



Market Update

Monday, 30 May 2022



Global Markets

Asian stocks tracked Wall Street higher on Monday while the dollar was pinned near five-week lows as investors wagered on an eventual slowdown in U.S. monetary tightening, albeit after sharp hikes in June and July. Helping to mellow the mood was news that Shanghai authorities will cancel many conditions for businesses to resume work from Wednesday, easing a city-wide lockdown that began two months ago.

The Memorial Day holiday in the United States made only a limited impression on month-end demand and MSCI's broadest index of Asia-Pacific shares outside Japan climbed 1.9% to a three-week high. Japan's Nikkei added 2.2% and South Korea rose 1.2%. Chinese blue chips firmed 0.7%. Nasdaq futures added another 1.1%, after gaining 6.8% last week, while S&P 500 futures firmed 0.6%, having rallied 6.6% last week in their best week so far this year. EUROSTOXX 50 futures gained 0.6% and FTSE futures 0.2%.

Investors have seized on hints the Federal Reserve, once it has hiked aggressively over the next two months, might then slow its tightening. "Hopes, naive or otherwise, for a pause in the Fed tightening cycle as early as September continue to resonate," said Ray Attrill, head of FX strategy at National Australia Bank. "Money markets have reduced their pricing for additional Fed rate rises by end-2022 from 193bps to 180bps." "This though still implies rate rises at every remaining Fed meeting of 2022, including 50bps hikes in both June and July and at least 25bps at each of the remaining three." Just the chance of a less hawkish Fed was enough to see Treasuries rebound, with 10-year note yields just above a six-week low at 2.74%. That is down from a peak of 3.203% on May 9.

The steadier market mood has seen the safe-haven dollar and yen decline, while the euro was boosted by hawkish comments from European Central Bank (ECB) officials who have been flagging a rate hike as early as July. "U.S. economic data appear to be slowing, ECB officials are debating even faster initial rate hikes, and front-end rate differentials have started to move in the euro's favour," noted Goldman Sachs analyst Zach Pandl. "A sharp slowing in the U.S. economy - if not matched by similar weakness in Europe - could result in a meaningful euro rebound, though the reverse is also true if U.S. data hold up better than expected," Pandl added. "We see downside risks to U.S. growth, and have recommended USD/JPY put options to express this view."

That underscores the importance of this week's major U.S. data which includes the ISM survey of manufacturing on Wednesday and the May payrolls report on Friday. Payrolls are forecast to rise a solid 320,000, though that would be down from April, with unemployment at 3.5%.

The euro was holding firm at \$1.0758 on Monday, having risen 1.6% last week to as far as \$1.0764. The dollar index stood at 101.50, after shedding 1.3% last week to hit a five-week low at 101.43. The dollar was softer on the yen at 126.98, but still has solid support around 126.37. The pullback in the dollar helped gold off its recent lows and the metal was trading at \$1,862 an ounce.

Oil prices have been supported by expectations for stronger demand as the U.S. driving season gets underway, and as European nations negotiate over whether to impose an outright ban on Russian crude oil. The EU failed on Sunday to agree on an embargo on Russian oil, but diplomats will still try to make progress ahead of a Monday-Tuesday summit. Brent rose 80 cents to \$120.23, while U.S. crude gained \$1.07 to \$116.14 per barrel.

Domestic Markets



The South African rand strengthened on Friday, as the dollar was on track for its second straight weekly decline as traders pared expectations for U.S. Federal Reserve interest rate hikes. At 1610 GMT, the rand traded at 15.5975 against the dollar, around 0.7% stronger than its previous close.

The dollar index, which measures the safe-haven currency against a basket of six other major currencies, fell as low as 101.43, its weakest since April 25. The dollar index was on course for a loss of more than 1% this week, while the rand was headed for a weekly gain of around 1.5% against the dollar.

