

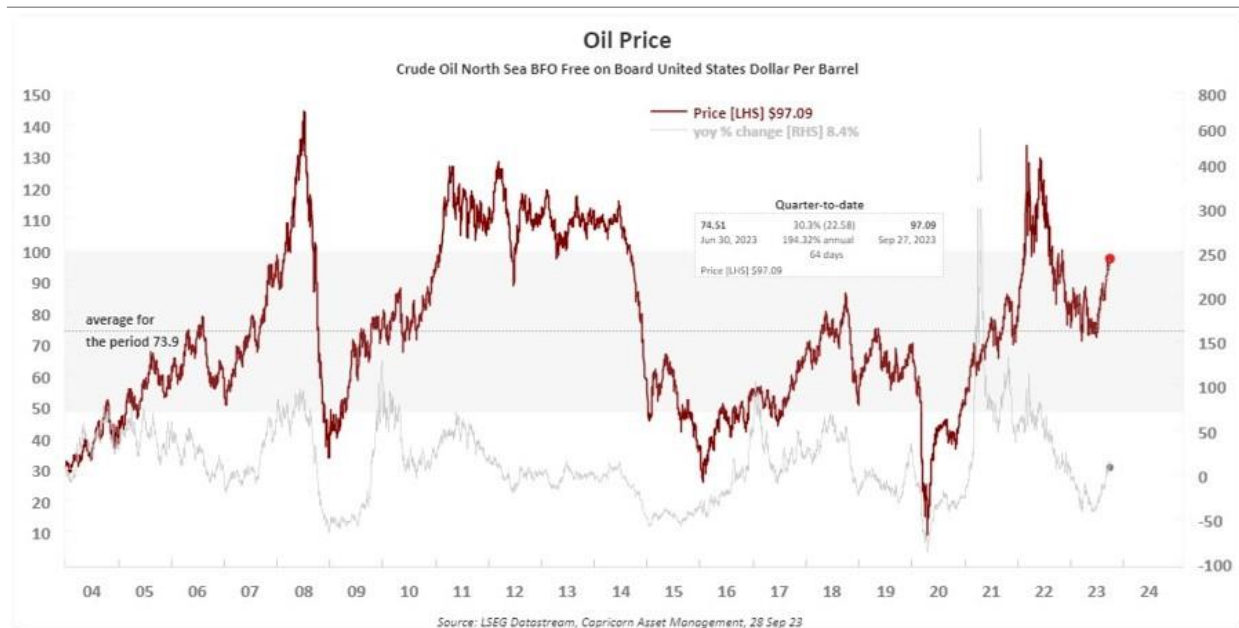
The Daily Brief



Capricorn Asset Management

Market Update

Tuesday, 28 September 2023



Global Markets

Global stocks were down on Wednesday, extending the previous session's sharp sell-off, as oil prices rallied and U.S. Treasury yields climbed along with the dollar. U.S. crude oil futures briefly nudged above \$94 per barrel, intensifying concerns about rising gasoline prices and their impact on inflation and consumer spending.

The dollar index hit its highest level since late November 2022, pushing the euro to an almost 9-month low and keeping the yen in intervention territory, as investors bet that the United States will cope better with higher interest rates than other economies. Stocks and bonds have been dropping in price in recent weeks as investors prepared for the prospect that central bankers will hold interest rates "higher for longer" than previously expected, to try to squeeze inflation out of global economies.

On top of rate concerns, soaring oil prices and a rising dollar, investors have also been eyeing Detroit's auto worker strikes and as well as the uncertainty of a potential U.S. government shutdown in coming days. "That's like a triple whammy for U.S. equities," said Irene Tunkel, chief U.S. strategist at Montreal-based BCA Research, referring to gasoline, rates and the U.S. dollar. "Higher energy costs will cut into consumer spending power. For many people gasoline is a big part of their

spending. And considering that consumers are running out of savings, they'll have to shift spending to gasoline and cut elsewhere. This will weigh on consumer spending and economic growth," Tunkel said. "If you have a higher U.S. dollar it tightens financial conditions along with rising rates. The dollar puts pressure on multinationals ... it's a lethal cocktail," she said.

The Dow Jones Industrial Average fell 88.56 points, or 0.26%, to 33,530.32, the S&P 500 lost 3.79 points, or 0.09%, to 4,269.74 and the Nasdaq Composite added 7.36 points, or 0.06%, to 13,070.97. The pan-European STOXX 600 index had closed down 0.18%. MSCI's gauge of stocks across the globe shed 0.22% after falling 1.2% in Tuesday's session. The global index, which is eyeing its ninth consecutive daily decline, has fallen 4.8% since the start of September, tracking for its biggest monthly loss in a year.

While Robert Pavlik, senior portfolio manager at Dakota Wealth in Fairfield, Connecticut, said some investors went shopping for bargains earlier in the day but he did not believe the market had reached a bottom yet. "We're on a cusp but we're not there yet. We still have a lot of headwinds: the automotive strike, the possibility of a government shutdown again, higher interest rates ... and oil trading above \$90 a barrel," Pavlik said.

In U.S. Treasuries, after falling as low as 4.49% earlier in the day, benchmark 10-year notes were up 6.8 basis points at 4.626%, from 4.558% late on Tuesday. The 30-year bond was last up 3.4 basis points to yield 4.7296%, from 4.696%. The 2-year note was last up 6.9 basis points to yield 5.1458%, from 5.077%.

