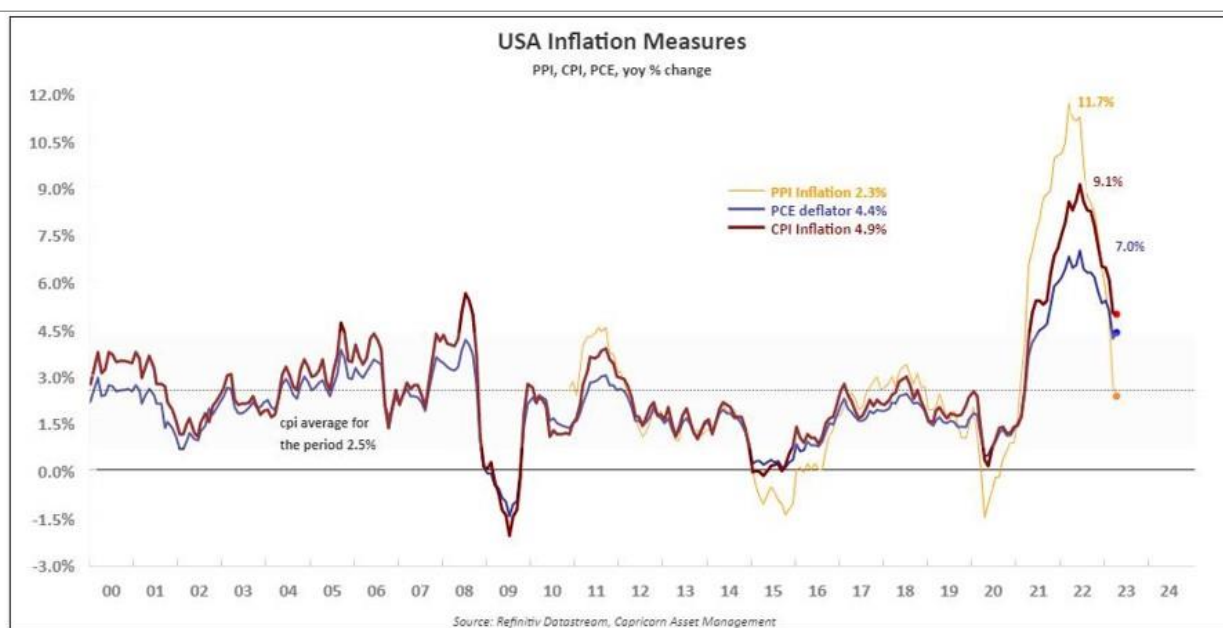




## Market Update

Friday, 09 June 2023



## Global Markets

Asia-Pacific equities rose to their highest level since mid-February on Friday, taking cues from an overnight Wall Street rally as market bets firmed for the Federal Reserve to skip a rate hike next week.

Japanese and Australian bond yields followed those on U.S. Treasuries lower, and the dollar remained on the defensive early in the Asian session.

MSCI's broadest index of Asia-Pacific shares added 0.6%, and at one point touched its strongest level since Feb. 16.

Much of that was driven by a 1.66% jump in Japan's Nikkei, which rebounded strongly following its plunge from a 33-year high in the previous session.

Hong Kong's Hang Seng added 0.21%, while mainland Chinese blue chips edged 0.1% higher.

On Wall Street, gains were led by the tech-heavy Nasdaq, which surged 1.27%. The broader S&P 500 rose 0.62%. E-mini U.S. equity futures in Asia pointed to about a 0.1% lower restart for each of the indexes.

Traders now lay 1-in-4 odds for the Fed to raise rates by a quarter point on June 14, versus 75% probability of a pause. However, the market sees a hike as mostly assured by the July 26 decision, laying the odds at about 80%.

Bets for a pause were supported by data overnight showing the number of Americans filing new jobless claims surged to a more than 1 1/2-year high.

Still, some analysts point to surprise rate increases at the Bank of Canada and Reserve Bank of Australia this week as reasons not to be complacent.

"I wouldn't go all in and say we're going to get a rate hike, but I think we should be at least 50% priced," said Tony Sycamore, an analyst at IG Markets in Sydney.

"I know people can point to Fed Chair (Jerome) Powell's comments as being more supportive of a hold than a hike, but there have been some interesting developments since he last spoke," Sycamore added.

"I can't imagine he'd be happy by the increase in core PCE inflation, nor the robust gain in non-farm payrolls."

Powell said on May 19 that it was still unclear if U.S. interest rates will need to rise further, and the risks of overtightening or undertightening had become more balanced.

