

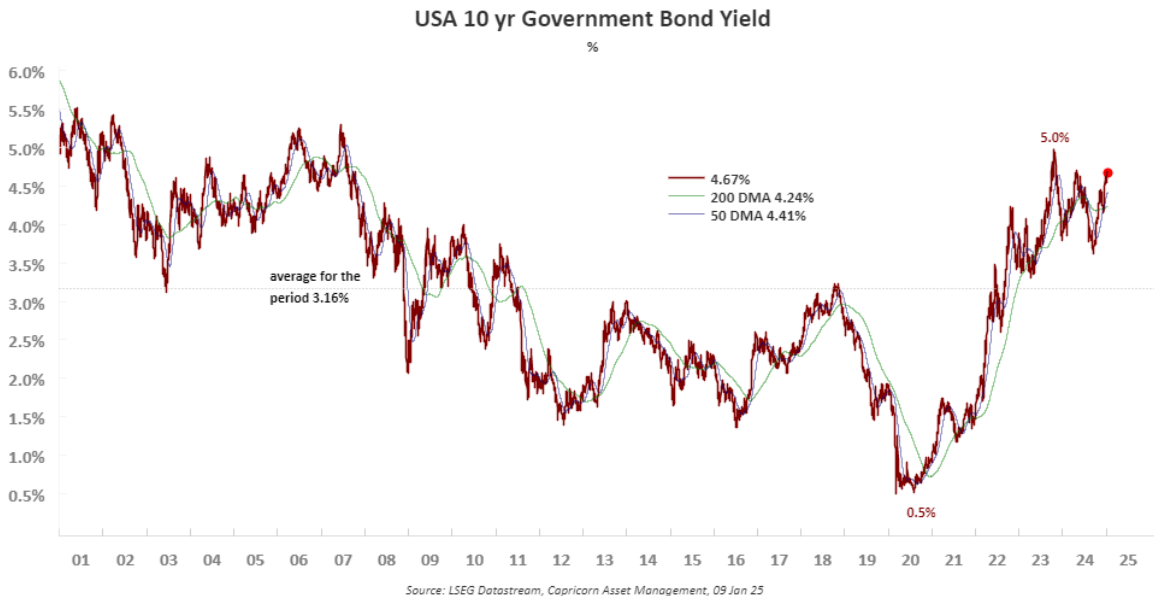


The Daily Brief

Capricorn Asset Management

Market Update

Thursday, 09 January 2025



Global Markets

A global bond selloff continued on Wednesday, pressuring stock prices and boosting the dollar as signs of continuing strength in the U.S. economy dimmed expectations for aggressive near-term interest rate cuts. The benchmark 10-year U.S. Treasury yield rose as high as 4.73%, a peak since April 2024, building on Tuesday's 7 basis point rise. It was last up 0.4 basis points to 4.695%.

"Going into this first quarter that we're in right now, aside from earnings, I think a big risk for equities is if bond yields do get to 5%," said Mark Malek, chief investment officer at SiebertNXT in New York. "Buyers are going to be a little bit more reticent. So the people that were powering the market higher, the bid is going to weaken." The selloff in bonds on Wednesday accelerated after a CNN report that U.S. President-elect Donald Trump is considering declaring a national economic emergency to provide legal justification for a series of universal tariffs on allies and adversaries.

On Wall Street, the benchmark S&P 500 was flat, the Dow rose, while the Nasdaq was trading lower in choppy trading with utilities, energy and communication services driving losses. Healthcare and industrials equities were among the biggest gainers. The Dow Jones Industrial Average rose 0.06% to

42,553.38, the S&P 500 rose 0.01% to 5,909.53 and the Nasdaq Composite fell 0.12% to 19,466.47. European shares dipped, with the pan-European STOXX 600 finishing down 0.2%, with most regional bourses also in the red. MSCI's gauge of stocks across the globe fell 0.22% to 845.05.

European government bond yields surged, with those on German benchmark 10-year notes hitting their highest in about six months. The British 10-year gilt yield rose over 11 basis points to 4.82%, the highest since 2008. Strong U.S. economic data have weighed on U.S. Treasuries in recent weeks, with investors scaling back expectations for Federal Reserve rate cuts.

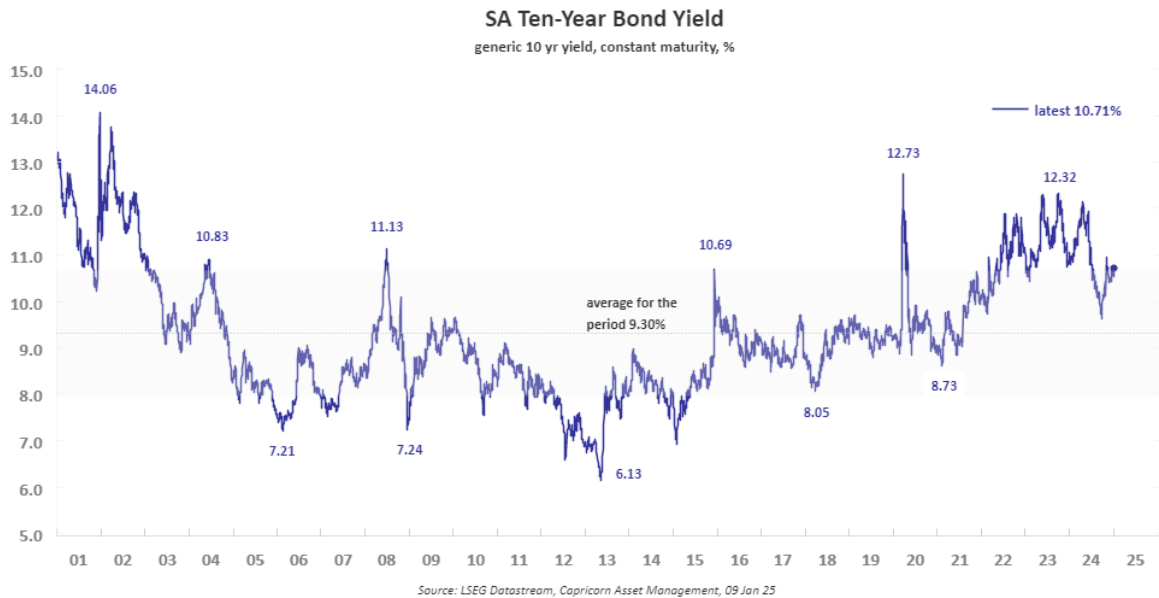
Markets are only fully pricing in one 25-basis-point rate cut in 2025, and see around a 60% chance of a second. Investors will watch Friday's more comprehensive non-farm payrolls data after data on Wednesday showed a lower than expected increase in private payrolls and jobless claims.

