

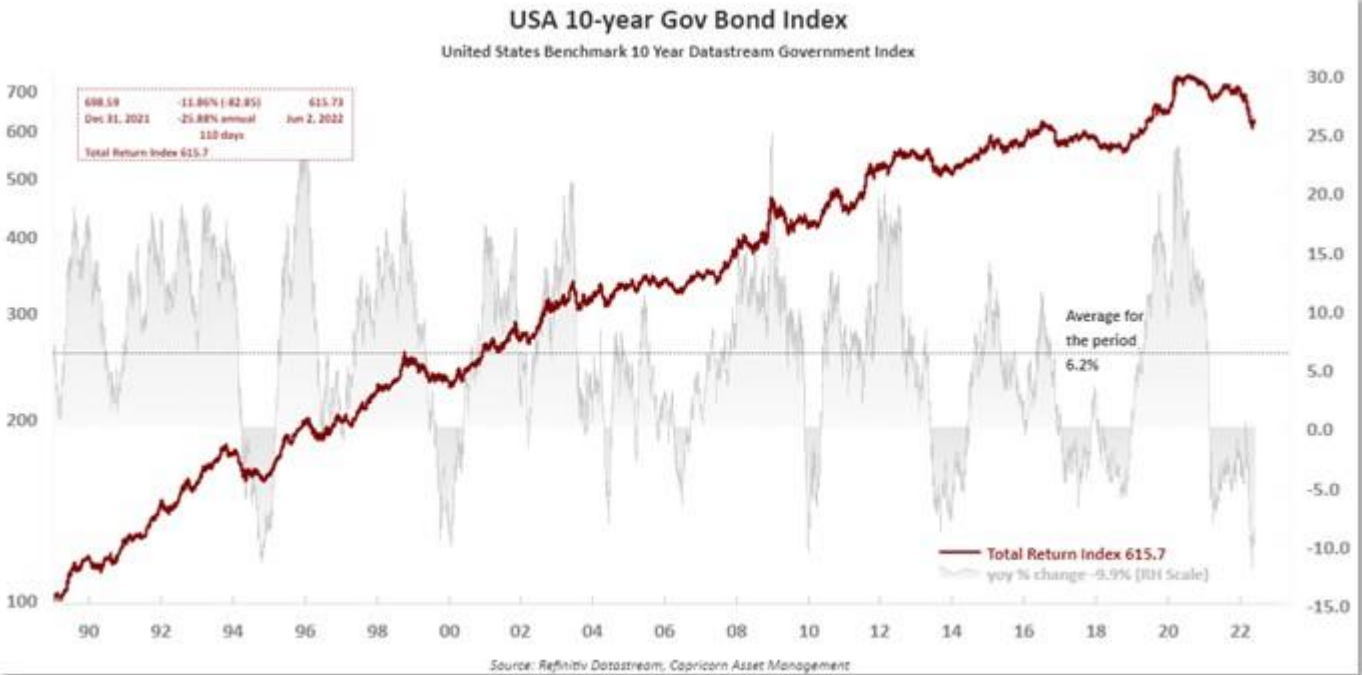


The Daily Brief

Capricorn Asset Management

Market Update

Friday, 3 June 2022



Global Markets

Shares were mostly higher on Friday as investors hoped U.S. jobs data due later might sway the Federal Reserve to slow its current aggressive pace of interest rate hikes over the coming months.

MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.56%, riding a strong Wall Street close overnight. Japan's Nikkei was up 1.2%, and shares in Seoul were up 0.46%, while Australia's resource-heavy index was up 0.79%. European STOXX 50 futures rose 0.76%. Markets in China, Hong Kong and the UK are closed for public holidays. Overnight, tech stocks led a rally on Wall Street, lifting the S&P500 1.84%, the Nasdaq Composite 2.68%, and the Dow Jones Industrial Average 1.29%.

On Thursday, the ADP National Employment Report showed U.S. payrolls rising at a slower-than-expected pace last month. Investors are now looking to the U.S. Labor Department's comprehensive jobs report, due later on Friday, for confirmation of a slowdown in the employment market, which could convince the Fed to go slow on interest rate hikes for the rest of the year.

