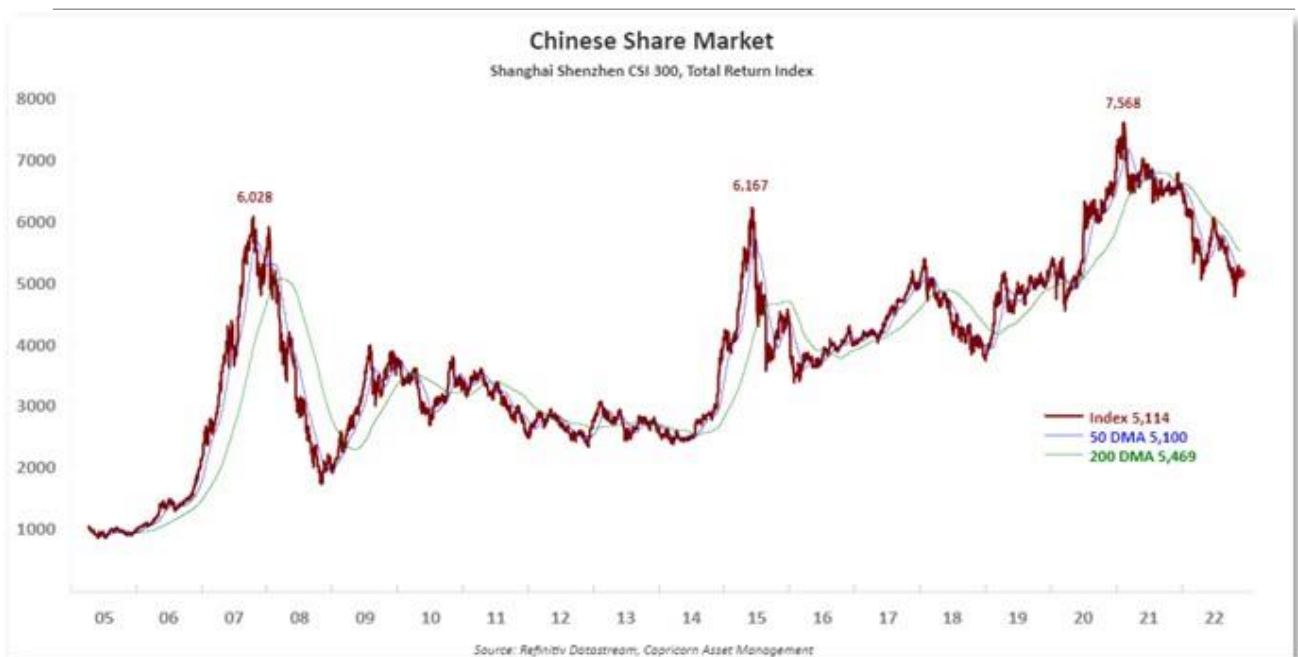




Market Update

Monday, 28 November 2022



Global Markets

Stocks and oil slid sharply on Monday as rare protests in major Chinese cities against the country's strict zero-COVID curbs raised worries about the management of the virus in the world's second-largest economy.

MSCI's broadest index of Asia-Pacific shares outside Japan slumped 2.2%, pulled lower by heavy selling in Chinese markets.

Hong Kong's Hang Seng Index shed 4.16%, China's CSI300 Index declined 2.22% and the yuan fell in morning trade.

"The market does not like uncertainties that are difficult to price and the China protests fall into this category. It means investors will become more risk-averse," Gary Ng, Natixis economist in Hong Kong told Reuters.

"The China-linked markets across Asia, such as Australia, Hong Kong, Taiwan and Korea, are more likely to see a larger impact."

Australia's benchmark stock index lost 0.56% while its currency was off more than 1%. Japan's Nikkei stock index was down 0.76%.

South Korea's KOSPI 200 index retreated 1.35% in early trade and New Zealand's S&P/NZX50 Index was off 0.42%.

S&P 500 and Nasdaq futures both fell, pointing to possible declines in Wall Street later in the day.

The bigger worries about China's COVID policies dwarfed any support to investor sentiment from the central bank's 25 basis point cut to the reserve requirement ratio (RRR) announced on Friday, which frees up about \$70 billion in liquidity to prop up a faltering economy.

In Shanghai, demonstrators and police clashed on Sunday night as protests over the country's stringent COVID restrictions flared for the third day.

There were also protests in Wuhan, Chengdu and parts of the capital Beijing as COVID restrictions were put in place in an attempt to quell fresh outbreaks.

"There is a tail risk that the road to living with COVID is too slow, surging COVID cases fuels more protests and social unrest further weakens the economy are market concerns," said Robert Subbaraman, Nomura's Asia ex-Japan, chief economist.

"Things are very fluid. Protests could also be the catalyst that leads to a positive outcome in leading the government to set a clearer game plan on how the country is going to learn to live with COVID, setting a more transparent timetable, and accelerating China's move to living with COVID."

The dollar extended gains against the yuan, rising 0.87%.

The COVID rules and resulting protests are creating fears the economic hit for China will be greater than expected.

"Even if China is on a path to eventually move away from its zero-COVID approach, the low level of vaccination among the elderly means the exit is likely to be slow and possibly disorderly," CBA analysts said on Monday. "The economic impacts are unlikely to be small."

China's case numbers have hit record highs, with nearly 40,000 new infections on Saturday.

Fears about Chinese economic growth also hit commodities in Asia trade.

U.S. crude dipped 2.81% to \$74.14 a barrel and Brent crude fell 2.57% to \$81.48 per barrel, as the COVID protests in top importer China fuelled demand worries.

