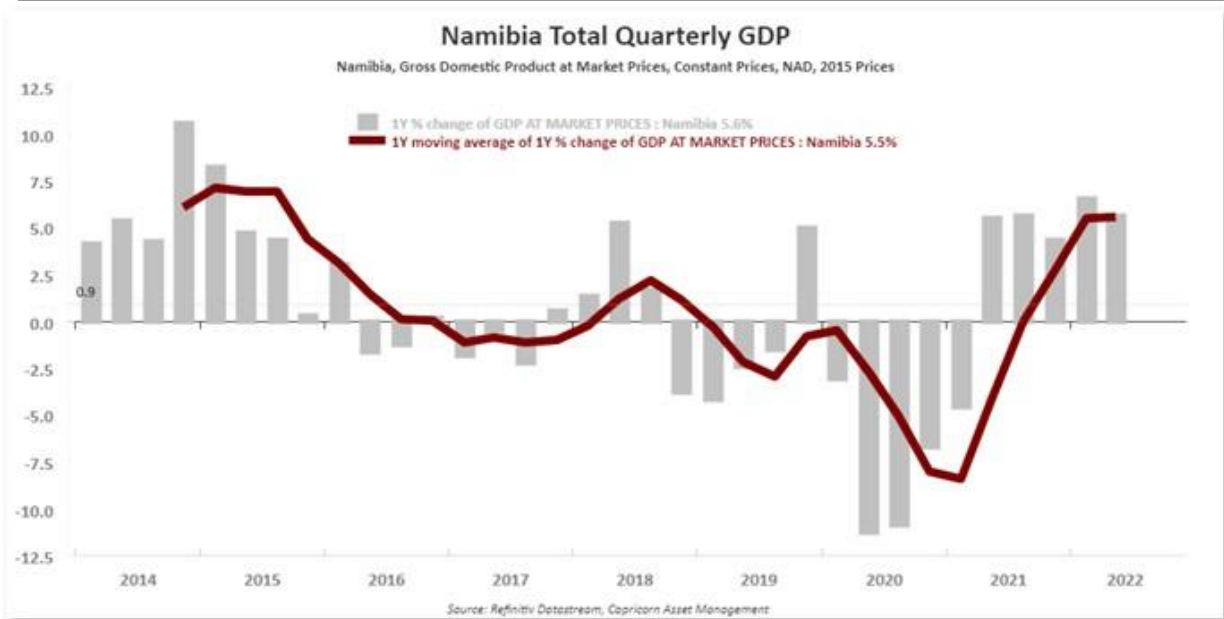




Market Update

Thursday, 29 September 2022



Global Markets

Asian share markets rose on Thursday after Britain's central bank launched an emergency bond buying programme to stabilise a furious sell-off in gilts, though trade was skittish and sterling remained under pressure.

The said it will buy as much as £5 billion (\$5.4 billion) a day of long-dated government bonds until Oct. 14. It spent about a billion pounds on Wednesday and 30-year gilt yields fell 105 basis points, the biggest drop ever according to Refinitiv records stretching back to 1992.

The move buoyed sterling and offered some salve to a fractious mood in markets, but by mid-morning in Tokyo, the pound was already struggling for support and down 0.6% to \$1.0818.

MSCI's broadest index of Asia-Pacific shares outside Japan was up 1.5% and eyeing its best session in a month. Japan's Nikkei rose 0.9%.

"It's all a bit of a mess," said ANZ economist Finn Robinson.

"How long the calm and fresh optimism lasts remains to be seen. For one, this re-stimulation will lift, not quell UK inflation, and that's bad for bonds and sterling."

The fallout from unfunded tax cuts announced in Britain last week has reverberated across financial markets after setting off a collapse in British asset prices. The BoE's intervention followed steps in, and to stabilise their financial markets this week as the U.S. dollar rallied broadly.

U.S. Treasuries rebounded in sympathy with gilts overnight, and benchmark 10-year yields, which had pipped 4% a day ago, were down more than 20 bps to sit at 3.7472%.

Wall Street rallied, too, with the S&P 500 snapping a six-day losing streak to surge nearly 2%.

The mood gave pause to the U.S. dollar's march higher and the dollar index had its worst session in 2-1/2 years as the greenback recoiled from lofty heights. It was soon trading firmly again, however, in Asia on Thursday.

The dollar index was up 0.1% to 113.12, within striking distance of Wednesday's 20-year high of 114.78. The euro fell about 0.5% to \$0.9695.

The Australian dollar, meanwhile, got a brief lift on Thursday and traded just above \$0.65 after a new data series from the statistics bureau showed some high inflation readings for July and August.

The dollar's pullback helped oil and gold make gains, which were held into the Asia day. Brent crude futures rose 0.2% to \$89.50 a barrel. Spot gold was steady at \$1,656 an ounce.

