



Market Update

Tuesday, 28 June 2022



Global Markets

Stocks gained in Asia on Monday Asian shares edge down in early trade on Tuesday with investors taking their cue from a volatile Wall Street session overnight, while oil prices climbed following last week's rout.

Oil continued to rise with investors still weighing worries over an economic slowdown against concern over lost Russian supply amid sanctions related to the conflict in Ukraine. "A seam of tight supply news bolstered the (oil) market," analysts at Commonwealth Bank of Australia said in a research note. "Political unrest might curtail supply from a couple of second-tier producers, Ecuador and Libya. And then there's the G7's proposed price cap on Russian oil."

Early in the Asian trading day, MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.7%. The index is down 3.8% so far this month. U.S. stock futures, the S&P 500 e-minis, were up 0.27%. Australian shares were up 0.25%, while Japan's Nikkei stock index rose 0.5%. China's blue-

chip index was 0.4% lower in early trade. Hong Kong's Hang Seng index opened down 0.36%. On Monday, U.S. stocks ended a volatile trading session slightly lower with few catalysts to sway investor sentiment as they approach the halfway point of a year in which the equity markets have been slammed by heightened inflation worries and tightening Fed policy. The major U.S. stock indexes lost ground after oscillating earlier in the session, with weakness in interest rate-sensitive megacaps such as Amazon.com Inc, Microsoft Corp and Alphabet Inc providing the heaviest drag. The Dow Jones Industrial Average fell 0.2%, the S&P 500 lost 0.30% and the Nasdaq Composite dropped 0.72%.

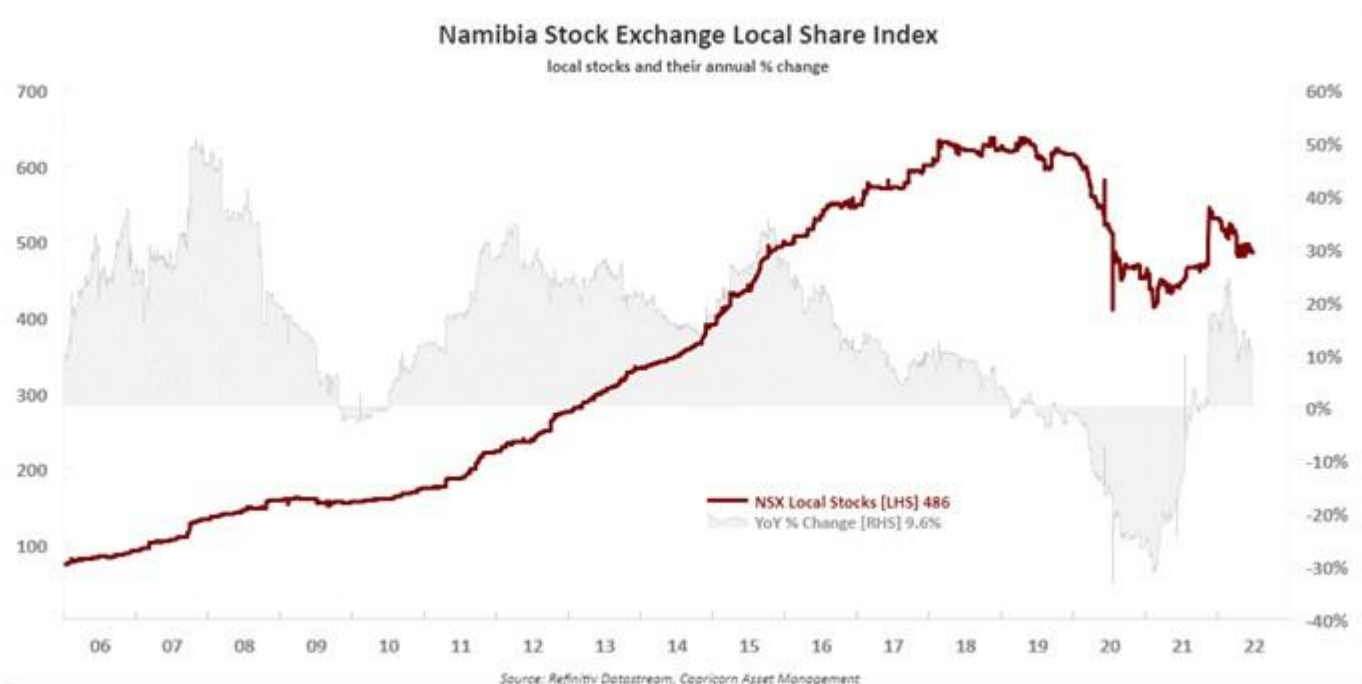
Oil prices rose as the Group of Seven nations promised to tighten the squeeze on Russia's finances with new sanctions that include a plan to cap the price of Russian oil. U.S. crude ticked up 0.99% to \$110.65 a barrel. Brent crude rose to \$116.22 per barrel.

