



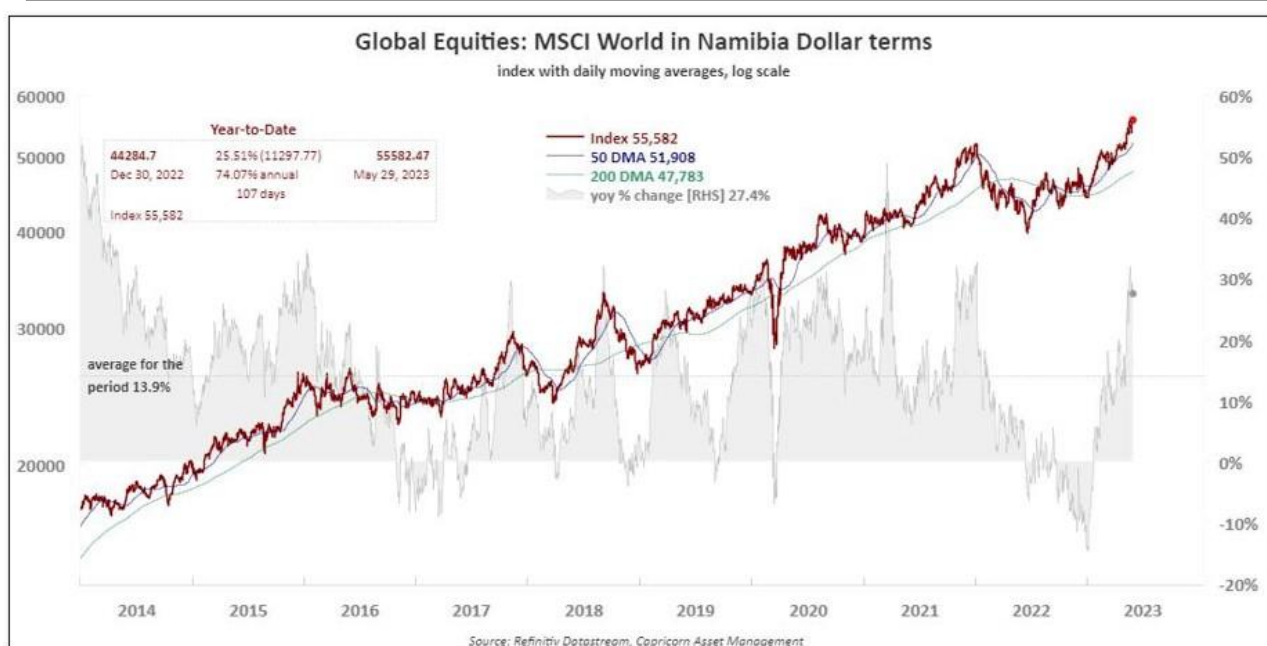
The Daily Brief



Capricorn Asset Management

Market Update

Tuesday, 30 May 2023



Global Markets

Asian stocks were mostly higher on Tuesday as investors cheered the prospect that the world's largest economy will avert a major debt default, improving sentiment across most asset classes.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.4% early Tuesday, after U.S. stocks were closed on Monday for the Memorial Day holiday. The index is down 1.3% so far this month.

Australian shares were up 0.03% while the Nikkei stock index slipped 0.28%, cooling a bit after the Japanese benchmark hit a 33-year high on optimism over the U.S debt deal and a weaker yen, which helps the country's exporters.

Hong Kong's Hang Seng Index climbed 0.31% while China's CSI300 Index dipped 0.06%.

In Asian trade, longer-dated U.S. Treasuries rallied on Tuesday as bond traders welcomed the deal to suspend Washington's borrowing limit.

Despite the cheer, investors say markets are not out of the woods year.

"The U.S. had a poor resolution to the debt ceiling negotiations with still a huge increase in government debt and no real cuts to spending but has relieved pressure for now," said James Rosenberg, an advisor at broker Ord Minnett in Sydney.

"There's still a huge disconnect between bond markets and equities. The bond market is implying there is an extreme 70% probability on a U.S. recession in the next year. These signals stand in stark contrast to the resilient equity market."

The deal suspends the debt ceiling until January 2025 in exchange for caps on spending and cuts in government programmes.

