

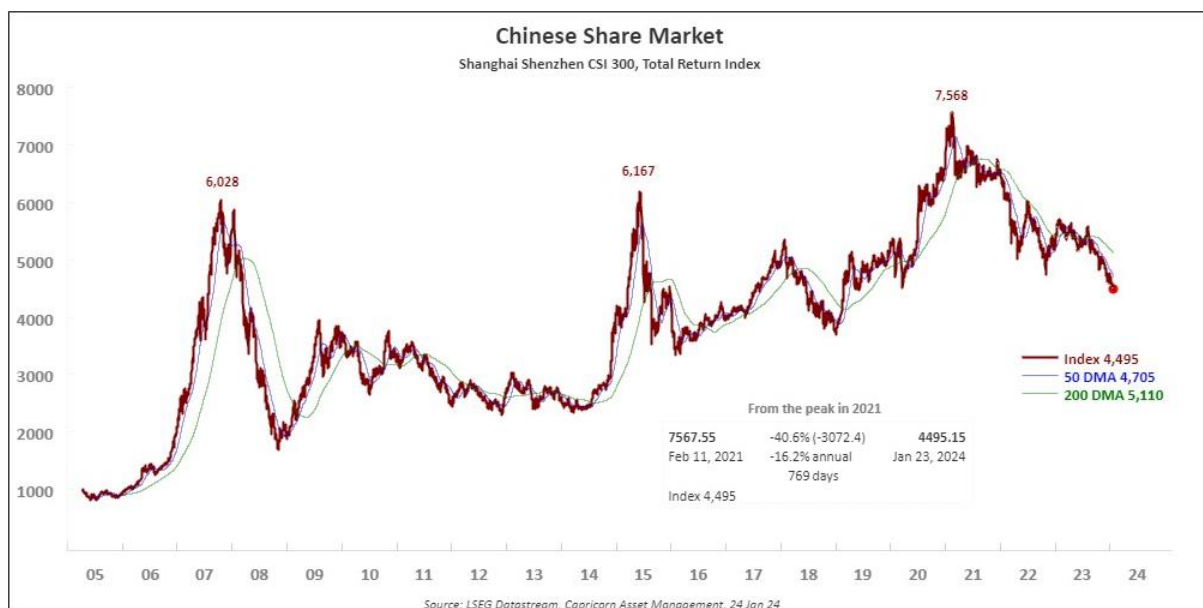
The Daily Brief



Capricorn Asset Management

Market Update

Wednesday, 24 January 2024



Global Markets

Asian shares rose on Wednesday on optimism that Chinese authorities will offer support for its stock markets, which have plummeted to multi-year lows, while a hawkish tilt from the Bank of Japan lifted the yen. The MSCI's broadest index of Asia-Pacific shares outside Japan was 0.27% higher. Still, the index is down 5% in January, set for its worst monthly performance since August. Japan's Nikkei was 0.68% lower, a day after hitting a fresh 34-year high, and the yen strengthened as traders took note of the Bank of Japan's hawkish tilt on Tuesday.

The focus in Asia has squarely been on Chinese equity markets after a wretched start to the year. A report on Tuesday said that authorities were preparing a package of measures worth \$278 billion to stabilise the market offered some hope the markets may steady though investors remained sceptical and unimpressed. "I suspect policymakers would prefer markets to be more stable, but I doubt they plan to make huge unconditional injections into markets," said Ben Bennett, APAC investment strategist for Legal and General Investment Management. "More they want to suggest that it's not a one-way bet for markets to go down. Hopefully this leads to a bit of stabilization now."

On Wednesday, Chinese stocks was mixed. The blue chip index was 0.4% lower, rooted near the five-year lows, while the Shanghai Composite rose 0.11% higher. Hong Kong's Hang Seng index spiked

