," which prompted some bargain hunting by investors, said Ken Polcari, managing partner at Kace Capital Advisors in Boca Raton, Florida. The Dow and S&P 500 still posted losses for the week, along with other equity indexes.

European stocks also closed higher on Friday but marked weekly losses as investors took a cautious view of the earnings season and upcoming central bank decisions. The pan-European STOXX 600 index rose 0.37% and MSCI's gauge of stocks across the globe gained 1.49%. The MSCI global index also was down for the week after posting two straight weeks of gains.

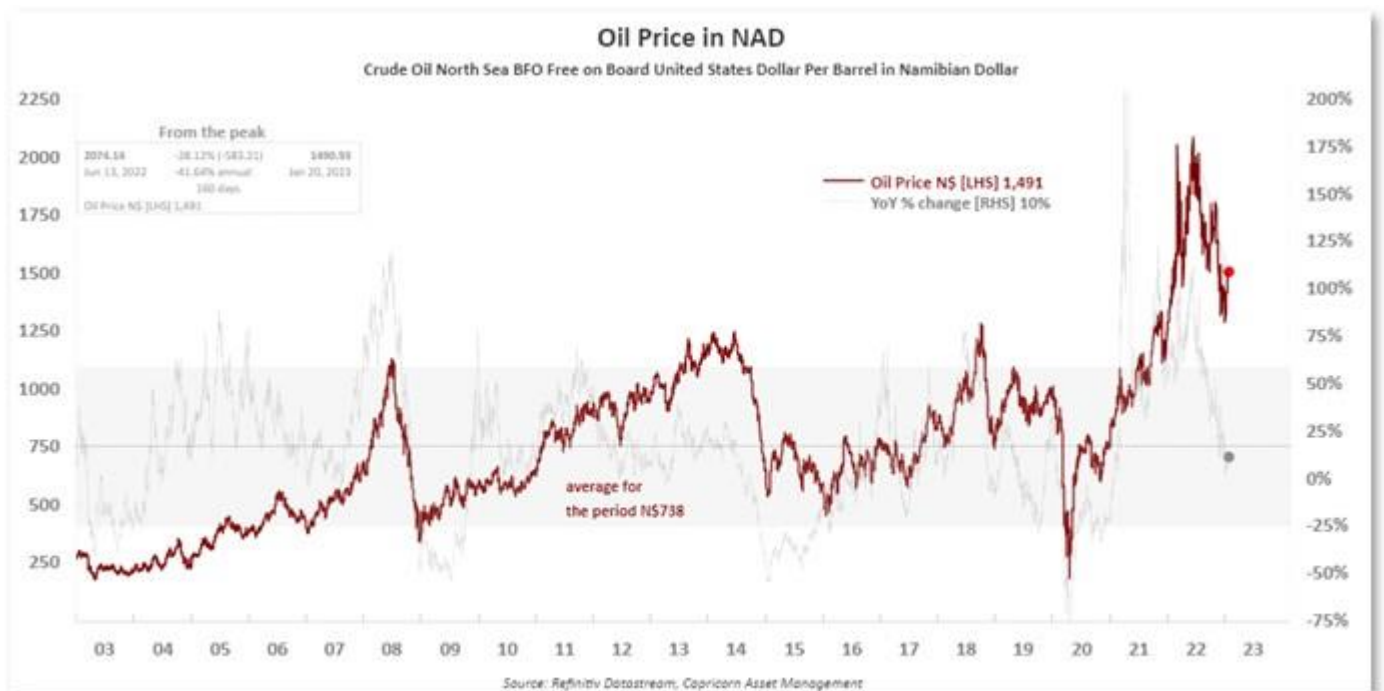
In currencies, the dollar shot up against the yen after the BOJ governor's remarks. The dollar rose as high as 130.60 yen and was last up 0.9% at 129.51. The greenback had its biggest percentage gain since early January. "There are some doubts within the BOJ whether the boost in inflation in Japan is going to deliver them all the way back to 2%," said Thierry Wizman, global FX and rates strategist at Macquarie in New York.

At the same time, investors are debating whether the Federal Reserve's aggressive approach to tightening monetary policy to battle inflation might push the U.S. economy into recession. U.S. Treasury yields rose as investors considered whether the Fed is likely to keep raising rates as far as it has indicated. Also, investors bet that a recent bond rally may be overdone in the near term. Benchmark 10-year yields were last at 3.482%, after falling to 3.321% on Thursday, the lowest since Sept. 13 and just above its 200-day moving average. The yields have dropped from 3.905% at year-end, and from a 15-year high of 4.338% on Oct. 21.

In energy, oil prices rose and registered a second straight weekly gain as China's economic prospects improved. Brent crude settled at \$87.63 a barrel, up \$1.47, or 1.7%. U.S. crude settled at \$81.31 a barrel, gaining 98 cents, or 1.2%.

