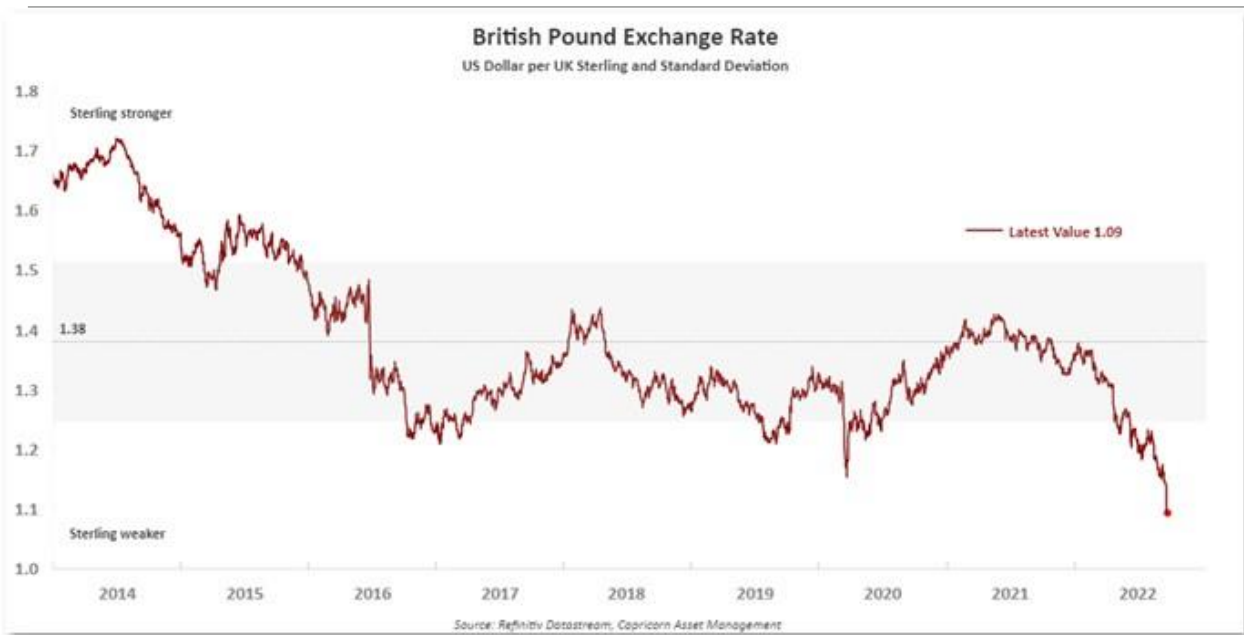




Market Update

Monday, 26 September 2022



Global Markets

Sterling slumped to a record low on Monday, prompting speculation of an emergency response from the Bank of England, as confidence evaporated in Britain's plan to borrow its way out of trouble, with spooked investors piling into U.S. dollars.

Broadening worry that high interest rates will hurt growth hit Asia's currencies and equities too, with exporters from Japanese carmakers to Australian miners hit hard.

The pound plunged nearly 5% at one point to \$1.0327, breaking below 1985 lows. Moves were exacerbated by thinner liquidity in the Asia session, but even after stumbling back to \$1.05, the currency is still down some 7% in just two sessions.

"You've got to buy the dollar as a risk off-trade. There is nowhere else to go," said Rabobank strategist Michael Every in Singapore.

"The BOE are going to have to step in today, surely, at which point everyone's going to end up with massively higher mortgage rates to try and stabilise sterling."

The collapse sent the dollar higher broadly and it hit multi-year peaks on the Aussie, kiwi and yuan and a new 20-year top of \$0.9528 per euro.

In stocks, MSCI's broadest index of Asia-Pacific shares outside Japan was down 1% to a two-year low. It is heading for a monthly loss of 11%, the largest since March 2020. Japan's Nikkei fell 2.2%.

S&P 500 futures fell 0.5%.

Last week, stocks and bonds crumbled after the United States and half a dozen other countries raised rates and projected pain ahead. Japan intervened in currency trade to support the yen. Investors lost confidence in Britain's economic management.

The Nasdaq lost more than 5% for the second week running. The S&P 500 fell 4.8%.

Gilts suffered their heaviest selling in three decades on Friday and on Monday the pound made a 37-year low at \$1.0765 as investors reckon planned tax cuts will stretch government finances to the limit.

Sterling is down 11% this quarter.

Five-year gilt yields rose 94 basis points last week, by far the biggest weekly jump recorded in Refinitiv data stretching back to the mid 1980s. Treasuries tanked as well last week, with two-year yields up 35 bps to 4.2140% and benchmark 10-year yields up 25 bps to 3.6970%.

The euro wobbled to a two-decade low at \$0.9660 as risks rise of war escalating in Ukraine, before steadying at \$0.9686.

In Italy, a right-wing alliance led by Giorgia Meloni's Brothers of Italy party was on course for a clear majority in the next parliament, as expected. Some took heart from a middling performance by eurosceptics The League.

"I expect relatively little impact considering that the League, the party with the least pro-European stance, seems to have come out weak," said Giuseppe Sersale, fund manager and strategist at Anthilia in Milan.