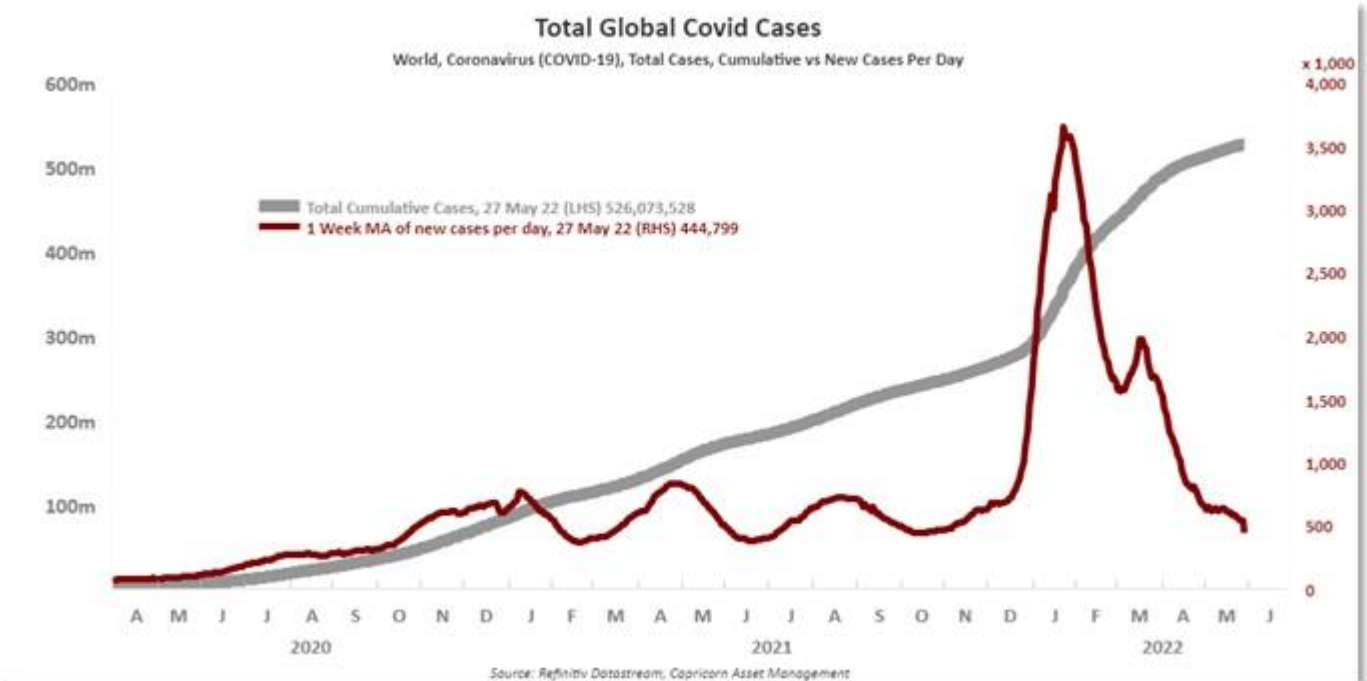
Minutes from the Fed's May meeting this week showed most participants believed 50 basis-point hikes would be appropriate at the June and July policy meetings. However, many thought big, early hikes would allow room to pause later in the year to assess whether a tighter policy is helping to tame inflation.

This week has been relatively light for South African economic data, with the rand often trading at the mercy of global market moves. Next week is busier on the domestic data front, with releases like the April budget balance, first-quarter unemployment numbers and whole-economy purchasing managers' index due.

Johannesburg-listed stocks closed in positive territory, with the All-share index rising 1.4% and the top-40 index also 1.4% higher. The South African government's benchmark 2030 bond firmed slightly, with the yield falling 5.5 basis points to 9.72%.

Corona Tracker

Name	Cases - cumulative total	Cases - newly reported in last 7 days	Deaths - cumulative total	Deaths - newly reported in last 7 days
Global	525,467,084	3,431,371	6,285,171	9,094



Source: Thomson Reuters Refinitiv

Character cannot be developed in ease and quiet. Only through experience of trial and suffering can the soul be strengthened, ambition inspired, and success achieved.

[Helen Keller](#)

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				30 May 2022	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	5.29	0.000	5.29	5.29
6 months	⇒	5.73	0.000	5.73	5.73
9 months	↑	6.58	0.033	6.55	6.58
12 months	↑	6.89	0.017	6.88	6.89
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	↓	7.34	-0.075	7.42	7.42
GC24 (Coupon 10.50%, BMK R186)	↓	7.73	-0.035	7.76	7.67
GC25 (Coupon 8.50%, BMK R186)	↓	8.18	-0.035	8.21	8.12
GC26 (Coupon 8.50%, BMK R186)	↓	8.89	-0.035	8.92	8.83
GC27 (Coupon 8.00%, BMK R186)	↓	9.21	-0.035	9.24	9.15
GC30 (Coupon 8.00%, BMK R2030)	↓	11.01	-0.055	11.07	10.94
GC32 (Coupon 9.00%, BMK R213)	↓	12.23	-0.055	12.29	12.17
GC35 (Coupon 9.50%, BMK R209)	↓	12.92	-0.030	12.95	12.86
GC37 (Coupon 9.50%, BMK R2037)	↓	13.91	-0.040	13.95	13.84
GC40 (Coupon 9.80%, BMK R214)	↓	13.83	-0.025	13.85	13.77
GC43 (Coupon 10.00%, BMK R2044)	↓	14.12	-0.040	14.16	14.06
GC45 (Coupon 9.85%, BMK R2044)	↓	14.13	-0.040	14.17	14.07
GC48 (Coupon 10.00%, BMK R2048)	↓	14.55	-0.040	14.59	14.48
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.29	-0.040	14.33	14.22
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	↑	1,853	0.15%	1,850	1,862
Platinum	↑	954	0.38%	950	958
Brent Crude	↑	119.4	1.73%	117.4	119.9
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,766	1.73%	1,736	1,766
JSE All Share	↑	70,485	1.44%	69,484	70,485
SP500	↑	4,158	2.47%	4,058	4,158
FTSE 100	↑	7,585	0.27%	7,565	7,585
Hangseng	↑	20,697	2.89%	20,116	21,066
DAX	↑	14,462	1.62%	14,231	14,462
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,257	2.60%	15,845	16,257
Resources	↑	76,948	0.59%	76,495	76,948
Industrials	↑	76,115	1.32%	75,125	76,115
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	15.59	-0.95%	15.74	15.55
N\$/Pound	↓	19.67	-0.78%	19.82	19.65
N\$/Euro	↓	16.72	-0.93%	16.88	16.72
US dollar/ Euro	↑	1.073	0.03%	1.072	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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