

## The Daily Brief

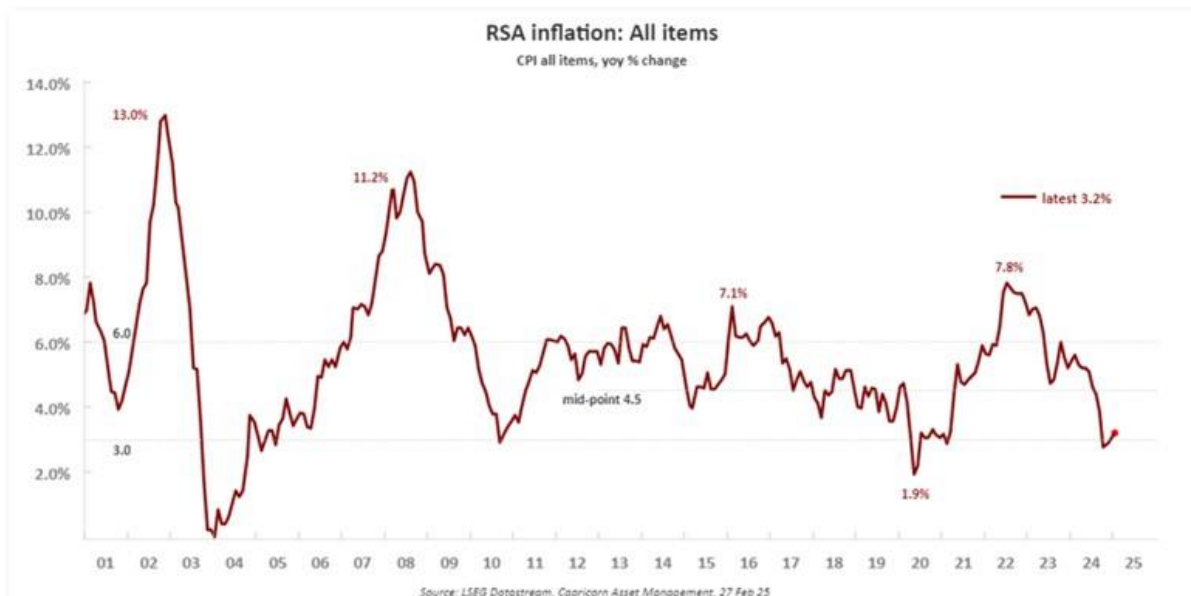


Capricorn Asset Management

### Market Update

Thursday, 27 February 2025

### Global Markets



The U.S. dollar firmed in early Asian hours on Thursday as Treasury yields ticked higher while investors assessed the outlook for tariffs and the economy under President Donald Trump. Asian stocks were mixed with tech shares around the region getting little steer from heavyweight U.S. chipmaker and AI darling Nvidia's earnings overnight. Cryptocurrency bitcoin languished below \$85,000, while safe-haven gold was steady, some \$40 below its record high as trade war worries kept market sentiment fragile.

Trump clouded the outlook for looming levies on top trading partners Canada and Mexico on Wednesday by signaling they would take effect on April 2, which would be another month-long extension. However, a White House official later said the previous March 2 deadline for the levies remained in effect "as of this moment", stirring further uncertainty about U.S. trade policy. U.S. two-year Treasury yields rose to 4.09%, finding their footing following a slump to the lowest since November 1 at 4.065% in the prior session. The 10-year yield rose to 4.2772% from a low of 4.245% on Wednesday, a 2-1/2-month trough. The dollar and U.S. yields have been under pressure in recent weeks as a run of soft economic indicators have combined with growth worries arising from Trump's tariffs.

Traders have raised bets for Federal Reserve interest rate cuts in recent days, now seeing two quarter-point reductions this year, with the first likely in July and the next as early as October. Markets will look at GDP and durable orders data due on Thursday for any stronger signs of slowdown, while the Fed's preferred inflation gauge, the Personal Consumption Expenditure (PCE) inflation rate, is due on Friday. "Markets are starting to feel less confidence about U.S. growth," said Shoki Omori, chief global desk strategist at Mizuho Securities. I think U.S. data surprises will continue to be towards the downside," although as economists start to adjust their forecasts towards weaker outcomes, and with inflation still "sticky", 10-year Treasury yields are unlikely to fall below 4%, Omori said.

