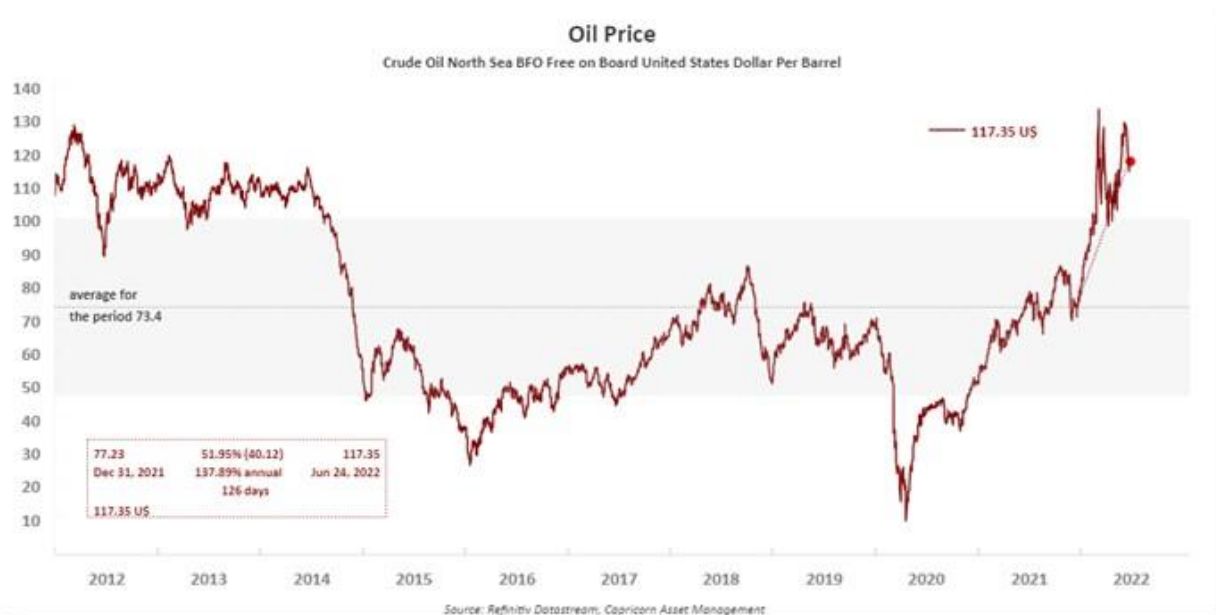




Market Update

Monday, 27 June 2022



Global Markets

Stocks gained in Asia on Monday amid improved risk sentiment after Wall Street rebounded strongly at the end of last week as oil prices eased, tempering fears of prolonged inflation and the accompanying aggressive Federal Reserve tightening. Treasury yields remained subdued and the dollar hovered near the lowest in more than a week as investors continued to assess the outlook for U.S. rate hikes and the potential for a recession.

Japan's Nikkei rallied 1.04%, while Australia's benchmark jumped 1.69%. Chinese blue chips rose 0.54% and Hong Kong's Hang Seng advanced 1.46%. South Korea's Kospi gained 1.65%.

MSCI's broadest index of Asia-Pacific shares rose 1.31%. However, U.S. stock futures point to a 0.25% decline when those markets reopen. On Friday, the S&P 500 surged more than 3%, adding to an almost 1% gain on Thursday.

"We've had a decent end to the week in the U.S. markets and I think that's going to be the main scene for Monday here in Asia," amid a dearth of news or other new drivers, said Rob Carnell, chief economist for Asia-Pacific at ING. "We've had two decent equity days on the run now. It's perhaps notable that you've had some consistency there."

