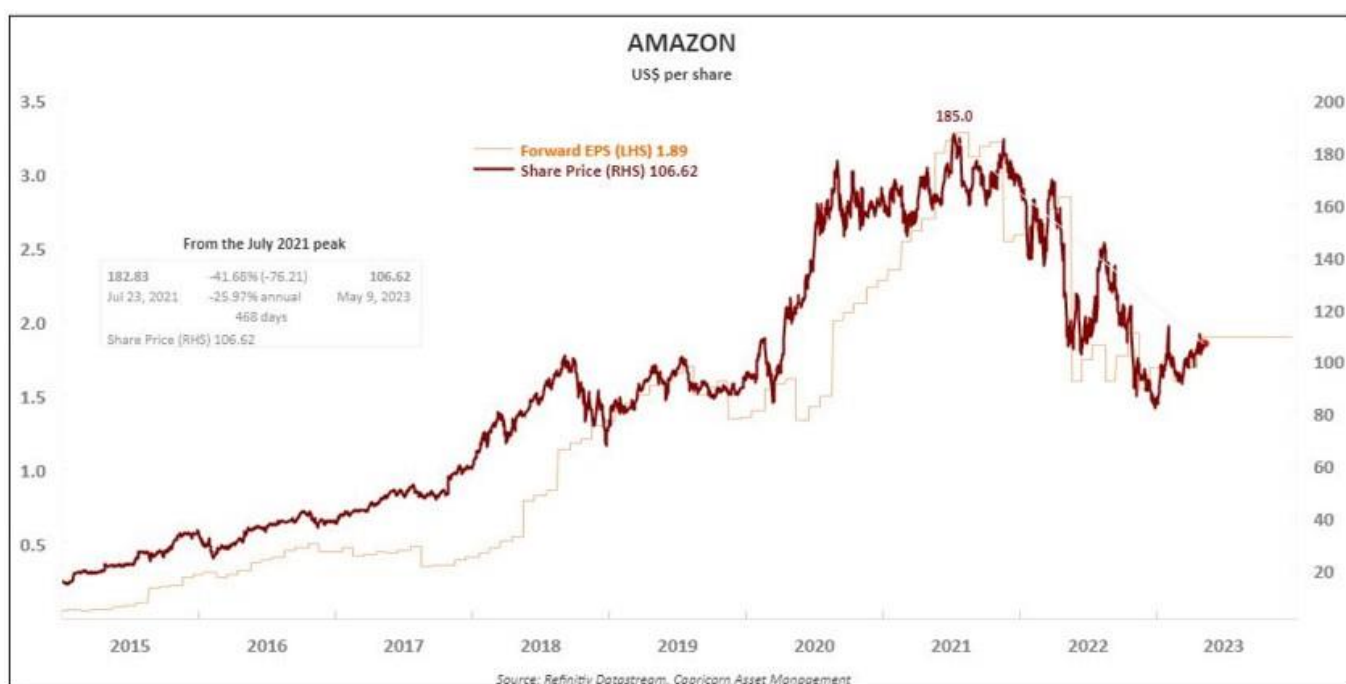




Market Update

Wednesday, 10 May 2023



Global Markets

Stocks were struggling to advance in Asia and the dollar was firm on Wednesday ahead of U.S. consumer price data that could damage hopes for interest rate cuts later this year if inflation fails to show much of a decline.

MSCI's broadest index of Asia-Pacific shares outside Japan had fallen on Tuesday and inched down a further 0.3% early on Wednesday. Japan's Nikkei fell 0.4%.

Overnight the S&P 500 fell 0.5% and S&P 500 futures were steady in the Asian morning. A firm U.S. dollar pushed the euro back below \$1.10 to \$1.0971.

April U.S. consumer price data is due at 1230 GMT and economists expect the headline CPI to hold steady at an annual 5% and core CPI to moderate very slightly to 5.5%, though anything stickier could confound bets interest rates will fall.

"That's the thing that'd get taken out if CPI numbers come in on the higher side," said ING economist Rob Carnell.

"It doesn't look particularly sensible if inflation is falling at too slow a rate and that could feed through into higher longer-term treasury yields as well."

Treasuries were broadly steady overnight, though debt-ceiling brinkmanship is warping the bills market as investors avoid bills maturing early in June.

Demand at a three-year auction was strong, with a bid-to-cover ratio of 2.93 - the highest since 2018 according to analysts at NatWest markets.

Benchmark 10-year yields held at 3.507% in Asia. Two-year yields were at 4.018%.

President Joe Biden and top lawmakers failed to break a deadlock over raising the \$31.4 trillion U.S. debt limit, but vowed to meet again with just weeks before the country may be forced into an unprecedented default.