In equities, Japan's Nikkei added just 0.1%, Australia's benchmark index climbed 0.5% and South Korea's Kospi slid 0.7%. Hong Kong's Hang Seng gained 0.9%, with tech shares outperforming, while mainland blue chips rose 0.2%. Taiwan shares advanced 0.2%. U.S. Nasdaq futures were steady following a 0.3% rise in the regular session overnight, while S&P 500 futures were also little changed after the cash index ended the day flat.

Nvidia shares slipped 1.5% in extended trading following a 3.7% rally in regular trading on Wednesday. After the closing bell, the chipmaker published a strong growth forecast for the first quarter, although investors are accustomed to big beats from the company. "Nvidia's earnings came with much less volatility than expected," said IG analyst Jun Rong Yeap. "The absence of major surprises may have kept sentiment relatively calm," Yeap said. "Sellers may find fault with its slight gross margin decline but note that this stems from newer data centre products - ultimately beneficial for long-term growth."

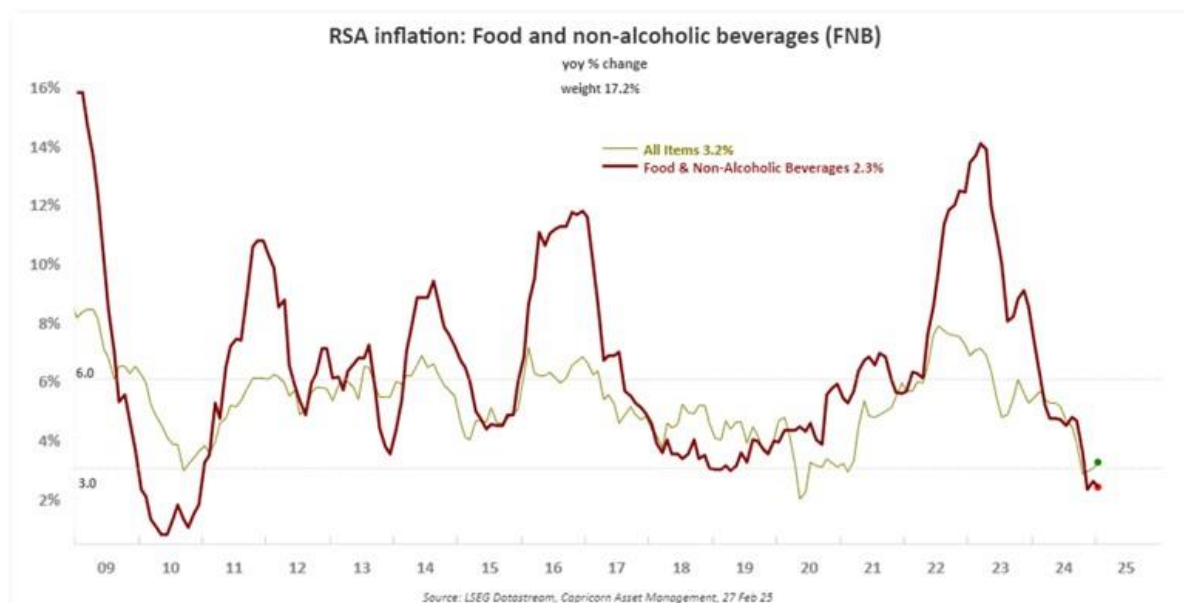
Crude oil ticked up from two-month lows it hit following a surprise build in U.S. fuel stockpiles. Brent crude added 0.26% to \$72.72 a barrel. U.S. West Texas Intermediate crude oil futures gained 0.23% to \$68.78.

Gold was little changed at \$2,912 per ounce.

Bitcoin was steady at \$84,742 following a more than 11% tumble so far this week.

**Source: LSEG Thomson Reuters Refinitiv.**

## Domestic Markets



South Africa's rand was stable on Wednesday as markets awaited U.S. gross domestic product data and an inflation reading later this week. At 1602 GMT, the rand traded at 18.39 against the U.S. dollar, unchanged from the previous session's close. The dollar gained about 0.1% against a basket of currencies.

Domestic data on Wednesday showed South African consumer inflation edged up in January in the first release since the statistics agency updated its consumer price basket, but the headline rate remained near the bottom of the central bank's target range. Inflation rose to 3.2% year-on-year in January from 3.0% in December, within the South African Reserve Bank's target range of 3% to 6%. "The South African rand remained subdued despite a rise in inflation, aligning with the (South African) Reserve Bank's recent caution on inflationary risks," said Zain Vawda, market analyst at Market Pulse by OANDA.

