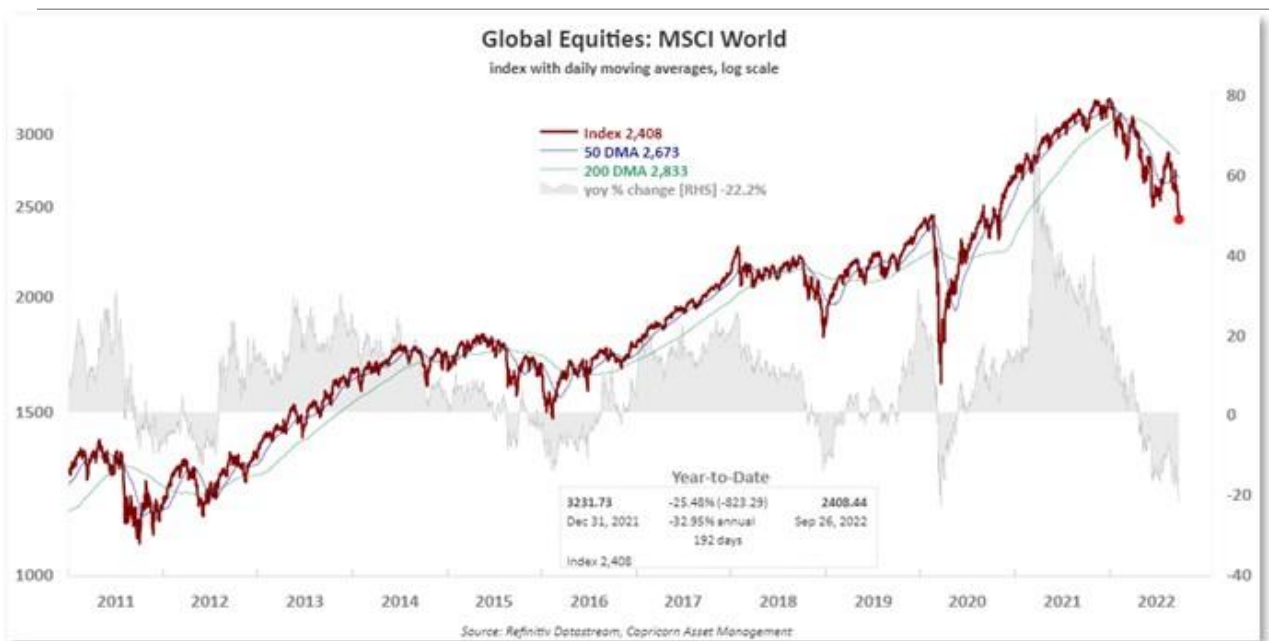




Market Update

Tuesday, 27 September 2022



Global Markets

Asian markets attempted to stabilise on Tuesday after a wild few days during which most assets, barring the dollar, fell, with the greenback easing a bit and stocks flat. MSCI's broadest index of Asia shares outside Japan fell 0.3%, the smallest fall in five straight sessions of losses, even if it hit another two-year low. Japan's Nikkei was up by 0.5%.

Sterling, which collapsed to a record low \$1.0327 on Monday, recovered to \$1.0772. S&P 500 futures rose 0.7% and Europe futures rose 0.6%.

Analysts were doubtful about the outlook, however, as markets - already jittery at the prospect of U.S. interest rates staying higher for longer - have been unnerved by the upheaval in British assets in response to government spending plans. Britain plans tax cuts on top of huge energy subsidies, and a lack of confidence in the strategy and its funding hammered gilts and the pound on Friday and again on Monday. The yield on five-year gilts is up a stunning 100 basis points in two trading days.

"It is definitely something that's unfolding...probably we're only at a certain initial stage of seeing how the market digests that kind of information," said Yuting Shao, macro strategist at State Street Global Markets. "Of course the tax cut plan itself was really aimed to stimulate growth, reduce household burdens, but it does raise the question of what the implications are in terms of the monetary policies."

After the pound's plunge, the Bank of England said it would not hesitate to change interest rates and was monitoring markets "very closely". Bank of England Chief Economist Huw Pill will speak on a panel at 1100 GMT and will likely be pressed for more details.

Spillover from Britain kept other assets on edge. Bond selling in Japan pushed yields up to the Bank of Japan's ceiling and prompted more unscheduled buying from the central bank in response. Wall Street fell deeper into a bear market on Monday, benchmark 10-year Treasury yields rose more than 20 bps to a 12-year high of 3.933% and the dollar was bid. "There could easily be another leg down as classic signs of market capitulation, such as the VIX Index reaching the key 40 level, have not occurred — although we are getting closer," said Invesco's chief strategist Kristina Hooper.

The VIX, known as Wall Street's "fear gauge", hit a three-month high of 32.88 on Monday.

Investors are watching out for a slew of speeches by central bank officials this week, with the Fed's Charles Evans speaking at 0730 GMT on Tuesday. Expectations are for a small lift to 104.5 from 103.2 in the U.S. Conference Board consumer confidence later in the day.

The dollar index on Tuesday eased 0.2% to 113.71, after earlier touching 114.58, its strongest since May 2002. The European single currency was up 0.3% on the day at \$0.9636 after hitting a 20-year low a day ago.

Oil and gold nursed losses. Gold, which hit a 2-1/2 year low on Monday, rose 0.6% to \$1,631 an ounce. Oil lifted slightly from its lowest levels since January. U.S. crude ticked up 0.8% to \$77.35 a barrel. Brent crude rose to \$84.8 per barrel.

