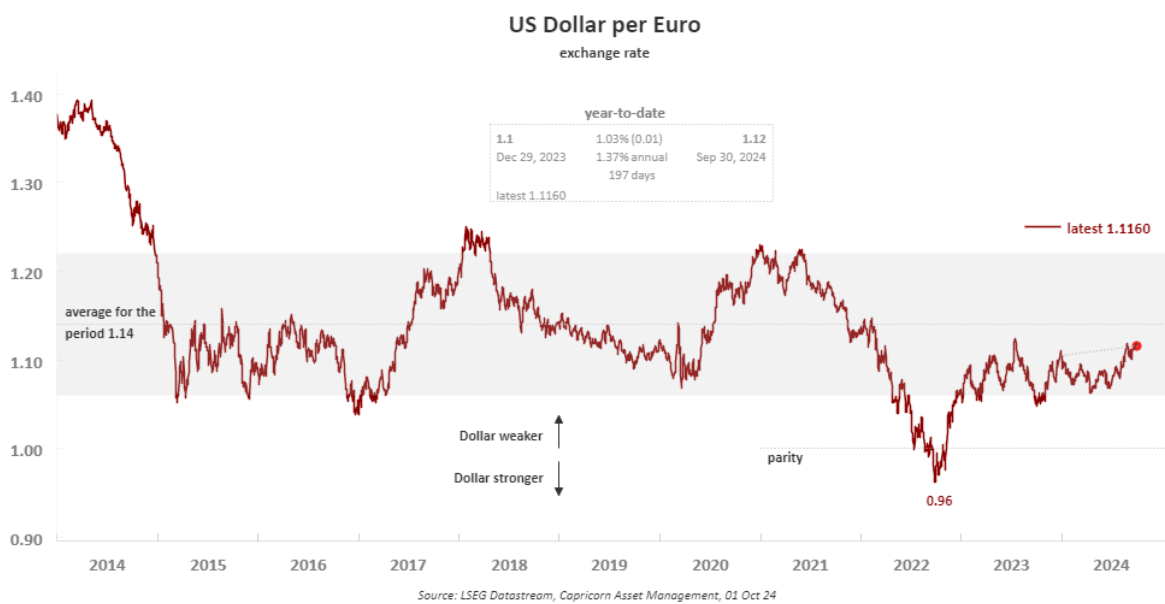




Market Update

Tuesday, 01 Oct 2024



Global Markets

MSCI's global equities index fell on Monday and the dollar rose as the Federal Reserve Chair Jerome Powell dampened hopes for another big rate cut, while oil futures ended flat after a choppy session on concerns about an escalating conflict in the Middle East. Global benchmark Brent crude, however, posted its biggest monthly loss since November 2022 and its biggest quarterly drop in a year, slumping 17% in the third quarter, as waning global demand concerns overshadowed fears of the conflict curtailing supply.

Stock trading was choppy after the Powell suggested that the central bank was not in a hurry to cut rates. While some investors had been betting on more substantial easing, Powell signalled that the Fed would make two 25 basis point cuts this year if the economy evolves as expected. "That sounded less dovish than the market had priced in. There were some expectations for a 50 basis point cut by the end of the year. That comment probably took it off the table," said Robert Phipps, a director at Per Stirling Capital Management in Austin, Texas.

Wall Street indexes had rallied last week with help from a benign reading on core U.S. inflation on Friday that had boosted bets for another half-point rate from the Fed. But on Monday traders saw a 36.7% probability of a 50 basis point cut in November, down from 53.3% on Friday, according to the latest reading on CME Group's FedWatch tool. While stocks fell during Powell's speech, they

regained lost ground with the S&P 500 and the Dow registering record closing highs on the last day of the quarter when many traders make last minute adjustments to their portfolios. "The price increases at the end of the day were probably due in part to quarter-end-window dressing," said Rick Meckler, partner, Cherry Lane Investments, a family investment office in New Vernon, New Jersey.

The Dow Jones Industrial Average rose 17.15 points, or 0.04%, to 42,330.15, the S&P 500 rose 24.31 points, or 0.42%, to 5,762.48 and the Nasdaq Composite rose 69.58 points, or 0.38%, to 18,189.17. For the month, the S&P 500 gained 2.01% and for the quarter it rose 5.53%. MSCI's gauge of stocks across the globe fell 1.82 points, or 0.21%, to 851.02 for the day. For the month the global index was showing an increase of around 2% and for the quarter it was registering a gain of around 6%. Along with the Fed commentary, Per Stirling Capital's Phipps said that investors were monitoring the Middle East fighting and devastation from Hurricane Helene, as well as an impending strike by U.S. port workers and news from China.

