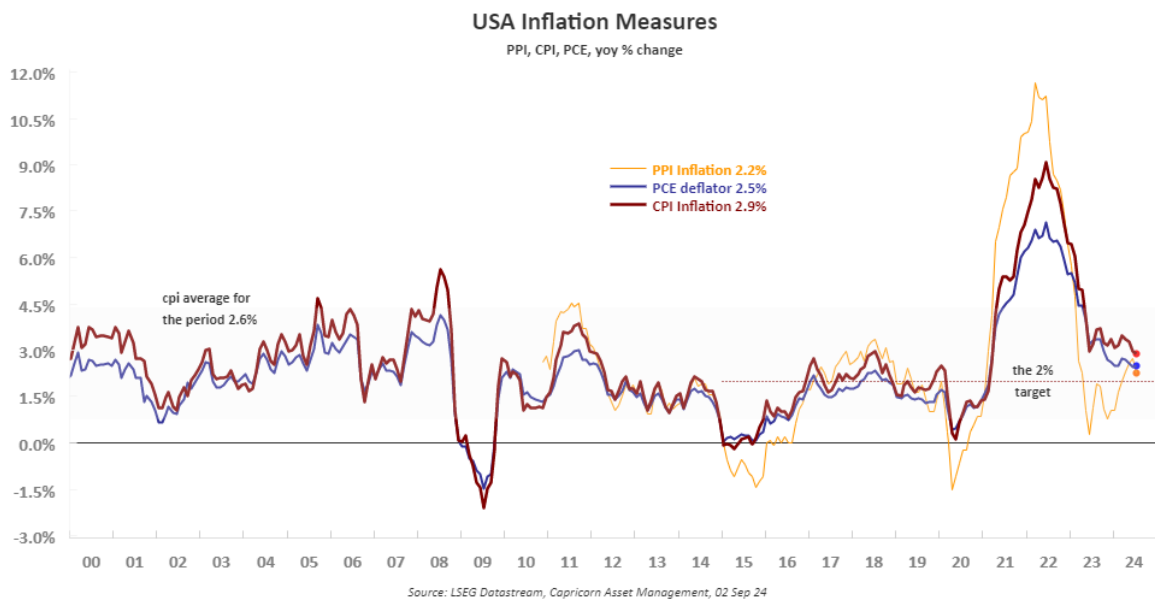




Market Update

Friday, 06 Sep 2024



Global Markets

MSCI's global equities index edged down on Thursday as investors digested mixed economic data while they anxiously waited for Friday's crucial U.S. jobs report and oil prices held near 14-month lows as demand worries offset draws on inventories. U.S. Treasury yields fell and two-year yields reached a 15-month low after ADP's private sector August jobs data showed fewer new jobs than anticipated.

Thursday's data showed U.S. private employers hired the fewest workers in 3-1/2 years in August while the July number was revised lower, potentially hinting at a sharp labour market slowdown. The weak data did little to calm investor jitters as they waited for Friday's U.S. non-farm payroll report for August, which is expected to clarify how fast the U.S. Federal Reserve will cut interest rates at its September meeting. Economists are expecting 160,000 new jobs for August up from 114,000 in July. While bets have increased to 41% from 34% a week ago that the Fed might kick-off its long-awaited easing cycle with a half percentage point move this month, traders still see a roughly 59% probability that the cut will just be a quarter of a percentage point according to CME Group's FedWatch tool.

On Tuesday, Wall Street indexes had suffered their biggest daily losses in almost a month as investor anxiety about the U.S. economy intensified.

Tuesday's decline "did some damage to the psyche of the majority of the bulls and kept people a little more nervous yesterday and today," said Michael James, managing director of equity trading at Wedbush Securities in Los Angeles. "Today's data was similarly softer making it more likely we're going to have a meaningful move in the market on the jobs report tomorrow morning," said James, noting that "increased anxiety levels will bring about more trimming of positions than adding to positions." Still, Thursday's data also showed steady U.S. services sector activity in August with the Institute for Supply Management's non-manufacturing purchasing managers index at 51.5 last month compared to 51.4 in July. But while the services data appeared to encourage traders earlier in the U.S. trading session, stock indexes lost steam as the day wore on and investors braced for Friday's data.