Bitcoin broke above \$20,000 on Tuesday for the first time in about a week, as cryptocurrencies bounced, along with other risk-sensitive assets.

Source: Thomson Reuters Refinitiv

Domestic Markets



South Africa's rand slumped to a 28-month low on Monday, tracking other weakening emerging market currencies as safe-haven U.S. dollar continued its ascendancy against a basket of major peers. At 1602 GMT, the risk-sensitive rand traded at 18.1000 against the dollar, 0.74% weaker than its previous close. It hit 18.1150 earlier in the day, its lowest since May 2020. Like most emerging market currencies, the rand is highly susceptible to global drivers such as the U.S. monetary policy.

The dollar index, helped by the British pound's decline and a fresh 20-year low for the euro, was last up 0.84% at 114.08. "The increase in the hawkish tone of the FOMC last week caused risk assets to weaken further, including EM currencies, and so (did) the rand as markets factor in a higher U.S. interest rate trajectory, for longer, in the face of crumbling global growth," Investec analyst Annabel Bishop wrote in a research note.

Shares on the Johannesburg Stock Exchange rose, boosted by tech and consumer discretionary stocks, recovering from steep falls triggered by the South African Reserve Bank's (SARB) interest rate hike. The SARB delivered another big rate hike last week, following other central banks, taking its main lending rate close to pre-COVID levels. This sent major stock indexes, especially consumer-oriented ones, tumbling as the hike added to the high cost of living. South Africa's largest food producer Tiger Brands led the gainers on Monday, ending 10.43% higher after reporting it expected annual profits to rise despite recall costs.

Overall on the stock market, the Top-40 and the broader all-share indexes both closed up over 0.3%.

The government's benchmark 2030 bond fell, with the yield up 10.5 basis points to 10.875%.

Source: Thomson Reuters Refinitiv

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	612,236,677	2,516,225	6,514,397	6,787

Source: Thomson Reuters Refinitiv

Thunder is good, thunder is impressive; but it is lightning that does the work.

Mark Twain

Market Overview

MARKET INDICATORS		27 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)	↑	8.32	0.078	8.24	8.32
GC24 (Coupon 10.50%, BMK: R186)	↑	8.80	0.252	8.55	8.80
GC25 (Coupon 8.50%, BMK: R186)	↑	8.89	0.048	8.84	8.89
GC26 (Coupon 8.50%, BMK: R186)	↑	9.41	0.395	9.01	9.41
GC27 (Coupon 8.00%, BMK: R186)	↓	9.62	-0.066	9.69	9.62
GC30 (Coupon 8.00%, BMK: R2030)	↑	12.35	0.407	11.94	12.35
GC32 (Coupon 9.00%, BMK: R213)	↓	11.35	-0.003	11.36	11.35
GC35 (Coupon 9.50%, BMK: R209)	↑	12.21	0.000	12.21	12.21
GC37 (Coupon 9.50%, BMK: R2037)	↓	12.57	-0.118	12.69	12.57
GC40 (Coupon 9.80%, BMK: R214)	↓	12.52	0.000	12.52	12.52
GC43 (Coupon 10.00%, BMK: R2044)	↑	13.44	0.000	13.44	13.44
GC45 (Coupon 9.85%, BMK: R2044)	↑	13.70	0.000	13.70	13.70
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.23	-0.003	14.23	14.23
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI22 (Coupon 3.55%, BMK: NCPI)	↓	-2.96	-0.053	-2.91	-3.01
GI25 (Coupon 3.80%, BMK: NCPI)	↓	2.79	-0.001	2.79	2.79
GI27 (Coupon 4.00%, BMK: NCPI)	↓	3.63	0.000	3.63	3.63
GI29 (Coupon 4.50%, BMK: NCPI)	↓	4.67	-0.001	4.67	4.67
GI33 (Coupon 4.50%, BMK: NCPI)	↓	6.04	-0.003	6.05	6.04
GI36 (Coupon 4.80%, BMK: NCPI)	↓	6.81	-0.006	6.82	6.81
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↓	1,622	-1.31%	1,644	1,640
Platinum	↓	852	-0.91%	860	866
Brent Crude	↓	84.1	-2.43%	86.15	85.53
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↓	734	-1.61%	746	734
JSE All Share	↓	63,429	-0.31%	63,626	63,429
S&P 500	↓	3,655	-1.03%	3,693	3,655
FTSE 100	↑	7,036	0.21%	7,021	7,036
Hangseng	↓	17,803	-0.29%	17,855	17,803
DAX	↑	12,313	0.70%	12,228	12,313
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	↓	13,982	-1.13%	14,142	13,966
Resources	↓	56,215	-0.18%	56,319	56,100
Industrials	↑	79,529	1.39%	78,436	79,188
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↑	18.09	0.78%	17.95	17.87
N\$/Pound	↓	19.34	-0.72%	19.48	19.35
N\$/Euro	⇒	17.39	0.00%	17.39	17.26
US Dollar/ Euro	↓	0.961	-0.93%	0.97	0.97
Interest Rates & Inflation		Namibia		RSA	
		Aug-22	Jul-22	Aug-22	Jul-22
Central Bank Rate	⇒	5.50	5.50	6.25	5.50
Prime Rate	⇒	9.25	9.25	9.75	9.00
		Aug-22	Jul-22	Aug-22	Jul-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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