

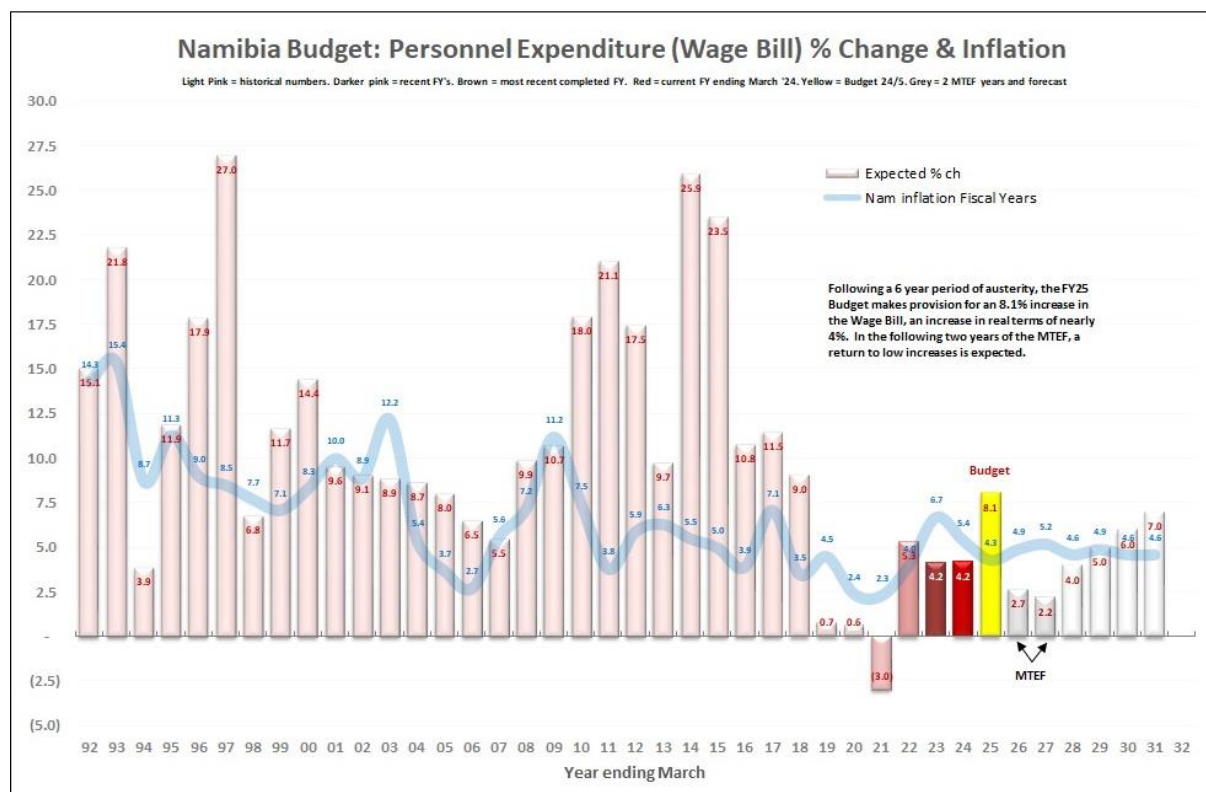
The Daily Brief



Capricorn Asset Management

Market Update

Thursday, 29 February 2024



Global Markets

Global equities fell slightly on Wednesday while Treasury yields edged down and the dollar rose against a basket of currencies as investors were wary the day before U.S. inflation data that could influence Federal Reserve policy. January's U.S. personal consumption expenditures price index (PCE), the Fed's preferred inflation measure, is due on Thursday. Economists polled by Reuters poll expect the index to have risen 0.3% on a monthly basis after a 0.2% increase in December.

Traders already have dialled back expectations for Fed interest rate cuts after a slew of strong data, including hot consumer price index (CPI) and producer price index (PPI) readings. They expect an easing cycle to kick off in June, compared with the start of 2024 when bets were on March. "We're on hold until we get the PCE print. The market's going to chop around," said Jack Janasiewicz, portfolio manager and lead portfolio strategist at Natixis Investment Managers Solutions. "Between CPI and PPI there's a narrative that inflation is going to be stickier than expected or even potentially

having a modest re-acceleration." Janasiewicz noted that U.S. stock indexes remained not far from records reached last week, partly thanks to a better-than-expected fourth-quarter earnings season including a boost from Nvidia on optimism about artificial intelligence. "The market's had every chance to sell off but it's holding up pretty well," Janasiewicz said. "It's actually been looking past inflation to an extent because earnings have been better than expected." Other data this week that may shape expectations on Fed policy include a second estimate of gross domestic product, jobless claims and manufacturing activity.

