



Market Update

Thursday, 6 April 2023



Global Markets

Asian stocks and U.S. equity futures sank on Thursday while bonds and the safe-haven U.S. dollar and Japanese yen were bid as mounting evidence of a U.S. slowdown fueled worries about a possible global recession. Crude oil also weakened.

Equity investors were inclined to take money off the table after recent strong gains and with many global markets heading into a holiday for Good Friday, when potentially pivotal U.S. monthly payrolls data is due.

Japan's Nikkei fell 1.3%, making it the region's worst performing major market alongside South Korea's Kospi, which sank the same amount.

Chinese blue chips eased 0.36%. Hong Kong's Hang Seng sagged 0.37%, with tech shares on the index down 1%

MSCI's broadest index of Asia-Pacific shares was down 0.9%, accelerating declines as the trading day unfolded. The index had risen more than 5% since mid-March to close at a 1 1/2-month high on Tuesday.

U.S. Nasdaq E-mini futures pointed to a 0.44% lower restart, after the tech stock benchmark slumped 1% overnight. E-mini futures for the broader S&P 500 indicated a 0.26% decline at the reopen, extending Wednesday's 0.25% slide.

"Cracks have started to appear in the U.S. economic data this week, and slowdown fears are re-emerging," spurring investors to sell riskier assets and shift to safer ones, including Treasuries and the dollar, IG analyst Tony Sycamore wrote in a client note.

"It makes sense to square some risk ahead of the Easter long weekend," he said. "All eyes are now on Friday's non-farm payrolls release."

Data overnight showed U.S. private employers hired far fewer workers than expected in March, adding to signs of a loosening labour market from earlier in the week.

The country's services sector also slowed more than expected, while earlier figures showed a stalling at factories as well.

As signs have built this week for a sharp U.S. slowdown, traders have been pricing for a more dovish Federal Reserve. Money markets now see the odds of a further quarter point hike at the May meeting versus a pause as a coin toss. And 71 basis points of easing are priced by year-end.

"Until last week, I think some stocks, including tech, were more driven by expectations for Fed rate cuts to come earlier (but) now global recession fears are the overwhelming factor," said Naka Matsuzawa, chief Japan market strategist at Nomura Securities in Tokyo.

"I don't think anyone at the Fed has even hinted at starting rate cuts this year, so in that sense the market is kind of challenging the Fed."

Treasury yields have fallen, with the 10-year note yielding around 3.29% in Tokyo, sticking close to the nearly seven-month low of 3.266% reached overnight.

That helped the yen, which is highly sensitive to U.S. yields, to gain against the fellow safe-haven greenback.

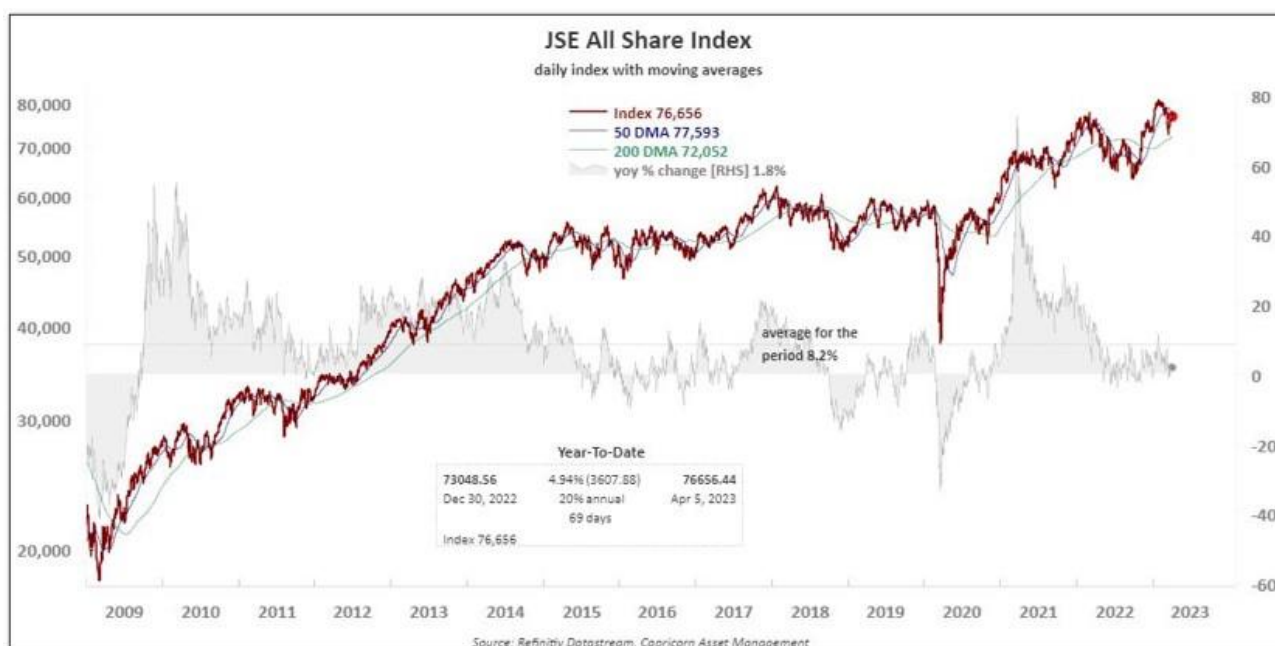
The dollar slipped 0.08% to 131.22 yen, but was higher against most other major currencies. The dollar index rose 0.14% to 102.01, continuing its bounce from a two-month low.