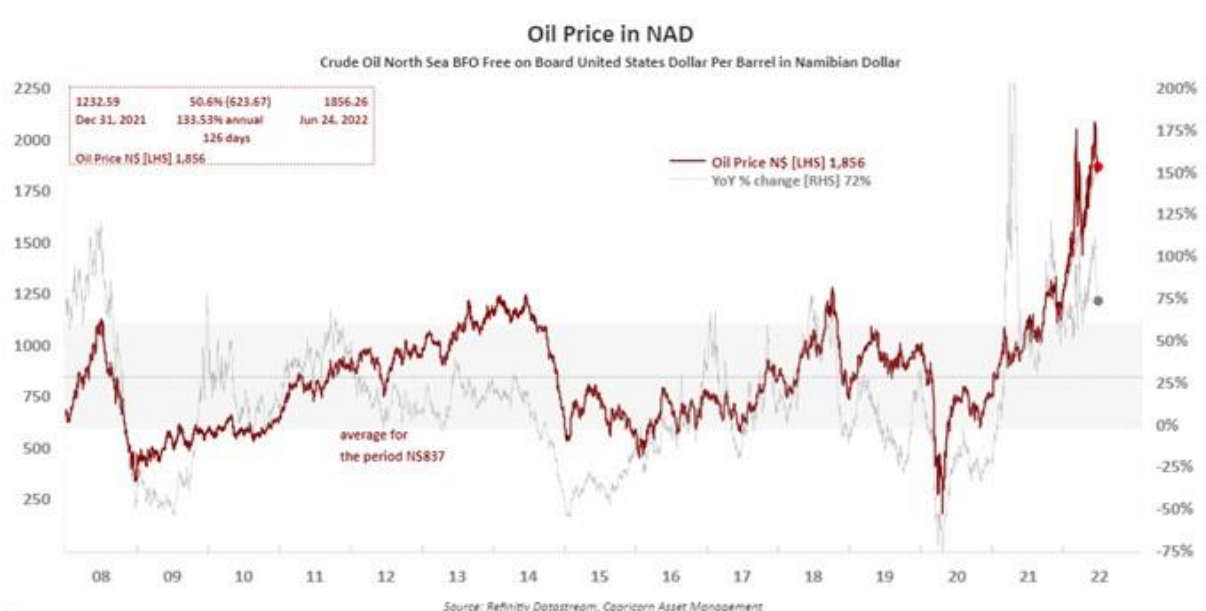
Crude oil fell in volatile trading on Monday as the market grapples with concerns that a global economic slowdown could depress demand versus worries about lost Russian supply amid sanctions over the Ukraine conflict. Both Brent and U.S. West Texas Intermediate (WTI) futures fell more than a dollar earlier. But prices have rebounded with Brent at \$112.78 a barrel, down 34 cents, and WTI at \$107.17, down 45 cents.

U.S. long-term Treasury yields hovered around 3.13% after bouncing off a two-week low just above 3% at the end of last week as traders removed bets for hikes next year, but still pondered if aggressive tightening this year could trigger a recession. Yields have dropped from 3.456%, the highest in more than a decade, reached before the mid-month Fed meeting. Then, the central bank hiked rates by 75 basis points, the biggest increase since 1994, and signalled that a similar move is possible in July.

"The market remains focused on the trade-off between the policy response to high inflation and fears of a hard landing," Westpac rates strategist Damien McColough wrote in a client note. "There will be ongoing discussions as to whether long-end yields have peaked, however, we would not yet expect 10-year yields to fall materially or sustainably below 3%."

The dollar was steady on Monday, continuing to consolidate near the lowest since the middle of the month against major peers. The dollar index - which measures the currency versus six rivals - was little changed at 104.01, after gradually gravitating over the past few sessions toward the June 17 low of 103.83. Gold ticked 0.32% higher to \$1,832.10 per ounce.

Domestic Markets



South Africa's rand strengthened against a sliding dollar on Friday, as investors started to scale back bets on how far central banks will be able to lift interest rates this cycle to rein in inflation.

Global financial markets have been roiled this month on worries that rapid rate hikes by major central banks could cause a recession. However, sliding commodity prices eased some worries about inflation on Friday, sending world stocks higher.