"For equities right now, anything that might be viewed as capping the Fed's tightening could be viewed as supportive," said ING's Asia head of research Rob Carnell. "So, therefore, weak macro data becomes positive for stocks." Economists expect about 325,000 jobs were added last month in the United States and reckon unemployment ticked lower to 3.5%. "Any deviation from these figures that shows the labour market hanging together better than this might well be negative for equities and vice versa," Carnell said.

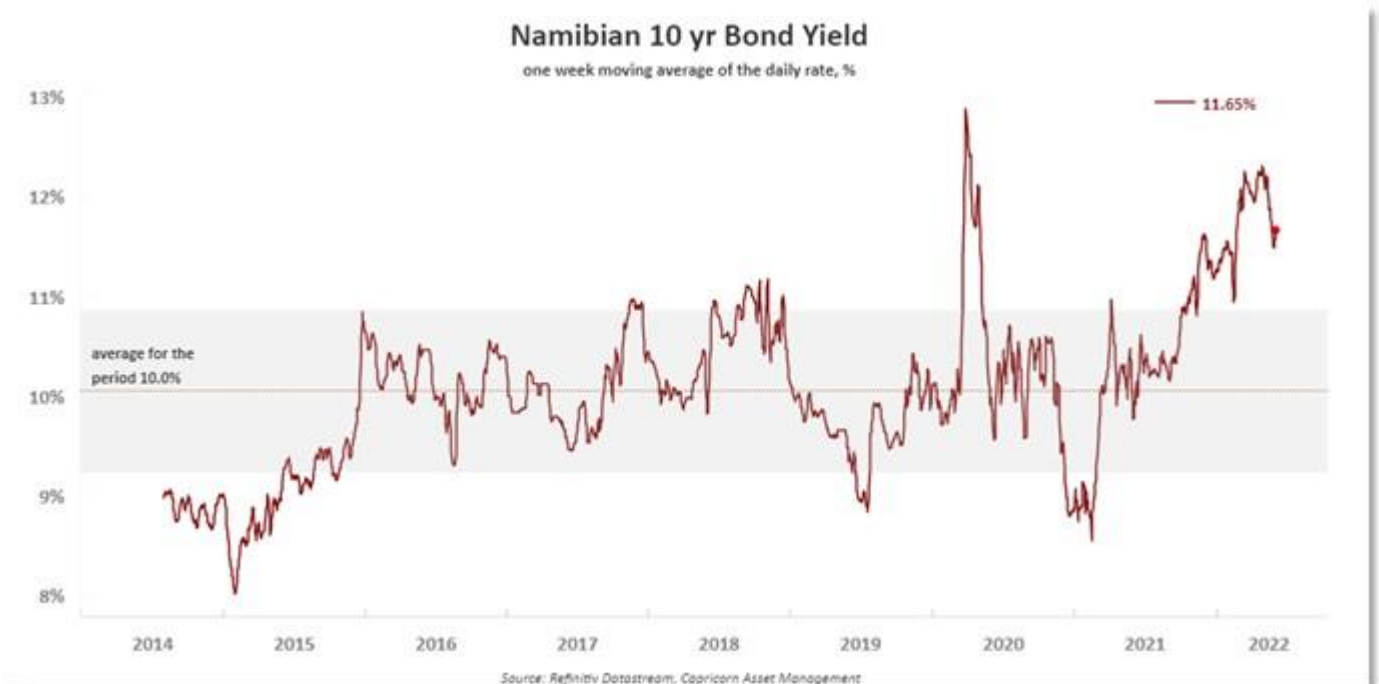
Inflation is the biggest worry for the Fed and global policymakers. Fed officials have said that U.S. interest rates would likely continue to be raised aggressively unless inflation moderates. "Front-end rate hike pressure that had built the day prior on robust economic data immediately eased off after a weaker than expected May ADP employment print, suggesting things are cooling off," said Stephen Innes of SPI Asset Management. Markets have locked in consecutive 50-basis-point Fed hikes in June and July but the dollar has been pushed around this week by uncertainty about what happens after that.