MSCI's gauge of stocks across the globe shed 0.33%. On Wall Street, the Dow Jones Industrial Average finished down 23.39 points, or 0.06%, at 38,949.02. The S&P 500 dropped 8.42 points, or 0.17%, to 5,069.76 while the Nasdaq Composite closed down 87.56 points, or 0.55%, at 15,947.74. European stocks dipped as lacklustre corporate earnings weighed on sentiment with the pan-European STOXX 600 index closing down 0.35%.

In currencies, the dollar jumped against the euro and yen on Wednesday as investors positioned for U.S. and European inflation data due on Thursday, with month-end portfolio rebalancing also likely to sway market direction. The dollar index, which measures the greenback against a basket of major currencies, rose 0.1% to 103.94. The euro was down 0.08% at \$1.0835. Against the Japanese yen, the dollar strengthened 0.12% at 150.69.

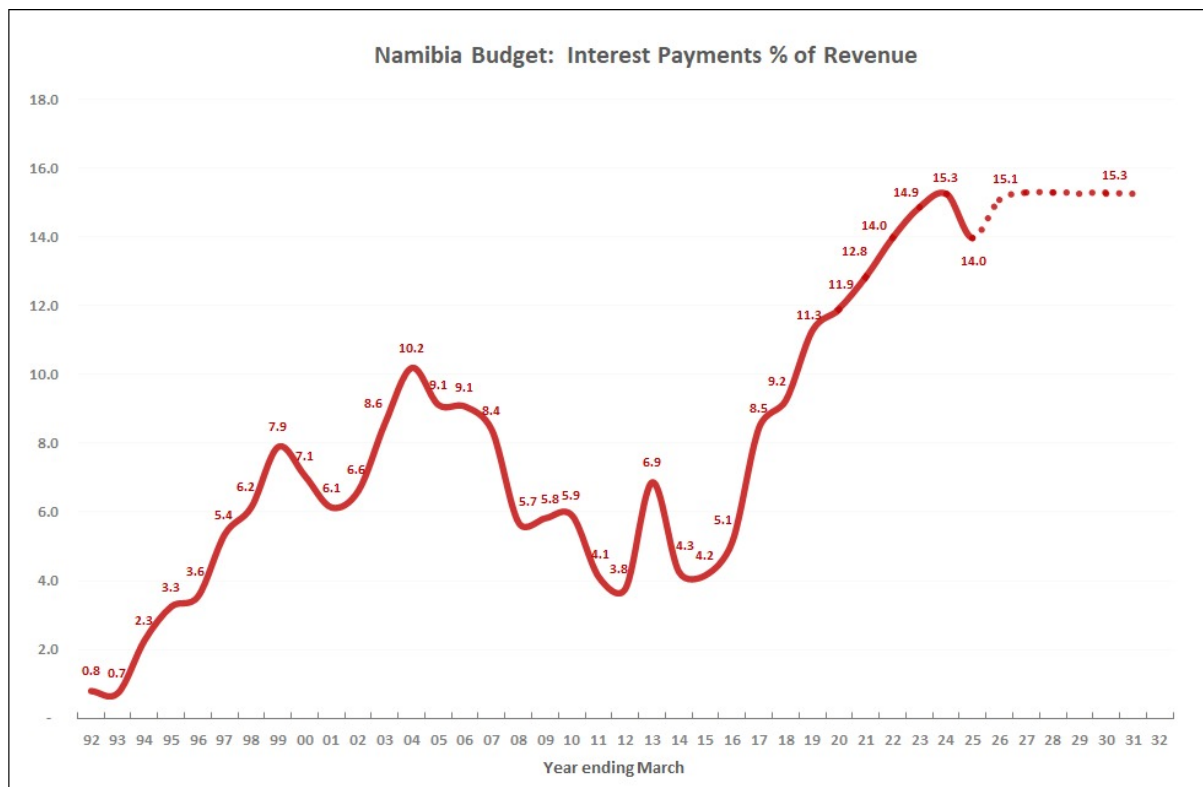
U.S. Treasuries yields slid across the board with yields on benchmark U.S. 10-year notes falling 4.7 basis points to 4.268%, from 4.315% late on Tuesday, while the 30-year bond yield fell 3.5 basis points to 4.4047% from 4.44%. The 2-year note yield, which typically moves in step with interest rate expectations, fell 6.6 basis points to 4.6457%, from 4.712%.

In cryptocurrencies, bitcoin surged for a fifth day, buoyed by flows into new U.S. spot bitcoin exchange traded products that have driven it up nearly 40% in February, which would mark its largest monthly rally since December 2020. It rose 5.96% at \$60,111.00, after hitting its highest level since November 2021.