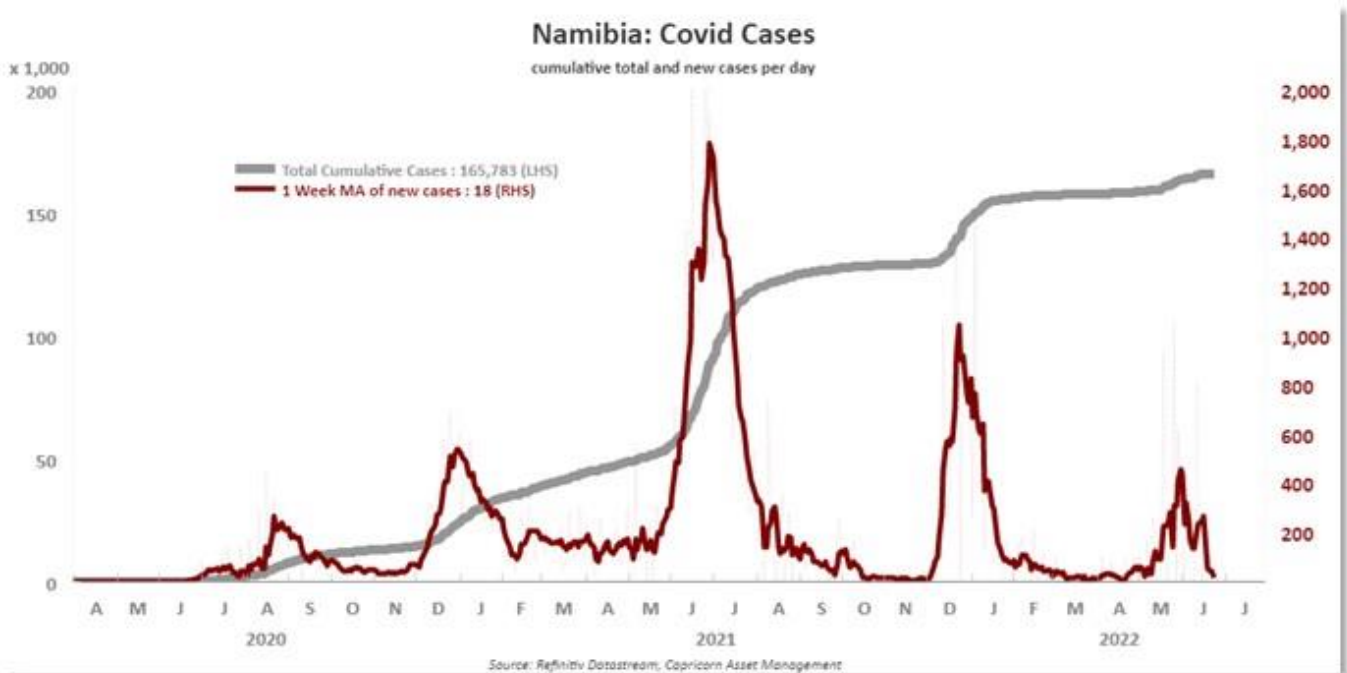
At 1625 GMT, the rand traded at 15.8075 against the dollar, 0.97% higher than its previous close. The dollar index, which measures the U.S. currency against six rivals, dropped 0.18% to 104.21, and was on track for its first weekly decline this month, as traders dialed down bets on where interest rates may peak.

Analysts, however, have warned of a more hawkish South African Reserve Bank (SARB) in the near-term, expecting it to raise rates to curb inflation. "Although the ZAR has held up well to date, the SARB is likely to deem more-decisive policy action necessary to raise policy rates back up to pre-COVID levels as soon as possible in light of an increasingly complex and uncertain environment for risky assets," Jeff Schultz, senior economist at BNP Paribas South Africa, said in a note.