In Beijing's trading day, equities had rallied sharply after China's latest round of stimulus. China government stimulus measures announced last week continued to boost stock markets, with the blue-chip CSI300 closing up 8.5%, its biggest daily gain since 2008 adding to its 25% run-up in the last five trading sessions.

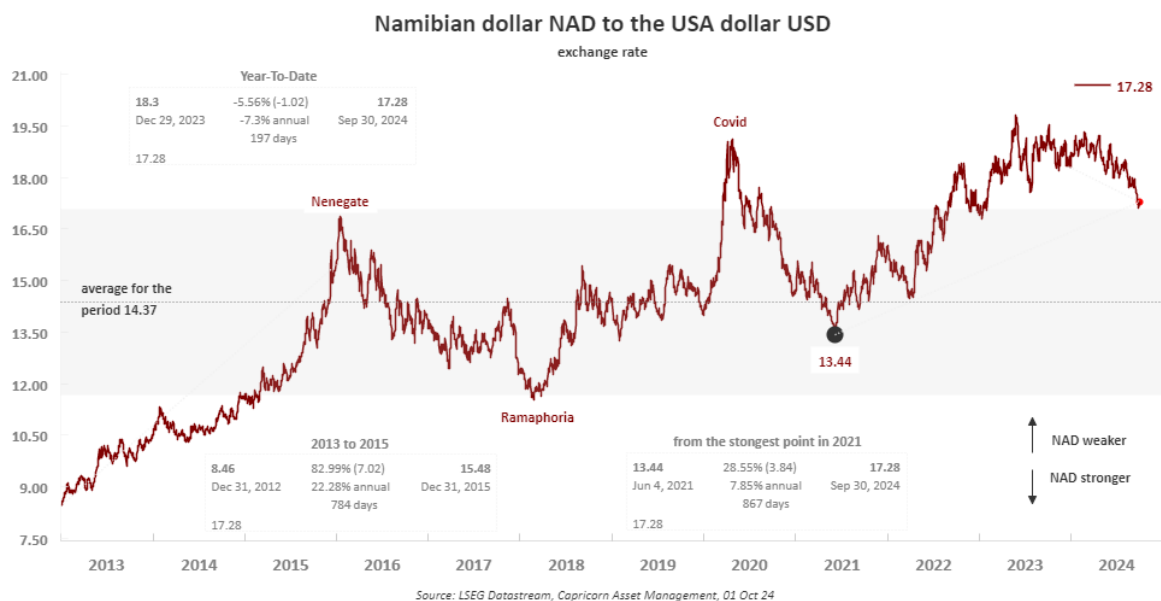
The dollar rose after Powell's more hawkish tone led traders to pare bets for a big rate cut in November. "He took his hawkish pills," said Steve Englander, head, global G10 FX Research and North America macro strategy at Standard Chartered Bank's NY Branch suggesting that the market may be "beginning to worry that they're serious about doing 25 (basis point cuts)." The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.32% to 100.76. The euro was down 0.27% at \$1.1133 while against the Japanese yen, the dollar strengthened 1% to 143.61.

In Treasuries, the yield on benchmark U.S. 10-year notes rose 3.6 basis points to 3.785%, from 3.749% late on Friday. The 2-year note yield, which typically moves in step with interest rate expectations, rose 7.4 basis points to 3.637%, from 3.563% late on Friday. And a closely watched part of the U.S. Treasury yield curve measuring the gap between yields on two- and 10-year Treasury notes, seen as an indicator of economic expectations, was at a positive 14.6 basis points.

In energy markets, U.S. crude settled down 1 cent at \$68.17 a barrel but tumbled 7% in September in its biggest monthly decline since October 2023, and slumped 16% in its biggest quarterly drop since the third quarter 2023. Brent edged down 21 cents to \$71.77 per barrel. It posted a roughly 9% drop in September, its biggest decline since November 2022 and its third consecutive monthly loss, along with a near 17% quarterly drop, also its biggest in a year.

Gold eased, taking a breather after a historic rally driven by U.S. monetary easing and heightened Middle East tensions, which puts it on course for its biggest quarterly gain since early 2020. Spot gold fell 1% to \$2,631.39 an ounce. U.S. gold futures fell 0.54% to \$2,629.90 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

The South African rand slipped on Monday as it took a breather after two weeks of gains following an improvement in investor sentiment towards the currency. At 1527 GMT, the rand traded at 17.25 against the dollar, about 0.8% weaker than its closing level on Friday. A 50 basis point interest rate cut by the Federal Reserve earlier this month, followed by a 25 basis point cut by the South African Reserve Bank (SARB) helped the rand hit repeated 20-month highs against the greenback last week.

