

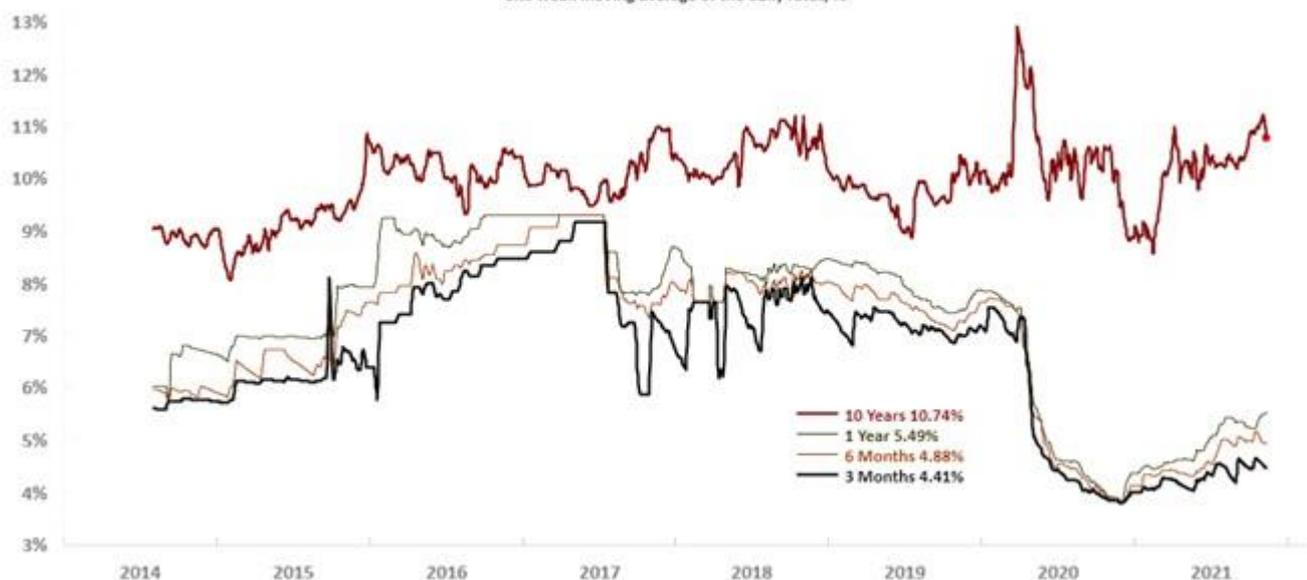


Market Update

Friday, 12 November 2021

Namibian Interest Rates of Different Maturities

one week moving average of the daily rates, %



Source: Refinitiv Datastream, Capricorn Asset Management

Global Markets

Asian share prices advanced on Friday as a shock from a surprisingly strong U.S. inflation reading ebbed, with investors now hopeful that the worst price hikes could be soon over.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.7% to reach its highest level in two weeks while Japan's Nikkei gained 1.1%, helped by brisk earnings. U.S. stock futures were up about 0.3% after a mixed session on Thursday when the S&P 500 ended 0.06% higher while tech-heavy Nasdaq rose 0.52%.

The world's stock prices posted their biggest fall in over a month on Wednesday following a surprisingly strong reading on U.S. inflation. The U.S. consumer price index rose 6.2% year-on-year in October, the strongest advance since November 1990. "Inflation is obviously a risk to watch. But stock prices will face a major crash only if the Federal Reserve turns out to be completely wrong in its assessment and is forced to raise interest rates rapidly. That's not where we are now," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley Securities.

While the inflation data suggested that the current wave of price spikes due to chronic worldwide supply constraints could have more staying power than many had hoped, many investors still think inflationary pressure will eventually ease, rather than strengthen. "If we get over the year-end holiday shopping season, when demand should be peaking, perhaps inflation could subside," said Hirokazu Kabeya, chief global strategist at Daiwa Securities.

"U.S. holiday sales are expected to rise 8.5% to 10% this year, with some consumers said to be starting to buy earlier than usual because of worries about supply glitches. If that's the case, we could see a pretty strong retail sales number next week, which would be positive for stocks," he added. U.S. retail sales for October are due next Tuesday.

