



Market Update

Monday, 23 May 2022



Global Markets

Stocks came under pressure on Monday as persistent worries about inflation and rising interest rates dogged the global economic outlook and fresh selling in technology stocks weighed on Chinese markets.

MSCI's broadest index of Asia-Pacific shares outside Japan was flat after U.S. stocks ended the previous session with negligible gains for the day. The index is down 3.6% so far this month. A negative tone was evident as Hong Kong's Hang Seng Index slid 0.38% and the mainland's CSI300 Index dropped 0.37%, led by a 1.5% decline in technology firms. Australian shares gained 0.42% while Japan's Nikkei stock index was 0.8% higher.

The yield on benchmark 10-year Treasury notes rose to 2.7883% from its U.S. close of 2.787% on Friday. The two-year yield, which rises with traders' expectations of higher Fed fund rates, touched 2.5869%, up from 2.583%.

Uncertainty in market sentiment this week follows the S&P 500's meagre gains on Friday of just 0.01%. The Nasdaq declined 0.30% while the Dow Jones Industrial Average rose 0.03%. Despite the marginal gains, the S&P 500 and the Nasdaq recorded their seventh straight week of losses, the longest losing streak since the end of the dotcom bubble in 2001. The Dow suffered its eighth consecutive weekly decline, its longest since 1932 during the Great Depression.

Inflationary pressures remain top of mind for investors, given German wholesale inflation figures published on Friday showed a higher than expected jump indicating prices will remain elevated in the short term future. Germany's producer price index for April rose 2.8% for the month, which meant annual growth was a persistently high 33.5%.

In Australia, the Labour Party ended a near 10-year rule of conservative government at a general election on the weekend. While Labour has promised climate, housing and enhanced social welfare reforms analysts do not believe the change in government will create major implications for the nation's economy. "In our view, there was little proposed by the incoming government during the election campaign that at this stage requires us to revisit our economic forecasts," CBA economists wrote on Monday. "Put another way, our economic forecasts and call on the RBA are unchanged despite the change of national leadership."

In early Asian trade, the dollar rose 0.04% against the yen to 127.9. It is still some distance from its high this year of 131.34 on 2022-05-09. U.S. crude dipped 0.04% to \$110.24 a barrel. Brent crude rose 0.23% to \$112.68 per barrel. The concerns over global economic growth have prompted renewed support for gold. "Gold prices saw the first weekly gain since mid-April as safe-haven demand was boosted by concerns over economic growth amid high inflation," ANZ analysts said in a research note on Monday. "A weaker U.S. dollar has also boosted investor appetite." Spot gold was 0.3% higher early Monday at \$1847.0226 per ounce.

Domestic Markets



South Africa's rand was little changed on Friday, holding on to most of the gains made in the previous session after the central bank announced its biggest rise to the main lending rate in more than six years to rein in inflation.

The U.S. dollar's retreat from two-decade highs has also supported the rand this week. At 1526 GMT, the rand traded at 15.8800 against the dollar, down 0.05% from its previous close, staying close to two-week highs touched on Thursday. This week, the rand has gained 1.7%, making a tentative recovery after a flight in the past month from riskier emerging-market assets.

The South African Reserve Bank's Monetary Policy Committee increased the repo rate by 50 basis points to 4.75% on Thursday, as it stepped up efforts to fight inflation. It raised its rand forecast to 15.88 to the dollar, compared to 15.41 at the previous MPC meeting in March.

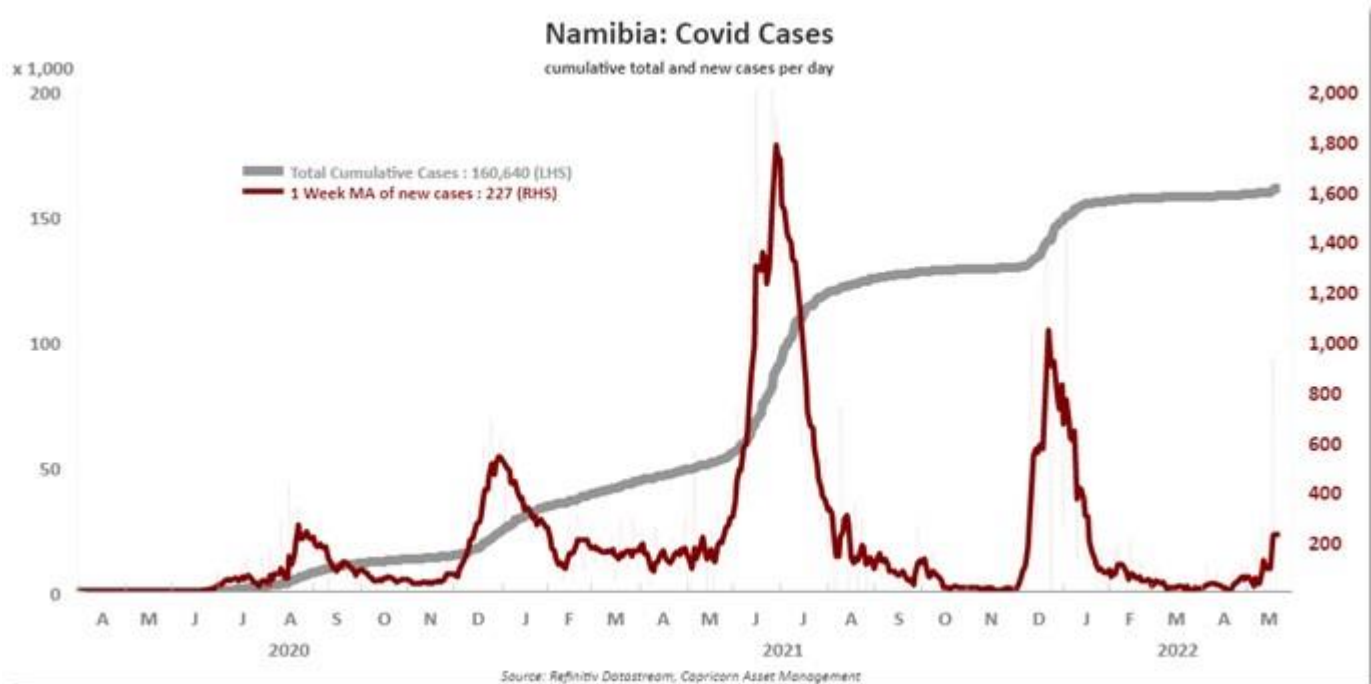
"The heightened risks to inflation and the rand have greatly increased the likelihood of a more aggressive interest rate path," Nedbank economists said in a note on Thursday. Consumer inflation was running at 5.9% in annual terms in March and April, near the top of the central bank's 3%-6% target range, driven by higher fuel and food prices linked to the war in Ukraine.

