

# The Daily Brief



Capricorn Asset Management

## Market Update

Tuesday, 28 November 2023



## Global Markets

Asian stocks edged higher on Tuesday, while the dollar was at its lowest in three months as investors remained convinced the Federal Reserve was done with its rate-hike cycle and looked ahead to a crucial inflation report later this week. MSCI's broadest index of Asia-Pacific shares outside Japan was 0.39% higher and set for a near 7% gain in November, its strongest monthly performance since January. Japan's Nikkei eased 0.20% but is up 8% this month, on course for its strongest monthly performance in three years.

"The outlook for central bank policy has been a big factor driving the improvement in risk appetite in November," said Rodrigo Catril, senior FX strategist at National Australia Bank. The evidence of an easing inflationary pressures has supported the view that many central banks are done with their tightening cycles and rate cut expectations for next year have been brought forward, Catril said. Markets are pricing in a 96.8% likelihood that the U.S. central bank will leave interest rates unchanged next month, with the possibility of a rate cut starting to gain ground in mid-2024, according to CME's FedWatch tool.

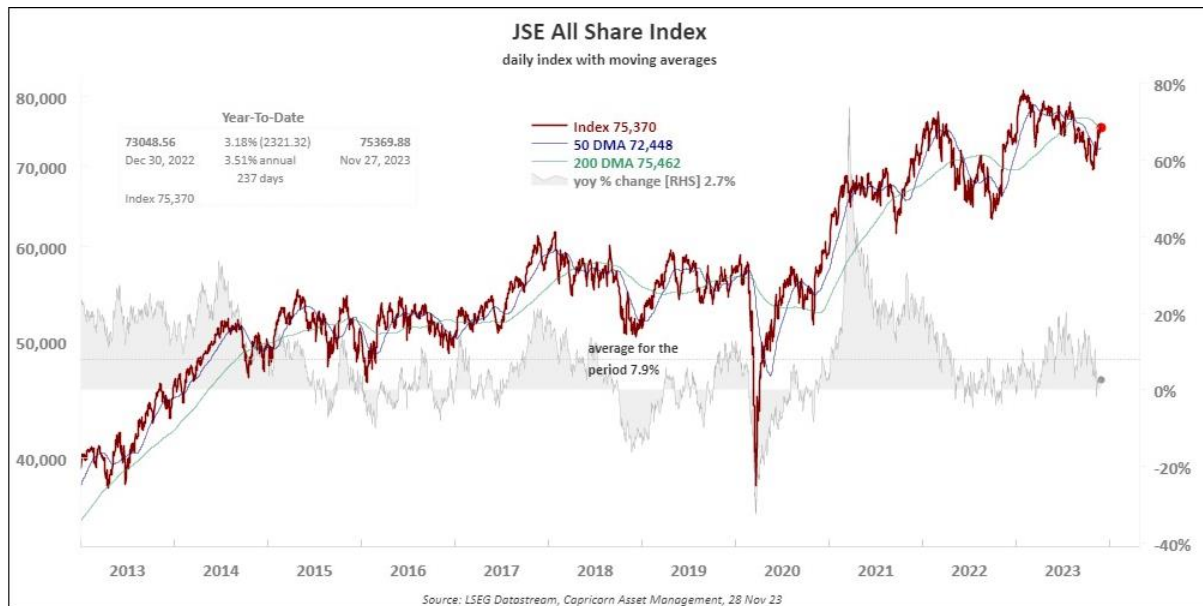
Investors will focus this week on the Fed's preferred measure of inflation on Thursday and euro zone consumer inflation figures for further clarity on the where inflation is headed. European Central

Bank President Christine Lagarde said on Monday the central bank's fight to contain price growth is not yet done, citing a still strong wage growth and an uncertain outlook even as inflation pressures in euro zone ease. Fed Chair Jerome Powell is also due to speak on Friday his words will be scrutinized by traders to gauge where rates may head. China's blue-chip CSI 300 Index was 0.23% lower while Hong Kong's Hang Seng index fell 0.70%, a day after data showed profit at China's industrial firms grew at a slower pace in October.

U.S. data on Monday showed sales of new single-family homes fell more than expected in October, as higher mortgage rates reduced affordability, but the housing segment remains supported by a persistent shortage of existing properties on the market. The weaker-than-expected data weighed on Treasury yields, with the yield on benchmark 10-year notes slipping 9.6 basis points on Monday. In Asian hours, they were up 1.6 basis points at 4.404%. The dollar index, a measure of the greenback against a basket of currencies, fell to 103.11, its lowest since Aug. 31. The Japanese yen strengthened 0.28% to 148.25 per dollar.

