



## Market Update

Thursday, 02 May 2024



## Global Markets

A gauge of global stocks fell on Wednesday while the dollar weakened against a basket of peers after the Federal Reserve left interest rates unchanged and indicated it is still leaning toward eventual rate cuts. However, the U.S. central bank put a red flag on recent disappointing inflation readings and suggested a possible stall in the movement toward more balance in the economy.

The Fed also announced plans to slow the speed of its balance sheet drawdown, after having spent much of the earlier part of the year warning of such a shift. "As expected, the Federal Open Market Committee decided to keep its key interest rate, the federal funds rate, unchanged," said Matthais Scheiber, global head of portfolio management for the systematic edge team at Allspring Global Investments in London. "We believe the Fed won't cut rates until it sees weakening in prices and labour market data - probably not before fall."

On Wall Street, the S&P 500 closed slightly lower in choppy trading in the wake of the Fed's policy announcement, after each of the three major indexes closed out April with their first monthly declines since October. The Dow Jones Industrial Average rose 87.37 points, or 0.23%, to 37,903.29, the S&P 500 lost 17.30 points, or 0.34%, to 5,018.39 and the Nasdaq Composite lost 52.34 points, or 0.33%, to 15,605.48.

Earlier, data from the ADP Employment report showed U.S. private payrolls increased more than expected in April while data for the prior month was revised higher. But a separate report from the Bureau of Labor Statistics in its Job Openings and Labor Turnover Survey, or JOLTS, showed U.S. job openings fell to a three-year low in March, while the number of people quitting their jobs declined - indications of easing labour market conditions that could potentially aid the Fed in its fight against inflation. Other data from the Institute for Supply Management pointed to continued sluggishness in U.S. manufacturing, which contracted in April amid a decline in orders after briefly expanding in the prior month. The data comes ahead of the U.S. government's key employment report on Friday.

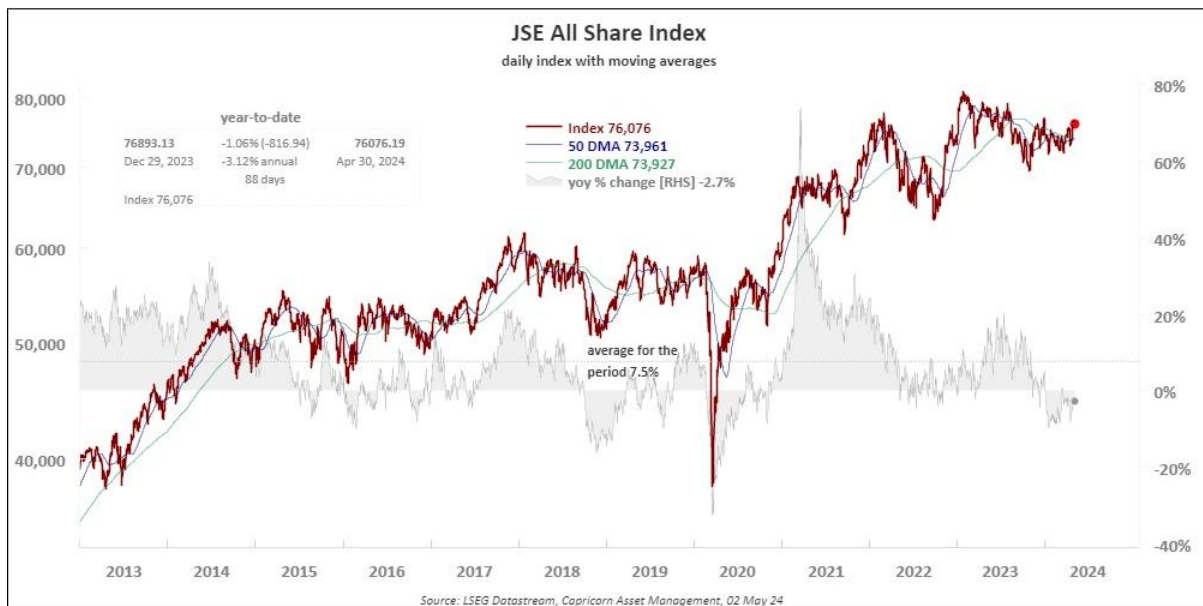
Markets have continued to dial back expectations for the timing and amount of rate cuts from the central bank this year, as inflation has proven to be sticky and the labour market remains on solid footing. After the policy statement, traders added to bets that the Fed will cut rates this year, likely in November. MSCI's gauge of stocks across the globe fell 2.22 points, or 0.29%, to 754.39 after briefly turning higher after the Fed's statement. Investors were also grappling with a deluge of U.S. corporate earnings, with Amazon.com up about 3% after its quarterly results, helping to lift the Dow.

The dollar index fell 0.19% at 106.12, following the Fed statement, after earlier reaching 106.49, the highest since April 16, with the euro up 0.23% at \$1.0689. Against the Japanese yen, the dollar weakened 0.18% at 157.52 while Sterling edged up 0.01% at \$1.2491.

The yield on benchmark U.S. 10-year notes fell 5.4 basis points to 4.63%, from 4.684% late on Tuesday, and the 2-year note yield, which typically moves in step with interest rate expectations, fell 8.6 basis points to 4.9602%, from 5.046%. European bond markets were closed for the May 1 holiday as were most stock markets in Europe and those in China, Hong Kong and much of Asia. Of the stock markets that were trading, Britain's FTSE ended 0.28% lower, and Japan's Nikkei closed down 0.34%.

