

# The Daily Brief

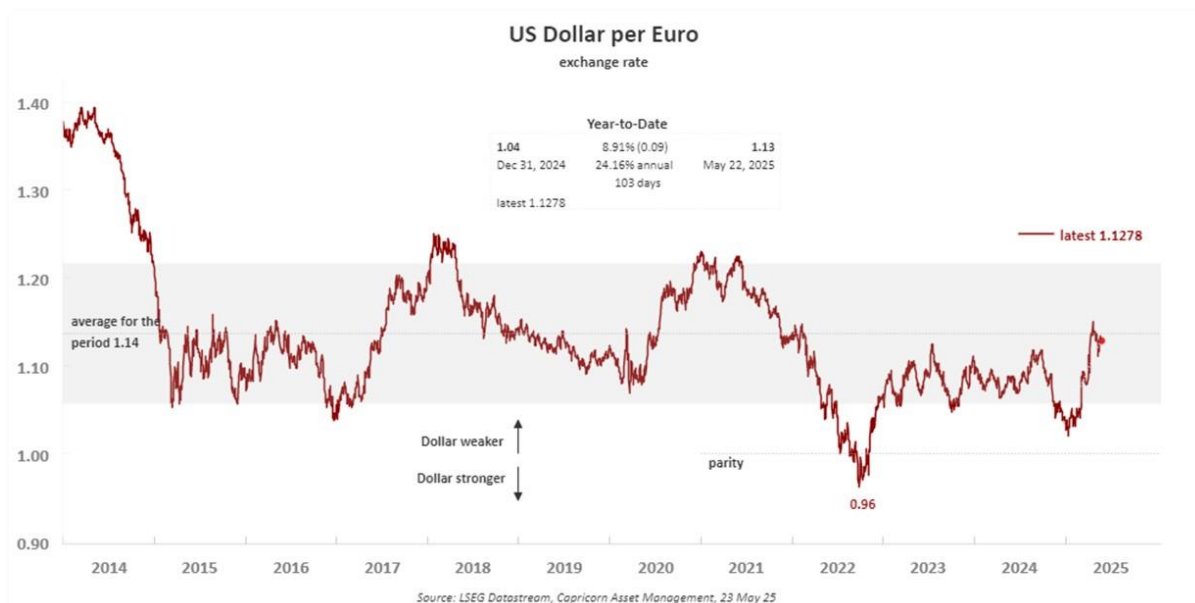


Capricorn Asset Management

Market Update

Friday, 23 May 2025

## Global Markets



Asian shares gained on Friday as beaten-down Treasuries found buyers after U.S. President Donald Trump's tax bill narrowly passed the lower house, although debt worries still dominated. European shares are similarly poised for a higher open, with EUROSTOXX 50 futures up 0.2% and FTSE futures 0.3% higher. Nasdaq futures and S&P 500 futures were both flat.

Overnight, PMI data around the globe showed U.S. business activity picked up pace in May, which helped Wall Street rise earlier in the session before running into selling pressures and closing the day little changed. In contrast, disappointingly weak activity in Europe dragged shares there lower. The Republican-controlled U.S. House voted by a slim margin to pass Trump's tax cut bill, which would fulfil many of his campaign pledges, but will increase the \$36.2 trillion U.S. debt pile by \$3.8 trillion over the next decade.

Treasury yields, especially at the longer-dated end, have climbed on worries about U.S. fiscal health in the run-up to the passage of the bill. That was exacerbated by the decision from Moody's last week to downgrade the U.S. credit rating, citing rising debt. The 30-year bonds, however, did manage to find some buyers with prices now at some attractive levels. Their yields fell another 1.6

basis point to 5.048% on Friday, having dropped 2.5 bps overnight to pull away from a 19-month top of 5.161% earlier in the session. They are still up 15 bps this week.

In Asia, yields on super-long Japanese government bonds (JGBs) also retreated from their highs. The 30-year yields fell 5 basis points to 3.115%, after hitting all-time highs earlier in the week, with the jump being monitored closely by the Bank of Japan. The MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.5% on Friday, which helped it erase earlier losses in the week. Chinese blue chips were flat but Hong Kong's Hang Seng rose 0.6%. Japan's Nikkei gained 0.5% as data showed Japan's core inflation accelerated at its fastest annual pace in more than two years in April.

