

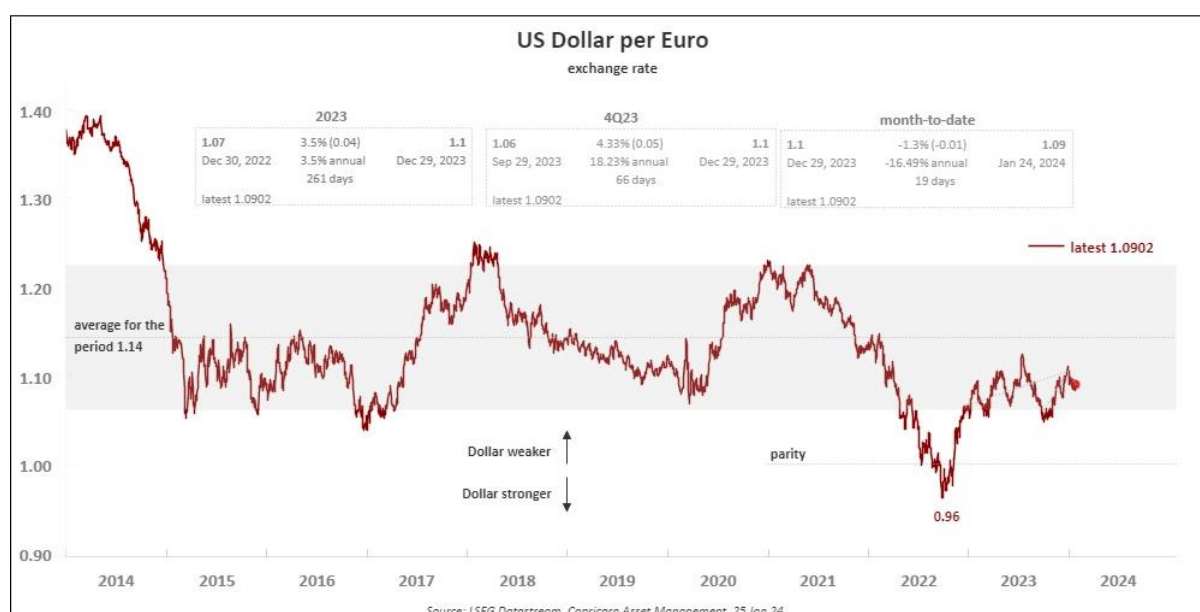


## The Daily Brief

 Capricorn Asset Management

### Market Update

Thursday, 25 January 2024



### Global Markets

Asian shares rose to a one-week high as policy support put a floor under the battered Chinese stock market, while bonds were under pressure ahead of a European Central Bank meeting later in the day. The Shanghai Composite rose 2% and was headed for its largest daily gain in six months. The blue-chip index rose more than 1% and the Hang Seng climbed for a third straight session to take it 9% above Monday's 15-month trough. All three indexes remain down for the year on investors' frustration at the lack of large-scale response from Beijing to China's economic slowdown, though Wednesday's cut to bank reserve requirements has again raised expectations of official help. "Ultimately what is going to get fundamentals back on track is meaningful improvement in confidence and sentiment," said David Chao, global market strategist, Asia Pacific at Invesco. MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.6%, while markets in Japan and India that have benefited from global investors' flight from China traded off recent peaks. The Nikkei dipped 0.1%.

S&P 500 futures were flat in Asia, as were Nasdaq 100 futures. A 6% drop in Tesla shares after the bell following earnings that missed expectations was offset by sharp gains for IBM IBM.N after an upbeat revenue forecast. South Korea beat expectations for growth in the fourth quarter of 2023,

though the Kospi slipped and the won was steady. Traders sold shares in chipmaker SK Hynix despite it turning a surprise quarterly profit. Earnings from luxury behemoth LVMH, Intel and Visa are also due later on Thursday.