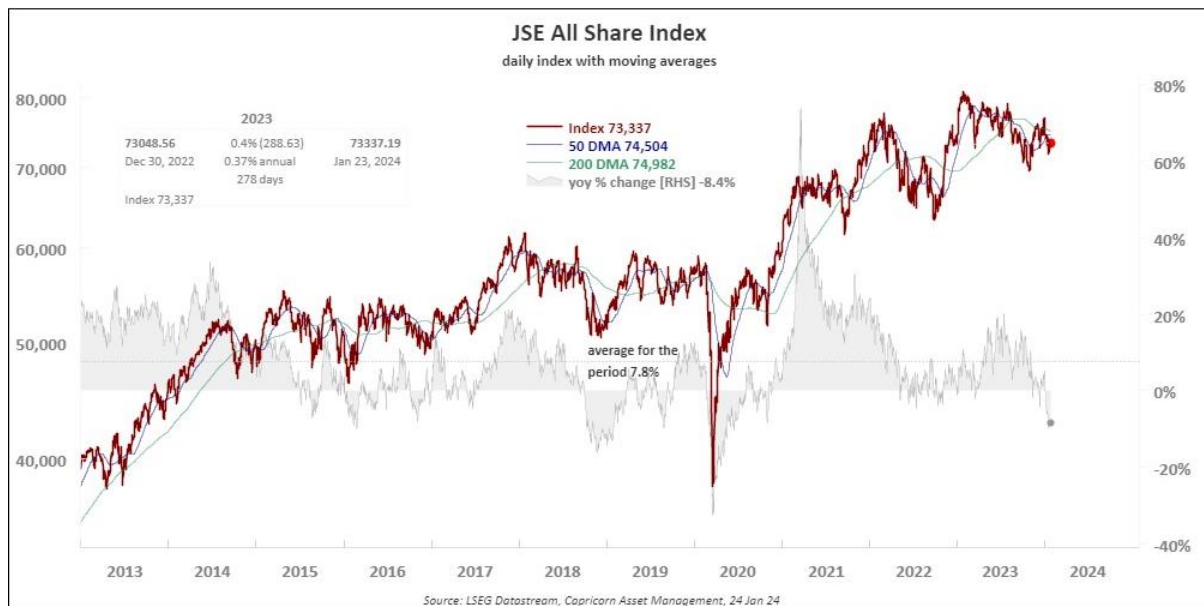
1.5% higher but is down 8% in January. Hong Kong stocks were also boosted by Alibaba Group shares, which gained 6% after a report said co-founder Jack Ma and Chairman Joe Tsai bought millions worth of shares in the Chinese e-commerce giant in the fourth quarter. Anderson Alves, a trader with ActivTrades, said market participants are vigilantly monitoring this development, as its confirmation or refutation could inject significant volatility. "Should the package exceed expectations in scale and scope, it might trigger a substantial rally in equities, especially at the current levels." Overnight, the S&P 500 climbed to a record high close as investors assessed a mixed bag of early quarterly results. Netflix rallied 8% in extended trading after the video streaming service handily beat Wall Street subscriber estimates in the fourth quarter, driven by a strong slate of shows.

The currency market was fairly muted in early Asian hours, with the dollar index, which measures the U.S. currency against six rivals, little changed at 103.48. The index is up 2% this month, on course for its strongest monthly performance since September as traders walk back their expectations of early and steep interest rate cuts from the Federal Reserve. This week, the spotlight will switch to the U.S. personal consumption expenditure (PCE) index data, the Federal Reserve's preferred inflation gauge, as well as the S&P Global PMI readings, to assess the outlook for interest rates. Markets are now pricing in a 47% chance of a rate cut in March from the Fed, according to the CME FedWatch tool, compared to the 88% chance of a rate cut priced in a month earlier.

The Japanese yen strengthened 0.16% to 148.14 per dollar on Wednesday. The BOJ on Tuesday maintained its ultra-easy monetary settings but signalled its growing conviction that conditions for phasing out its huge stimulus were falling into place, suggesting that an end to negative interest rates was nearing. "It has been our long held view that April is the earliest that the BoJ would consider raising interest rates and ending yield curve control," Commonwealth Bank of Australia analyst Kristina Clifton said in a note. "In the near term we expect dollar/yen to re-strengthen led by higher US Treasury yields as market participants reduce the risk of a FOMC rate cut in March."

The yield on 10-year Treasury notes was last at 4.138%, while the two-year U.S. Treasury yield, which typically moves in step with interest rate expectations, was at 4.339% in Asian hours. U.S. crude prices rose 0.07% to \$74.42 per barrel and Brent was at \$79.61, up 0.08% on the day. Spot gold dropped 0.1% to \$2,027.09 an ounce.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand firmed against the dollar on Tuesday, recovering from the lows hit a day earlier, ahead of local inflation data. At 1548 GMT, the rand traded at 19.0625 against the dollar, 0.74% stronger than its previous close. On Monday it sunk to its lowest against the greenback in more than three months. The dollar was last up 0.3% against a basket of global currencies.