The U.S. dollar currency index, which tracks the greenback against six major currencies, was at 101.770, pausing a rally earlier in the week. The yen has been kept under pressure by super-low interest rates in Japan, and was last steady at 129.80 per dollar, having lost 2% on the greenback this week.

U.S. Treasury yields were mixed ahead of the non-farm payrolls data. The benchmark 10-year yield was at 2.9204% while the 2-year yield, which tends to be sensitive to U.S. rate expectations, was down at 2.6484%.

Oil prices were unchanged after U.S. crude inventories fell amid high demand, even as oil-producing countries OPEC+ agreed to boost production. Brent futures were at \$117.17 per barrel, while U.S. West Texas Intermediate crude stood at \$116.34.

Domestic Markets



The JSE scraped a positive close on Thursday, even as 71% of Top40 and 55% of All Share constituents lost ground. Strong performances from luxury and mining offset soft financials and industrials. With the UK closed for the Jubilee weekend, turnover was light at R17.1bn.

Oil prices rose Thursday despite an agreement by major crude producers to boost output more than expected. A decision on Thursday by Opec+ to boost output by 648,000 barrels per day (bpd) in July and August, instead of by 432,000 bpd as previously agreed, was seen as hardly enough for a tight market.

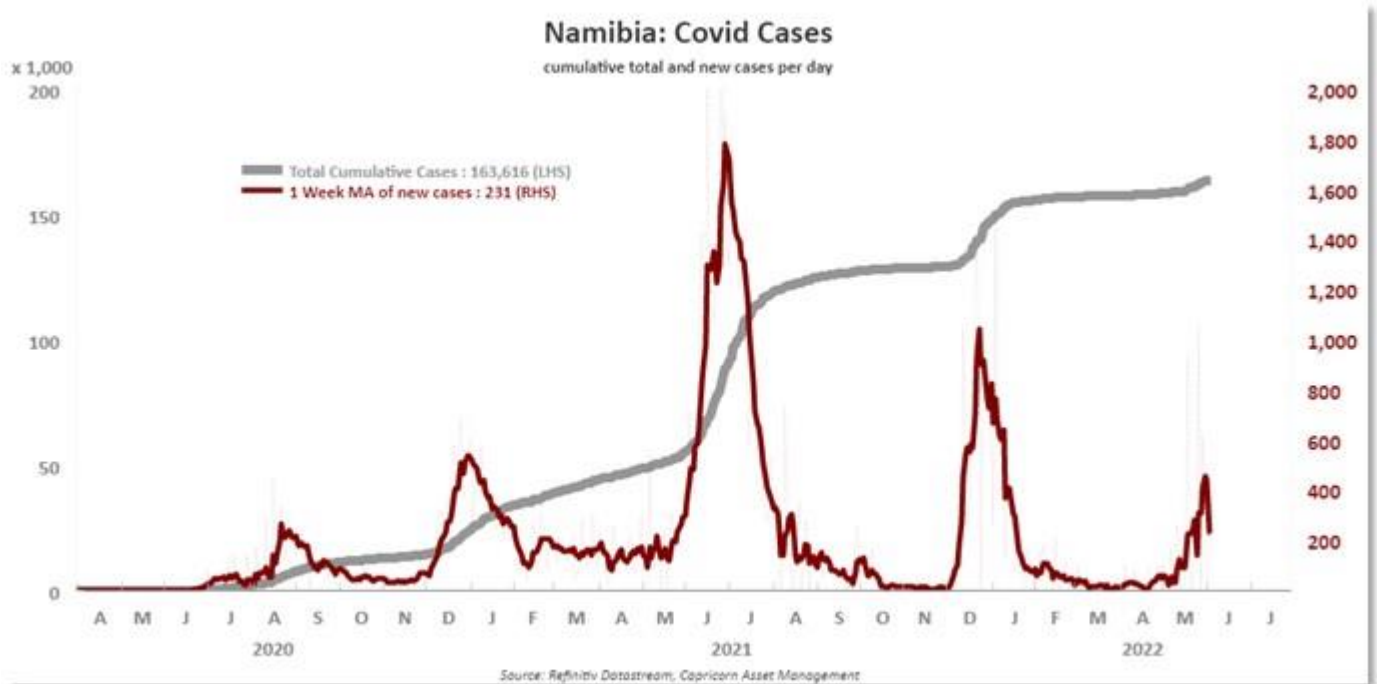
The Rand is at its strongest in a month at 15.46 to the dollar. US futures are steady but European futures are well up and the miners are strong in Australia so the JSE should see a more convincingly positive start to the day.