Two-year Treasury yields, which are extremely sensitive to monetary policy expectations, were little changed at around 4.53% in Tokyo after a 3 basis-point (bp) decline by the New York close. The 10-year yield edged up to 3.73% after tumbling 7 bps overnight.

The U.S. dollar index, which measures the currency against a basket of six major peers, was little changed at 103.34, sticking close to the more than two-week low of 103.29 reached on Thursday.

The dollar added 0.15% to 139.135 yen, after earlier slipping to a one-week low of 138.765.

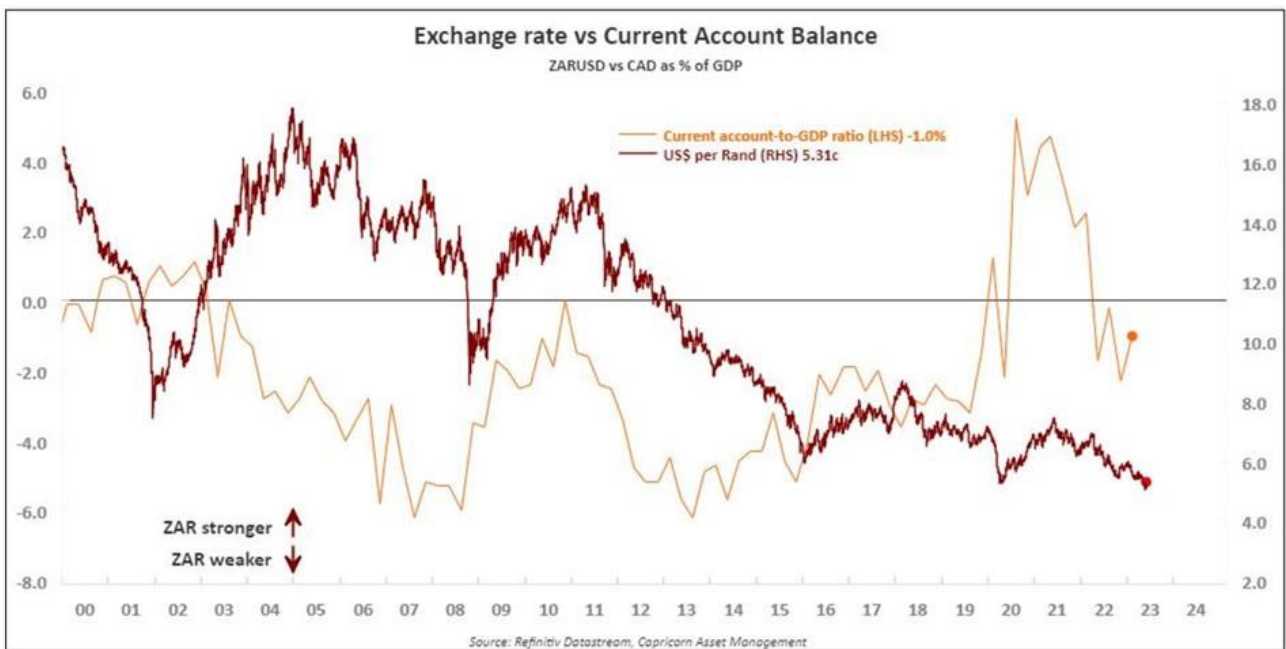
The euro was flat at \$1.0784, just below Thursday's two-week high of \$1.0787.

Elsewhere, the Turkish lira extended its decline to a new record low of 23.54 per dollar, even as President Tayyip Erdogan's appointment of a U.S. banker as central bank chief sent a fresh signal for a return to more orthodox policy.

Crude oil remained on the back foot on Friday following a report that the United States and Iran were close to a nuclear deal, although denials from both parties

Optimism for a deal, which reportedly included scope for an additional 1 million barrels per day of Iranian production, had knocked down West Texas Intermediate (WTI) crude by \$3.50 to just shy of \$69 at one point on Thursday.

WTI futures were last 47 cents weaker than Thursday's close at \$70.83. Brent crude futures were off 47 cents at \$75.49. **Source: Thomson Reuters Refinitiv**



## Domestic Markets

The South African rand jumped on Thursday, clinging to gains made since the start of the week on a weakening dollar and encouraging domestic data.

At 1512 GMT, the rand traded at 18.8600 against the dollar, more than 1.2% stronger than its previous close.

The dollar was last trading at 103.390 - around 0.63% weaker - against a basket of global currencies.

The South African rand on Wednesday briefly strengthened below 19 to the dollar for the first time in three weeks, also boosted by an easing of rolling power cuts.