Bond yields ticked up, with the 10-year U.S. Treasuries yield rising 1.9 basis points to 1.572% on Friday after a market holiday on Thursday. Money markets have already priced in two rate hikes next year.

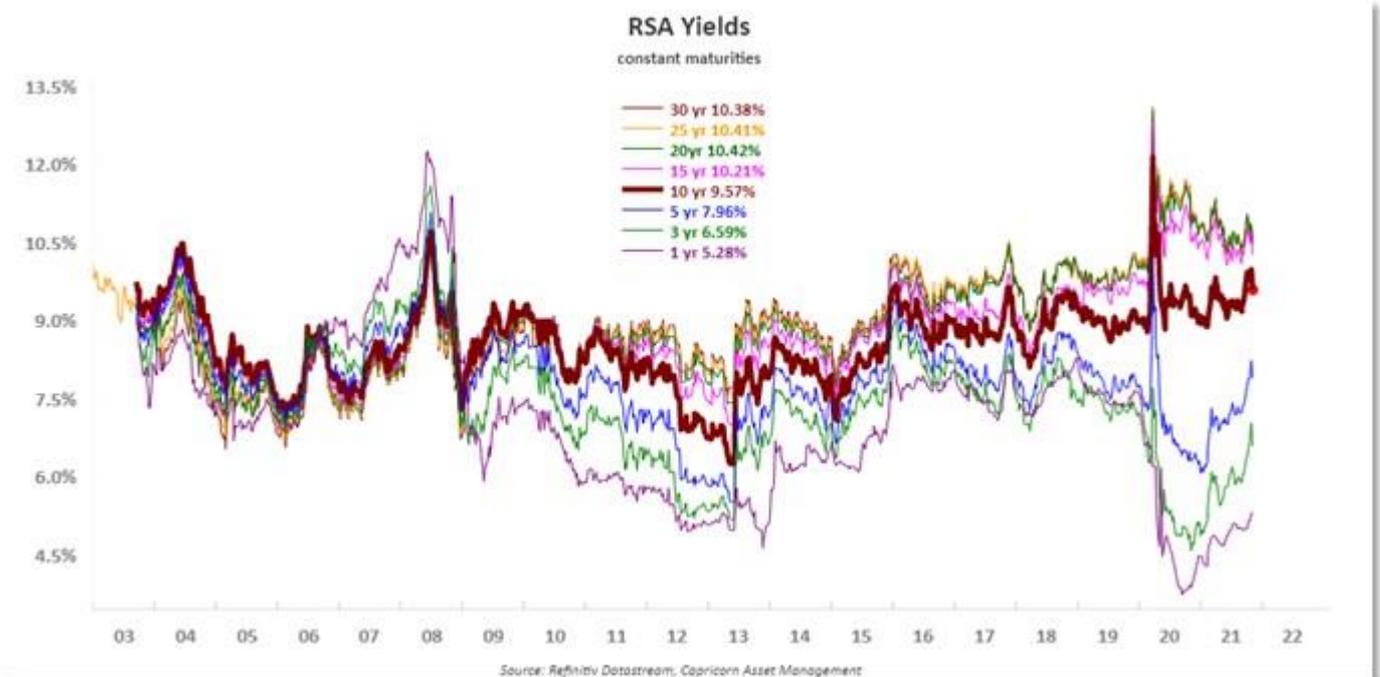
In the currency market, the dollar held firm after Wednesday's strong U.S. inflation reading fanned expectations the Fed would tighten monetary policy faster than previously thought. An index of the dollar against six other currencies rose to a 16-month high of 95.264 as the euro slipped to \$1.1449, near its lowest since July last year. The yen softened to 114.26 per dollar, near its four-year low hit last month while commodity currencies such as the Australian dollar and the Canadian dollar were on a back foot.

The Australian dollar hit a five-week low of \$0.7286 while the Canadian dollar slipped to C\$1.2588 per dollar, a low last seen in early October. "It is interesting if a growing number of investors are selling commodity currencies on expectations that the Fed's tightening will drive down commodity prices," said Makoto Noji, chief FX strategist at SMBC Nikko Securities.