Oil prices fell for a third day on increasing hopes for a ceasefire agreement in the Middle East and extending declines after the U.S. EIA storage report. U.S. crude settled down 3.58% to \$79.00 a barrel, and Brent fell to \$83.44 per barrel, settling down 3.35% on the day.

**Source: LSEG Thomson Reuters Refinitiv.**



## Domestic Markets

South Africa's rand weakened on Tuesday, tracking the U.S. dollar after a mixed batch of trade, budget and money supply data. At 1530 GMT, the rand traded at 18.8050 against the dollar, about 0.9% weaker than its previous close. The dollar was last trading up 0.35% against a basket of currencies after a report from the Labor Department showed hotter-than-expected first-quarter employment cost growth.

South Africa recorded a trade surplus of 7.27 billion rand (\$386.56 million) in March, revenue service figures showed on Tuesday. Economists polled by Reuters had expected a trade surplus of 15 billion rand. It also recorded a budget surplus of 2.07 billion rand in March, compared with a deficit of 56.27 billion rand in the same month a year earlier.

Earlier in the day, South African Reserve Bank data showed South Africa's March M3 money supply growth was at 6.85% year-on-year and credit growth at 5.18% year-on-year, both higher than expected by economists polled by Reuters. M3 is a measure of money supply released by the central bank, which includes all currency in circulation, bank deposits and debt securities, among others.

On the Johannesburg stock market, the Top-40 index closed 0.66% lower, while the broader all-share index was down 0.50%. South Africa's benchmark 2030 government bond was weaker, with the yield up 1.5 basis points to 10.675%. South African financial markets were closed for a public holiday on Wednesday.

**Source: LSEG Thomson Reuters Refinitiv.**

**Change your life today. Don't gamble on the future, act now, without delay.**

**Simone de Beauvoir**

## Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)					02 May 2024
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	8.83	0.000	8.83	8.83
6 months	⇒	8.86	0.000	8.86	8.86
9 months	⇒	8.92	0.000	8.92	8.92
12 months	⇒	8.95	0.000	8.95	8.95
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC24 (Coupon 10.50%, BMK R186)	⇒	9.17	0.000	9.17	9.08
GC25 (Coupon 8.50%, BMK R186)	⇒	9.78	0.000	9.78	9.69
GC26 (Coupon 8.50%, BMK R186)	⇒	9.54	0.000	9.54	9.45
GC27 (Coupon 8.00%, BMK R186)	⇒	9.82	0.000	9.82	9.73
GC28 (Coupon 8.50%, BMK R2030)	⇒	9.76	0.000	9.76	9.67
GC30 (Coupon 8.00%, BMK R2030)	⇒	10.30	0.000	10.30	10.21
GC32 (Coupon 9.00%, BMK R213)	⇒	10.14	0.000	10.14	10.05
GC35 (Coupon 9.50%, BMK R209)	⇒	11.06	0.000	11.06	10.97
GC37 (Coupon 9.50%, BMK R2037)	⇒	11.74	0.000	11.74	11.65
GC40 (Coupon 9.80%, BMK R214)	⇒	12.81	0.000	12.81	12.71
GC43 (Coupon 10.00%, BMK R2044)	⇒	12.89	0.000	12.89	12.80
GC45 (Coupon 9.85%, BMK R2044)	⇒	13.19	0.000	13.19	13.10
GC48 (Coupon 10.00%, BMK R2048)	⇒	13.23	0.000	13.23	13.14
GC50 (Coupon 10.25%, BMK: R2048)	⇒	13.31	0.000	13.31	13.22
<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)	⇒	3.10	0.000	3.10	3.10
GI27 (Coupon 4.00%, BMK NCPI)	↑	4.60	0.070	4.53	4.60
GI29 (Coupon 4.50%, BMK NCPI)	↑	4.97	0.060	4.91	4.97
GI33 (Coupon 4.50%, BMK NCPI)	↑	5.62	0.010	5.61	5.62
GI36 (Coupon 4.80%, BMK NCPI)	↑	6.07	0.060	6.01	6.07
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	2,318	1.41%	2,286	2,316
Platinum	↑	950	1.78%	934	960
Brent Crude	↓	83.4	-5.03%	87.9	84.0
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	⇒	1,691	0.00%	1,691	1,691
JSE All Share	⇒	76,076	0.00%	76,076	76,076
SP500	↓	5,018	-0.34%	5,036	5,018
FTSE 100	↓	8,121	-0.28%	8,144	8,121
Hangseng	⇒	17,763	0.00%	17,763	18,182
DAX	⇒	17,932	0.00%	17,932	17,932
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⇒	16,591	0.00%	16,591	16,591
Resources	⇒	61,271	0.00%	61,271	61,271
Industrials	⇒	105,022	0.00%	105,022	105,022
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	18.79	0.04%	18.78	18.58
N\$/Pound	↑	23.54	0.31%	23.46	23.30
N\$/Euro	↑	20.13	0.47%	20.03	19.92
US dollar/ Euro	↑	1.071	0.41%	1.067	1.072
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Apr 24</b>	<b>Mar 24</b>	<b>Apr 24</b>	<b>Mar 24</b>
Central Bank Rate	⇒	7.75	7.75	8.25	8.25
Prime Rate	⇒	11.50	11.50	11.75	11.75
		<b>Mar 24</b>	<b>Feb 24</b>	<b>Mar 24</b>	<b>Feb 24</b>
Inflation	↓	4.5	5.0	5.3	5.6



**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.*



**Capricorn Asset Management**



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