In the currency market, the dollar was on the back foot again and is headed for a weekly drop of 1.3% against its major peers. The euro is set for the first weekly rise after four weeks of declines and was up 0.3% on Friday at \$1.1309. U.S. Federal Reserve Governor Christopher Waller said on Thursday he still sees a path to rate cuts later this year, but noted that the outlook depends on where Trump's tariff policy settles.

Separately, a U.S. Supreme Court ruling on Thursday in a legal battle over Trump's firing of two federal labor board members contained a line that eased, for now, worries that the cases could open the door for the president to fire Fed Chair Jerome Powell at will.

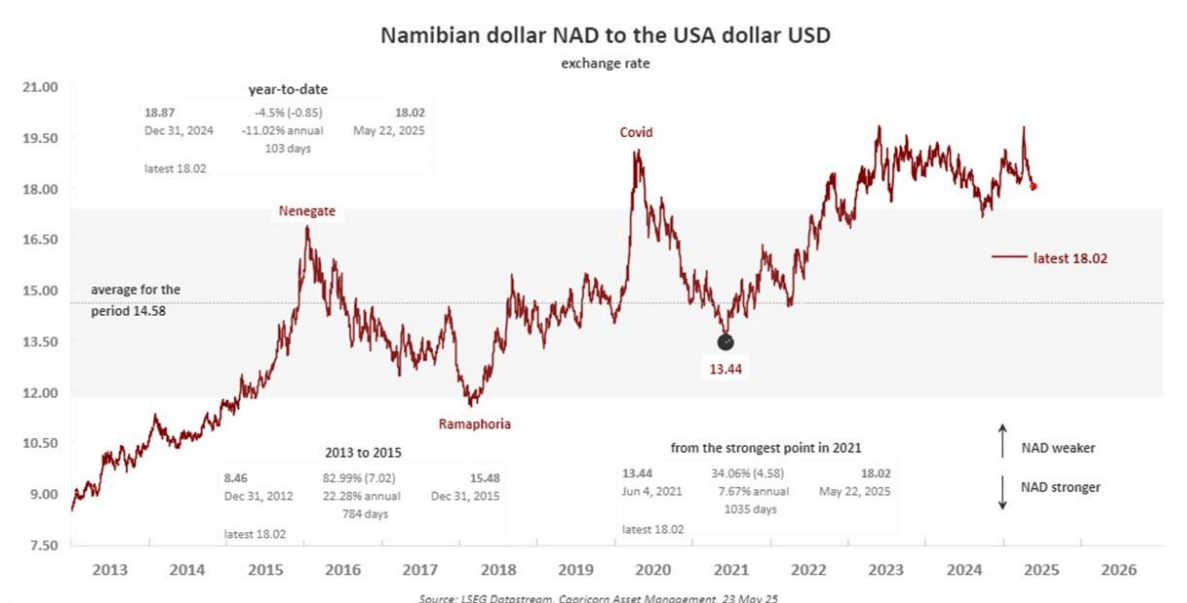
Oil prices fell for a fourth straight session on the prospect of further output increases by OPEC+ countries. U.S. crude futures dropped 0.5% to \$60.89 a barrel and were down 2.6% for the week. Brent also slipped 0.5% at \$64.15 per barrel.

In precious metals, gold prices rose 0.7% at \$3,317 an ounce and were set for a weekly gain of 3.6%.

Bitcoin prices dipped from its record high but it was still set for a weekly gain of 6.4% to \$110,796.

**Source: LSEG Thomson Reuters Refinitiv.**

## Domestic Markets



South Africa's rand was steady for most of Thursday's trading session, as markets tried to digest U.S. President Donald Trump's Oval Office meeting of South African leader Cyril Ramaphosa, which overshadowed the country's budget presentation. At 1540 GMT, the rand traded at 18.01 against the dollar, not far from its previous close on Wednesday. South African Finance Minister Enoch Godongwana tabled the 2025 budget for the third time on Wednesday, after scrapping plans to raise value-added-tax, the most contentious element in his two previous attempts.

