



## Market Update

Thursday, 11 May 2023



## Global Markets

Asian shares rose on Thursday as investors cheered signs of easing inflationary pressure in the U.S. after data showed consumer prices in April rose at a slower-than-expected pace.

The Labor Department's Consumer Price Index (CPI) rose 4.9% in April from a year ago, compared with expectations of a 5% increase, raising hopes that the Federal Reserve's interest rate hiking cycle is close to an end. Month-over-month CPI in April rose 0.4% after gaining 0.1% in March.

"Should the data stay strong again in May there is every likelihood the FOMC will have to revise up its GDP and inflation projections and take down its unemployment forecast of 4.5% for Q4 this year. That could have significant implications for the dot plot," ANZ analysts said in a note.

Markets are also watching out for China's consumer and producer price growth data and Japan's full-year earnings season which rolls on with Honda, Nissan and SoftBank Group among the companies reporting.

China's consumer prices rose at a slower pace and missed expectations in April, while factory gate deflation deepened, data showed on Thursday, suggesting more stimulus may be needed to boost a patchy post-COVID economic recovery.

Group of Seven (G7) finance leaders on Thursday opened three days of meetings in Japan and will seek to diversify supply chains away from China - but also try to get Beijing's cooperation in solving global debt problems.

Early in the Asian day, MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.4%.

Australian shares were down 0.19%, while Japan's Nikkei stock index slid 0.13%.

China's blue-chip CSI300 index edged up 0.15% in early trade, while Hong Kong's Hang Seng index opened 0.41% higher.

A gauge of global stock markets rose and bond yields slid on Wednesday after data showed U.S. consumer prices in April rose at a slightly slower-than-expected pace, suggesting the Federal Reserve is succeeding in taming high inflation.

The Nasdaq ended Wednesday at its highest intraday level in more than eight months, boosted by the lower-than-expected increase in April inflation and Alphabet Inc's latest artificial intelligence rollout.

The Nasdaq Composite added 1.04% while the Dow Jones Industrial Average fell 0.09% and the S&P 500 gained 0.45%.

The two-year Treasury yield, which typically moves in step with rate expectations, touched 3.9222% compared with a U.S. close of 3.901%. The yield on benchmark 10-year Treasury notes reached 3.4326% compared with its U.S. close of 3.436% on Wednesday.

The dollar index, which tracks the greenback against a basket of currencies of other major trading partners, edged 0.01% lower to 101.4.

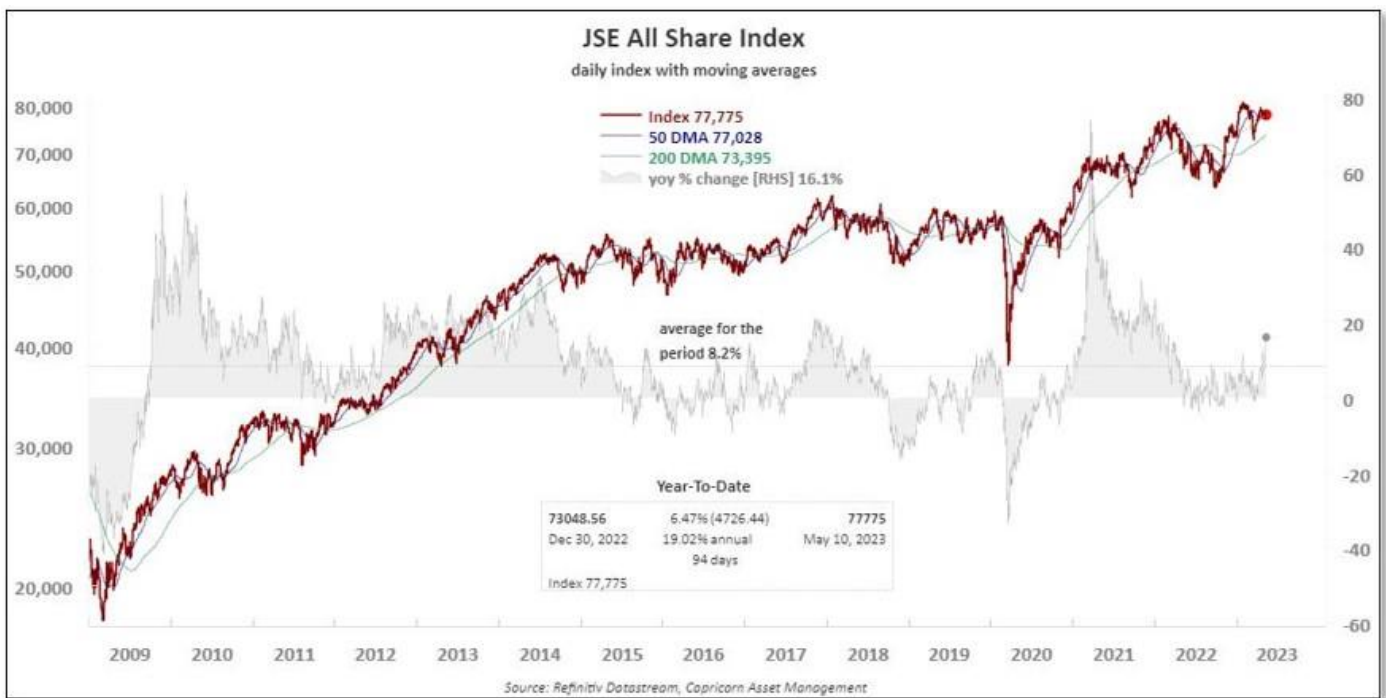
The Japanese yen held to gains and was last seen at 134.070. The European single currency was up 0.1% on the day at \$1.0989, having lost 0.28% in a month.

