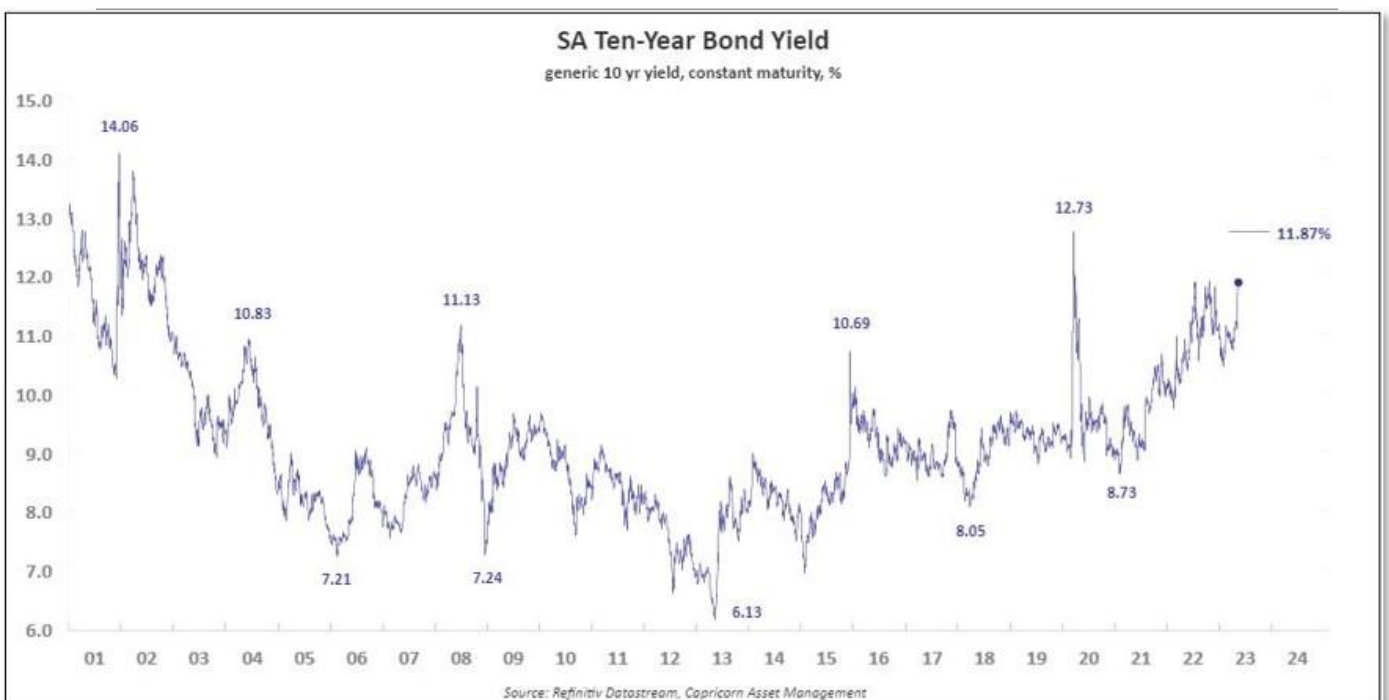




## Market Update

Friday, 12 May 2023



## Global Markets

Most Asian share markets were subdued on Friday and the dollar held onto its gains from safe-haven flows, after soft economic data from U.S. and China magnified concerns of a global slowdown, although Japanese stocks outperformed.

MSCI's broadest index of Asia-Pacific shares outside Japan slipped 0.2% and was headed for a weekly decline of 0.8%, weighed lower by a slew of data from China that pointed to a sluggish economic recovery after the lift of COVID lockdowns.

Japan's Nikkei, however, surged 0.8% to the highest level since November 2021, buoyed by strong earnings by Nissan and Honda Nasdaq futures rose 0.3% while the S&P 500 futures were 0.2% higher.

China's bluechips eased 0.1% in early trade although Hong Kong stocks eked out a small 0.2% gain, helped by a 8% jump in the e-commerce giant JD.com 9618.HK on its earnings beat and leadership changes.

China's economic recovery seems to be losing steam, with new bank loans tumbling sharply in April, consumer prices rising at the slowest pace in more than two years and imports unexpectedly contracting, driving in a plunge in commodity prices from copper, iron ore to oil.

Overnight, data showed U.S. jobless claims jumped to a 1-1/2-year high last week, while producer prices rose at smallest annual increase in more than two years, hinting at potentially more abrupt slowing in the world's largest economy.

The data added confidence that Federal Reserve is almost certain to pause its rate hikes at its policy meeting in June, with futures markets continuing to price in cuts of about 78 basis points by the end of the year.

"It's sort of a messy background for share markets and investment markets," said Shane Oliver, chief economist AMP in Sydney, noting the weaker global growth and return of bank worries.

"The silver lining in the cloud is inflationary pressures are diminishing, which takes pressure off central banks, notwithstanding the Bank of England continuing to hike."

Banking fears reverberated overnight. PacWest again led declines in regional banks with a sharp fall of 23% overnight, after it reported its deposits fell 9.5% last week.