Yields on benchmark 10-year Treasury notes rose to 3.6628% from its U.S. close of 3.702% on Friday. The two-year yield, which tracks traders' expectations of Fed fund rates, touched 4.4463% compared with a U.S. close of 4.479%.

The dollar dropped 0.3% against the yen to 138.64 after initially trading higher earlier in the day. It remains well off its high this year of 151.94 on Oct. 21.

The euro fell 0.5%, having gained 4.94% in a month, while the dollar index, which tracks the greenback against a basket of currencies of other major trading partners, was up at 106.49.

Gold was slightly lower. Spot gold was traded at \$1750.49 per ounce.

Source: Reuters Refinitiv

Domestic Markets



South Africa's rand weakened on Friday, as the dollar recovered some of its losses following the U.S. Thanksgiving holiday.

At 1615 GMT, the rand was trading at 17.1150, down 0.62% from its previous close.

The dollar's recovery comes after it hit multi-month lows earlier in the week as the prospect of the Federal Reserve slowing the pace of its interest rate hikes weighed on the safe-haven currency.

This had boosted emerging market currencies such as the rand, albeit briefly, which often takes cues from global drivers such as U.S. monetary policy.

"The rand will remain vulnerable to uncertainty in global financial markets, and so volatile," Investec analyst Annabel Bishop said in a research note.

Against a basket of currencies, the U.S. dollar index was last up 0.18% to 106.06.

Stocks struggled for direction on Friday, ending the week marginally higher, with investors cautiously monitoring retailers as Black Friday sales began against the backdrop of high inflation and interest rates.

Recent earnings results showed that the sales growth of retailers including Mr Price and Pepkor Holdings has slowed as consumers focus on essentials.

Investors also watched consumer discretionary stocks, a group whose members range from Naspers to Tsogo Sun Gaming and car dealership Motus for clues on discretionary spending.

"As inflation and interest rates continue to rise sharply, there will likely be less non-discretionary spending and therefore a subdued Black Friday shopping season this year," said RMB's Senior retail coverage banker Debbie Law.

The government's benchmark 2030 bond fell, with the yield up 6.5 basis points to 10.220%.

Source: Reuters Refinitiv

Feeling gratitude and not expressing it is like wrapping a present and not giving it.

William Arthur Ward

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)		28 November 2022			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	8.00	0.483	7.52	8.00
6 months	↑	7.88	0.258	7.62	7.88
9 months	↑	8.36	0.183	8.17	8.36
12 months	↑	8.55	0.142	8.41	8.55
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↓	8.86	-0.135	8.99	8.86
GC24 (Coupon 10.50%, BMK R186)	↑	8.18	0.110	8.07	8.22
GC25 (Coupon 8.50%, BMK R186)	↑	8.63	0.110	8.52	8.67
GC26 (Coupon 8.50%, BMK R186)	↑	8.69	0.110	8.58	8.73
GC27 (Coupon 8.00%, BMK R186)	↑	9.66	0.110	9.55	9.70
GC30 (Coupon 8.00%, BMK R2030)	↑	11.51	0.065	11.45	11.55
GC32 (Coupon 9.00%, BMK R213)	↑	11.71	0.080	11.63	11.73
GC35 (Coupon 9.50%, BMK R209)	↑	12.36	0.075	12.28	12.39
GC37 (Coupon 9.50%, BMK R2037)	↑	12.98	0.075	12.90	13.01
GC40 (Coupon 9.80%, BMK R214)	↑	13.28	0.080	13.20	13.28
GC43 (Coupon 10.00%, BMK R2044)	↑	13.81	0.080	13.73	13.85
GC45 (Coupon 9.85%, BMK R2044)	↑	14.33	0.080	14.25	14.37
GC48 (Coupon 10.00%, BMK R2048)	↑	14.46	0.080	14.38	14.50
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.47	0.080	14.39	14.51
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	→	2.80	0.000	2.80	2.80
GI27 (Coupon 4.00%, BMK NCPI)	↑	3.93	0.282	3.65	3.93
GI29 (Coupon 4.50%, BMK NCPI)	↓	5.13	-0.075	5.20	5.13
GI33 (Coupon 4.50%, BMK NCPI)	→	5.93	0.000	5.93	5.93
GI36 (Coupon 4.80%, BMK NCPI)	→	6.90	0.000	6.90	6.90
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,756	0.07%	1,755	1,750
Platinum	↓	981	-0.76%	988	973
Brent Crude	↓	83.6	-2.00%	85.3	81.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,699	0.38%	1,692	1,699
JSE All Share	↑	73,151	0.03%	73,127	73,151
SP500	↓	4,026	-0.03%	4,027	4,026
FTSE 100	↑	7,487	0.27%	7,467	7,487
Hangseng	↓	17,574	-0.49%	17,661	17,145
DAX	↑	14,541	0.01%	14,540	14,541
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,370	0.37%	16,309	16,370
Resources	↓	71,441	-0.05%	71,474	71,441
Industrials	↓	87,347	-0.21%	87,528	87,347
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.06	0.36%	17.00	17.14
N\$/Pound	↑	20.64	0.22%	20.59	20.67
N\$/Euro	↑	17.74	0.23%	17.70	17.75
US dollar/ Euro	↓	1.040	-0.12%	1.041	1.035
Interest Rates & Inflation		Namibia		RSA	
		Oct 22	Sep 22	Nov 22	Oct 22
Central Bank Rate	↑	6.25	5.50	7.00	6.25
Prime Rate	↑	10.00	9.25	10.50	9.75
		Oct 22	Sep 22	Oct 22	Sep 22
Inflation	→	7.1	7.1	7.6	7.5

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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