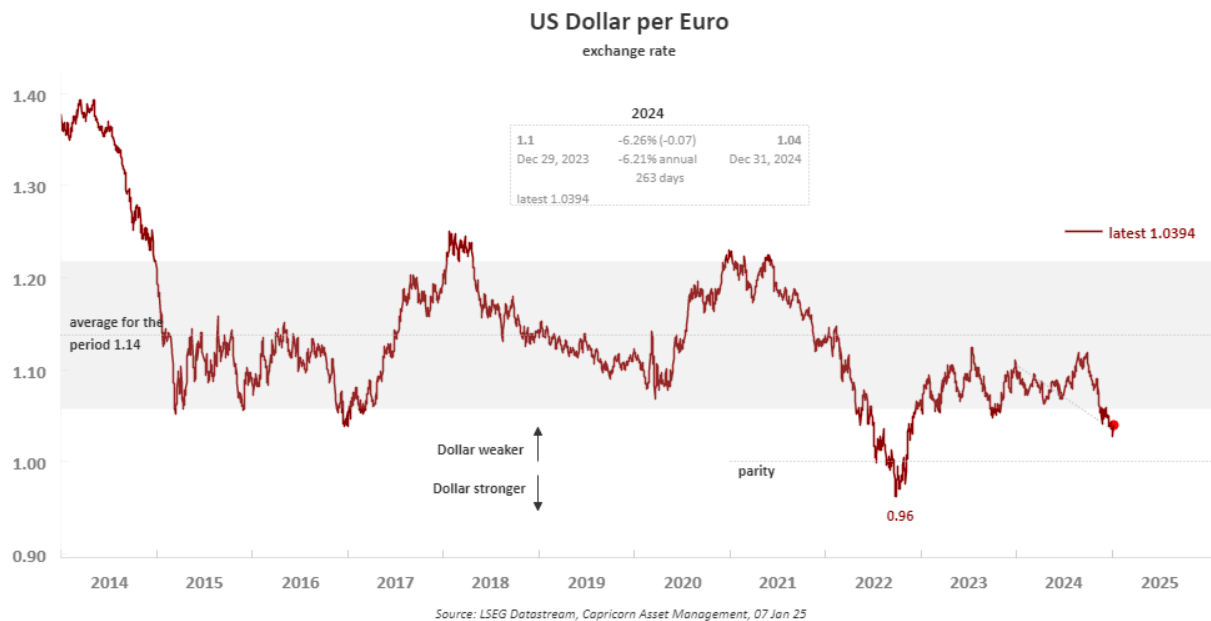


The Daily Brief

 Capricorn Asset Management

Market Update

Tuesday, 07 January 2025



Global Markets

Asia's shares followed Wall Street's positive lead on Tuesday as some investors hoped U.S. President-elect Donald Trump would adopt less aggressive tariffs than previously thought when he takes office. The Washington Post reported on Monday that Trump aides were exploring tariff plans that would be applied to every country but only cover certain sectors deemed critical to national or economic security, in what would represent a marked softening from promises Trump had made during the 2024 presidential campaign. While the news initially sent stocks rallying and the dollar falling, Trump's subsequent denial on his Truth Social platform reversed some of the U.S. currency's declines. "No one really knows for sure what kind of tariffs or trade policies the Trump administration will implement," said Khoon Goh, head of Asia research at ANZ. "It's still possible that what the Washington Post reported is true. His officials and aides, of course, will go through and come up with various options, but ultimately it's up to Trump to decide. "For now, he is still talking tough on tariffs. But we know from experience from his first term that he is a person that is open to doing deals. I think that's partly why markets at this stage are not reacting too negatively."

MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.03%, while Japan's Nikkei jumped 2%, boosted by a rally in technology stocks. In China, the CSI300 index and Shanghai Composite Index reversed early losses to gain 0.28% and 0.17%, respectively. China's main stock exchanges asked some

large mutual funds to restrict stock selling at the start of the year, three sources familiar with the matter said, as authorities sought to calm markets heading into a tricky period for the world's second-largest economy. Hong Kong's Hang Seng Index slumped 1.89%. Stocks in Europe, however, looked set for a negative start after Monday's gain. EUROSTOXX 50 futures fell 0.5%, while FTSE futures retreated 0.47%. In the U.S., S&P 500 futures slipped 0.07%. Nasdaq futures lost 0.16% after the underlying indexes rose on Monday to more than a one-week high.

