



Market Update

Tuesday, 30 January 2024

Global Markets

Global stocks surged on Monday, with the S&P 500 closing at a new record close and European shares hitting a two-year high, as markets slashed ambitious bets at the end of 2023 on interest rate cuts by the Federal Reserve and other central banks.

MSCI's all-country world index also climbed to a fresh two-year high, closing up 0.6%, lifted by the S&P 500's sixth all-time closing high so far in January.

A slight gain in Europe's broad STOXX 600 index after its biggest weekly gain in three months last week also helped advance the global gauge of stock performance. The equity rally comes at the start of a week packed with big corporate earnings, European inflation data, Federal Reserve and Bank of England policy meetings and U.S. employment data that could shape the market's direction for months to come.

Investors are trying to understand the outlook for the U.S. economy as it is unlikely to require the deep interest rate cuts by the Fed it has priced in, said Phillip Nelson, head of asset allocation at NEPC, an investment consultant for institutional investors in Boston. Absent geopolitical shocks, the U.S. economy will grow better than expected with just a few areas underperforming, he said.

The Dow Jones Industrial Average rose 0.59%, the S&P 500 gained 0.76% and the Nasdaq Composite added 1.12%. With the S&P 500 up 3.3% in January, BlackRock raised its overall view on U.S. stocks to "overweight" from "neutral."

The euro sank to almost a seven-week low, breaking below the 1.08 mark, "...as the market dialed back expectations of the extent of rate cuts this year by the Fed and European Central Bank (ECB)," said Marc Chandler, chief market strategist at Bannockburn Global Forex in New York. "We're still reacting and correcting to what happened in Q4 last year," Chandler said. "The market got in its head there'd be aggressive rate cuts not just by the Fed, but by the Bank of England and the ECB. The dollar sold off in that environment," he said.

Investors await a press conference with Fed Chair Jerome Powell and statement by the U.S. central bank at the conclusion of a two-day policy meeting on Wednesday, and the U.S. unemployment report on Friday. Policymakers are expected to hold the Fed's target interest rate steady at a range of 5.25%-5.50%, but some investors believe the U.S. central bank could drop its hiking bias.

The yield on the benchmark 10-year Treasury note fell 8.6 basis points to 4.074%, while the European benchmark - the 10-year German bund - slid 0.8 basis points to 2.230%. Treasury yields had dropped sharply in November and December, helping equity markets to rally on expectations that Fed rate cuts could come as soon as March. But yields rose in January on concerns about the government's funding needs. Treasury yields slid further on Monday after the Treasury Department said late in the session that it would need to borrow less than its previous estimates.

Asian shares rose as new steps by Beijing to stabilize the local market outweighed the drag on sentiment from a Hong Kong court order to liquidate property giant China Everglade. Investors were also sensitive to geopolitical risks with oil rising after a Couth missile attack caused a fire on a fuel tanker in the Red Sea and a drone attack killed three U.S. troops in Jordan.

Oil prices fell more than a dollar a barrel as China's ailing property sector sparked demand worries, causing traders to reassess the supply risk premium from escalating tensions in the Middle East. U.S. crude futures settled down \$1.23 at \$76.78 a barrel, and Brent fell \$1.15 to end at \$82.40 a barrel. U.S. gold futures settled 0.4% higher at \$2025.40 an ounce.

Source: Thomson Reuters Refinitiv

Domestic Markets

South Africa's ruling African National Congress (ANC) said on Monday it had suspended the membership of former president Jacob Zuma after he announced he would vote for another party in this year's general election. Zuma, whose nine years in office from 2009 were marked by corruption scandals and sluggish economic growth, said last month he would campaign for the new uMkhonto we Sizwe (MK) party in the vote, which is expected between May and August. His suspension reflects deep-seated divisions in the party of liberation hero Nelson Mandela that has governed South Africa since the end of apartheid. Analysts say this year's election could see the ANC lose its parliamentary majority for the first time since 1994, after its worst result to date in municipal elections in 2021.