The local corporate and economic calendars are bare on Friday, while US nonfarm numbers are due at 2.15 pm SA time, with the economists expecting 325,000 jobs to be added.

Source: Avior, Business Day

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	528,275,339	3,268,706	6,293,414	8,786



Source: Thomson Reuters Refinitiv

Success is getting what you want. Happiness is wanting what you get.

Dale Carnegie

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				03 June 2022	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	5.29	0.000	5.29	5.29
6 months	⇒	5.76	0.000	5.76	5.76
9 months	⇒	6.63	0.000	6.63	6.63
12 months	↑	7.00	0.025	6.98	7.00
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↓	7.24	-0.055	7.29	7.22
GC24 (Coupon 10.50%, BMK R186)	↓	7.76	-0.030	7.79	7.75
GC25 (Coupon 8.50%, BMK R186)	↓	8.21	-0.030	8.24	8.20
GC26 (Coupon 8.50%, BMK R186)	↓	8.92	-0.030	8.95	8.91
GC27 (Coupon 8.00%, BMK R186)	↓	9.24	-0.030	9.27	9.23
GC30 (Coupon 8.00%, BMK R2030)	↓	11.15	-0.015	11.16	11.12
GC32 (Coupon 9.00%, BMK R213)	↓	12.37	-0.035	12.40	12.34
GC35 (Coupon 9.50%, BMK R209)	↓	13.02	-0.040	13.06	12.98
GC37 (Coupon 9.50%, BMK R2037)	↓	14.00	-0.020	14.02	13.97
GC40 (Coupon 9.80%, BMK R214)	↓	13.93	-0.045	13.97	13.88
GC43 (Coupon 10.00%, BMK R2044)	↓	14.22	-0.060	14.28	14.19
GC45 (Coupon 9.85%, BMK R2044)	↓	14.23	-0.060	14.29	14.20
GC48 (Coupon 10.00%, BMK R2048)	↓	14.66	-0.040	14.70	14.62
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.40	-0.040	14.44	14.36
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	4.00	0.000	4.00	4.00
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.94	0.000	3.94	3.94
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.33	0.000	5.33	5.33
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.24	0.000	7.24	7.24
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.70	0.000	7.70	7.70
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,868	1.22%	1,846	1,867
Platinum	↑	1,022	2.61%	997	1,023
Brent Crude	↑	117.6	1.14%	116.3	117.2
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,778	-0.47%	1,787	1,778
JSE All Share	↑	71,035	0.26%	70,849	71,035
SP500	↑	4,177	1.84%	4,101	4,177
FTSE 100	⇒	7,533	0.00%	7,533	7,533
Hangseng	↓	21,082	-1.00%	21,295	21,082
DAX	↑	14,485	1.01%	14,340	14,485
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,269	-1.94%	16,591	16,269
Resources	↑	77,309	2.50%	75,421	77,309
Industrials	↓	77,120	-0.27%	77,329	77,120
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	15.44	-0.69%	15.55	15.44
N\$/Pound	↑	19.42	0.02%	19.42	19.42
N\$/Euro	↑	16.60	0.25%	16.56	16.60
US dollar/ Euro	↑	1.075	0.93%	1.065	1.075
		Namibia		RSA	
Interest Rates & Inflation		May 22	Apr 22	May 22	Apr 22
Central Bank Rate	↑	4.25	4.00	4.75	4.25
Prime Rate	↑	8.00	7.75	8.25	7.75
		Apr 22	Mar 22	Apr 22	Mar 22
Inflation	↑	5.6	4.5	5.9	5.9

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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