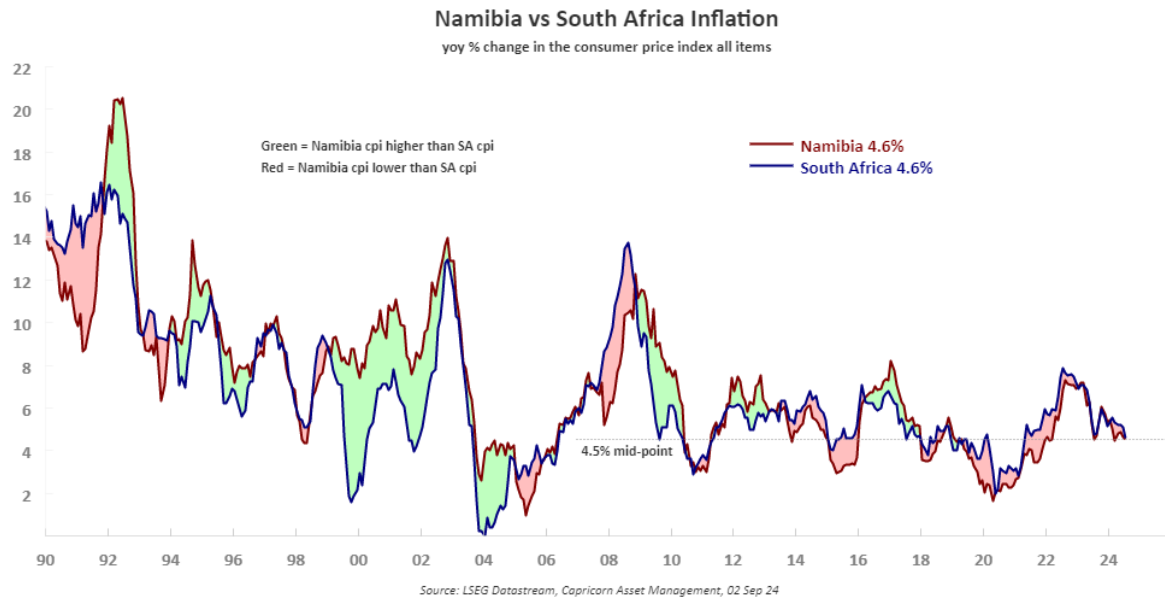
On Wall Street, the Dow Jones Industrial Average fell 219.22 points, or 0.54%, to 40,755.75, the S&P 500 lost 16.66 points, or 0.30%, to 5,503.41 and the Nasdaq Composite gained 43.37 points, or 0.25%, to 17,127.66. MSCI's gauge of stocks across the globe fell 1.79 points, or 0.22%, to 813.26, showing its fourth straight day of declines. Earlier in the day, Europe's STOXX 600 index had closed down 0.54%.

In currencies, the dollar eased in a choppy session as investors prepared themselves for Friday's U.S. payrolls report. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, fell 0.17% to 101.09. The euro was up 0.22% at \$1.1106, while against the Japanese yen the dollar weakened 0.2% to 143.44.

In Treasuries, the yield on benchmark U.S. 10-year notes fell 3.9 basis points to 3.729%, from 3.768% late on Wednesday, while the 30-year bond yield fell 4.7 basis points to 4.0207%. The 2-year note yield, which typically moves in step with interest rate expectations, fell 2.2 basis points to 3.7476%, from 3.77% late on Wednesday. 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 negative 2.1 basis points.

In energy markets, oil ended the session barely changed as worries about demand in the U.S. and China and a likely rise in supplies out of Libya offset a big, bullish withdrawal from U.S. inventories and a delay to output increases by OPEC+ producers. U.S. crude settled down 0.07% or 5 cents at \$69.15 a barrel for its lowest close since December for the second straight day. Brent crude closed at \$72.69 per barrel, down 1 cent on the day for its lowest close since June 2023 for a third day in a row. Gold prices gained as the U.S. dollar and Treasury yields fell as signs the labour market was losing steam led investors to consider a super-sized rate cut from the Fed. Spot gold added 0.85% to \$2,515.31 an ounce. U.S. gold futures gained 0.57% to \$2,507.60 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

The South Africa rand extended gains on Thursday as risk sentiment improved on bets for a deeper interest rate cut this month in the United States, analysts said. At 1502 GMT, the rand traded at 17.73 against the dollar, 0.81% firmer than its closing level on Wednesday. The rand strengthened against a weaker dollar on Wednesday after U.S. job openings dropped to a 3-1/2-year low in July.

