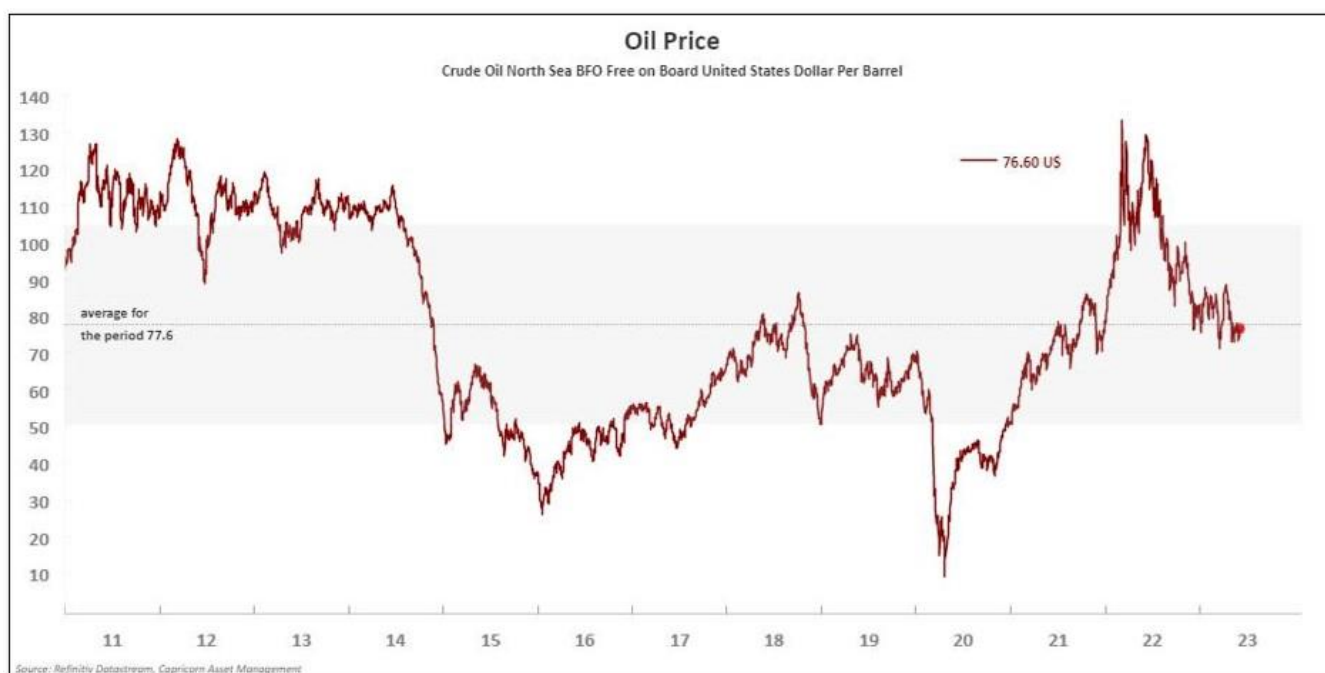




Market Update

Tuesday, 06 June 2023



Global Markets

Asian stock markets edged lower on Tuesday as economic data showed the U.S. services sector unexpectedly softened, reinforcing expectations that the Federal Reserve may skip an interest rate hike when it meets next week.

MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.1% at 514.37. Tokyo's Nikkei eased 0.22%, while Australia's S&P/ASX 200 index lost 0.73% ahead of the Reserve Bank of Australia's (RBA) policy decision later in the day.

China shares declined 0.15%, while Hong Kong's Hang Seng Index was 0.07% lower.

Data overnight showed that the U.S. services sector barely grew in May as new orders slowed, pushing a measure of prices paid by businesses for inputs to a three-year low, which could aid the Federal Reserve's fight against inflation.

The services industry accounts for more than two-thirds of the U.S. economy.

"The index sends another signal that demand is cooling and that the cumulative tightening is working through the economy, giving room to the Fed to pause in June to assess conditions further," said Saxo Markets strategists in a note to clients.

A string of economic data along with last week's dovish rhetoric from Fed officials have emboldened bets of the Fed refraining from an interest rate hike at its June 13-14 meeting.

Data on Friday showed U.S. nonfarm payrolls rose by 339,000 jobs in May, but a surge in the unemployment rate to a seven-month high of 3.7% suggested an easing in labour market conditions.

Markets are now pricing in a 77% chance of the Fed standing still, a sharp jump from a 36% chance a week earlier, according to CME FedWatch tool.