The market focus quickly shifted to Ramaphosa's meeting with Trump, however, which the South African leader had hoped would help reset strained ties between the two nations after Trump suspended aid to South Africa earlier this year, citing its land reform policy and its genocide case against Israel. However, Trump confronted Ramaphosa in the White House with false allegations of mass killings of white people and land seizure, which the South African leader pushed back against. Following a bilateral meeting with Trump, Ramaphosa told reporters that the two countries had agreed to discuss critical minerals in South Africa, but did not provide details. A trade and investment proposal was also submitted, which includes buying liquefied natural gas from the United States, his trade minister said. "One hopes that more constructive talks around trade and bilateral relations took place behind closed doors, but as yet, there have been no updates," said Andre Cilliers, currency strategist at TreasuryONE.

On the stock market, the Top 40 index was last down about 0.3%. South Africa's benchmark 2030 government bond was weaker, with the yield up 1.5 basis points to 8.895%.

**Source: LSEG Thomson Reuters Refinitiv.**

That some achieve great success, is proof to all that others can achieve it as well.

**Abraham Lincoln**

## Market Overview

MARKET INDICATORS (Bloomberg)				23 May 2025	
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↓	7.56	-0.013	7.57	7.56
6 months	↑	7.66	0.005	7.65	7.66
9 months	↓	7.71	-0.004	7.71	7.71
12 months	↓	7.75	-0.010	7.76	7.75
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC26 (Coupon 8.50%, BMK: R186)	↓	7.61	-0.006	7.62	7.60
GC27 (Coupon 8.00%, BMK: R186)	↑	8.31	0.007	8.31	8.32
GC30 (Coupon 8.00%, BMK: R2030)	↑	8.86	0.004	8.86	8.86
GC32 (Coupon 9.00%, BMK: R213)	↑	9.81	0.010	9.80	9.81
GC35 (Coupon 9.50%, BMK: R209)	↑	11.22	0.005	11.21	11.22
GC37 (Coupon 9.50%, BMK: R2037)	↑	11.66	0.018	11.65	11.67
GC40 (Coupon 9.80%, BMK: R214)	↑	11.68	0.008	11.67	11.68
GC43 (Coupon 10.00%, BMK: R2044)	↑	11.77	0.009	11.76	11.77
GC45 (Coupon 9.85%, BMK: R2044)	↑	12.12	0.018	12.10	12.12
GC48 (Coupon 10.00%, BMK: R2048)	↑	11.87	0.005	11.86	11.87
GC50 (Coupon 10.25%, BMK: R2048)	↑	11.97	0.006	11.97	11.97
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI25 (Coupon 3.80%, BMK: NCPI)	↓	2.29	-0.007	2.29	2.16
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.47	0.002	4.47	4.48
GI29 (Coupon 4.50%, BMK: NCPI)	↑	4.68	0.003	4.67	4.68
GI33 (Coupon 4.50%, BMK: NCPI)	↑	5.31	0.002	5.31	5.31
GI36 (Coupon 4.80%, BMK: NCPI)	↓	5.63	-0.001	5.63	5.63
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↓	3,295	-0.62%	3,315	3,329
Platinum	↑	1082	0.44%	1077	1096
Brent Crude	↓	64.4	-0.72%	64.91	63.94
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↓	1027	-0.58%	1033	1027
JSE All Share	↓	93,135	-0.28%	93,397	93,135
S&P 500	↓	5,842	-0.05%	5,845	5,842
FTSE 100	↓	8,739	-0.53%	8,786	8,739
Hangseng	↓	23,527	-0.07%	23,544	23,527
DAX	↓	23,999	-0.51%	24,122	23,999
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	⇒	20,685	0.00%	20,685	20,571
Resources	⇒	71,550	0.00%	71,550	71,775
Industrials	⇒	133,568	0.00%	133,568	132,906
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↑	18.01	0.28%	17.96	17.93
N\$/Pound	↑	24.17	0.29%	24.10	24.12
N\$/Euro	↓	20.32	-0.15%	20.35	20.29
US Dollar/ Euro	↓	1.128	-0.18%	1.13	1.13
		Namibia		RSA	
Interest Rates & Inflation		Apr-25	Mar-25	Apr-25	Mar-25
Central Bank Rate	⇒	6.75	6.75	7.50	7.50
Prime Rate	⇒	10.50	10.50	11.00	11.00
		Apr-25	Mar-25	Apr-25	Feb-25
Inflation	↓	3.6	4.2	2.8	2.7

#### 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

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**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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**Bank Windhoek**

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