



Market Update

Thursday, 27 April 2023



Global Markets

Asian shares were subdued on Thursday as troubles at U.S. lender First Republic Bank continued to unnerve investors amid concerns that growth in the world's biggest economy could surprise on the downside.

The caution is set to extend to Europe, with pan-region Euro Stoxx 50 futures sliding 0.3%. Nasdaq futures, however, gained 0.6% as Facebook owner Meta soared 12% after the bell with its earnings beat, and S&P 500 futures rose 0.3%.

Intel and Amazon will report their results later on Thursday.

In Asia, MSCI's broadest index of Asia-Pacific shares outside Japan skidded 0.2%, while Japan's Nikkei trimmed earlier losses to be 0.1% lower.

Singapore's Straits Times Index fell 0.5%, dragged lower by real estate companies after the government raised taxes on private property purchases.

China and Hong Kong stocks oscillated between losses and gains, as investors weighed still steep declines in China's industrial profits data and new developments on the geopolitical front.

Investors cheered the phone call between President Xi Jinping and his Ukrainian counterpart Volodymyr Zelenskiy, but were disheartened by U.S. saying that Chinese cloud computing firms pose a threat to U.S. security.

On Thursday, Nomura 8604.T shares fell more than 7% after posting a sharp fall in quarterly net profit as a global banking crisis roiled markets and hit its investment banking business.

Overnight, the woes of First Republic continued, with its market value briefly sinking as much as 41% to about \$888 million, a far cry from its peak of more than \$40 billion in November 2021.

Investors are waiting to see whether it can find buyers for assets and engineer a turnaround after CNBC reported that U.S. government officials are currently unwilling to intervene.

"First Republic is a bank it would seem to soon be no more. As the bank attempts all manner of rescue strategies it continues to slide relentlessly," said Clifford Bennett, chief economist at ACY Securities.

"It is a case of the incredible shrinking bank. Until, in the end, it likely just simply ceases to exist."

Overnight, the S&P 500 and the Dow were pulled lower by weakness in economically sensitive sectors, hinting at mounting recession jitters.

The Atlanta Federal Reserve's GDPNow, which tracks how incoming data influences estimated gross domestic product (GDP), showed that the estimate for the first-quarter growth is now at an annualised 1.1%, sharply down from 2.5% just a week ago.

That suggests there may be a downside risk to U.S. first-quarter GDP data, due later on Thursday, with analysts polled by Reuters tipping an expansion of 2%. Wells Fargo lowered its forecast for U.S. GDP growth by 100 basis points to a 0.8% rise.

Fed funds futures are pricing in a chance of about 75% that the Federal Reserve will hike interest rates by 25 basis points (bps) at its May meeting next week.

In the currency markets, the euro edged 0.1% higher to \$1.1054, moving closer to its highest level in over a year of \$1.1095 hit just a day ago. It has benefited from bets that the economic outlook for Europe could be on the upside after Germany raised its economic forecast for growth this year.

The dollar index, which measures the currency against six major rivals, eased 0.1% to 101.3, on top of a 0.4% decline overnight, due to fresh concerns over a U.S. slowdown.

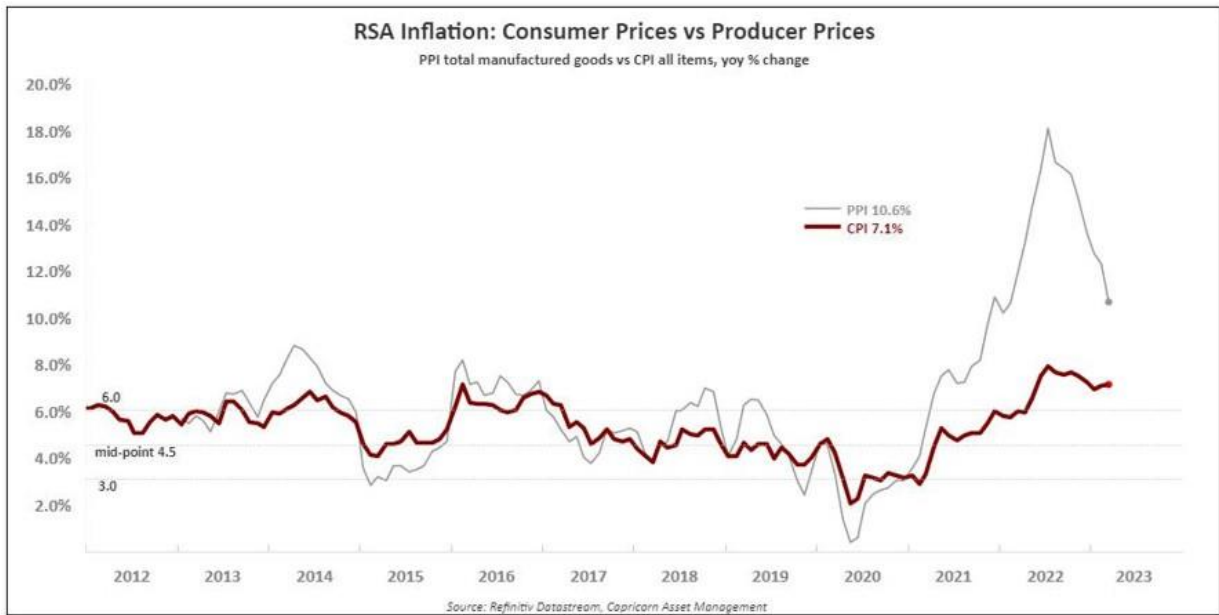
U.S. Treasuries yields mover slightly higher, with the two-years up 3 basis points to 3.953%, and ten-years up 2 bps to 3.4504%. One-month Treasury yields tumbled ahead of a possible Washington vote on the U.S. debt ceiling.