The dollar hovered near a one-week low at 108.12, nursing some losses from the previous session. The euro and sterling extended gains from the previous session, each rising more than 0.1% to trade at \$1.0402 and \$1.25395, respectively. Elsewhere, the dollar notched up a six-month high against the Japanese yen at 158.425. The Canadian dollar strengthened to 1.4311 per U.S. dollar, extending a rally on Monday after Canadian Prime Minister Justin Trudeau said he would step down in the coming months. "Should Canada move toward an early election in which a Conservative-led government emerges, the CAD could appreciate," said Thierry Wizman, global FX and rates strategist at Macquarie. "This is based on the view that certain outcomes will likely improve for Canada under a Conservative-led government, and even in anticipation of a Conservative-led government."

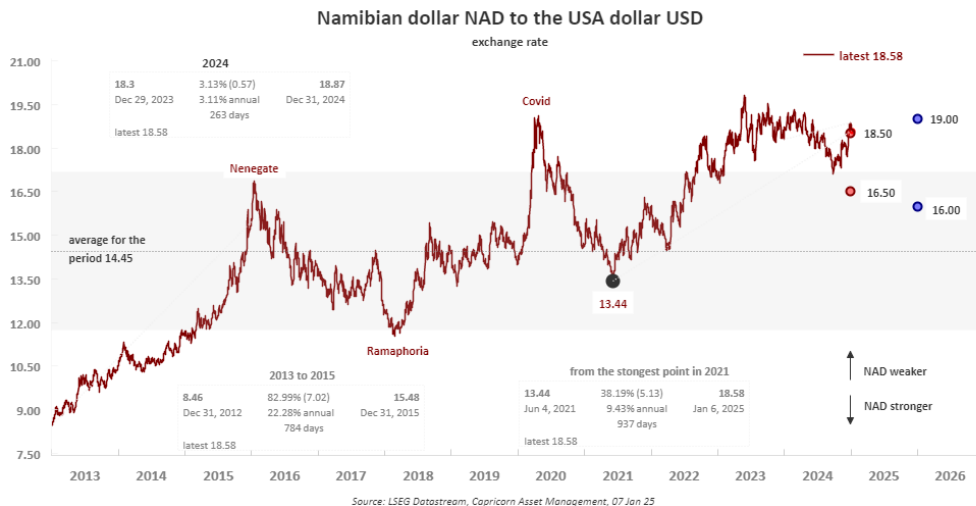
Inflation figures from the euro zone later on Tuesday will refine the outlook for more rate cuts from the European Central Bank. Markets are pricing in nearly 100 basis points worth of easing in 2025 for now.

The week is filled with data releases particularly from the United States, which will be headlined by the December nonfarm payrolls report on Friday. That will be previewed by data on ADP hiring, job openings and weekly jobless claims. Anything upbeat would support the case for fewer rate cuts from the Federal Reserve. Markets have already scaled back expectations to just 40 basis points for 2025. Minutes of the Fed's latest meeting due on Wednesday will offer colour on their dot-plot predictions, while there will be plenty of live comment with several top policymakers. The prospect of a less aggressive Fed easing cycle this year has in turn kept U.S. Treasury yields supported, with the benchmark 10-year yield last at 4.6057%, after rising in the previous session to its highest since May. The two-year yield steadied at 4.2599%.

In commodities, oil prices edged lower on Tuesday, with Brent falling 0.03% to \$76.28 a barrel, while U.S. crude eased 0.11% to \$73.48 per barrel.

Spot gold rose 0.38% to \$2,645.41 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

The South African rand regained some ground against a weaker dollar on Monday ahead of a flurry of economic data releases this week from the world's biggest economy. At 1506 GMT, the rand traded at 18.5350 against the dollar, about 0.6% stronger than its previous close. The dollar was last down about 0.8% against a basket of currencies after a report said U.S. President-elect Donald Trump was mulling tariffs that would only be applied to critical imports. Trump denied the Washington Post report.

China's top diplomat began his annual New Year tour of Africa on Sunday, maintaining a 35-year-long tradition, to quietly advance Beijing's already sizeable influence across the resource-rich continent as Europe's presence wanes and America's wavers. While global capitals and investors brace for the return of U.S. President-elect Donald Trump to the White House, and wars in Ukraine and the Middle East and domestic politics keep German and French ministers occupied, Foreign Minister Wang Yi being in Namibia, the Republic of Congo, Chad and Nigeria highlights the consistency of China's engagement with Africa, analysts say. Wang's visit through to Saturday also comes as the world's No.2 economy ramps up its financial support for the debt-laden continent and looks to strike more critical minerals deals and find markets to absorb its exports. "The decision on which countries to go to each year rarely follows any external logic," said Eric Orlander, co-founder of the China-Global South Project. "(But) it resonates in Africa as a reminder of China's consistent commitment to the continent, in contrast to the approaches of the U.S., United Kingdom and European Union."