"The tactical risk for equity investors in the very near term is that the Fed indeed skips a meeting and raises rates in July and not June," said Gary Dugan, CIO of Dalma Capital.

"The vibrancy of growth, the debt ceiling as an issue out of the way now, and a slow-moving Fed might just trigger a further rally in equities."

In oil markets, prices eased to give up most of the gains from the previous session after the world's top exporter, Saudi Arabia, said that it would further cut output. U.S. crude fell 0.25% to \$71.97 per barrel and Brent was at \$76.55, down 0.21% on the day.

Saxo strategists said recession concerns, firmer signs of Fed rate cuts or China stimulus measures may be needed to turn sentiment on the energy markets.

"Still, risks of a tighter market in second half remain with OPEC focused on ensuring market stability."

In the currency market, the dollar index, which measures greenback against six major peers, eased 0.01%. The yen weakened 0.04% to 139.62 per dollar, while Sterling was last fetching \$1.2436, off 0.01% on the day.

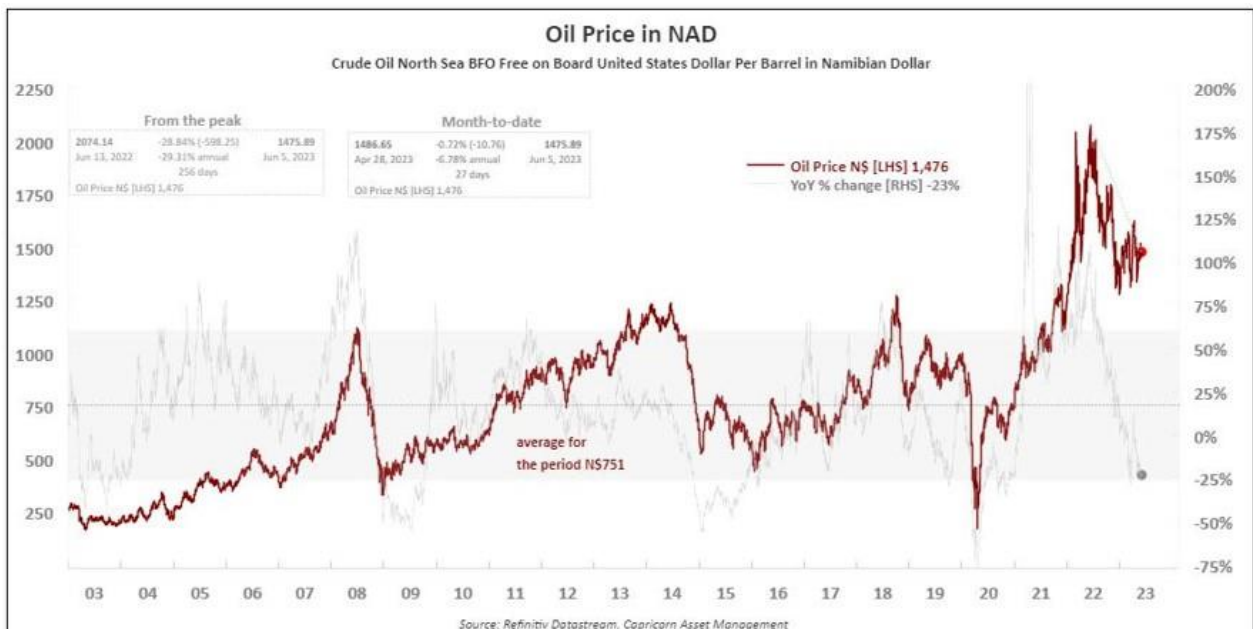
The Australian dollar eased 0.02% to \$0.661 as traders wait for the policy decision from the country's central bank.

"We expect the RBA to leave the cash rate on hold," analysts at Commonwealth Bank of Australia said in a note.

But the decision to raise minimum wage by 5.75% from July 1 increases the risk the RBA hikes the cash rate by 25 basis points, the CBA analysts wrote.

In cryptocurrencies, bitcoin was last at \$25,657.98, having slid over 5% overnight after the U.S. securities regulator sued crypto exchange Binance, in another blow to the industry.

Source: Thomson Reuters Refinitiv



Domestic Markets

The South African rand gained more than 1% against the dollar on Monday, despite an economic survey that showed business activity was at an almost two-year low. At 1600 GMT, the rand traded at 19.2900 against the dollar, up about 1.15% from its closing level on Friday. The dollar was last trading around 0.19% weaker - at 103.950 - against a basket of global currencies.

