

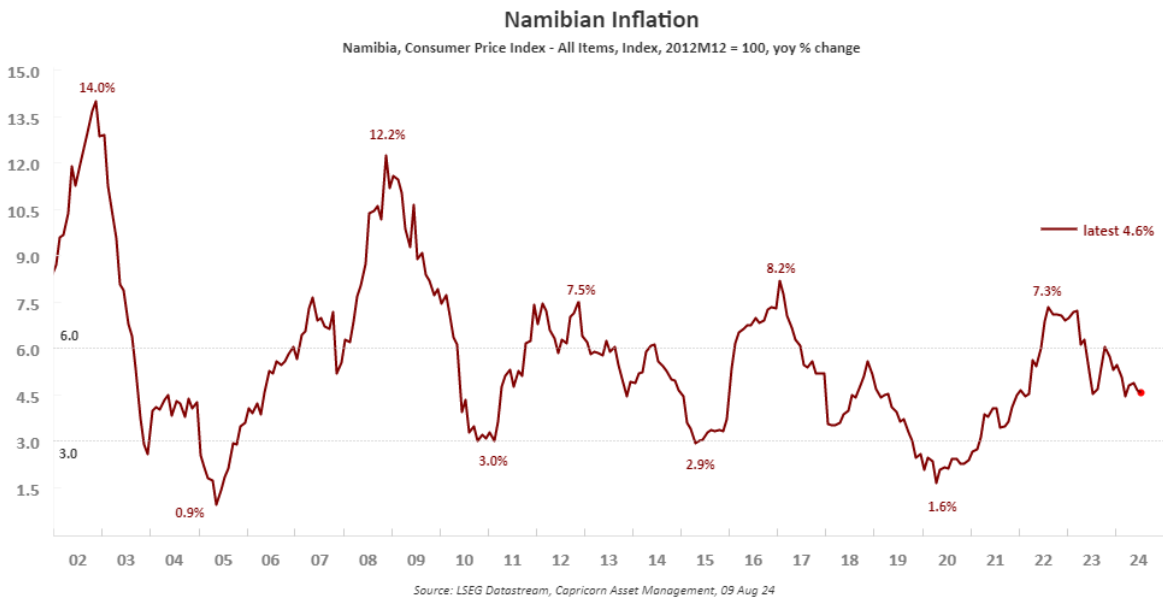


# The Daily Brief

 Capricorn Asset Management

## Market Update

Friday, 09 Aug 2024



## Global Markets

A closely followed global equities index jumped more than 1% on Thursday after lower-than-expected weekly U.S. unemployment claims calmed recession fears, also pushing Treasury yields higher alongside the U.S. dollar. The U.S. Labor Department said on Thursday that initial claims for state unemployment benefits fell 17,000 to a seasonally adjusted 233,000 for the week ended Aug. 3, marking the largest drop in about 11 months and falling short of economist expectations for 240,000. The claims data was closely monitored after a weaker-than-expected July jobs report last Friday helped spark Monday's financial market rout that spanned the globe. The sell-off was partly caused by investors being forced to unwind carry trades, where they borrow cheaply in Japan to buy dollars and other currencies to invest in higher yielding assets. The unwind helped trigger a 12% plunge in Japanese stocks on Monday and the S&P 500 followed with a 3% drop.

On Thursday, however, Wall Street's swing was bullish. The Dow Jones Industrial Average rose 683.04 points, or 1.76%, to 39,446.49, the S&P 500 gained 119.81 points, or 2.30%, to 5,319.31 and the Nasdaq Composite gained 464.22 points, or 2.87%, to 16,660.02. Thursday's move was "a very, amplified reaction," to the claims data said Tony Roth, chief investment officer Wilmington Trust in Radnor, Pennsylvania. "It's of a lot more importance being ascribed to a single minor data point than you'd typically see. Jobless claims is important but any one reading is minor in a very high-frequency data set. There's a lot of volatility around it." But he said that the latest data was particularly