Source: Reuters Refinitiv

Domestic Markets



South Africa's rand weakened early on Monday, as power utility Eskom extended scheduled electricity cuts, which are a major brake on economic growth and source of investor concern. At 0700 GMT, the rand traded at 17.1500 against the dollar, 0.16% weaker than its previous close. Eskom in a statement it would implement "Stage 3" and "Stage 4" power cuts until Tuesday.

This week, investors will focus on an interest rate decision by the South African Reserve Bank (SARB). Eleven of the 20 economists polled by Reuters predicted the South African Reserve Bank would raise rates by 50 basis points to 7.50% at its upcoming rate-setting announcement on Jan. 26. Most economists saw no further rate hikes after this week, forecasting the end of a tightening cycle that began in November 2021. The Fed announces next Wednesday with +25bps expected

The government's benchmark 2030 bond was almost unchanged in early deals, with the yield at 9.780%.

The JSE reached all-time highs during the week, but sold off on Friday leaving the Top40 flat from 13 January, though still up 9.3% for the year-to-date. Losers outnumbered gainers by two-to-one with the firm techs offsetting losses in luxury, mining, and retailers. Woolworths (+2.6%) added to Thursday's update inspired gains, but Mr Price (-7.3%) fell hard after its disappointing statement. Spar (-4.3%) gave back all of Thursday's gains.

Source: Reuters Refinitiv

If you fell down yesterday, stand up today.

H. G. Wells

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				23 January 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.23	0.000	8.23	8.23
6 months	⇒	8.56	0.000	8.56	8.56
9 months	↑	8.93	0.016	8.92	8.93
12 months	↑	9.02	0.009	9.01	9.02
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⇒	9.16	0.000	9.16	9.16
GC24 (Coupon 10.50%, BMK R186)	↑	7.77	0.075	7.69	7.75
GC25 (Coupon 8.50%, BMK R186)	↑	8.22	0.075	8.14	8.20
GC26 (Coupon 8.50%, BMK R186)	↑	8.28	0.075	8.20	8.26
GC27 (Coupon 8.00%, BMK R186)	↑	9.25	0.075	9.17	9.23
GC30 (Coupon 8.00%, BMK R2030)	↑	11.08	0.050	11.03	11.07
GC32 (Coupon 9.00%, BMK R213)	↑	11.34	0.075	11.26	11.30
GC35 (Coupon 9.50%, BMK R209)	↑	12.24	0.030	12.21	12.23
GC37 (Coupon 9.50%, BMK R2037)	↑	12.87	0.035	12.83	12.87
GC40 (Coupon 9.80%, BMK R214)	↑	13.31	0.055	13.25	13.31
GC43 (Coupon 10.00%, BMK R2044)	↑	13.90	0.045	13.85	13.90
GC45 (Coupon 9.85%, BMK R2044)	↑	14.42	0.045	14.37	14.42
GC48 (Coupon 10.00%, BMK R2048)	↑	14.49	0.050	14.44	14.50
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.50	0.050	14.45	14.51
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.08	0.000	3.08	3.25
GI27 (Coupon 4.00%, BMK NCPI)	⇒	3.76	0.000	3.76	3.76
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.19	0.000	5.19	5.19
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.40	0.000	6.40	6.40
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.63	0.000	6.63	6.63
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,927	-0.25%	1,931	1,922
Platinum	↑	1,043	1.02%	1,033	1,038
Brent Crude	↑	87.6	1.71%	86.2	87.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,775	-0.12%	1,778	1,775
JSE All Share	↓	79,270	-0.30%	79,505	79,270
SP500	↑	3,973	1.89%	3,899	3,973
FTSE 100	↑	7,771	0.30%	7,747	7,771
Hangseng	↑	22,045	1.82%	21,651	22,045
DAX	↑	15,034	0.76%	14,920	15,034
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,010	-0.06%	16,019	16,010
Resources	↓	78,250	-0.46%	78,608	78,250
Industrials	↓	100,318	-0.21%	100,528	100,318
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	17.10	-0.85%	17.25	17.13
N\$/Pound	↓	21.20	-0.82%	21.37	21.26
N\$/Euro	↓	18.56	-0.61%	18.68	18.67
US dollar/ Euro	↑	1.086	0.26%	1.083	1.090
Interest Rates & Inflation		Namibia		RSA	
		Dec 22	Nov 22	Dec 22	Nov 22
Central Bank Rate	⇒	6.75	6.75	7.00	7.00
Prime Rate	⇒	10.50	10.50	10.50	10.50
		Dec 22	Nov 22	Dec 22	Nov 22
Inflation	↓	6.9	7.0	7.2	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

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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources and persons whom the writer believes to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer’s judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**



Connect with Capricorn Asset Management on LinkedIn. Scan our QR code and together we can grow your potential!