Shares of U.S. big banks were also lower after U.S. Federal Deposit Insurance Corporation (FDIC) said big lenders would bear the cost of replenishing its deposit insurance fund caused by recent bank failures.

That pulled the Dow lower, although Nasdaq added 0.2%, supported by a 4.3% jump in Alphabet Inc on its rollout of more artificial intelligence products.

The uncertainty around raising U.S. debt ceiling lingers. A meeting between U.S. President Joe Biden and top lawmakers that had been scheduled for Friday has been postponed to early next week, with the IMF warning that a U.S. default would have "serious repercussions" for U.S. economy.

The U.S. dollar benefited from safe-haven flows amid growth concerns and banking worries, holding onto its 0.6% gain overnight at 102.05 against a basket of currencies.

The Chinese yuan hovered near its lowest level in two months at 6.948 per dollar, while Sterling nursed losses close to a one-week low of \$1.2515.

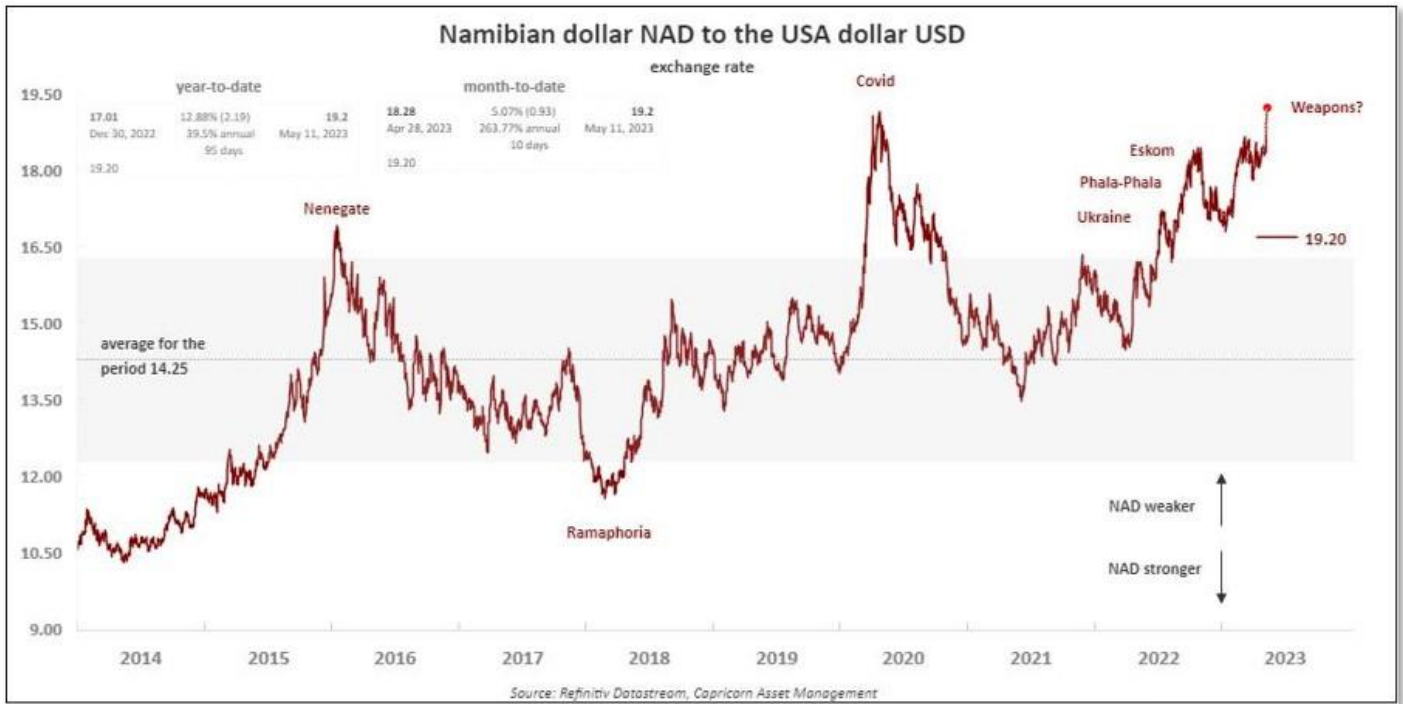
Treasury yields were slightly lower in Asia, after longer-dated yields declined further overnight on soft data. Benchmark 10-year notes were 2 basis points lower at 3.373%, while two-year yields were 3 bps lower 3.876%.

The Bank of England stuck to the script by raising its key interest rate by a quarter of a percentage point to 4.5% on Thursday. It, however, vowed that it would "stay the course" to curb the highest inflation of any major economy.

Oil was licking wounds after taking a hit on China. U.S. crude futures edged up 0.1% to \$70.96 per barrel, while Brent crude was little changed at \$74.97 per barrel.

Gold prices were 0.2% lower at \$2012.12 per ounce.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

A sell-off in the South African rand and bonds gathered pace on Thursday, as news reports that South Africa had provided arms to Russia spooked investors already concerned about the economic impact of crippling power cuts.