Oil prices dipped slightly as the market grappled with a stronger U.S. dollar along with concern over increasing U.S. inflation, and after OPEC cut its 2021 oil demand forecast due to high prices. Brent crude futures were down 0.36% at \$82.56 per barrel while U.S. West Texas Intermediate (WTI) futures dropped 0.33% to \$81.32 per barrel.

Gold prices stayed near Wednesday's five-month highs as investors sought inflation hedges. They last stood at \$1,862 per ounce, near Wednesday's high of \$1,868.5.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand firmed and local bond yields edged lower on Thursday after the government pledged to cut the budget deficit and curb debt in its mid-term budget.

At 1500 GMT, the rand was trading at 15.2100 against the dollar, 1.62% stronger than its previous close.

The yield on government benchmark 2030 bonds was down 12.5 basis points at 9.265%.

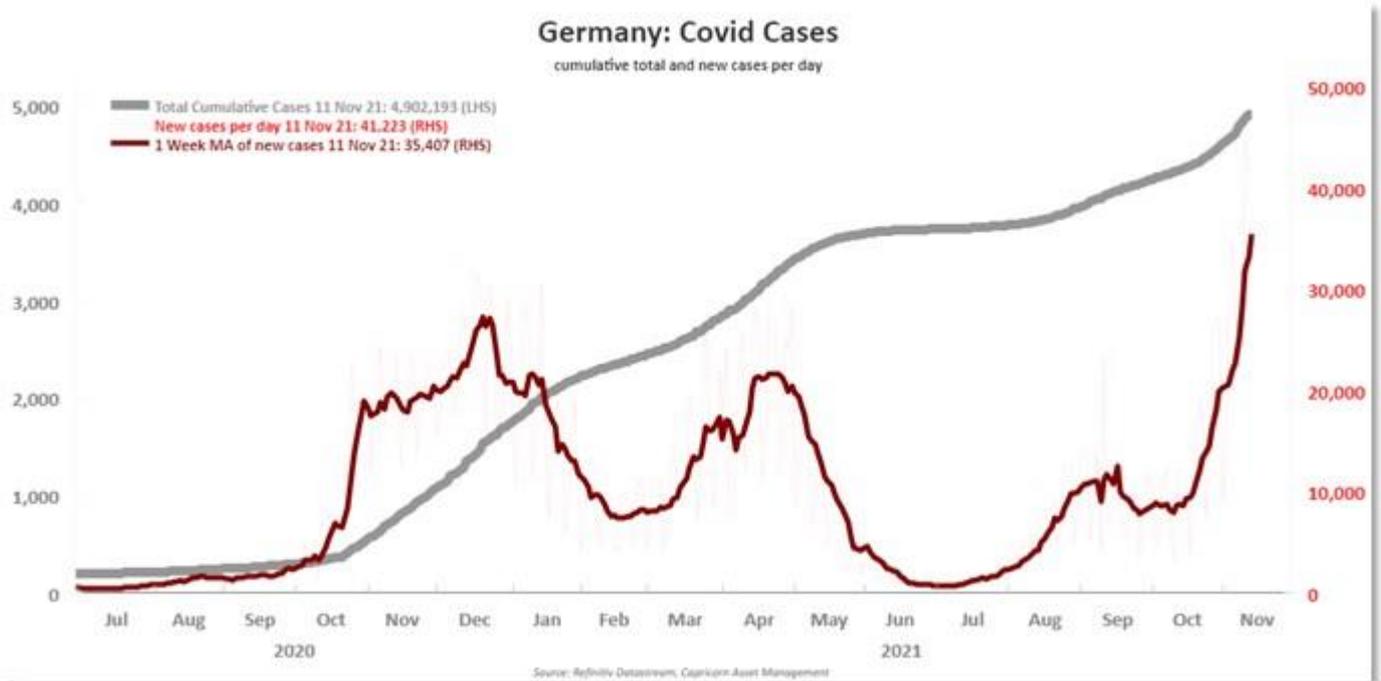
The National Treasury said it would not commit to new long-term spending despite a windfall from high commodities prices, as it promised to lower the deficit and debt. "Positive with room for improvement," said Danelee Masia at Deutsche Bank in a note to clients in response to the budget. "Slower than consensus consolidation path, but still considerably better than the February Review."