Treasury yields climbed on Monday following capital and durable goods orders data and as pending home sales surprised to the upside from the previous month. The yield on benchmark 10-year Treasury notes last reached 3.1847% on Tuesday, compared with its U.S. close of 3.194% on Monday. The two-year yield, which rises with traders' expectations of higher Fed fund rates, touched 3.0974% compared with a U.S. close of 3.123%.

Also, the U.S. dollar edged lower versus major rivals as investors weighed expectations on inflation and interest rate hikes. The dollar index, which tracks the greenback against a basket of currencies of other major trading partners, was down at 103.91.

Gold was slightly higher. Spot gold was traded at \$1,824.28 per ounce.

Domestic Markets



Yesterday's Prosus FY '22 results and buy-back announcement we see as the first step in addressing the unsustainable discount within the Group in our view. We expect a reduced investment pipeline, improved margin guidance and further corporate action as additional catalysts to reduce the discount to NAV. Prosus will use its existing balance sheet capacity (USD12bn in central cash) and liquidate small amounts of Tencent to facilitate a multi-year share buyback programme (c.USD10bn) to narrow its discount to NAV.

The JSE Life Index (-8% YTD) has underperformed the JSE Banks Index by 21%. Compared to historical levels, and considering earnings guidance and the absence of heightened credit risk, investors are undervaluing the SA banks in our view. Our top pick of the sector is ABSA, given that it is cheaper than its peers despite similar short-term earnings forecasts. Furthermore, ABSA's ROE (17%) exceeds its cost of equity, outperforming Standard Bank and Nedbank.

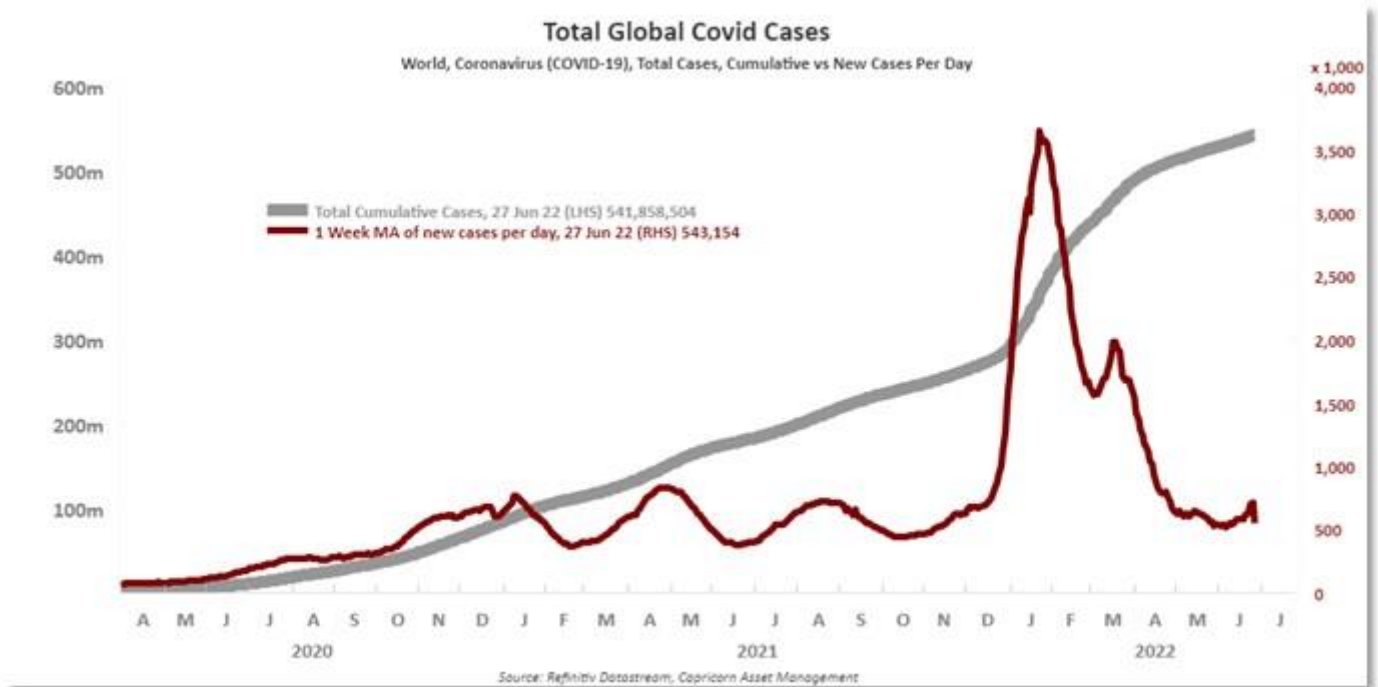
SA Insurance sector valuation is back to pandemic lows. Similarly, investors continue to undervalue the SA banks when compared to historical levels considering earnings guidance and the absence of heightened credit risk, in our view. We believe SA insurers could re-rate on normalised earnings in CY'23 as industry repricing improve margins due to operating leverage. Asset-based fee income is material for the sector at c.30% of revenue. The decline in local and global bond and equity values will reduce earnings.