Oil recovered some ground on Thursday after tumbling almost 4% on recession fears. U.S. crude futures edged up 0.1% to \$74.4 per barrel, while Brent crude futures rose 0.3% to \$77.90 per barrel.

Gold gained 0.5% to \$1,990.04 per ounce.

Source: Thomson Reuters Refinitiv

Domestic Markets



The South African rand was steady against the dollar on Wednesday following data showing a dip in local producer inflation.

At 1556 GMT, the rand traded at 18.3700 to the dollar, near its previous close of 18.2675.

The dollar was down about 0.44% against a basket of currencies.

Shedding further light on inflationary pressures in Africa's most industrialised economy, statistics agency data showed on Wednesday that South Africa's producer inflation, slowed to 10.6% year-on-year in March from 12.2% in February.

On a month-on-month basis, it was at 1.0% in March from 0.6% the previous month.

Analysts polled by Reuters expected March producer inflation to fall to 10.95% in annual terms and rising to 1.4% from February.

South Africa's central bank said on Tuesday in a biannual monetary policy document that elevated core inflation was expected to slow the pace of disinflation in the near term.

South Africa marks Freedom Day on Thursday - which commemorates the first post-apartheid elections held on April 27, 1994 - and with the following Monday another public holiday, many local traders will be away from their desks from Wednesday's market close until next Tuesday.

Shares on the Johannesburg Stock Exchange rose slightly, with both the broader all-share index and blue-chip Top-40 index ending about 0.3% higher.

South Africa's benchmark 2030 government bond edged higher, with the yield down 2 basis points at 10.205%.

Source: Thomson Reuters Refinitiv

Ten people who speak make more noise than ten thousand who are silent.

Napoleon Bonaparte

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				27 April 2023	
Money Market TB Rates %					
		Last close	Difference	Prev close	Current Spot
3 months	→	8.47	0.000	8.47	8.47
6 months	→	8.85	0.000	8.85	8.85
9 months	↑	9.25	0.008	9.24	9.25
12 months	→	9.33	0.000	9.33	9.33
Nominal Bond Yields %					
		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	→	8.40	0.000	8.40	8.40
GC24 (Coupon 10.50%, BMK R186)	↓	9.13	-0.025	9.16	9.13
GC25 (Coupon 8.50%, BMK R186)	↓	9.28	-0.025	9.31	9.28
GC26 (Coupon 8.50%, BMK R186)	↓	9.18	-0.025	9.21	9.18
GC27 (Coupon 8.00%, BMK R186)	↓	9.65	-0.025	9.68	9.65
GC28 (Coupon 8.50%, BMK R2030)	↓	10.01	-0.020	10.03	10.01
GC30 (Coupon 8.00%, BMK R2030)	↓	10.71	-0.020	10.73	10.71
GC32 (Coupon 9.00%, BMK R213)	↓	11.38	-0.020	11.40	11.38
GC35 (Coupon 9.50%, BMK R209)	↓	12.65	-0.030	12.68	12.65
GC37 (Coupon 9.50%, BMK R2037)	↓	13.09	-0.030	13.12	13.09
GC40 (Coupon 9.80%, BMK R214)	↓	13.18	-0.050	13.23	13.17
GC43 (Coupon 10.00%, BMK R2044)	↓	13.95	-0.045	13.99	13.95
GC45 (Coupon 9.85%, BMK R2044)	↓	13.85	-0.045	13.89	13.85
GC48 (Coupon 10.00%, BMK R2048)	↓	14.00	-0.050	14.05	14.00
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.10	-0.050	14.15	14.10
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)	→	3.63	0.000	3.63	3.63
GI29 (Coupon 4.50%, BMK NCPI)	→	5.25	0.000	5.25	5.25
GI33 (Coupon 4.50%, BMK NCPI)	→	6.22	0.000	6.22	6.22
GI36 (Coupon 4.80%, BMK NCPI)	→	6.46	0.000	6.46	6.46
Commodities					
		Last close	Change	Prev close	Current Spot
Gold	↓	1,989	-0.42%	1,998	1,999
Platinum	↑	1,090	0.36%	1,086	1,094
Brent Crude	↓	77.7	-3.81%	80.8	78.1
Main Indices					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,564	0.76%	1,553	1,564
JSE All Share	↑	78,122	0.30%	77,891	78,122
SP500	↓	4,056	-0.38%	4,072	4,056
FTSE 100	↓	7,853	-0.49%	7,891	7,853
Hangseng	↑	19,757	0.71%	19,618	19,840
DAX	↓	15,796	-0.48%	15,872	15,796
JSE Sectors					
		Last close	Change	Prev close	Current Spot
Financials	↑	15,604	1.23%	15,415	15,604
Resources	↑	69,009	1.14%	68,231	69,009
Industrials	↓	106,108	-0.44%	106,574	106,108
Forex					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.39	0.13%	18.37	18.30
N\$/Pound	↑	22.93	0.60%	22.79	22.84
N\$/Euro	↑	20.31	0.75%	20.16	20.23
US dollar/ Euro	↑	1.104	0.62%	1.097	1.106
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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