The rand touched a low of 19.3250 against the dollar, down as much as 2.4% on the day and hitting its weakest since the record low set on April 6, 2020, early in the COVID-19 pandemic.

By 1553 GMT the rand had pared some of its losses to trade around 1.6% weaker than its previous close.

"Today will go down as a historic day for the (rand) as the perfect storm hit," Kieran Siney of ETM Analytics said in emailed comments, citing news reports about the alleged arms shipment to Russia, intensifying concerns over power outages and dovish comments from a central bank deputy governor.

Local news website News24 cited the U.S. ambassador to South Africa as saying that Washington was confident that a cargo ship that docked near Cape Town in December had loaded weapons and ammunition before the ship went back to Russia.

Traders and analysts said they were concerned that South Africa could face Western sanctions if it was found to have supplied Russia with weapons while Moscow was waging war in Ukraine.

Asked by an opposition lawmaker in parliament about the News24 report, South African President Cyril Ramaphosa said: "The matter is being looked into."

Asked about the power crisis which sees many South African households and businesses go without electricity for more than 10 hours a day, Ramaphosa rejected a lawmaker's suggestion that his government had failed to address the issue.

Experts predict longer outages deeper into the southern hemisphere winter.

"Foreign investors are worried that our economy will be badly affected by the load-shedding," said Greg Davies, head of wealth at Cratos Capital, using a term for power cuts.

"It's getting bad now because we need to buy dollars to pay for diesel and that will be getting much more expensive with the rand now being so weak to the dollar."

Shares on the Johannesburg Stock Exchange also tumbled, with the blue-chip index ending the day down around 1%.

South Africa's sovereign dollar bonds fell as much as 2.6 cents in the dollar. Longer-dated maturities fell the most, with the Eurobond maturing in 2047 down as much as 2.645 cents in the dollar.

**Source: Thomson Reuters Refinitiv**

"Friday is a day to finish your goals for the week. It is a day to celebrate that which you set out to accomplish at the beginning of the week." ~ **Byron Pulsifer**

## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)					12 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	↑		8.12	0.034	8.08 8.12
6 months	↑		8.68	0.033	8.65 8.68
9 months	↑		8.90	0.058	8.84 8.90
12 months	↑		8.98	0.092	8.89 8.98
<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)	↑		9.64	0.470	9.17 9.66
GC25 (Coupon 8.50%, BMK R186)	↑		9.84	0.470	9.37 9.86
GC26 (Coupon 8.50%, BMK R186)	↑		9.67	0.470	9.20 9.69
GC27 (Coupon 8.00%, BMK R186)	↑		10.28	0.470	9.81 10.30
GC28 (Coupon 8.50%, BMK R2030)	↑		10.66	0.290	10.37 10.67
GC30 (Coupon 8.00%, BMK R2030)	↑		11.16	0.290	10.87 11.17
GC32 (Coupon 9.00%, BMK R213)	↑		11.50	0.275	11.22 11.51
GC35 (Coupon 9.50%, BMK R209)	↑		12.55	0.180	12.37 12.57
GC37 (Coupon 9.50%, BMK R2037)	↑		13.40	0.180	13.22 13.43
GC40 (Coupon 9.80%, BMK R214)	↑		13.48	0.150	13.33 13.50
GC43 (Coupon 10.00%, BMK R2044)	↑		13.54	0.155	13.39 13.57
GC45 (Coupon 9.85%, BMK R2044)	↑		13.99	0.155	13.84 14.02
GC48 (Coupon 10.00%, BMK R2048)	↑		14.18	0.150	14.03 14.21
GC50 (Coupon 10.25%, BMK: R2048)	↑		14.13	0.150	13.98 14.16
<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	↓		2,016	-0.69%	2,030 2,011
Platinum	↓		1,094	-1.83%	1,114 1,083
Brent Crude	↓		75.0	-1.87%	76.4 74.5
<b>Main Indices</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b> <b>Current Spot</b>
NSX Overall Index	↓		1,517	-3.24%	1,568 1,517
JSE All Share	↓		76,997	-1.00%	77,775 76,997
SP500	↓		4,131	-0.17%	4,138 4,131
FTSE 100	↓		7,731	-0.14%	7,741 7,731
Hangseng	↓		19,744	-0.09%	19,762 19,718
DAX	↓		15,835	-0.39%	15,896 15,835
<b>JSE Sectors</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b> <b>Current Spot</b>
Financials	↓		14,661	-3.46%	15,187 14,661
Resources	↓		69,272	-2.70%	71,197 69,272
Industrials	↑		105,652	0.72%	104,893 105,652
<b>Forex</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b> <b>Current Spot</b>
N\$/US dollar	↑		19.17	1.61%	18.86 19.17
N\$/Pound	↑		23.98	0.69%	23.81 24.01
N\$/Euro	↑		20.92	1.00%	20.71 20.94
US dollar/ Euro	↓		1.091	-0.60%	1.098 1.092
			<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>Apr 23</b>	<b>Mar 23</b>	<b>Mar 23</b> <b>Feb 23</b>
Inflation	↓		6.1	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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