On Wednesday, investor focus will be on Statistics South Africa, which will release consumer inflation data for December. Producer price inflation figures for December are also due on Thursday, which will be released ahead of the South African Reserve Bank's rate decision.

Shares on the Johannesburg Stock Exchange rose, with the blue-chip Top-40 index closing 1.5% higher. South Africa's benchmark 2030 government bond was weaker, with the yield up 4.7 basis points to 9.762%.

Source: Thomson Reuters Refinitiv

I can't change the direction of the wind, but I can adjust my sails to always reach my destination.

Jimmy Dean

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				24 January 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.83	0.000	8.83	8.83
6 months	↓	8.88	-0.017	8.90	8.88
9 months	↓	8.91	-0.008	8.91	8.91
12 months	⇒	8.93	0.000	8.93	8.93
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↑	8.94	0.010	8.93	8.95
GC25 (Coupon 8.50%, BMK R186)	↑	9.03	0.010	9.02	9.04
GC26 (Coupon 8.50%, BMK R186)	↑	9.03	0.010	9.02	9.04
GC27 (Coupon 8.00%, BMK R186)	↑	9.15	0.010	9.14	9.16
GC28 (Coupon 8.50%, BMK R2030)	↑	9.28	0.030	9.25	9.29
GC30 (Coupon 8.00%, BMK R2030)	↑	9.32	0.030	9.29	9.33
GC32 (Coupon 9.00%, BMK R213)	↑	9.83	0.010	9.82	9.83
GC35 (Coupon 9.50%, BMK R209)	⇒	10.87	0.000	10.87	10.89
GC37 (Coupon 9.50%, BMK R2037)	↑	12.06	0.010	12.05	12.08
GC40 (Coupon 9.80%, BMK R214)	↑	12.22	0.005	12.22	12.23
GC43 (Coupon 10.00%, BMK R2044)	↑	12.42	0.010	12.41	12.43
GC45 (Coupon 9.85%, BMK R2044)	↑	12.25	0.010	12.24	12.26
GC48 (Coupon 10.00%, BMK R2048)	⇒	12.36	0.000	12.36	12.38
GC50 (Coupon 10.25%, BMK: R2048)	⇒	12.09	0.000	12.09	12.11
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	4.40	0.000	4.40	4.40
GI27 (Coupon 4.00%, BMK NCPI)	↑	4.70	0.005	4.69	4.70
GI29 (Coupon 4.50%, BMK NCPI)	↑	5.13	0.001	5.13	5.13
GI33 (Coupon 4.50%, BMK NCPI)	↓	5.79	-0.001	5.79	5.79
GI36 (Coupon 4.80%, BMK NCPI)	↑	6.13	0.004	6.13	6.13
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	2,029	0.38%	2,021	2,025
Platinum	↓	892	-0.04%	892	901
Brent Crude	↓	79.6	-0.64%	80.1	79.4
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,548	1.42%	1,526	1,548
JSE All Share	↑	73,337	1.36%	72,352	73,337
SP500	↑	4,865	0.29%	4,850	4,865
FTSE 100	↓	7,486	-0.03%	7,488	7,486
Hangseng	↑	15,354	2.63%	14,961	15,477
DAX	↓	16,627	-0.34%	16,683	16,627
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	17,257	0.87%	17,109	17,257
Resources	↑	52,155	2.94%	50,665	52,155
Industrials	↑	100,836	1.03%	99,809	100,836
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	19.03	-0.85%	19.20	19.04
N\$/Pound	↓	24.13	-1.10%	24.40	24.18
N\$/Euro	↓	20.65	-1.14%	20.89	20.68
US dollar/ Euro	↓	1.085	-0.28%	1.088	1.086
		Namibia		RSA	
Interest Rates & Inflation		Dec 23	Nov 23	Dec 23	Nov 23
Central Bank Rate	⇒	7.75	7.75	8.25	8.25
Prime Rate	⇒	11.50	11.50	11.75	11.75
		Dec 23	Nov 23	Nov 23	Oct 23
Inflation	↓	5.3	5.7	5.5	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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