Ongoing Stage 4 electricity load shedding will continue to impact general productivity further hindering an already almost stagnant GDP growth forecasts for 2022.

Source: Avior

Corona Tracker

Corona Tracker				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
Global Cases	544,491,954	6,624,887	6,330,551	137,785,976



Source: Thomson Reuters Refinitiv

Do not wait; the time will never be 'just right.' Start where you stand, and work with whatever tools you may have at your command, and better tools will be found as you go along.

George Herbert

Market Overview

MARKET INDICATORS (Bloomberg)		28 June 2022			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	📈	6.15	0.441	5.70	6.15
6 months	📈	6.50	0.325	6.17	6.50
9 months	📈	7.22	0.318	6.90	7.22
12 months	📈	7.38	0.129	7.25	7.38
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC23 (Coupon 8.85%, BMK: R2023)	📈	7.04	0.014	7.02	7.03
GC24 (Coupon 10.50%, BMK: R186)	📈	8.22	0.120	8.10	8.22
GC25 (Coupon 8.50%, BMK: R186)	📈	8.47	0.048	8.42	8.47
GC26 (Coupon 8.50%, BMK: R186)	📈	8.70	0.102	8.60	8.70
GC27 (Coupon 8.00%, BMK: R186)	📈	9.41	0.048	9.37	9.41
GC30 (Coupon 8.00%, BMK: R2030)	📈	11.53	0.140	11.39	11.53
GC32 (Coupon 9.00%, BMK: R213)	📈	11.58	0.050	11.53	11.58
GC35 (Coupon 9.50%, BMK: R209)	📈	12.46	0.048	12.41	12.46
GC37 (Coupon 9.50%, BMK: R2037)	📉	12.97	-0.087	13.06	12.97
GC40 (Coupon 9.80%, BMK: R214)	📈	13.12	0.086	13.04	13.12
GC43 (Coupon 10.00%, BMK: R2044)	📉	13.92	-0.050	13.97	13.92
GC45 (Coupon 9.85%, BMK: R2044)	📈	14.39	0.073	14.32	14.39
GC50 (Coupon 10.25%, BMK: R2048)	📉	14.61	-0.050	14.66	14.61
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI22 (Coupon 3.55%, BMK: NCPI)	📉	0.28	-0.011	0.29	0.26
GI25 (Coupon 3.80%, BMK: NCPI)	📉	2.94	-0.001	2.94	2.94
GI27 (Coupon 4.00%, BMK: NCPI)	📉	3.93	-0.001	3.94	3.93
GI29 (Coupon 4.50%, BMK: NCPI)	📉	4.81	-0.005	4.81	4.81
GI33 (Coupon 4.50%, BMK: NCPI)	📉	6.65	-0.006	6.66	6.65
GI36 (Coupon 4.80%, BMK: NCPI)	📉	7.83	-0.003	7.83	7.83
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	📉	1,823	-0.002	1,827	1,829
Platinum	📈	911	0.03%	911	914
Brent Crude	📈	115.1	1.74%	113.12	116.87
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	📈	805	0.002	803	805
JSE All Share	📈	67,827	2.23%	66,349	67,827
S&P 500	📉	3,900	-0.31%	3,912	3,900
FTSE 100	📈	7,258	0.68%	7,209	7,258
Hangseng	📈	22,362	0.59%	22,230	22,362
DAX	📈	13,186	0.52%	13,118	13,186
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	⇒	15,623	0.000	15,623	15,428
Resources	⇒	64,422	0.000	64,422	65,488
Industrials	⇒	76,590	0.00%	76,590	80,203
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	📈	15.86	0.004	15.80	15.83
N\$/Pound	📈	19.46	0.31%	19.40	19.45
N\$/Euro	📈	16.79	0.72%	16.67	16.79
US Dollar/ Euro	📉	1.058	-0.19%	1.06	1.06
		Namibia		RSA	
Interest Rates & Inflation		May-22	Apr-22	May-22	Apr-22
Central Bank Rate	⇒	4.75	4.75	4.75	4.75
Prime Rate	⇒	8.50	8.50	8.25	8.25
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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