The uncertainty is ironically driving demand for bonds, however T-Bills maturing early in June are out of favour and yielding 5.6% - the highest in decades and above the Fed funds rate.

CPI WATCH

In China and Hong Kong, April's weak import figures held down stocks for a second straight session, as investors fret the reopening rebound is fading into an uneven recovery.

Hong Kong's Hang Seng fell 0.4%. The Shanghai Composite dropped 0.8% and the yuan edged lower. An apparent crackdown on due diligence firms is also unnerving investors.

Foreign exchange markets have been treading water while markets weigh policymakers' rhetoric against traders conviction that U.S. interest rates, and the dollar, should fall.

European Central Bank board member Isabel Schnabel said on Tuesday expectations for rate cuts were misplaced, but that didn't give the euro much of a boost against a dollar, as traders have been reluctant to sell too hard ahead of the CPI data.

The common currency was pinned below \$1.10 on Wednesday. The dollar was also firm at 135.14 yen and has lifted slightly from recent lows on the Aussie, kiwi and sterling.

"The dollar may receive a temporary boost after the CPI," said Commonwealth Bank of Australia strategist Joe Capurso.

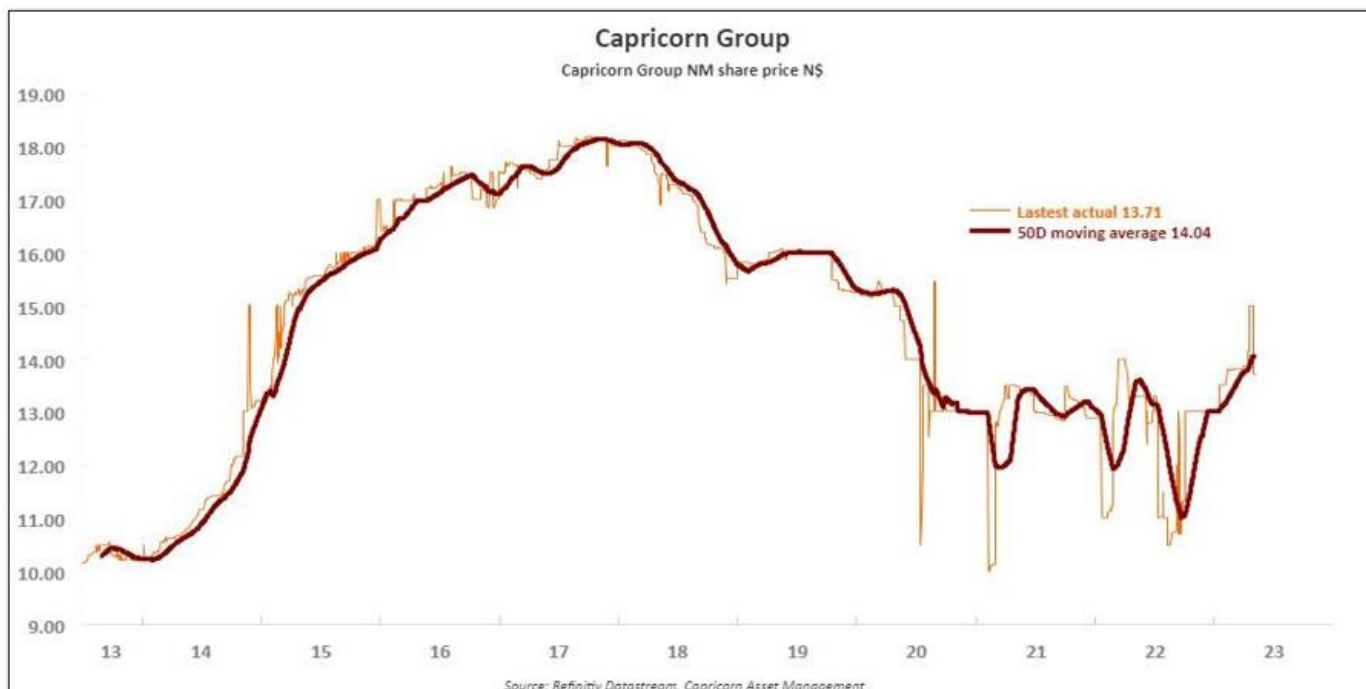
"But the debt ceiling drama and market participants' focus on rate cuts is unlikely to change much from one CPI report. It may take a strong result ... to push up the dollar materially."

Earnings for Softbank, Panasonic and a handful of Japan's giant bellwether trading houses are due after market close in Tokyo on Wednesday.

Shares in U.S. casino operator Wynn Resorts were steady in after-hours trading after it reported better-than-expected revenues. Airbnb shares fell about 12% after the bell as it forecast fewer bookings and lower prices.