Narrow margins in the House of Representatives and Senate mean moderates from both sides will have to support the bill for it to pass.

Benchmark 10-year yields dropped 6 basis points at the open of trade in Tokyo to 3.7596%. Thirty-year yields fell 5.5 bps to 3.9207%.

While U.S. cash markets were closed on Monday, S&P 500 e-minis were up 0.32%, reflecting the positive reaction to the debt deal.

With the debt deal heading to Congress for approval, J.B. Were analysts said there could be up to \$600 billion worth of bill issuance in the next six to eight weeks.

"As liquidity gets drained from the banking system with bill issuance, what impact could that have on broader markets? Some estimates suggest it could be the equivalent of one 25 basis points rate hike as far as financial conditions are concerned," the investment firm's analysts wrote in a note on Tuesday.

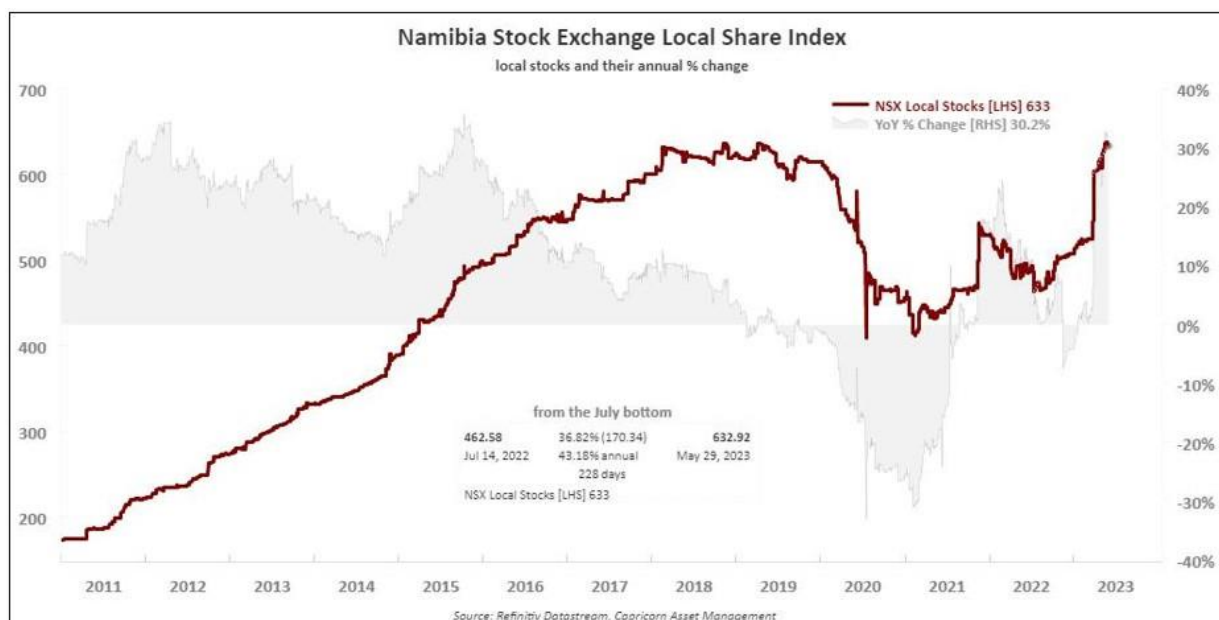
The dollar rose 0.02% on Tuesday against the yen to 140.47, just below the year's high of 140.91 hit on Monday.

The euro was up 0.1% on the day at \$1.0714, having lost 2.78% in a month, while the dollar index, which tracks the greenback against a basket of currencies of other major trading partners, slipped to 104.23, just off a more than two-month high. It was also trading near a six-month peak against the Chinese yuan.

U.S. crude ticked up 0.3% to \$72.89 a barrel. Brent crude fell to \$77.05 per barrel.

Gold was slightly lower with the spot price at \$1,942.39 per ounce.

Source: Thomson Reuters Refinitiv



Domestic Markets

The South African rand, battered by crippling power cuts and a U.S. diplomat's allegation of supplying weapons to Russia, was flat on Monday, after hitting a record low last week.

At 1628 GMT, the rand traded at 19.6575 against the dollar, not far from Friday's close of 19.6625 and down about 7% against the greenback this month.