Stocks also closed higher, with the Johannesburg Stock Exchange's Top-40 Index closing up 1.37% at 62,382 points and the broader All-Share Index finishing up 1.25% at 69,132 points. Gold and platinum firms were the biggest winners for a second day in a row. Prices of gold approached a five-month peak on Thursday.

Anglo American Platinum finished 7.23% higher, followed by Anglo American Plc's local listing, up 5.8%, and Impala Platinum Holdings, up 5.4%.

Corona Tracker

GLOBAL CASES	11-Nov-2021		0:29
SOURCE - REUTERS	Confirmed Cases	New Cases	Total Deaths
GLOBAL	251,903,462	358,163	5,331,860



Source: Thomson Reuters Refinitiv

When there is a lack of honor in government, the morals of the whole people are poisoned.

Herbert Hoover

Market Overview

MARKET INDICATORS (Thomson Reuters)		12 November 2021			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	4.41	0.006	4.41	4.41
6 months	↑	4.90	0.016	4.88	4.90
9 months	↑	5.35	0.039	5.31	5.35
12 months	↑	5.53	0.092	5.44	5.53
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC22 (Coupon 8.75%, BMK R2023)	↓	4.62	-0.100	4.72	4.62
GC23 (Coupon 8.85%, BMK R2023)	↓	6.50	-0.100	6.60	6.50
GC24 (Coupon 10.50%, BMK R186)	↓	7.51	-0.095	7.61	7.51
GC25 (Coupon 8.50%, BMK R186)	↓	7.74	-0.095	7.84	7.74
GC26 (Coupon 8.50%, BMK R186)	↓	8.71	-0.095	8.81	8.71
GC27 (Coupon 8.00%, BMK R186)	↓	8.95	-0.095	9.04	8.95
GC30 (Coupon 8.00%, BMK R2030)	↓	10.14	-0.145	10.29	10.13
GC32 (Coupon 9.00%, BMK R213)	↓	10.90	-0.135	11.04	10.89
GC35 (Coupon 9.50%, BMK R209)	↓	11.40	-0.175	11.57	11.38
GC37 (Coupon 9.50%, BMK R2037)	↓	12.05	-0.175	12.23	12.04
GC40 (Coupon 9.80%, BMK R214)	↓	12.87	-0.200	13.07	12.85
GC43 (Coupon 10.00%, BMK R2044)	↓	13.10	-0.200	13.30	13.08
GC45 (Coupon 9.85%, BMK R2044)	↓	13.08	-0.200	13.28	13.06
GC48 (Coupon 10.00%, BMK R2048)	↓	13.11	-0.185	13.29	13.09
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.34	-0.185	13.52	13.32
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	3.95	0.000	3.95	3.95
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.94	0.000	3.94	3.94
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	6.20	0.000	6.20	6.20
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.96	0.000	7.96	7.96
GI36 (Coupon 4.80%, BMK NCPI)	⇒	8.18	0.000	8.18	8.18
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,862	0.65%	1,850	1,856
Platinum	↑	1,086	1.75%	1,067	1,083
Brent Crude	↑	82.9	0.28%	82.6	82.2
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,483	2.36%	1,449	1,483
JSE All Share	↑	69,132	1.25%	68,279	69,132
SP500	↑	4,649	0.06%	4,647	4,649
FTSE 100	↑	7,384	0.60%	7,340	7,384
Hangseng	↑	25,248	1.01%	24,996	25,303
DAX	↑	16,083	0.10%	16,068	16,083
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	14,118	-0.12%	14,135	14,118
Resources	↑	65,140	4.31%	62,451	65,140
Industrials	↓	89,627	-0.25%	89,852	89,627
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	15.27	0.45%	15.20	15.28
N\$/Pound	↑	20.42	0.22%	20.37	20.42
N\$/Euro	↑	17.48	0.20%	17.45	17.48
US dollar/ Euro	↓	1.145	-0.24%	1.148	1.144
		Namibia		RSA	
Interest Rates & Inflation		Oct 21	Sep 21	Oct 21	Sep 21
Central Bank Rate	⇒	3.75	3.75	3.50	3.50
Prime Rate	⇒	7.50	7.50	7.00	7.00
		Oct 21	Sep 21	Sep 21	Aug 21
Inflation	↑	3.6	3.5	5.0	4.9

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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer’s judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