The risk-sensitive, commodity-linked Australian and New Zealand dollars slid 0.47% and 0.43% respectively against their U.S. peer. The euro was off 0.16% at \$1.08915.

Crude oil was also under pressure, with West Texas Intermediate losing 73 cents to \$79.88 a barrel and Brent off 74 cents at \$84.25.

Source: Thomson Reuters Refinitiv

Domestic Markets



South African stocks fell on Wednesday after U.S. data showed a decline in job openings, while the rand weakened against the dollar.

U.S. job openings data, a measure of labour demand, released on Tuesday dropped to 9.9 million in February - the lowest in almost two years.

For every unemployed person in the U.S., 1.7 job openings were available. This ratio, which is highly monitored by the U.S. Federal Reserve, fell from 1.9 in January.

"Our markets are echoing what we are seeing in the world's largest economy," said Shaun Murison, senior market analyst at IG.

On the Johannesburg Stock Exchange, the blue-chip Top-40 closed 1.07% down while the broader all-share index ended the day 1.04% lower.

Locally, the S&P Global South Africa Purchasing Managers' Index (PMI) released on Wednesday fell to 49.7 in March from 50.5 in February. A reading below 50 indicates a contraction in private sector economic activity.

At 1557 GMT, the rand traded at 18.0050 against the dollar, 0.49% weaker than its previous close. The dollar index, which measures the currency against six rivals, was up more than 0.2% at 101.79.

The government's benchmark 2030 bond was stronger, with the yield down 1 basis points to 9.780%.

Source: Thomson Reuters Refinitiv

"The great gift of Easter is hope."- Basil Hume

Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				06 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	⇒	8.73	0.000	8.73	8.73
9 months	⇓	9.02	-0.008	9.03	9.02
12 months	⇒	9.13	0.000	9.13	9.13
Nominal Bond Yields %					
		Last close	Difference	Prev close	Current Spot
GC23 (Coupon 8.85%, BMK R2023)	⇒	8.48	0.000	8.48	8.48
GC24 (Coupon 10.50%, BMK R186)	⇓	8.70	-0.080	8.78	8.73
GC25 (Coupon 8.50%, BMK R186)	⇓	8.85	-0.080	8.93	8.88
GC26 (Coupon 8.50%, BMK R186)	⇓	8.75	-0.080	8.83	8.78
GC27 (Coupon 8.00%, BMK R186)	⇓	9.22	-0.080	9.30	9.25
GC28 (Coupon 8.50%, BMK R2030)	⇓	9.58	-0.085	9.67	9.61
GC30 (Coupon 8.00%, BMK R2030)	⇓	10.28	-0.085	10.37	10.31
GC32 (Coupon 9.00%, BMK R213)	⇓	10.95	-0.070	11.02	10.98
GC35 (Coupon 9.50%, BMK R209)	⇓	12.34	-0.015	12.36	12.37
GC37 (Coupon 9.50%, BMK R2037)	⇓	12.79	-0.010	12.80	12.81
GC40 (Coupon 9.80%, BMK R214)	⇑	12.88	0.030	12.85	12.91
GC43 (Coupon 10.00%, BMK R2044)	⇒	13.67	0.000	13.67	13.70
GC45 (Coupon 9.85%, BMK R2044)	⇒	13.57	0.000	13.57	13.60
GC48 (Coupon 10.00%, BMK R2048)	⇒	13.74	0.000	13.74	13.77
GC50 (Coupon 10.25%, BMK: R2048)	⇒	13.84	0.000	13.84	13.87
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)	⇒	3.70	0.000	3.70	3.70
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.25	0.000	5.25	5.25
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.15	0.000	6.15	6.15
GI36 (Coupon 4.80%, BMK NCPI)	⇑	6.56	0.040	6.52	6.56
Commodities					
		Last close	Change	Prev close	Current Spot
Gold	⇑	2,020	0.02%	2,020	2,015
Platinum	⇓	997	-1.96%	1,017	1,005
Brent Crude	⇑	85.0	0.06%	84.9	84.5
Main Indices					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇓	1,579	-0.91%	1,594	1,579
JSE All Share	⇓	76,656	-1.04%	77,459	76,656
SP500	⇓	4,090	-0.25%	4,101	4,090
FTSE 100	⇑	7,663	0.37%	7,635	7,663
Hangseng	⇒	20,275	0.00%	20,275	20,194
DAX	⇓	15,520	-0.53%	15,603	15,520
JSE Sectors					
		Last close	Change	Prev close	Current Spot
Financials	⇓	15,624	-1.18%	15,810	15,624
Resources	⇓	67,618	-0.57%	68,009	67,618
Industrials	⇓	102,852	-1.19%	104,092	102,852
Forex					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	⇑	18.04	0.71%	17.91	18.06
N\$/Pound	⇑	22.48	0.45%	22.38	22.48
N\$/Euro	⇑	19.68	0.36%	19.61	19.68
US dollar/ Euro	⇓	1.090	-0.45%	1.095	1.090
		Namibia		RSA	
Interest Rates & Inflation					
		Mar 23	Feb 23	Mar 23	Feb 23
Central Bank Rate	⇒	7.00	7.00	7.75	7.25
Prime Rate	⇒	10.75	10.75	11.25	10.75
		Feb 23	Jan 23	Feb 23	Jan 23
Inflation	⇑	7.2	7.0	7.0	6.9

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.



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