Oil prices inched higher on Tuesday after a steep fall the previous day as investors awaited this week's OPEC+ meeting and expected curbs on supplies into next year. U.S. crude was 0.31% higher at \$75.09 per barrel and Brent was back above \$80. Spot gold added 0.1% to \$2,015.00 an ounce, just shy of the three month high it touched on Monday.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

The South African rand was stronger on Monday, helped by the dollar falling at the start of a week laden with major global and domestic economic data releases. At 1540 GMT, the rand traded at 18.7150 against the dollar ZAR=D3, about 0.5% stronger than its previous close. The dollar index, which measures the currency against six major peers, was down 0.05% after earlier slipping as much as 0.2%.

This week's global focus includes an OPEC+ meeting, the release of the Federal Reserve's tracked measure of inflation, and consumer prices data in the euro zone and Australia.

Locally, investors will scrutinise trade, budget balance, producer inflation and private sector credit figures for insights about the health of Africa's most industrialised economy.

On the Johannesburg Stock Exchange, the blue-chip Top-40 and broader All Share indices closed more than 0.4% lower. The yield on the benchmark 2030 government bond fell 5 basis points to 10.145%.

**Source: Thomson 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 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.47	0.000	8.47	8.47
6 months	⬆️	8.60	0.008	8.59	8.60
9 months	⇒	8.62	0.000	8.62	8.62
12 months	⬆️	8.57	0.025	8.55	8.57
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⬇️	8.12	-0.075	8.19	8.12
GC25 (Coupon 8.50%, BMK R186)	⬇️	8.92	-0.075	9.00	8.92
GC26 (Coupon 8.50%, BMK R186)	⬇️	8.23	-0.075	8.31	8.23
GC27 (Coupon 8.00%, BMK R186)	⬇️	8.75	-0.075	8.83	8.75
GC28 (Coupon 8.50%, BMK R2030)	⬇️	9.17	-0.050	9.22	9.17
GC30 (Coupon 8.00%, BMK R2030)	⬇️	9.71	-0.050	9.76	9.71
GC32 (Coupon 9.00%, BMK R213)	⬇️	10.34	-0.040	10.38	10.34
GC35 (Coupon 9.50%, BMK R209)	⬆️	10.99	0.005	10.98	10.99
GC37 (Coupon 9.50%, BMK R2037)	⇒	11.80	0.000	11.80	11.80
GC40 (Coupon 9.80%, BMK R214)	⬇️	11.73	-0.005	11.73	11.71
GC43 (Coupon 10.00%, BMK R2044)	⬇️	11.75	-0.010	11.76	11.75
GC45 (Coupon 9.85%, BMK R2044)	⬇️	12.27	-0.010	12.28	12.27
GC48 (Coupon 10.00%, BMK R2048)	⬇️	12.26	-0.010	12.27	12.26
GC50 (Coupon 10.25%, BMK: R2048)	⬇️	12.11	-0.010	12.12	12.11
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.20	0.000	3.20	3.20
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.74	0.000	4.74	4.74
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.17	0.000	5.17	5.17
GI33 (Coupon 4.50%, BMK NCPI)	⇒	5.77	0.000	5.77	5.77
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.13	0.000	6.13	6.13
Commodities		Last close	Change	Prev close	Current Spot
Gold	⬆️	2,014	0.58%	2,002	2,016
Platinum	⬇️	919	-1.28%	931	916
Brent Crude	⬇️	80.0	-0.74%	80.6	80.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬇️	1,625	-0.74%	1,637	1,625
JSE All Share	⬇️	75,370	-0.45%	75,712	75,370
SP500	⬇️	4,550	-0.20%	4,559	4,550
FTSE 100	⬇️	7,461	-0.37%	7,488	7,461
Hangseng	⬇️	17,525	-0.20%	17,559	17,419
DAX	⬇️	15,966	-0.39%	16,029	15,966
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬇️	17,012	-1.00%	17,185	17,012
Resources	⬆️	57,549	0.64%	57,186	57,549
Industrials	⬇️	103,396	-0.84%	104,274	103,396
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇️	18.65	-0.60%	18.77	18.61
N\$/Pound	⬇️	23.55	-0.43%	23.65	23.51
N\$/Euro	⬇️	20.43	-0.47%	20.53	20.39
US dollar/ Euro	⬆️	1.095	0.13%	1.094	1.095
		Namibia		RSA	
Interest Rates & Inflation		Oct 23	Sep 23	Oct 23	Sep 23
Central Bank Rate	⇒	7.75	7.75	8.25	8.25
Prime Rate	⇒	11.50	11.50	11.75	11.75
		Oct 23	Sep 23	Oct 23	Sep 23
Inflation	⬆️	6.0	5.4	5.9	5.4

#### 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

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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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