Andre Cilliers, currency strategist at TreasuryONE, said bets for a 50 basis rate cut by the Federal Reserve increased after the data. "Hopes of a larger Fed rate cut have seen risk sentiment improve and the dollar retreat ... We expect the local currency to consolidate further within the recent R17.70/R18.00 range ahead of tomorrow's (U.S.) payroll numbers," Cilliers said. Like other risk-sensitive currencies, the rand often takes cues from global drivers like U.S. monetary policy in addition to local factors.

Domestically, central bank data showed South Africa's current account deficit narrowed in the second quarter to 0.9% of gross domestic product (GDP) from 1.5% of GDP in the first quarter. Focus on Friday will also be on local gold and forex reserves data for August. South Africa's benchmark 2030 government bond was stronger, as the yield slipped 2.5 basis points to 9.01%. **Source: LSEG Thomson Reuters Refinitiv.**

I may not have gone where I intended to go, but I think I have ended up where I intended to be.

Douglas Adams

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				06 September 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	-0.025	8.58	8.35
9 months	⬇	8.56	-0.042	8.60	8.37
12 months	⬇	8.44	-0.050	8.49	8.25
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⬇	8.10	-0.050	8.15	8.10
GC25 (Coupon 8.50%, BMK R186)	⬇	8.09	-0.050	8.14	8.09
GC26 (Coupon 8.50%, BMK R186)	⬇	8.16	-0.050	8.21	8.17
GC27 (Coupon 8.00%, BMK R186)	⬇	8.46	-0.050	8.51	8.47
GC28 (Coupon 8.50%, BMK R2030)	⬇	8.55	-0.015	8.57	8.55
GC30 (Coupon 8.00%, BMK R2030)	⬇	8.77	-0.015	8.79	8.77
GC32 (Coupon 9.00%, BMK R213)	⬇	9.33	-0.025	9.35	9.32
GC35 (Coupon 9.50%, BMK R209)	⬇	10.06	-0.045	10.11	10.06
GC37 (Coupon 9.50%, BMK R2037)	⬇	10.64	-0.055	10.69	10.63
GC40 (Coupon 9.80%, BMK R214)	⬇	11.24	-0.080	11.32	11.25
GC43 (Coupon 10.00%, BMK R2044)	⬇	11.41	-0.080	11.49	11.41
GC45 (Coupon 9.85%, BMK R2044)	⬇	11.76	-0.080	11.84	11.76
GC48 (Coupon 10.00%, BMK R2048)	⬇	11.67	-0.075	11.75	11.66
GC50 (Coupon 10.25%, BMK: R2048)	⬇	11.72	-0.075	11.80	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	⬆	2,516	0.89%	2,494	2,520
Platinum	⬆	924	2.40%	903	930
Brent Crude	⬇	72.7	-0.01%	72.7	72.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬇	1,797	-0.34%	1,803	1,797
JSE All Share	⬆	82,147	0.28%	81,915	82,147
SP500	⬇	5,503	-0.30%	5,520	5,503
FTSE 100	⬇	8,242	-0.34%	8,270	8,242
Hangseng	⬇	17,444	-0.07%	17,457	17,444
DAX	⬇	18,577	-0.08%	18,592	18,577
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬇	20,642	-0.19%	20,682	20,642
Resources	⬇	53,828	-0.18%	53,925	53,828
Industrials	⬆	112,541	0.80%	111,647	112,541
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	17.71	-0.80%	17.85	17.71
N\$/Pound	⬇	23.33	-0.55%	23.46	23.33
N\$/Euro	⬇	19.68	-0.55%	19.79	19.69
US dollar/ Euro	⬆	1.111	0.25%	1.108	1.112
		Namibia		RSA	
Interest Rates & Inflation		Aug 24	Jul 24	Aug 24	Jul 24
Central Bank Rate	⬇	7.50	7.75	8.25	8.25
Prime Rate	⬇	11.25	11.50	11.75	11.75
		Jul 24	Jun 24	Jul 24	Jun 24
Inflation	➡	4.6	4.6	4.6	5.1

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

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



Bank Windhoek

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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