Markets will look to second-quarter gross domestic product estimates for the U.S. on Thursday and a personal consumption expenditure reading, the Federal Reserve's preferred measure of inflation, on Friday. Vawda said global factors continue to outweigh local data and the upcoming U.S. data could spark "notable volatility" for the rand and other emerging market currencies.

On the Johannesburg Stock Exchange, the blue-chip Top 40 index closed about 0.7% higher. South Africa's benchmark 2030 government bond was stronger, with the yield down 4 basis points to 9.025%.

**Source: LSEG Thomson Reuters Refinitiv.**

All you need is the plan, the road map, and the courage to press on to your destination.

**Earl Nightingale**

## Market Overview

MARKET INDICATORS (Bloomberg)				27 February 2025	
<b>Money Market TB's</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
3 months	↓	7.55	-0.100	7.65	7.55
6 months	↓	7.70	-0.066	7.77	7.70
9 months	↓	7.75	-0.048	7.80	7.75
12 months	↓	7.78	-0.022	7.80	7.78
<b>Nominal Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GC25 (Coupon 8.50%, BMK: R186)	↑	7.48	0.044	7.44	7.46
GC26 (Coupon 8.50%, BMK: R186)	↓	8.44	-0.024	8.46	8.44
GC27 (Coupon 8.00%, BMK: R186)	↓	8.62	-0.116	8.74	8.62
GC30 (Coupon 8.00%, BMK: R2030)	↓	8.97	-0.131	9.10	8.97
GC32 (Coupon 9.00%, BMK: R213)	↓	10.04	-0.043	10.09	10.05
GC35 (Coupon 9.50%, BMK: R209)	↓	11.03	-0.045	11.07	11.03
GC37 (Coupon 9.50%, BMK: R2037)	↓	11.24	-0.041	11.28	11.24
GC40 (Coupon 9.80%, BMK: R214)	↓	11.31	-0.276	11.58	11.31
GC43 (Coupon 10.00%, BMK: R2044)	↓	11.25	-0.284	11.53	11.25
GC45 (Coupon 9.85%, BMK: R2044)	↓	11.46	-0.248	11.71	11.46
GC50 (Coupon 10.25%, BMK: R2048)	↓	11.36	-0.285	11.64	11.36
<b>Inflation-Linked Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GI25 (Coupon 3.80%, BMK: NCPI)	↑	3.34	0.001	3.34	3.34
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.40	0.003	4.39	4.40
GI29 (Coupon 4.50%, BMK: NCPI)	↓	4.79	-0.001	4.80	4.79
GI33 (Coupon 4.50%, BMK: NCPI)	↑	5.31	0.003	5.31	5.31
GI36 (Coupon 4.80%, BMK: NCPI)	↓	5.66	0.000	5.66	5.66
<b>Commodities</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Gold	↑	2,916	0.05%	2,915	2,892
Platinum	↓	969	-0.35%	972	966
Brent Crude	↓	72.5	-0.67%	73.02	72.58
<b>Main Indices</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
NSX Local Index	↑	1041	1.36%	1027	1041
JSE All Share	↓	88,122	-0.23%	88,322	88,122
S&P 500	↑	5,956	0.02%	5,955	5,956
FTSE 100	↑	8,731	0.72%	8,669	8,731
Hangseng	↑	23,806	0.08%	23,788	23,806
DAX	↑	22,794	1.71%	22,410	22,794
<b>JSE Sectors</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Financials	↑	20,744	1.21%	20,497	20,653
Resources	↓	60,388	-0.96%	60,976	60,541
Industrials	↑	126,590	1.09%	125,231	126,220
<b>Forex</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
N\$/US Dollar	↑	18.42	0.22%	18.38	18.41
N\$/Pound	↑	23.32	0.47%	23.21	23.29
N\$/Euro	↑	19.36	0.68%	19.23	19.33
US Dollar/ Euro	↑	1.051	0.10%	1.05	1.05
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Feb-25</b>	<b>Dec-24</b>	<b>Jan-25</b>	<b>Dec-24</b>
Central Bank Rate	↓	6.75	7.00	7.50	7.75
Prime Rate	↓	10.50	10.75	11.00	11.25
		<b>Jan-25</b>	<b>Dec-24</b>	<b>Jan-25</b>	<b>Dec-24</b>
Inflation	↓	3.2	3.4	3.2	3.0

#### 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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