The rand was boosted by Chinese PMI data that showed manufacturing and services activity picking up, said DailyFX analyst Warren Venketas. China is South Africa's largest trading partner, so positive news about the health of its economy tends to lift South African asset prices. "In addition, part of the rand strength is likely due to some profit taking as the pair has been in overbought territory for some time at extreme levels," said Venketas in a note. The rand fell sharply last month as investor sentiment soured on the back of the worst rolling blackouts on record and U.S. allegations that South Africa had supplied arms to Russia late last year. It hit an all-time low last week at 19.9075 to the greenback.

"(South Africa's) geo-diplomatic risk has peaked, and foreign investors are starting to dip their toes back into (South Africa), but a strong dollar reduces scope for rand gains," said Rand Merchant Bank analysts in a research note. The S&P Global South Africa Purchasing Managers Index (PMI) released on Monday showed that private sector activity had contracted for a third consecutive month in May as rolling power cuts and inflationary pressures continued to weigh on businesses.

Investors will turn their attention on Tuesday to Statistics South Africa for the country's first quarter gross domestic product (GDP) figures. A negative figure would put South Africa in a technical recession - defined as two consecutive quarters of falling GDP.

Shares on the Johannesburg Stock Exchange closed lower, with the blue-chip Top-40 index (.JTOPI) down 0.8% and the broader all-share index down 0.7%.

South Africa's benchmark 2030 government bond was flat.

Source: Thomson Reuters Refinitiv

Hope is the only bee that makes honey without flowers.

Robert Green Ingersoll

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				06 June 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.59	0.000	8.59	8.59
6 months	⇓	9.11	-0.008	9.11	9.11
9 months	⇑	9.39	0.009	9.38	9.39
12 months	⇒	9.49	0.000	9.49	9.49
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)	⇓	9.62	-0.135	9.76	9.63
GC25 (Coupon 8.50%, BMK R186)	⇓	9.82	-0.135	9.96	9.83
GC26 (Coupon 8.50%, BMK R186)	⇓	9.65	-0.135	9.79	9.66
GC27 (Coupon 8.00%, BMK R186)	⇓	10.26	-0.135	10.40	10.27
GC28 (Coupon 8.50%, BMK R2030)	⇓	10.92	-0.125	11.05	10.92
GC30 (Coupon 8.00%, BMK R2030)	⇓	11.42	-0.125	11.55	11.42
GC32 (Coupon 9.00%, BMK R213)	⇓	11.70	-0.115	11.82	11.70
GC35 (Coupon 9.50%, BMK R209)	⇓	12.79	-0.120	12.91	12.79
GC37 (Coupon 9.50%, BMK R2037)	⇓	13.58	-0.120	13.70	13.58
GC40 (Coupon 9.80%, BMK R214)	⇓	13.58	-0.115	13.70	13.58
GC43 (Coupon 10.00%, BMK R2044)	⇓	13.62	-0.120	13.74	13.62
GC45 (Coupon 9.85%, BMK R2044)	⇓	14.07	-0.120	14.19	14.07
GC48 (Coupon 10.00%, BMK R2048)	⇓	14.26	-0.120	14.38	14.26
GC50 (Coupon 10.25%, BMK: R2048)	⇓	14.21	-0.120	14.33	14.21
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.23	0.000	3.23	3.23
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	⇑	1,962	0.73%	1,948	1,962
Platinum	⇑	1,031	2.69%	1,004	1,035
Brent Crude	⇑	76.7	0.76%	76.1	76.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇓	1,555	-0.02%	1,556	1,555
JSE All Share	⇓	76,603	-0.68%	77,126	76,603
SP500	⇓	4,274	-0.20%	4,282	4,274
FTSE 100	⇓	7,600	-0.10%	7,607	7,600
Hangseng	⇑	19,109	0.84%	18,950	19,215
DAX	⇓	15,964	-0.54%	16,051	15,964
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⇑	14,979	1.19%	14,803	14,979
Resources	⇓	69,348	-1.35%	70,299	69,348
Industrials	⇓	103,842	-1.14%	105,036	103,842
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⇓	19.26	-1.15%	19.49	19.20
N\$/Pound	⇓	23.96	-1.24%	24.26	23.91
N\$/Euro	⇓	20.63	-1.10%	20.86	20.60
US dollar/ Euro	⇑	1.071	0.06%	1.071	1.073
Interest Rates & Inflation		Namibia		RSA	
		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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