Improving domestic economic activity coupled with a surprisingly stable coalition government formed over 100 days ago has also boosted the currency, analysts said. The risk-sensitive rand could take direction from a slew of local and U.S. economic data releases this week. "R17.00/USD is a major resistance level... (the rand) will likely require further momentum to convincingly pierce it, driven either by positive data outcomes, or further US interest rate cut surprises, or both," said Annabel Bishop, chief economist at Investec. Key U.S. releases include job openings data on Tuesday and Friday's employment report for September.

SARB data on Monday showed a pickup in August private sector credit growth to 4.95% year-on-year, a positive sign which may help Africa's most industrialised economy build momentum in the second half of the year. South Africa recorded a trade surplus of 5.63 billion rand (\$327.70 million) and budget deficit of 19.40 billion rand in August, figures released by the revenue service and National Treasury, respectively, showed.

On the stock market, the Top-40 index closed 1.26% lower. The benchmark 2030 government bond was weaker, with the yield up 4.5 basis points at 8.845%.

Source: LSEG Thomson Reuters Refinitiv.

Two roads diverged in a wood and I - I took the one less traveled by, and that has made all the difference.

Robert Frost

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				01 October 2024	
Money Market TB Rates %					
		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.40	0.000	8.40	8.20
6 months	⇓	8.55	-0.008	8.56	8.35
9 months	⇓	8.56	-0.050	8.61	8.37
12 months	⇓	8.44	-0.025	8.46	8.25
Nominal Bond Yields %					
		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⇑	8.11	0.040	8.07	8.10
GC25 (Coupon 8.50%, BMK R186)	⇑	8.10	0.040	8.06	8.09
GC26 (Coupon 8.50%, BMK R186)	⇑	8.17	0.040	8.13	8.17
GC27 (Coupon 8.00%, BMK R186)	⇑	8.47	0.040	8.43	8.47
GC28 (Coupon 8.50%, BMK R2030)	⇑	8.56	0.045	8.52	8.55
GC30 (Coupon 8.00%, BMK R2030)	⇑	8.78	0.045	8.74	8.77
GC32 (Coupon 9.00%, BMK R213)	⇑	9.33	0.055	9.27	9.32
GC35 (Coupon 9.50%, BMK R209)	⇑	10.07	0.045	10.02	10.06
GC37 (Coupon 9.50%, BMK R2037)	⇑	10.63	0.045	10.59	10.63
GC40 (Coupon 9.80%, BMK R214)	⇑	11.25	0.035	11.22	11.25
GC43 (Coupon 10.00%, BMK R2044)	⇑	11.41	0.040	11.37	11.41
GC45 (Coupon 9.85%, BMK R2044)	⇑	11.76	0.040	11.72	11.76
GC48 (Coupon 10.00%, BMK R2048)	⇑	11.67	0.045	11.62	11.66
GC50 (Coupon 10.25%, BMK: R2048)	⇑	11.72	0.045	11.67	11.71
Inflation-Linked Bond Yields %					
		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.10	0.000	3.10	3.75
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.60	0.000	4.60	4.57
GI29 (Coupon 4.50%, BMK NCPI)	⇒	4.97	0.000	4.97	4.82
GI33 (Coupon 4.50%, BMK NCPI)	⇒	5.62	0.000	5.62	5.42
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.07	0.000	6.07	5.78
Commodities					
		Last close	Change	Prev close	Current Spot
Gold	⇓	2,634	-0.88%	2,658	2,643
Platinum	⇓	976	-2.41%	1,000	985
Brent Crude	⇓	71.8	-0.29%	72.0	71.8
Main Indices					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇓	1,898	-1.16%	1,920	1,898
JSE All Share	⇓	86,548	-1.18%	87,580	86,548
SP500	⇑	5,762	0.42%	5,738	5,762
FTSE 100	⇓	8,237	-1.01%	8,321	8,237
Hangseng	⇑	21,134	2.43%	20,632	21,134
DAX	⇓	19,325	-0.76%	19,474	19,325
JSE Sectors					
		Last close	Change	Prev close	Current Spot
Financials	⇓	21,234	-1.45%	21,545	21,234
Resources	⇓	57,845	-1.99%	59,022	57,845
Industrials	⇓	119,805	-0.78%	120,741	119,805
Forex					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	⇑	17.27	0.92%	17.12	17.27
N\$/Pound	⇑	23.10	0.90%	22.89	23.09
N\$/Euro	⇑	19.23	0.66%	19.11	19.23
US dollar/ Euro	⇓	1.113	-0.26%	1.116	1.114
Interest Rates & Inflation					
		Namibia		RSA	
		Sep 24	Aug 24	Sep 24	Aug 24
Central Bank Rate	⇓	7.50	7.75	8.00	8.25
Prime Rate	⇓	11.25	11.50	11.50	11.75
		Aug 24	Jul 24	Aug 24	Jul 24
Inflation	⇓	4.4	4.6	4.4	4.6

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 listeds

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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