Gold prices ticked up as traders strapped in for economic data and comments from U.S. central bank officials. Spot gold added 0.18% to \$2,033.37 an ounce.

In commodities, U.S. crude oil settled down while Brent barely gained as traders worried the Fed would be slow to cut rates. Growing U.S. crude stockpiles added pressure. U.S. crude settled down 0.42% at \$78.54 per barrel while Brent finished at \$83.68, up 0.04% on the day.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand weakened on Wednesday, taking its cues from the dollar in the absence of major economic data releases. At 1523 GMT, the rand traded at 19.2375 against the dollar, about 0.8% weaker than its previous close. The dollar index was last trading up 0.1% against a basket of currencies. The rand, like most emerging market currencies, takes direction from the dollar when there are no clear domestic indicators.

South African investors will turn their focus towards a slew of economic data releases on Thursday with money supply, producer price inflation, trade and budget balance figures due.

On the stock market, the Top-40 index closed down 1.4% while the broader all-share was 1.3% weaker. South Africa's benchmark 2030 government bond was slightly stronger, with the yield down 1 basis point to 10.190%.

Source: Thomson Reuters Refinitiv

An extra day to dream, to achieve, and to make a leap
towards your goals. Happy **Leap Year Day!**

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				29 February 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.79	0.000	8.79	8.79
6 months	⇒	8.85	0.000	8.85	8.85
9 months	⇒	8.93	0.000	8.93	8.93
12 months	⇒	8.98	0.000	8.98	8.98
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↑	9.22	0.010	9.21	9.22
GC25 (Coupon 8.50%, BMK R186)	↑	9.31	0.010	9.30	9.31
GC26 (Coupon 8.50%, BMK R186)	↑	9.31	0.010	9.30	9.31
GC27 (Coupon 8.00%, BMK R186)	↑	9.43	0.010	9.42	9.43
GC28 (Coupon 8.50%, BMK R2030)	↓	9.72	-0.010	9.73	9.72
GC30 (Coupon 8.00%, BMK R2030)	↓	9.76	-0.010	9.77	9.76
GC32 (Coupon 9.00%, BMK R213)	↓	10.23	-0.020	10.25	10.23
GC35 (Coupon 9.50%, BMK R209)	↓	11.18	-0.040	11.22	11.18
GC37 (Coupon 9.50%, BMK R2037)	↓	12.37	-0.035	12.40	12.37
GC40 (Coupon 9.80%, BMK R214)	↓	12.48	-0.060	12.54	12.44
GC43 (Coupon 10.00%, BMK R2044)	↓	12.67	-0.045	12.72	12.67
GC45 (Coupon 9.85%, BMK R2044)	↓	12.50	-0.045	12.55	12.50
GC48 (Coupon 10.00%, BMK R2048)	↓	12.61	-0.055	12.67	12.61
GC50 (Coupon 10.25%, BMK: R2048)	↓	12.34	-0.055	12.40	12.34
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.90	0.000	3.90	3.90
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.60	0.000	4.60	4.55
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.03	0.000	5.03	5.03
GI33 (Coupon 4.50%, BMK NCPI)	⇒	5.69	0.000	5.69	5.69
GI36 (Coupon 4.80%, BMK NCPI)	⇒	5.99	0.000	5.99	5.99
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	2,035	0.25%	2,030	2,035
Platinum	↓	879	-1.12%	888	883
Brent Crude	↑	83.7	0.04%	83.7	83.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,505	-1.33%	1,525	1,505
JSE All Share	↓	72,205	-1.28%	73,142	72,205
SP500	↓	5,070	-0.17%	5,078	5,070
FTSE 100	↓	7,625	-0.76%	7,683	7,625
Hangseng	↓	16,537	-1.51%	16,791	16,562
DAX	↑	17,601	0.25%	17,556	17,601
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	17,092	-0.89%	17,244	17,092
Resources	↓	49,288	-2.13%	50,361	49,288
Industrials	↓	101,363	-1.33%	102,729	101,363
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	19.27	0.91%	19.10	19.24
N\$/Pound	↑	24.40	0.73%	24.23	24.37
N\$/Euro	↑	20.89	0.83%	20.71	20.84
US dollar/ Euro	↓	1.084	-0.07%	1.084	1.083
		Namibia		RSA	
Interest Rates & Inflation		Jan 24	Dec 23	Jan 24	Dec 23
Central Bank Rate	⇒	7.75	7.75	8.25	8.25
Prime Rate	⇒	11.50	11.50	11.75	11.75
		Jan 24	Dec 23	Jan 24	Dec 23
Inflation	↑	5.4	5.3	5.3	5.1

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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