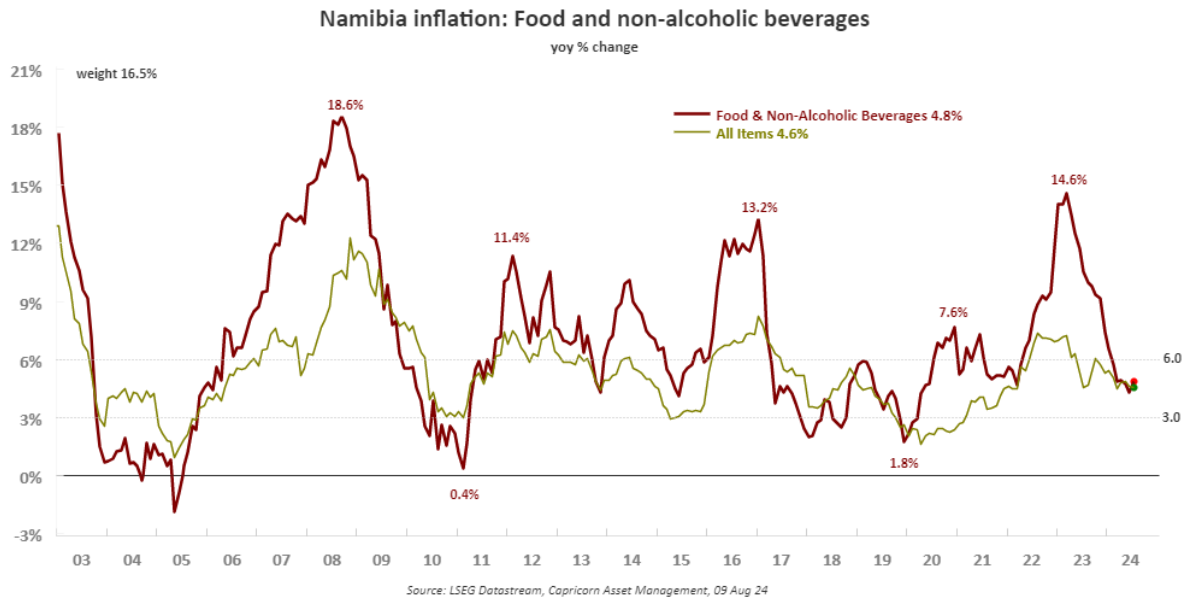
encouraging after the weak July jobs report and a better than expected services sector survey earlier this week.

"Today is the second data point we got this week which suggests that the July report last Friday was the aberration," he said. But strategists and money managers suggest that investors should prepare for more volatility with other factors in play besides the typical weakness seen in August and September. "We've U.S. elections, heightened geopolitical tensions in the Middle East and poor seasonality as well as the incoming economic data and the Fed's reaction to it. We're in a period of heightened uncertainty and the market hates uncertainty," said Irene Tunkel, chief U.S. equity strategist at BCA Research. Earlier, Europe's STOXX 600 index closed up 0.08%. MSCI's gauge of stocks across the globe rose 11.40 points, or 1.48%, to 782.10. Prior to Thursday's session, the global index had registered 16 daily losses or gains of 1% or more while the S&P 500 has registered 32 such moves so far this year.

In the currency market, the dollar index, which measures the greenback against a basket of currencies including the yen and the euro, gained 0.09% at 103.20, with the euro down 0.04% to \$1.0917. Against the Japanese yen, the dollar strengthened 0.3% to 147.13. Earlier on Thursday, yields on U.S. Treasuries rose after the unemployment claims data fuelled hopes that the U.S. economy would not face an imminent recession. Then muted demand for a 30-year bond auction added to the rise in yields, coming a day after a weak sale of 10-year notes. The yield on benchmark U.S. 10-year notes rose 2.1 basis points to 3.988%, from 3.967% late on Wednesday. The 30-year bond yield rose 1.6 basis points to 4.2775% from 4.261%. The 2-year note yield, which typically moves in step with interest rate expectations, rose 2.9 basis points to 4.0297%, from 4.001% late on Wednesday.

In energy markets, U.S. crude settled up 1.28%, or 96 cents at \$76.19 a barrel and Brent finished at \$79.16 per barrel, up 1.06% on the day. Oil futures registered their third straight day of gains, with growing supply risks in the Middle East offsetting any demand concerns that at the start of the week had pushed prices to their lowest levels since early 2024. In precious metals, spot gold added 1.78% to \$2,423.87 an ounce. U.S. gold futures gained 1.25% to \$2,420.50 an ounce.

**Source: LSEG Thomson Reuters Refinitiv.**



## Domestic Markets

South Africa's rand edged higher on Thursday after data out of the United States showed a fall in jobless claims which eased fears of a hard landing in the world's biggest economy. At 1331 GMT, the rand traded at 18.38 against the dollar, about 0.16% stronger than its Wednesday close. Jobless claims data out of the U.S. on Thursday showed a stronger labour market, "but could signal potential wage growth and inflation," said Wichard Cilliers, head of market risk at TreasuryONE. The data has taken on extra significance after weak U.S. employment numbers last week helped spark a global equity market rout, which also saw South African assets and the rand plunge on Monday. Like other risk-sensitive currencies, the rand often takes cues from global drivers like U.S. economic data in addition to local factors.