South African fashion retailer Truworths on Monday warned that half-year profit growth had slowed after financially constrained shoppers held back from discretionary spending. Truworths said retail sales in South Africa - its biggest market - were hit by poor economic conditions and high interest rates that squeezed disposable income and knocked consumer confidence. "Furthermore, port congestion challenges in South Africa resulted in lower-than-expected merchandise deliveries for the December period," Truworths added. Truworths' headline earnings per share for the 26 weeks to Dec.31 would be up 4% at most, compared with 10.3% growth in the same period a year earlier, the upmarket retailer said. Shares in the company were down 1.5% at 73.86 rand by 0847 GMT. Group retail sales rose 8.2% year on year to 12.2 billion rand (\$650.4 million), with sales for Truworths Africa, its biggest business, down 0.3% at 8.4 billion rand. The challenging backdrop also hit rivals TFG and Woolworths.

Source: Thomson Reuters Refinitiv

Either you run the day or the day runs you.

Jim Rohn

Market Overview

MARKET INDICATORS		30 January 2024			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↓	8.79	-0.014	8.81	8.79
6 months	↓	8.87	-0.021	8.90	8.87
9 months	↓	8.88	-0.025	8.91	8.88
12 months	↓	8.89	-0.036	8.93	8.89
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC24 (Coupon 10.50%, BMK: R186)	↑	8.78	0.021	8.76	8.77
GC25 (Coupon 8.50%, BMK: R186)	↑	8.90	0.010	8.89	8.90
GC26 (Coupon 8.50%, BMK: R186)	↑	8.91	0.007	8.91	8.91
GC27 (Coupon 8.00%, BMK: R186)	↑	9.11	0.008	9.10	9.11
GC30 (Coupon 8.00%, BMK: R2030)	↑	9.43	0.018	9.42	9.43
GC32 (Coupon 9.00%, BMK: R213)	↑	9.85	0.047	9.80	9.85
GC35 (Coupon 9.50%, BMK: R209)	↑	10.81	0.016	10.79	10.81
GC37 (Coupon 9.50%, BMK: R2037)	↑	12.00	0.026	11.97	12.00
GC40 (Coupon 9.80%, BMK: R214)	↑	12.29	0.021	12.26	12.29
GC43 (Coupon 10.00%, BMK: R2044)	↑	12.54	0.057	12.49	12.54
GC45 (Coupon 9.85%, BMK: R2044)	↑	12.18	0.034	12.15	12.18
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.09	0.019	12.07	12.09
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI25 (Coupon 3.80%, BMK: NCPI)	↑	3.49	0.08315	3.41	3.49
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.18	0.014	4.17	4.19
GI29 (Coupon 4.50%, BMK: NCPI)	↑	4.94	0.004	4.94	4.95
GI33 (Coupon 4.50%, BMK: NCPI)	↑	5.62	0.004	5.62	5.62
GI36 (Coupon 4.80%, BMK: NCPI)	↑	5.89	0.005	5.88	5.89
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	2,033	0.73%	2,019	2,035
Platinum	↑	932	1.80%	916	930
Brent Crude	↓	82.4	-1.38%	83.55	82.77
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↓	860	-0.81%	867	860
JSE All Share	↓	74,371	-0.95%	75,084	74,371
S&P 500	↑	4,928	0.76%	4,891	4,928
FTSE 100	↓	7,633	-0.03%	7,635	7,633
Hangseng	↓	15,759	-1.98%	16,077	15,759
DAX	↓	16,942	-0.11%	16,961	16,942
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	→	17,391	0.00%	17,391	17,167
Resources	→	53,882	0.00%	53,882	53,645
Industrials	→	104,052	0.00%	104,052	102,907
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↑	18.81	0.11%	18.79	18.80
N\$/Pound	↑	23.91	0.17%	23.87	23.89
N\$/Euro	↓	20.38	-0.10%	20.40	20.35
US Dollar/ Euro	↓	1.083	-0.64%	1.09	1.08
		Namibia		RSA	
Interest Rates & Inflation		Nov-23	Oct-23	Nov-23	Oct-23
Central Bank Rate	→	7.75	7.75	8.25	8.25
Prime Rate	→	11.50	11.50	11.75	11.75
		Nov-23	Oct-23	Nov-23	Oct-23
Inflation	↓	5.3	5.7	5.1	5.5

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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