Oil prices rose in early Asian trade after strong demand for fuels in the U.S. outweighed concerns about the possibility of the world's biggest oil producer and consumer defaulting on its debt.

U.S. crude ticked up 0.54% to \$72.95 a barrel. Brent crude rose to \$76.81 per barrel.

Gold was slightly higher. Spot gold was traded at \$2034.43 per ounce.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

The South African rand plunged to a three-year low on Wednesday after a steep drop in the previous day, while international and domestic government bonds also fell, as fears grew of scheduled blackouts known as loadshedding worsening during winter.

At 1530 GMT, the rand was trading at 18.8750 against the U.S. dollar, its weakest level since early May 2020. On Tuesday, the rand had fallen about 1.7%.

South Africa's sovereign dollar bonds dropped, with longer dated maturities falling the most. At 1505 GMT the 2052 maturity was down 0.77 cents in the dollar to 82.8 cents, having fallen more than 1 cent earlier in the day. At one point the yield rose above 9%, its highest in almost six months.

South Africa's struggling state utility Eskom told parliament on Tuesday that there would be a 45-day delay in returning a generating unit online, according to local media.

The delay is likely to add further pressure on the grid during winter, when loadshedding across most parts of the country is already more than 10 hours a day.

"SA bonds and the ZAR (rand) are underperforming their EM counterparts," Kieran Siney of ETM Analytics said in emailed comments on Wednesday morning.

"Until there is a concrete plan to resolve SA's energy crisis that the market buys into, the underperformance will persist, notwithstanding the attractive yields on offer and deep undervaluation in the ZAR."

The government's local bonds also dropped, with yields on the benchmark 2030 bond rising 23 basis points to 10.560%, the highest level since December.

ETM Analytics said in a separate note on Wednesday morning that misleading headlines on Tuesday had sparked the market rout by giving "the impression that was losing control of the grid".

"SA is in trouble, the grid is under pressure, Eskom does face multiple threats, but none of this is anything new," it said.

On the stock market, the blue-chip index of top 40 companies ended down 0.17% while the broader all-share index was flat.

**Source: Thomson Reuters Refinitiv**

Love begins by taking care of the closest ones - the ones at home.

**Mother Teresa**



## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				11 May 2023	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	➡	8.08	0.000	8.08	8.08
6 months	⬆	8.65	0.017	8.63	8.65
9 months	⬆	8.84	0.025	8.82	8.84
12 months	⬆	8.89	0.025	8.86	8.89
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC23 (Coupon 8.85%, BMK R2023)	➡	8.30	0.000	8.30	8.30
GC24 (Coupon 10.50%, BMK R186)	⬆	9.17	0.290	8.88	9.22
GC25 (Coupon 8.50%, BMK R186)	⬆	9.37	0.290	9.08	9.42
GC26 (Coupon 8.50%, BMK R186)	⬆	9.20	0.290	8.91	9.25
GC27 (Coupon 8.00%, BMK R186)	⬆	9.81	0.290	9.52	9.86
GC28 (Coupon 8.50%, BMK R2030)	⬆	10.37	0.255	10.12	10.40
GC30 (Coupon 8.00%, BMK R2030)	⬆	10.87	0.255	10.62	10.90
GC32 (Coupon 9.00%, BMK R213)	⬆	11.22	0.245	10.98	11.25
GC35 (Coupon 9.50%, BMK R209)	⬆	12.37	0.190	12.18	12.40
GC37 (Coupon 9.50%, BMK R2037)	⬆	13.22	0.190	13.03	13.25
GC40 (Coupon 9.80%, BMK R214)	⬆	13.33	0.160	13.17	13.36
GC43 (Coupon 10.00%, BMK R2044)	⬆	13.39	0.140	13.25	13.42
GC45 (Coupon 9.85%, BMK R2044)	⬆	13.84	0.140	13.70	13.87
GC48 (Coupon 10.00%, BMK R2048)	⬆	14.03	0.145	13.89	14.06
GC50 (Coupon 10.25%, BMK: R2048)	⬆	13.98	0.145	13.84	14.01
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
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
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	⬇	2,030	-0.23%	2,034	2,031
Platinum	⬆	1,114	0.86%	1,105	1,111
Brent Crude	⬇	76.4	-1.33%	77.4	77.2
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	⬆	1,568	0.29%	1,563	1,568
JSE All Share	⬇	77,775	0.00%	77,777	77,775
SP500	⬆	4,138	0.45%	4,119	4,138
FTSE 100	⬇	7,741	-0.29%	7,764	7,741
Hangseng	⬇	19,762	-0.53%	19,868	19,699
DAX	⬇	15,896	-0.37%	15,955	15,896
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⬇	15,187	-1.58%	15,431	15,187
Resources	⬆	71,197	0.31%	70,977	71,197
Industrials	⬆	104,893	0.62%	104,245	104,893
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	⬆	18.86	1.36%	18.61	18.88
N\$/Pound	⬆	23.81	1.40%	23.48	23.83
N\$/Euro	⬆	20.71	1.54%	20.40	20.72
US dollar/ Euro	⬆	1.098	0.18%	1.096	1.098
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Apr 23</b>	<b>Mar 23</b>	<b>Apr 23</b>	<b>Mar 23</b>
Central Bank Rate	⬆	7.25	7.00	7.75	7.75
Prime Rate	⬆	11.00	10.75	11.25	10.75
		<b>Mar 23</b>	<b>Feb 23</b>	<b>Mar 23</b>	<b>Feb 23</b>
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

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**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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