The South African Reserve Bank on Thursday released data that showed the country's first-quarter current account deficit narrowed to 1% of gross domestic product.

South Africa's manufacturing output rose 3.4% year-on-year in April after falling by a revised 1.8% in March, statistics agency data showed.

The rand has been recovering after a tumultuous May when it tumbled more than 7% against the dollar on record power cuts and U.S. allegations that South Africa had supplied arms to Russia.

Nonetheless, investor sentiment remains sour with survey data on Wednesday showing business confidence at a three-year low.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index closed nearly 0.2% weaker.

South Africa's local benchmark 2030 government bond was marginally stronger, with the yield down 1 basis point at 10.830%.

**Source: Thomson Reuters Refinitiv**

Hope is like the sun, which, as we journey toward it, casts the shadow of our burden behind us.

Samuel Smiles



## Market Overview

MARKET INDICATORS (Thomson Reuters Refinitiv)				09 June 2023	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	8.58	0.000	8.58	8.58
6 months	⇒	9.11	0.000	9.11	9.11
9 months	⇩	9.37	-0.008	9.38	9.37
12 months	⇧	9.46	0.008	9.45	9.46
<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)	⇩	9.52	-0.025	9.54	9.52
GC25 (Coupon 8.50%, BMK R186)	⇩	9.72	-0.025	9.74	9.72
GC26 (Coupon 8.50%, BMK R186)	⇩	9.55	-0.025	9.57	9.55
GC27 (Coupon 8.00%, BMK R186)	⇩	10.16	-0.025	10.18	10.16
GC28 (Coupon 8.50%, BMK R2030)	⇩	10.63	-0.100	10.73	10.63
GC30 (Coupon 8.00%, BMK R2030)	⇩	11.13	-0.100	11.23	11.13
GC32 (Coupon 9.00%, BMK R213)	⇩	11.40	-0.105	11.51	11.40
GC35 (Coupon 9.50%, BMK R209)	⇩	12.49	-0.085	12.57	12.49
GC37 (Coupon 9.50%, BMK R2037)	⇩	13.30	-0.075	13.38	13.30
GC40 (Coupon 9.80%, BMK R214)	⇩	13.34	-0.060	13.40	13.33
GC43 (Coupon 10.00%, BMK R2044)	⇩	13.40	-0.055	13.45	13.40
GC45 (Coupon 9.85%, BMK R2044)	⇩	13.85	-0.055	13.90	13.85
GC48 (Coupon 10.00%, BMK R2048)	⇩	14.03	-0.060	14.09	14.03
GC50 (Coupon 10.25%, BMK: R2048)	⇩	13.98	-0.060	14.04	13.98
<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)	⇩	3.20	-0.030	3.23	3.20
GI27 (Coupon 4.00%, BMK NCPI)	⇩	3.68	-0.195	3.88	3.68
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.05	0.000	5.05	5.05
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.03	0.000	6.03	6.03
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.44	0.000	6.44	6.44
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	⇧	1,968	1.45%	1,940	1,965
Platinum	⇩	1,010	-0.82%	1,018	1,014
Brent Crude	⇩	76.0	-1.29%	77.0	75.4
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	⇧	1,600	0.38%	1,594	1,600
JSE All Share	⇩	77,015	-0.14%	77,126	77,015
SP500	⇧	4,294	0.62%	4,268	4,294
FTSE 100	⇩	7,600	-0.32%	7,624	7,600
Hangseng	⇧	19,299	0.25%	19,252	19,446
DAX	⇧	15,990	0.18%	15,961	15,990
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⇧	15,546	1.23%	15,357	15,546
Resources	⇩	69,197	-1.47%	70,231	69,197
Industrials	⇩	103,427	-0.06%	103,486	103,427
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	⇩	18.84	-1.25%	19.07	18.83
N\$/Pound	⇩	23.64	-0.31%	23.72	23.65
N\$/Euro	⇩	20.31	-0.48%	20.40	20.30
US dollar/ Euro	⇧	1.078	0.79%	1.070	1.078
<b>Interest Rates &amp; Inflation</b>		<b>Namibia</b>		<b>RSA</b>	
		<b>May 23</b>	<b>Apr 23</b>	<b>May 23</b>	<b>Apr 23</b>
Central Bank Rate	⇒	7.25	7.25	8.25	7.75
Prime Rate	⇒	11.00	11.00	11.75	11.25
		<b>Apr 23</b>	<b>Mar 23</b>	<b>Apr 23</b>	<b>Mar 23</b>
Inflation	⇩	6.1	7.2	6.8	7.1

**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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