In currencies, investors are on the lookout for government intervention in the Japanese yen as it has been approaching 150 per dollar, which is seen as the level at which Japan could intervene. The yen fell 0.39% versus the greenback at 149.60 per dollar after hitting its weakest level against the greenback in roughly a year. The dollar index, which measures the greenback against a basket of major currencies, rose 0.461%, with the euro down 0.66% to \$1.05, while sterling was last trading at \$1.2131, down 0.21% on the day. "The U.S. is most able to cope with these new challenges -- higher interest rates and higher energy prices," said Marc Chandler, chief market strategist at Bannockburn Global Forex in New York, citing the depth of U.S. capital markets and households that are more immune to rising interest rates. "Yes, these are major headwinds, but the U.S. still looks like the driest towel on the rack. The news from Europe isn't really that good," Chandler added.

Oil prices surged on Wednesday, after U.S. crude stocks fell more than expected, adding to worries of tight global supplies. U.S. crude settled up 3.6% at \$93.68 per barrel after touching \$94.04, its highest level since late August 2022. Brent was trading at \$96.88, up 3.11% on the day.

Source: Thomson Reuters Refinitiv



Domestic Markets

The South African rand extended losses on Wednesday, after tumbling the day before on the back of soaring U.S. Treasury yields. At 1501 GMT, the rand traded at 19.1275 against the dollar, about 0.24% weaker than its previous close. The dollar last traded around 0.35% stronger against a basket of global currencies.

On Tuesday, the rand lost nearly 1.7% against the greenback at one point on the back of a surge in U.S. Treasury yields as investors turned away from riskier assets. "ZAR 'losses' this week are really just USD gains," said Rand Merchant Bank analysts in a research note, adding that continued hawkish Fed talk has kept alive the risk of another hike, strengthening the dollar. The rand, like other risk-sensitive currencies, is often swayed by global factors like U.S. monetary policy.

South Africa will release producer price inflation, money supply, trade balance and budget figures for August on Thursday and Friday, which will give clues on the health of the economy. Shares on the Johannesburg Stock Exchange fell, with the blue-chip Top-40 index closing over 0.7% weaker. South Africa's benchmark 2030 government bond fell, with the yield up 5.5 basis points to 10.830%.

Source: Thomson Reuters Refinitiv

Leave no stone unturned to help your clients realize maximum profits from their investment.

Arthur C. Nielsen

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				28 September 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.23	0.000	8.23	8.23
6 months	↑	8.75	0.033	8.72	8.75
9 months	↑	8.91	0.033	8.88	8.91
12 months	↑	9.03	0.067	8.96	9.03
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↑	9.64	0.040	9.60	9.64
GC25 (Coupon 8.50%, BMK R186)	↑	9.46	0.040	9.42	9.46
GC26 (Coupon 8.50%, BMK R186)	↑	9.37	0.040	9.33	9.37
GC27 (Coupon 8.00%, BMK R186)	↑	9.84	0.040	9.80	9.84
GC28 (Coupon 8.50%, BMK R2030)	↑	10.43	0.055	10.38	10.43
GC30 (Coupon 8.00%, BMK R2030)	↑	10.75	0.055	10.70	10.75
GC32 (Coupon 9.00%, BMK R213)	↑	10.93	0.050	10.88	10.93
GC35 (Coupon 9.50%, BMK R209)	↑	11.93	0.025	11.91	11.93
GC37 (Coupon 9.50%, BMK R2037)	↑	12.51	0.020	12.49	12.51
GC40 (Coupon 9.80%, BMK R214)	↑	12.94	0.025	12.92	12.93
GC43 (Coupon 10.00%, BMK R2044)	↑	12.93	0.030	12.90	12.93
GC45 (Coupon 9.85%, BMK R2044)	↑	13.33	0.030	13.30	13.33
GC48 (Coupon 10.00%, BMK R2048)	↑	13.43	0.030	13.40	13.43
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.52	0.030	13.49	13.52
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)	⇒	4.44	0.000	4.44	4.44
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.09	0.000	5.09	5.09
GI33 (Coupon 4.50%, BMK NCPI)	⇒	5.58	0.000	5.58	5.58
GI36 (Coupon 4.80%, BMK NCPI)	⇒	5.98	0.000	5.98	5.98
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,875	-1.36%	1,900	1,876
Platinum	↓	887	-1.86%	904	889
Brent Crude	↑	96.6	2.76%	94.0	97.2
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,564	-0.36%	1,570	1,564
JSE All Share	↓	72,174	-0.66%	72,652	72,174
SP500	↑	4,275	0.02%	4,274	4,275
FTSE 100	↓	7,593	-0.43%	7,626	7,593
Hangseng	↑	17,612	0.83%	17,467	17,439
DAX	↓	15,217	-0.25%	15,256	15,217
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,209	-0.46%	16,285	16,209
Resources	↓	56,806	-1.32%	57,564	56,806
Industrials	↓	98,256	-0.30%	98,547	98,256
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	19.14	0.34%	19.08	19.17
N\$/Pound	↑	23.22	0.14%	23.19	23.27
N\$/Euro	↓	20.10	-0.32%	20.16	20.13
US dollar/ Euro	↓	1.050	-0.66%	1.057	1.051
		Namibia		RSA	
Interest Rates & Inflation		Aug 23	Jul 23	Aug 23	Jul 23
Central Bank Rate	⇒	7.75	7.75	8.25	8.25
Prime Rate	⇒	11.50	11.50	11.75	11.75
		Aug 23	Jul 23	Aug 23	Jul 23
Inflation	↑	4.7	4.5	4.8	4.7

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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