Domestically, South Africa's private sector activity contracted in December for the first time since August, with muted demand and rising inflationary pressure weighing on growth, a survey showed on Monday.

On the stock market, the Top-40 index was little changed. Steel producer ArcelorMittal South Africa's shares fell more than 15% on Monday after the company said it would proceed with the closure of its loss-making long steel business. The closure of the operations has been on the cards since November 2023 amid prolonged weak economic conditions, logistics and energy challenges and competition from low-cost imports. The company said shutting the plant, which produces fencing material, rail, rods and bars used in the construction, mining and manufacturing sectors, could affect about 3,500 direct and indirect jobs.

South Africa's benchmark 2030 government bond was flat, with the yield at 9.03%.

Source: LSEG Thomson Reuters Refinitiv.

Happiness is not a matter of intensity but of balance, order, rhythm and harmony.

Thomas Merton

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				07 January 2025	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.01	0.000	8.01	8.05
6 months	⇓	7.95	-0.009	7.96	8.02
9 months	⇒	8.01	0.000	8.01	8.09
12 months	⇒	8.00	0.000	8.00	8.08
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC25 (Coupon 8.50%, BMK R186)	⇒	8.21	0.000	8.21	8.10
GC26 (Coupon 8.50%, BMK R186)	⇒	8.21	0.000	8.21	8.10
GC27 (Coupon 8.00%, BMK R186)	⇒	8.65	0.000	8.65	8.54
GC28 (Coupon 8.50%, BMK R2030)	⇒	8.94	0.000	8.94	8.84
GC30 (Coupon 8.00%, BMK R2030)	⇒	8.90	0.000	8.90	8.80
GC32 (Coupon 9.00%, BMK R213)	⇒	9.74	0.000	9.74	9.65
GC35 (Coupon 9.50%, BMK R209)	⇑	10.72	0.015	10.70	10.53
GC37 (Coupon 9.50%, BMK R2037)	⇑	10.94	0.020	10.92	10.77
GC40 (Coupon 9.80%, BMK R214)	⇑	11.31	0.015	11.29	11.09
GC43 (Coupon 10.00%, BMK R2044)	⇑	11.37	0.025	11.34	11.19
GC45 (Coupon 9.85%, BMK R2044)	⇑	11.47	0.025	11.44	11.29
GC48 (Coupon 10.00%, BMK R2048)	⇑	11.41	0.005	11.40	11.22
GC50 (Coupon 10.25%, BMK: R2048)	⇑	11.34	0.005	11.33	11.15
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	4.49
GI29 (Coupon 4.50%, BMK NCPI)	⇒	4.97	0.000	4.97	4.65
GI33 (Coupon 4.50%, BMK NCPI)	⇒	5.62	0.000	5.62	5.24
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.07	0.000	6.07	5.68
Commodities		Last close	Change	Prev close	Current Spot
Gold	⇓	2,635	-0.14%	2,639	2,662
Platinum	⇓	933	-0.54%	938	941
Brent Crude	⇓	76.3	-0.27%	76.5	73.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇑	1,825	0.61%	1,814	1,846
JSE All Share	⇑	84,746	0.04%	84,712	84,787
SP500	⇑	5,975	0.55%	5,942	5,999
FTSE 100	⇑	8,250	0.31%	8,224	8,281
Hangseng	⇓	19,688	-0.36%	19,760	19,382
DAX	⇑	20,216	1.56%	19,906	19,426
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⇑	20,840	0.36%	20,766	21,095
Resources	⇓	53,539	-0.38%	53,741	55,026
Industrials	⇑	118,753	0.05%	118,697	116,475
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⇓	18.56	-0.93%	18.74	18.55
N\$/Pound	⇓	23.24	-0.05%	23.25	22.96
N\$/Euro	⇓	19.29	-0.04%	19.30	19.09
US dollar/ Euro	⇑	1.039	0.80%	1.031	1.058
Interest Rates & Inflation		Namibia		RSA	
		Dec 24	Nov 24	Dec 24	Nov 24
Central Bank Rate	⇓	7.00	7.25	7.75	7.75
Prime Rate	⇓	10.75	11.00	11.25	11.25
		Nov 24	Oct 24	Nov 24	Oct 24
Inflation	⇒	3.0	3.0	2.9	2.8

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.



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