On the domestic front, South Africa's manufacturing output fell 5.2% year on year in June, after falling by a revised 1.2% in May, statistics agency data showed. On the Johannesburg Stock Exchange, the blue-chip Top-40 index traded about 0.1% weaker. South Africa's benchmark 2030 government bond was also weaker, with the yield up 2.5 basis points to 9.405%.

**Source: LSEG Thomson Reuters Refinitiv.**

If we have no peace, it is because we have forgotten that we belong to each other.

**Mother Teresa**

## Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)					09 August 2024	
<b>Money Market TB Rates %</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒		8.47	0.000	8.47	8.47
6 months	↑		8.67	0.025	8.65	8.67
9 months	↑		8.69	0.017	8.68	8.69
12 months	↑		8.66	0.017	8.65	8.66
<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)	↑		9.10	0.010	9.09	9.10
GC25 (Coupon 8.50%, BMK R186)	↑		9.00	0.010	8.99	9.00
GC26 (Coupon 8.50%, BMK R186)	↑		8.33	0.010	8.32	8.33
GC27 (Coupon 8.00%, BMK R186)	↑		8.61	0.010	8.60	8.61
GC28 (Coupon 8.50%, BMK R2030)	↓		8.89	-0.005	8.89	8.90
GC30 (Coupon 8.00%, BMK R2030)	↓		9.10	-0.005	9.10	9.11
GC32 (Coupon 9.00%, BMK R213)	↓		9.50	-0.015	9.51	9.51
GC35 (Coupon 9.50%, BMK R209)	↓		10.16	-0.045	10.20	10.17
GC37 (Coupon 9.50%, BMK R2037)	↓		10.94	-0.055	10.99	10.95
GC40 (Coupon 9.80%, BMK R214)	↓		11.44	-0.050	11.49	11.46
GC43 (Coupon 10.00%, BMK R2044)	↓		11.60	-0.060	11.66	11.62
GC45 (Coupon 9.85%, BMK R2044)	↓		11.96	-0.060	12.02	11.98
GC48 (Coupon 10.00%, BMK R2048)	↓		11.97	-0.060	12.03	11.99
GC50 (Coupon 10.25%, BMK: R2048)	↓		12.04	-0.060	12.10	12.06
<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	3.50
GI27 (Coupon 4.00%, BMK NCPI)	⇒		4.60	0.000	4.60	4.61
GI29 (Coupon 4.50%, BMK NCPI)	⇒		4.97	0.000	4.97	4.88
GI33 (Coupon 4.50%, BMK NCPI)	⇒		5.62	0.000	5.62	5.52
GI36 (Coupon 4.80%, BMK NCPI)	⇒		6.07	0.000	6.07	5.95
<b>Commodities</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑		2,427	1.90%	2,382	2,420
Platinum	↑		931	1.25%	920	936
Brent Crude	↑		79.2	1.06%	78.3	Retrieving...
<b>Main Indices</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑		1,760	0.24%	1,756	1,760
JSE All Share	↑		80,739	0.47%	80,365	80,739
SP500	↑		5,319	2.30%	5,200	5,319
FTSE 100	↓		8,145	-0.27%	8,167	8,145
Hangseng	↑		16,892	0.08%	16,878	17,113
DAX	↑		17,680	0.37%	17,615	17,680
<b>JSE Sectors</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑		19,379	0.19%	19,342	19,379
Resources	↓		58,544	-0.68%	58,947	58,544
Industrials	↑		109,352	1.27%	107,979	109,352
<b>Forex</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓		18.36	-0.26%	18.41	18.29
N\$/Pound	↑		23.40	0.18%	23.36	23.34
N\$/Euro	↓		20.04	-0.29%	20.10	19.98
US dollar/ Euro	↓		1.092	-0.03%	1.092	1.093
<b>Interest Rates &amp; Inflation</b>			<b>Namibia</b>		<b>RSA</b>	
			<b>Jul 24</b>	<b>Jun 24</b>	<b>Jul 24</b>	<b>Jun 24</b>
Central Bank Rate	⇒		7.75	7.75	8.25	8.25
Prime Rate	⇒		11.50	11.50	11.75	11.75
			<b>Jul 24</b>	<b>Jun 24</b>	<b>Jun 24</b>	<b>May 24</b>
Inflation	⇒		4.6	4.6	5.1	5.2

**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.*



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