Brent crude futures hovered at \$77.01 a barrel. Gold is starting to settle in above \$2,000 an ounce, while bitcoin steadied at \$27.732.

Spot gold prices eased slightly to around \$2,020 per ounce. Oil prices slipped, paring strong gains from the previous two sessions. Brent crude declined 31 cents to \$76.70 and U.S. West Texas Intermediate (WTI) crude lost 23 cents to \$72.92. **Source: Thomson Reuters Refinitiv**



Domestic Markets

The South African rand and stocks fell on Tuesday as the dollar edged up ahead of closely watched U.S. inflation data due this week.

At 1640 GMT, the rand traded at 18.6400 against the dollar, about 1.7% weaker than its previous close.

The dollar was up about 0.27% against a basket of major currencies.

There were no major South African economic data releases on Tuesday, leaving the rand to take its cues from global drivers.

Investors are keenly focused on Wednesday's U.S. consumer inflation report after Federal Reserve chair Jerome Powell said last week that policy decisions will be "driven by incoming data," while signalling a likely pause in the rate hiking cycle.

The rand has underperformed relative to emerging market peers this year as a power crisis showed no sign of abating and investor sentiment has been sapped by the country's "greylisting" by international financial crime watchdog the Financial Action Task Force.

The currency is down more than 7% against the dollar year-to-date.

On the stock market, the blue-chip index of the top 40 companies and the broader all-share index ended down 1%.

South Africa's benchmark 2030 government bond was slightly weaker, with the yield up 3 basis points at 10.360%.

Source: Thomson Reuters Refinitiv

An effort made for the happiness of others lifts above ourselves.

Lydia M. Child

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				10 May 2023	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.08	0.000	8.08	8.08
6 months	⇒	8.63	0.000	8.63	8.63
9 months	⇒	8.82	0.000	8.82	8.82
12 months	⇒	8.86	0.000	8.86	8.86
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)	↑	8.88	0.125	8.76	8.97
GC25 (Coupon 8.50%, BMK R186)	↑	9.08	0.125	8.96	9.17
GC26 (Coupon 8.50%, BMK R186)	↑	8.91	0.125	8.79	9.00
GC27 (Coupon 8.00%, BMK R186)	↑	9.52	0.125	9.40	9.61
GC28 (Coupon 8.50%, BMK R2030)	↑	10.12	0.155	9.96	10.21
GC30 (Coupon 8.00%, BMK R2030)	↑	10.62	0.155	10.46	10.71
GC32 (Coupon 9.00%, BMK R213)	↑	10.98	0.170	10.81	11.07
GC35 (Coupon 9.50%, BMK R209)	↑	12.18	0.160	12.02	12.26
GC37 (Coupon 9.50%, BMK R2037)	↑	13.03	0.165	12.87	13.12
GC40 (Coupon 9.80%, BMK R214)	↑	13.17	0.175	12.99	13.23
GC43 (Coupon 10.00%, BMK R2044)	↑	13.25	0.165	13.08	13.33
GC45 (Coupon 9.85%, BMK R2044)	↑	13.70	0.165	13.53	13.78
GC48 (Coupon 10.00%, BMK R2048)	↑	13.89	0.165	13.72	13.97
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.84	0.165	13.67	13.92
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)	⇒	3.59	0.000	3.59	3.59
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.14	0.000	5.14	5.14
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.13	0.000	6.13	6.13
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.43	0.000	6.43	6.43
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	2,034	0.63%	2,021	2,029
Platinum	↑	1,105	3.18%	1,071	1,108
Brent Crude	↑	77.4	0.56%	77.0	77.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,563	-0.57%	1,572	1,563
JSE All Share	↓	77,777	-1.01%	78,572	77,777
SP500	↓	4,119	-0.46%	4,138	4,119
FTSE 100	↓	7,764	-0.18%	7,778	7,764
Hangseng	↓	19,868	-2.12%	20,297	19,745
DAX	↑	15,955	0.02%	15,953	15,955
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	15,431	0.04%	15,425	15,431
Resources	↓	70,977	-1.68%	72,192	70,977
Industrials	↓	104,245	-1.00%	105,299	104,245
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.61	1.66%	18.31	18.63
N\$/Pound	↑	23.48	1.67%	23.10	23.52
N\$/Euro	↑	20.40	1.25%	20.15	20.43
US dollar/ Euro	↓	1.096	-0.40%	1.100	1.097
		Namibia		RSA	
Interest Rates & Inflation		Apr 23	Mar 23	Apr 23	Mar 23
Central Bank Rate	↑	7.25	7.00	7.75	7.75
Prime Rate	↑	11.00	10.75	11.25	10.75
		Mar 23	Feb 23	Mar 23	Feb 23
Inflation	⇒	7.2	7.2	7.1	7.0

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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