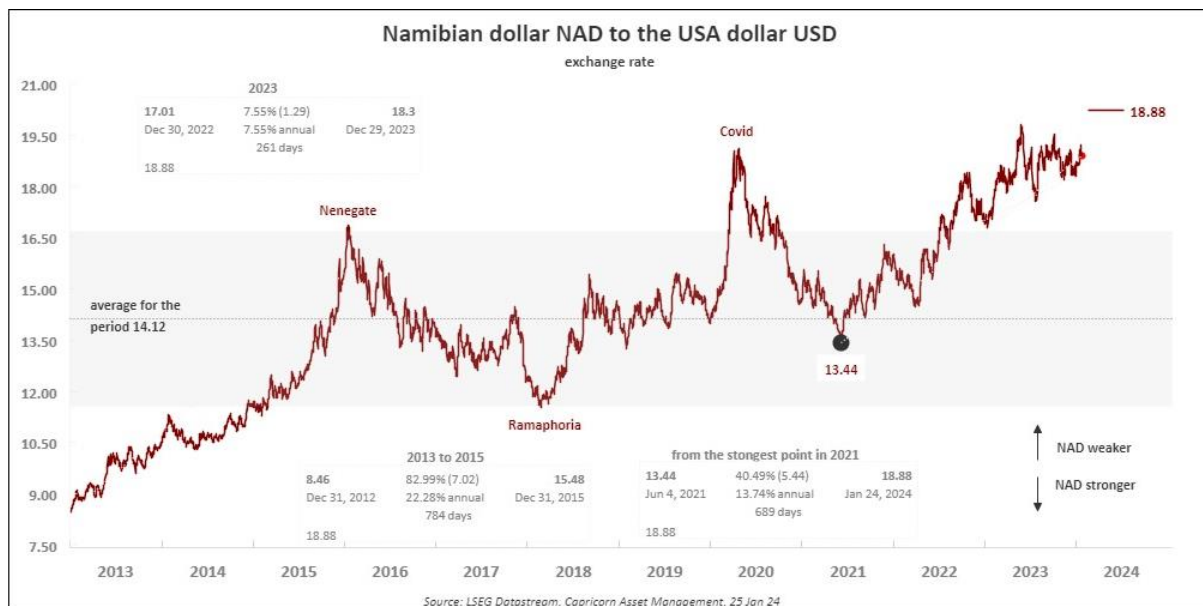
In currency markets, the dollar has bounced from its lows after a survey showed U.S. business activity picking up in January. The Canadian dollar nursed losses after the Bank of Canada held rates but dropped language saying it was prepared for further hikes. The ECB is expected to leave rates on hold at Thursday's meeting. The euro EUR=EBS was steady at \$1.0878. The yen JPY=EBS held on the strong side of 148 per dollar after hints at rate rises in Japan triggered selling in the Japanese government bond market. China's yuan held steady around 7.1590 to the dollar, helped by a strong fixing of its trading band.

Global bond markets have meanwhile been under pressure as traders pare back expectations for rate cuts. European Central Bank policymakers will likely try to pour further cold water on market pricing at the post-meeting press conference. Ten-year Japanese government bond yields posted their sharpest rise in seven weeks on Wednesday and rose a further 3.5 bps to 0.74% on Thursday. Wednesday's strong activity data drove two-year U.S Treasury yields from lows overnight and they were steady at 4.37% in Asia.

Interest rate futures price about a 40% chance of a U.S. rate cut in March, down from 75% in December. U.S. GDP data is due later in the session and investors say indicators will need to sour markedly, and soon, to justify wagers on such cuts. "For you to get rate cuts in March, we need to see bad data next month," said Remi Olu-Pitan, head of multi-asset growth and income at Schroders at an outlook briefing in Singapore. "And if that comes through there's a problem for equities."

In commodity markets Brent futures were 0.3% higher at \$80.27 a barrel. Singapore iron ore steadied at \$135 a ton while London copper had shot to a three-week high on hopes of more stimulus measures from China.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

South Africa's rand strengthened on Wednesday after inflation fell for the second consecutive month in December, ahead of an interest rate decision by the central bank. At 1508 GMT, the rand traded at 18.8500 against the dollar, 1% stronger than its previous close. The dollar was last down about 0.41% against a basket of global currencies.