Oil and gold steadied after drops against the rising dollar last week. Gold hit a more-than-two-year low on Friday and bought \$1,643 an ounce on Monday. Brent crude futures sat at \$86.29.

Source: Thomson Reuters Refinitiv

Domestic Markets



The South African rand fell almost 2% on Friday as the U.S. dollar extended gains after receiving a boost from a very hawkish Federal Reserve policy announcement and rising Treasury yields.

The rand traded at 17.9300 against the dollar at 1556 GMT, 1.77% weaker than its previous close.

The dollar index, which measures the greenback's value against six major currencies, was up more than 1.3% at 112.730.

In the absence of major local drivers, the rand tends to take its cue from global factors including dollar moves.

South African state-owned utility Eskom said on Friday it would reduce the level of scheduled power cuts over the weekend and that more outages were probable next week.

Stocks on the Johannesburg Stock Exchange (JSE) fell, mostly due to declines in the mining index.

The benchmark all-share index closed 2.85% lower at 63,416 points, while the Top-40 index fell 2.96% to 57,109 points.

The South African government's benchmark 2030 bond was weaker in afternoon trade, with the yield rising 18 basis points to 10.770%.

Source: Avior, Daily Investor.

Corona Tracker

Name	Cases - cumulative total	⇅	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	611,421,786		3,025,726	6,512,438	9,457

Source: Thomson Reuters Refinitiv

The past always looks better than it was. It's only pleasant because it isn't here.

Finley Peter Dunne

Market Overview

MARKET INDICATORS (Bloomberg)		26 September 2022			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↑	7.11	0.088	7.02	7.11
6 months	↑	7.83	0.289	7.54	7.83
9 months	↓	8.18	-0.002	8.18	8.18
12 months	↑	8.46	0.304	8.16	8.46
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC23 (Coupon 8.85%, BMK: R2023)	↑	8.24	0.044	8.20	8.24
GC24 (Coupon 10.50%, BMK: R186)	↑	8.55	0.202	8.35	8.55
GC25 (Coupon 8.50%, BMK: R186)	↑	8.84	0.047	8.79	8.84
GC26 (Coupon 8.50%, BMK: R186)	↓	9.01	-0.004	9.02	9.01
GC27 (Coupon 8.00%, BMK: R186)	↑	9.69	0.036	9.65	9.69
GC30 (Coupon 8.00%, BMK: R2030)	↑	11.94	0.028	11.91	11.94
GC32 (Coupon 9.00%, BMK: R213)	↓	11.36	-0.003	11.36	11.36
GC35 (Coupon 9.50%, BMK: R209)	↑	12.21	0.001	12.21	12.21
GC37 (Coupon 9.50%, BMK: R2037)	↑	12.69	0.019	12.67	12.69
GC40 (Coupon 9.80%, BMK: R214)	↓	12.52	-0.087	12.61	12.52
GC43 (Coupon 10.00%, BMK: R2044)	↓	13.44	-0.102	13.54	13.44
GC45 (Coupon 9.85%, BMK: R2044)	↓	13.70	-0.090	13.79	13.70
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.23	-0.125	14.36	14.23
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI22 (Coupon 3.55%, BMK: NCPI)	↓	-2.91	-0.097	-2.81	-3.27
GI25 (Coupon 3.80%, BMK: NCPI)	↓	2.79	-0.003	2.79	2.79
GI27 (Coupon 4.00%, BMK: NCPI)	↓	3.63	-0.002	3.64	3.63
GI29 (Coupon 4.50%, BMK: NCPI)	↓	4.67	-0.002	4.67	4.67
GI33 (Coupon 4.50%, BMK: NCPI)	↓	6.05	-0.002	6.05	6.05
GI36 (Coupon 4.80%, BMK: NCPI)	↓	6.82	-0.005	6.82	6.82
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↓	1,644	-0.016	1,671	1,639
Platinum	↓	860	-4.86%	904	863
Brent Crude	↓	86.2	-4.76%	90.46	85.23
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↓	746	-0.037	775	746
JSE All Share	↓	63,417	-2.85%	65,277	63,417
S&P 500	↓	3,693	-1.73%	3,758	3,693
FTSE 100	↓	7,019	-1.97%	7,160	7,019
Hangseng	↓	17,841	-0.51%	17,933	17,841
DAX	↓	12,284	-1.98%	12,532	12,284
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	⇒	14,366	0.000	14,366	14,142
Resources	⇒	60,517	0.000	60,517	56,319
Industrials	⇒	79,383	0.000	79,383	78,436
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↑	17.95	0.020	17.60	18.05
N\$/Pound	↓	19.48	-1.67%	19.81	19.11
N\$/Euro	↑	17.39	0.46%	17.31	17.40
US Dollar/ Euro	↓	0.969	-1.12%	0.98	0.96
Interest Rates & Inflation		Namibia		RSA	
		May-22	Apr-22	May-22	Apr-22
Central Bank Rate	⇒	5.50	5.50	6.25	5.50
Prime Rate	⇒	9.25	9.25	9.75	9.00
		May-22	Apr-22	Apr-22	Mar-22
Inflation	↑	7.3	6.9	7.6	7.8

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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