It hit an all-time low of 19.8175 early on Friday after the South African Reserve Bank raised its main interest rate by 50 basis points.

The central bank on Monday warned of risks to the country's financial stability due to capital outflows and the possibility of sanctions following the U.S. allegations.

This week's domestic economic data releases include private sector credit extension for April, April budget figures and April trade numbers.

On the stock market, the Top-40 index ended 0.06% higher, while the broader all-share was up 0.03% in afternoon trade.

Shares in Steinhoff International rose almost 4% after its creditors approved the retailer's debt restructuring plan, paving the way for it to approach a Dutch court to give the scheme the go-ahead.

South Africa's benchmark 2030 government bond was almost unchanged, with the yield at 11.120%.

Source: Thomson Reuters Refinitiv

Gratitude is the fairest blossom which springs from the soul.

Henry Ward Beecher

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				30 May 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.59	0.000	8.59	8.59
6 months	↑	9.06	0.050	9.01	9.06
9 months	↑	9.38	0.050	9.33	9.38
12 months	↑	9.51	0.017	9.49	9.51
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⇒	8.30	0.000	8.30	8.30
GC24 (Coupon 10.50%, BMK R186)	↑	9.73	0.025	9.71	9.73
GC25 (Coupon 8.50%, BMK R186)	↑	9.93	0.025	9.91	9.93
GC26 (Coupon 8.50%, BMK R186)	↑	9.76	0.025	9.74	9.76
GC27 (Coupon 8.00%, BMK R186)	↑	10.37	0.025	10.35	10.37
GC28 (Coupon 8.50%, BMK R2030)	↑	10.92	0.005	10.92	10.92
GC30 (Coupon 8.00%, BMK R2030)	↑	11.42	0.005	11.42	11.42
GC32 (Coupon 9.00%, BMK R213)	↓	11.73	-0.005	11.73	11.73
GC35 (Coupon 9.50%, BMK R209)	⇒	12.84	0.000	12.84	12.84
GC37 (Coupon 9.50%, BMK R2037)	⇒	13.67	0.000	13.67	13.67
GC40 (Coupon 9.80%, BMK R214)	↑	13.64	0.010	13.63	13.64
GC43 (Coupon 10.00%, BMK R2044)	↓	13.68	-0.015	13.70	13.68
GC45 (Coupon 9.85%, BMK R2044)	↓	14.13	-0.015	14.15	14.13
GC48 (Coupon 10.00%, BMK R2048)	↓	14.33	-0.020	14.35	14.33
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.28	-0.020	14.30	14.28
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.29	0.000	3.29	3.29
GI27 (Coupon 4.00%, BMK NCPI)	⇒	3.88	0.000	3.88	3.88
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.05	0.000	5.05	5.05
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.03	0.000	6.03	6.03
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.44	0.000	6.44	6.44
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,943	-0.18%	1,946	1,936
Platinum	↑	1,025	0.21%	1,022	1,026
Brent Crude	↑	77.1	0.16%	77.0	76.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,522	0.31%	1,517	1,522
JSE All Share	↑	76,613	0.03%	76,590	76,613
SP500	⇒	4,205	0.00%	4,205	4,205
FTSE 100	⇒	7,627	0.00%	7,627	7,627
Hangseng	↓	18,551	-1.04%	18,747	18,398
DAX	↓	15,953	-0.20%	15,984	15,953
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	14,582	-0.49%	14,654	14,582
Resources	↑	67,920	0.71%	67,438	67,920
Industrials	↓	106,261	-0.09%	106,353	106,261
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	19.65	0.06%	19.64	19.75
N\$/Pound	↑	24.27	0.13%	24.24	24.37
N\$/Euro	↓	21.04	-0.12%	21.06	21.12
US dollar/ Euro	↓	1.071	-0.18%	1.072	1.069
		Namibia		RSA	
Interest Rates & Inflation		May 23	Apr 23	May 23	Apr 23
Central Bank Rate	⇒	7.25	7.25	8.25	7.75
Prime Rate	⇒	11.00	11.00	11.75	11.25
		Apr 23	Mar 23	Apr 23	Mar 23
Inflation	↓	6.1	7.2	6.8	7.1

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 listeds

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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