(\$1 = 0.9252 pounds)

Source: Thomson Reuters Refinitiv

Domestic Markets



South Africa's rand recovered some losses to strengthen on Wednesday, as the dollar softened from a two-decade peak it hit earlier in the day.

At 1555 GMT, the rand traded at 17.8875 against the dollar, 0.74% stronger than its previous close. The rand had earlier in the morning hit a new 28-month low of 18.2225.

The dollar index, which measures the currency against a basket of major rivals, was last down about 0.84% to 113.180, softening from a 20-year high of 114.78.

As the dollar scaled fresh two-decade highs nearly every day this week, it kept most emerging market currencies on the back foot, including the rand, which is highly susceptible to global drivers such as the U.S. monetary policy.

Shares on the Johannesburg Stock Exchange fell, led by mining companies African Rainbow Minerals Ltd and Exxaro Resources Ltd, which closed down over 12.1% and 8% respectively.

Overall on the stock market, the Top-40 index fell 0.34%, while the broader all-share index ended 0.36% lower.

The government's benchmark 2030 bond was weaker, with the yield up 3 basis points to 10.810%.

Source: Thomson Reuters Refinitiv

Corona Tracker

Name	Cases - cumulative total	⇅↓	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	613,410,796		2,847,577	6,518,749	8,338

Source: Thomson Reuters Refinitiv

Success seems to be largely a matter of hanging on after others have let go.

William Feather

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)		29 September 2022			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	7.27	0.000	7.27	7.27
6 months	↑	7.43	0.017	7.41	7.43
9 months	↑	8.23	0.025	8.21	8.23
12 months	↑	8.68	0.025	8.65	8.68
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↑	8.92	0.030	8.89	8.92
GC24 (Coupon 10.50%, BMK R186)	↑	8.91	0.045	8.86	8.89
GC25 (Coupon 8.50%, BMK R186)	↑	9.36	0.045	9.31	9.34
GC26 (Coupon 8.50%, BMK R186)	↑	9.42	0.045	9.37	9.40
GC27 (Coupon 8.00%, BMK R186)	↑	10.39	0.045	10.34	10.37
GC30 (Coupon 8.00%, BMK R2030)	↑	12.10	0.040	12.06	12.08
GC32 (Coupon 9.00%, BMK R213)	↑	12.27	0.045	12.22	12.25
GC35 (Coupon 9.50%, BMK R209)	↑	12.82	0.060	12.76	12.80
GC37 (Coupon 9.50%, BMK R2037)	↑	13.41	0.060	13.35	13.39
GC40 (Coupon 9.80%, BMK R214)	↑	13.75	0.065	13.69	13.73
GC43 (Coupon 10.00%, BMK R2044)	↑	14.28	0.065	14.21	14.26
GC45 (Coupon 9.85%, BMK R2044)	↑	14.80	0.065	14.73	14.78
GC48 (Coupon 10.00%, BMK R2048)	↑	14.95	0.065	14.89	14.93
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.96	0.065	14.90	14.94
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	2.90	0.000	2.90	2.90
GI27 (Coupon 4.00%, BMK NCPI)	⇒	3.50	0.000	3.50	3.50
GI29 (Coupon 4.50%, BMK NCPI)	⇒	4.80	0.000	4.80	4.80
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.11	0.000	6.11	6.11
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.10	0.000	7.10	7.10
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,659	1.88%	1,629	1,643
Platinum	↑	863	1.77%	848	843
Brent Crude	↑	89.3	3.54%	86.3	88.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,431	0.07%	1,429	1,431
JSE All Share	↓	63,808	-0.34%	64,026	63,808
SP500	↑	3,719	1.97%	3,647	3,719
FTSE 100	↑	7,005	0.30%	6,985	7,005
Hangseng	↓	17,251	-3.41%	17,860	17,272
DAX	↑	12,183	0.36%	12,140	12,183
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	14,099	-0.77%	14,209	14,099
Resources	↑	57,878	1.55%	56,997	57,878
Industrials	↓	78,523	-0.95%	79,272	78,523
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	17.83	-0.97%	18.00	17.98
N\$/Pound	↑	19.41	0.48%	19.32	19.36
N\$/Euro	↑	17.35	0.50%	17.27	17.37
US dollar/ Euro	↑	0.973	1.48%	0.959	0.966
Interest Rates & Inflation		Namibia		RSA	
		Aug 22	Jul 22	Sep 22	Aug 22
Central Bank Rate	↑	5.50	4.75	6.25	5.50
Prime Rate	↑	9.25	8.50	9.75	9.00
		Aug 22	Jul 22	Aug 22	Jul 22
Inflation	↑	7.3	6.8	7.6	7.8

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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources and persons whom the writer believes to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer's judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**



Connect with Capricorn Asset Management on LinkedIn. Scan our QR code and together we can grow your potential!