Stocks on the Johannesburg Stock Exchange (JSE) rose, mirroring gains in global equity markets, with the All-Share index rising 1.61% to 66,349 points, and the Top-40 index closing 1.65% higher at 59,993 points. The government's benchmark 2030 bond fell, with the yield up 16.5 basis points to 10.260%.

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	539,893,858	3,902,021	6,324,112	8,156



Source: Thomson Reuters Refinitiv

My fake plants died because I did not pretend to water them.

Mitch Hedberg

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				27 June 2022	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	5.38	0.000	5.38	5.38
6 months	→	5.88	0.000	5.88	5.88
9 months	→	6.89	0.000	6.89	6.89
12 months	→	7.33	0.000	7.33	7.33
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↓	7.44	-0.010	7.45	7.44
GC24 (Coupon 10.50%, BMK R186)	↑	8.24	0.165	8.07	8.19
GC25 (Coupon 8.50%, BMK R186)	↑	8.69	0.165	8.52	8.64
GC26 (Coupon 8.50%, BMK R186)	↑	9.40	0.165	9.23	9.35
GC27 (Coupon 8.00%, BMK R186)	↑	9.72	0.165	9.55	9.67
GC30 (Coupon 8.00%, BMK R2030)	↑	11.54	0.155	11.39	11.49
GC32 (Coupon 9.00%, BMK R213)	↑	12.74	0.120	12.62	12.72
GC35 (Coupon 9.50%, BMK R209)	↑	13.37	0.140	13.23	13.32
GC37 (Coupon 9.50%, BMK R2037)	↑	14.37	0.145	14.22	14.32
GC40 (Coupon 9.80%, BMK R214)	↑	14.27	0.135	14.14	14.22
GC43 (Coupon 10.00%, BMK R2044)	↑	14.56	0.135	14.42	14.51
GC45 (Coupon 9.85%, BMK R2044)	↑	14.57	0.135	14.43	14.52
GC48 (Coupon 10.00%, BMK R2048)	↑	15.00	0.140	14.86	14.95
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.74	0.140	14.60	14.69
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	→	3.55	0.000	3.55	3.55
GI25 (Coupon 3.80%, BMK NCPI)	→	3.94	0.000	3.94	3.94
GI27 (Coupon 4.00%, BMK NCPI)	→	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	↓	4.92	-0.033	4.95	4.92
GI33 (Coupon 4.50%, BMK NCPI)	↓	6.69	-0.158	6.85	6.69
GI36 (Coupon 4.80%, BMK NCPI)	↓	7.63	-0.198	7.83	7.63
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,826	0.21%	1,822	1,835
Platinum	↑	908	0.08%	907	914
Brent Crude	↑	113.1	2.79%	110.1	113.2
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,581	0.77%	1,569	1,581
JSE All Share	↑	66,349	1.61%	65,295	66,349
SP500	↑	3,912	3.06%	3,796	3,912
FTSE 100	↑	7,209	2.68%	7,020	7,209
Hangseng	↑	21,719	2.09%	21,274	22,250
DAX	↑	13,118	1.59%	12,913	13,118
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	15,623	1.92%	15,330	15,623
Resources	↓	64,422	-0.14%	64,515	64,422
Industrials	↑	76,590	2.68%	74,588	76,590
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	15.80	-0.98%	15.96	15.81
N\$/Pound	↓	19.37	-0.97%	19.56	19.41
N\$/Euro	↓	16.67	-0.70%	16.79	16.69
US dollar/ Euro	↑	1.055	0.29%	1.052	1.056
		Namibia		RSA	
Interest Rates & Inflation		Jun 22	May 22	Jun 22	May 22
Central Bank Rate	↑	4.75	4.25	4.75	4.75
Prime Rate	↑	8.50	8.00	8.25	8.25
		May 22	Apr 22	May 22	Apr 22
Inflation	↓	5.4	5.6	6.5	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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