"One thing I'm worried about is, this bonfire of yields going higher tends to reinforce each other, particularly at times like this," said Michael Purves, CEO and founder of Tallbacken Capital Advisors. "I'm concerned about is if you can buy a 10-year Treasury at 5% with zero risk and that's a higher yield than on the S&P 500 that's going to beg a lot of asset allocation questions."

The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.35% to 109.08, with the euro down 0.28% at \$1.031.

Oil prices were pressured by a stronger dollar and large builds in U.S. fuel inventories last week. Brent crude settled down 89 cents, or 1.16%, to \$76.23 a barrel. U.S. West Texas Intermediate crude fell 93 cents, or 1.25%, to \$73.32. Gold prices advanced. Spot gold rose 0.32% to \$2,657.89 an ounce. U.S. gold futures settled 0.3% higher at \$2,672.40.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand weakened as a buoyant dollar and disappointing domestic economic data releases weighed on the local currency on Wednesday. At 1510 GMT, the rand traded at 18.87 against the U.S. dollar, about 0.9% weaker than its previous close. It earlier hit 18.97 per dollar, a level not seen since early June 2024.

The greenback was last trading up about 0.37% against a basket of currencies on elevated U.S. bond yields and tariff talks. South African manufacturing activity fell for the second month in a row in December as demand declined, a purchasing managers' index (PMI) survey showed. South Africa's net foreign reserves also fell to \$60.371 billion at the end of December from \$60.619 billion in November, according to central bank data released earlier in the day.

On the stock market, the Top-40 index closed about 1.12% lower. South Africa's benchmark 2030 government bond was weaker, with the yield down 6.5 basis points to 9.115%.

Source: LSEG Thomson Reuters Refinitiv.

Kindness in words creates confidence. Kindness in thinking creates profoundness.
Kindness in giving creates love.

Lao Tzu

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				09 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	0.000	7.95	8.02
9 months	➔	8.01	0.000	8.01	8.09
12 months	➔	8.01	0.000	8.01	8.08
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC25 (Coupon 8.50%, BMK R186)	⬆️	8.25	0.015	8.23	8.10
GC26 (Coupon 8.50%, BMK R186)	⬆️	8.25	0.015	8.23	8.10
GC27 (Coupon 8.00%, BMK R186)	⬆️	8.69	0.015	8.67	8.54
GC28 (Coupon 8.50%, BMK R2030)	⬆️	9.01	0.055	8.96	8.84
GC30 (Coupon 8.00%, BMK R2030)	⬆️	8.97	0.055	8.92	8.80
GC32 (Coupon 9.00%, BMK R213)	⬆️	9.80	0.055	9.75	9.65
GC35 (Coupon 9.50%, BMK R209)	⬆️	10.84	0.095	10.75	10.53
GC37 (Coupon 9.50%, BMK R2037)	⬆️	11.07	0.100	10.97	10.77
GC40 (Coupon 9.80%, BMK R214)	⬆️	11.44	0.085	11.35	11.09
GC43 (Coupon 10.00%, BMK R2044)	⬆️	11.51	0.100	11.41	11.19
GC45 (Coupon 9.85%, BMK R2044)	⬆️	11.61	0.100	11.51	11.29
GC48 (Coupon 10.00%, BMK R2048)	⬆️	11.54	0.095	11.45	11.22
GC50 (Coupon 10.25%, BMK: R2048)	⬆️	11.47	0.095	11.38	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	⬆️	2,662	0.47%	2,649	2,662
Platinum	⬆️	956	0.53%	951	941
Brent Crude	⬇️	76.2	-1.16%	77.1	73.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬇️	1,805	-1.37%	1,830	1,846
JSE All Share	⬇️	83,153	-1.18%	84,142	84,787
SP500	⬆️	5,918	0.16%	5,909	5,999
FTSE 100	⬆️	8,251	0.07%	8,245	8,281
Hangseng	⬇️	19,280	-0.86%	19,448	19,382
DAX	⬇️	20,330	-0.05%	20,341	19,426
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬇️	20,611	-1.61%	20,949	21,095
Resources	⬆️	54,785	0.65%	54,434	55,026
Industrials	⬇️	113,562	-1.49%	115,279	116,475
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬆️	18.89	1.15%	18.67	18.90
N\$/Pound	⬆️	23.37	0.18%	23.33	22.96
N\$/Euro	⬆️	19.51	0.87%	19.34	19.09
US dollar/ Euro	⬇️	1.032	-0.20%	1.034	1.058
		Namibia		RSA	
Interest Rates & Inflation		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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