Data released by Statistics South Africa showed December year-on-year inflation slowed to 5.1% from 5.5% a month earlier. Economists polled by Reuters predicted the year-on-year figure would be 5.2%. The South African Reserve Bank (SARB) will hold its first monetary policy committee meeting of the year on Thursday.

SARB governor Lesetja Kganyago has said he wants to see inflation decline sustainably to around 4.5% before considering rate cuts. Consumer inflation is expected to average 5% in 2024. "We believe that the MPC (Monetary Policy Committee) will present a hawkish statement tomorrow but keep interest rates steady due to the sluggish domestic demand," Nedbank analysts said in a research note.

Shares on the Johannesburg Stock Exchange rose, with the blue-chip Top-40 index ending 1.4% higher. South Africa's benchmark 2030 government bond was marginally stronger, with the yield down 1.2 basis points at 9.750%.

**Source: Thomson Reuters Refinitiv**

Happiness and moral duty are inseparably connected.

George Washington

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				25 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	0.000	8.88	8.88
9 months	⇒	8.91	0.000	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)	↓	8.93	-0.010	8.94	8.93
GC25 (Coupon 8.50%, BMK R186)	↓	9.02	-0.010	9.03	9.02
GC26 (Coupon 8.50%, BMK R186)	↓	9.02	-0.010	9.03	9.02
GC27 (Coupon 8.00%, BMK R186)	↓	9.14	-0.010	9.15	9.14
GC28 (Coupon 8.50%, BMK R2030)	↑	9.28	0.005	9.28	9.28
GC30 (Coupon 8.00%, BMK R2030)	↑	9.32	0.005	9.32	9.32
GC32 (Coupon 9.00%, BMK R213)	↓	9.81	-0.020	9.83	9.81
GC35 (Coupon 9.50%, BMK R209)	↑	10.87	0.005	10.87	10.87
GC37 (Coupon 9.50%, BMK R2037)	⇒	12.06	0.000	12.06	12.06
GC40 (Coupon 9.80%, BMK R214)	⇒	12.22	0.000	12.22	12.20
GC43 (Coupon 10.00%, BMK R2044)	↓	12.39	-0.025	12.42	12.39
GC45 (Coupon 9.85%, BMK R2044)	↓	12.22	-0.025	12.25	12.22
GC48 (Coupon 10.00%, BMK R2048)	↓	12.34	-0.025	12.36	12.34
GC50 (Coupon 10.25%, BMK: R2048)	↓	12.07	-0.025	12.09	12.07
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	0.000	4.70	4.70
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.13	0.000	5.13	5.13
GI33 (Coupon 4.50%, BMK NCPI)	⇒	5.79	0.000	5.79	5.79
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.13	0.000	6.13	6.13
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	2,013	-0.79%	2,029	2,015
Platinum	↑	899	0.78%	892	900
Brent Crude	↑	80.0	0.62%	79.6	80.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,563	0.97%	1,548	1,563
JSE All Share	↑	74,320	1.34%	73,337	74,320
SP500	↑	4,869	0.08%	4,865	4,869
FTSE 100	↑	7,528	0.56%	7,486	7,528
Hangseng	↑	15,900	3.56%	15,354	16,123
DAX	↑	16,890	1.58%	16,627	16,890
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	17,297	0.23%	17,257	17,297
Resources	↑	53,284	2.16%	52,155	53,284
Industrials	↑	102,489	1.64%	100,836	102,489
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	18.88	-0.81%	19.03	18.90
N\$/Pound	↓	24.02	-0.45%	24.13	24.02
N\$/Euro	↓	20.54	-0.51%	20.65	20.55
US dollar/ Euro	↑	1.088	0.29%	1.085	1.088
		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

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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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