



Market Update

Friday, 07 February

2025 Global Markets

Asian stocks inched up on Friday ahead of key U.S. payrolls data as investors considered prospects that a broader trade war could be averted, while the yen hit its highest in nearly two months on rising odds of more rate hikes in Japan this year. In a week that started with U.S. President Donald Trump kicking off a trade war, first by imposing tariffs on Mexico and Canada and then pausing them, investors have been hesitant in making major moves as threatened duties on China were implemented. Beijing's measured tit-for-tat response has left room for negotiations, analysts say, and that has allowed traders to focus on the AI theme in Asia in the wake of Chinese AI start-up DeepSeek's breakthrough.

Hong Kong's Hang Seng Index rose 0.17% on Friday, poised for an over 3% rise in the week, its strongest weekly performance since early October when investors were enthused by the prospect of big stimulus plans from Chinese authorities. "Whilst there is considerable noise and uncertainty, we don't see escalating trade tensions as a game changer in the prospects for the Chinese market," said James Cook, investment director for emerging markets at Federated Hermes. "China's bigger problem is not Trump but the domestic economy." China's blue-chip stock index rose 0.8% leaving MSCI's broadest index of Asia-Pacific shares outside Japan up 0.3% for the day. Overnight, U.S. stocks were mixed at the end of a choppy session as investors assessed a spate of earnings, with shares of slipping in extended trading on weakness in the retailer's cloud computing unit and soft forecast.

On the economic front, jobless claims, layoffs and labor costs/productivity provided a prologue to Friday's keenly anticipated January employment report, with the data likely to show the impact of wildfires in California and cold weather across much of the country. Nonfarm payrolls are expected to have increased by 170,000 jobs last month after surging 256,000 in December, a Reuters poll of economists showed. "Markets could face some volatility around the data if it beats expectations, but it won't change the path of the FOMC policy as more data will be needed," said Anderson Alves, a trader with ActivTrades. Markets are pricing in 43 basis points of easing this year from the Fed with a rate cut in July fully priced in as policymakers are in no hurry to start the rate-cutting cycle again.

While political uncertainties kept investors wary, fears have eased that Trump's approach to tariffs could escalate into a global trade war. "We are witnessing a resilient economy against a backdrop of geopolitical concerns, and an expectation of some sort of chaos down the road," said Oliver Pursche, senior vice president at Wealthspire Advisors in New York.

The Japanese yen has been on a tear this week buoyed by safe haven flows as well as rising expectations of the Bank of Japan increasing interest rates this year, with markets pricing in 34 basis points of hikes for the year. The yen touched 150.96 per dollar in early trading, its strongest level since December 10. It last fetched 151.65. The currency is headed for an over 2% rise against the dollar this week, its strongest weekly performance since late November. Sterling was steady at \$1.2434 after dropping 0.5% on Thursday as the BoE cut interest rates by 25 basis points but warned it would be cautious going forward, in the face of a potential inflation uptick and geopolitical worries. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, was at 107.7, with the euro little changed at \$1.0386.

Oil prices rose marginally in early Asian trade but were on track for a third straight week of decline.

Gold prices steadied on Friday near record-high levels and were headed for their sixth successive weekly gain driven by a risk-off flight to safety.

Source: LSEG Thomson Reuters Refinitiv.

Domestic Markets

The South African rand was little changed on Thursday as investors turned their attention to President Cyril Ramaphosa's national address for insights on future economic and political policies. At 1515 GMT, the rand traded at 18.5475 against the dollar, not far from its previous close.

Ramaphosa delivered the annual State of the Nation Address at 1700 GMT, the first under his coalition government. Although the address has traditionally not been a market-moving event, this one could be different, analysts said. A highlight may be the economic reforms underway, which are key to removing the country from the Financial Action Task Force's greylist and stabilizing government finances.

On the stock market, the Top-40 index closed 0.9% higher.

South Africa's benchmark 2030 government bond was marginally weaker, with the yield up 0.5 basis point at 9.05%.

Source: LSEG Thomson Reuters Refinitiv.

This is a world of action, and not for moping and droning in.

Charles Dickens

Market Overview

MARKET INDICATORS (Bloomberg)		07 February 2025			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↓	7.76	-0.064	7.82	7.76
6 months	↓	7.83	-0.044	7.88	7.83
9 months	↓	7.84	-0.025	7.86	7.84
12 months	↓	7.88	-0.025	7.90	7.88
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC25 (Coupon 8.50%, BMK: R186)	↓	7.54	-0.001	7.54	7.50
GC26 (Coupon 8.50%, BMK: R186)	↓	8.38	-0.004	8.38	8.38
GC27 (Coupon 8.00%, BMK: R186)	↓	8.73	-0.002	8.73	8.73
GC30 (Coupon 8.00%, BMK: R2030)	↑	9.12	0.036	9.08	9.12
GC32 (Coupon 9.00%, BMK: R213)	↑	9.91	0.028	9.88	9.91
GC35 (Coupon 9.50%, BMK: R209)	↑	10.88	0.031	10.85	10.88
GC37 (Coupon 9.50%, BMK: R2037)	↓	11.15	-0.014	11.16	11.15
GC40 (Coupon 9.80%, BMK: R214)	↑	11.46	0.052	11.41	11.46
GC43 (Coupon 10.00%, BMK: R2044)	↑	11.40	0.034	11.37	11.40
GC45 (Coupon 9.85%, BMK: R2044)	↑	11.58	0.224	11.36	11.58
GC50 (Coupon 10.25%, BMK: R2048)	↓	11.59	-0.007	11.59	11.59
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI25 (Coupon 3.80%, BMK: NCPI)	↑	3.32	0.003	3.32	3.31
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.19	0.009	4.18	4.19
GI29 (Coupon 4.50%, BMK: NCPI)	↓	4.71	-0.008	4.71	4.71
GI33 (Coupon 4.50%, BMK: NCPI)	↓	5.29	-0.002	5.29	5.29
GI36 (Coupon 4.80%, BMK: NCPI)	↓	5.68	-0.018	5.69	5.68
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↓	2,856	-0.38%	2,867	2,861
Platinum	↑	990	0.58%	984	991
Brent Crude	↓	74.3	-0.43%	74.61	74.74
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↑	1042	2.16%	1020	1042
JSE All Share	↑	87,191	0.67%	86,611	87,191
S&P 500	↑	6,084	0.38%	6,061	6,084
FTSE 100	↑	8,727	1.21%	8,623	8,727
Hangseng	↑	21,025	0.64%	20,892	21,025
DAX	↑	21,902	1.46%	21,586	21,902
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	⇒	20,082	0.00%	20,082	20,361
Resources	⇒	62,896	0.00%	62,896	63,012
Industrials	⇒	120,488	0.00%	120,488	121,280
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	18.44	-0.65%	18.56	18.47
N\$/Pound	↓	22.93	-1.16%	23.20	22.95
N\$/Euro	↓	19.14	-0.83%	19.30	19.17
US Dollar/ Euro	↓	1.038	-0.19%	1.04	1.04
Interest Rates & Inflation		Namibia		RSA	
		Dec-24	Nov-24	Jan-25	Nov-24
Central Bank Rate	↓	7.00	7.25	7.75	8.00
Prime Rate	↓	10.75	11	11	11.25
		Jan-25	Dec-24	Jan-25	Nov-24
Inflation	↑	3.2	3.0	3.0	2.9

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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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