On the Johannesburg Stock Exchange (JSE), the All-Share index ended down 0.98% at 67,575 and the blue-chip index of top-40 companies closed down 1.18% at 60,999 points, mainly pulled down by luxury goods maker Richemont which has a heavyweight on the indexes, even as most sectors did well. South African billionaire Johann Rupert, chairman of Richemont, cautioned on Friday that China's recovery will be slower than expected. Its shares dropped almost 13% on the JSE amid investor fears the \$55 billion owners of brands such as Cartier and Mont Blanc would post poor sales numbers in the coming months.

In fixed income, the yield on the benchmark bond fell 12 basis points to 9.76%, ending the week with its price at a five-week high.

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	521,920,560	3,812,901	6,274,323	9,968



Source: Thomson Reuters Refinitiv

We may have all come on different ships, but we're in the same boat now.

Martin Luther King, Jr.

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				23 May 2022	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	5.28	0.358	4.93	5.28
6 months	↑	5.70	0.150	5.55	5.70
9 months	↑	6.50	0.075	6.42	6.50
12 months	↑	6.87	0.034	6.83	6.87
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↓	7.34	-0.030	7.37	7.33
GC24 (Coupon 10.50%, BMK R186)	↓	7.70	-0.070	7.77	7.65
GC25 (Coupon 8.50%, BMK R186)	↓	8.15	-0.070	8.22	8.10
GC26 (Coupon 8.50%, BMK R186)	↓	8.86	-0.070	8.93	8.81
GC27 (Coupon 8.00%, BMK R186)	↓	9.18	-0.070	9.25	9.13
GC30 (Coupon 8.00%, BMK R2030)	↓	11.05	-0.120	11.17	11.00
GC32 (Coupon 9.00%, BMK R213)	↓	12.26	-0.110	12.37	12.21
GC35 (Coupon 9.50%, BMK R209)	↓	12.90	-0.120	13.02	12.85
GC37 (Coupon 9.50%, BMK R2037)	↓	13.88	-0.120	14.00	13.83
GC40 (Coupon 9.80%, BMK R214)	↓	13.80	-0.120	13.92	13.74
GC43 (Coupon 10.00%, BMK R2044)	↓	14.11	-0.120	14.23	14.04
GC45 (Coupon 9.85%, BMK R2044)	↓	14.12	-0.120	14.24	14.05
GC48 (Coupon 10.00%, BMK R2048)	↓	14.53	-0.120	14.65	14.47
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.27	-0.120	14.39	14.21
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	↔	4.00	0.000	4.00	4.00
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)	↔	5.33	0.000	5.33	5.33
GI33 (Coupon 4.50%, BMK NCPI)	↔	7.24	0.000	7.24	7.24
GI36 (Coupon 4.80%, BMK NCPI)	↔	7.70	0.000	7.70	7.70
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,846	0.22%	1,842	1,853
Platinum	↓	956	-0.72%	962	962
Brent Crude	↑	112.6	0.46%	112.0	113.8
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,678	1.40%	1,655	1,678
JSE All Share	↓	67,575	-0.98%	68,246	67,575
SP500	↑	3,901	0.01%	3,901	3,901
FTSE 100	↑	7,390	1.19%	7,303	7,390
Hangseng	↑	20,717	2.96%	20,121	20,514
DAX	↑	13,982	0.72%	13,882	13,982
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	15,746	0.11%	15,729	15,746
Resources	↑	72,529	1.67%	71,337	72,529
Industrials	↓	72,948	-3.77%	75,802	72,948
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	15.85	0.21%	15.82	15.79
N\$/Pound	↑	19.79	0.42%	19.71	19.82
N\$/Euro	↓	16.74	-0.05%	16.75	16.73
US dollar/ Euro	↓	1.056	-0.25%	1.059	1.060
		Namibia		RSA	
Interest Rates & Inflation		Apr 22	Mar 22	May 22	Apr 22
Central Bank Rate	↑	4.25	4.00	4.75	4.25
Prime Rate	↑	8.00	7.75	8.25	7.75
		Apr 22	Mar 22	Apr 22	Mar 22
Inflation	↑	5.6	4.5	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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