



Market Update

Thursday, 01 Aug 2024



Global Markets

MSCI'S global equities index registered its biggest daily gain in over five months on Wednesday and the dollar slightly pared losses after the U.S. Federal Reserve held interest rates steady but opened the door to interest rate cuts as soon as September. The central bank, in line with investor expectations, in its statement noted further progress towards its 2% inflation and said the economy "continued to expand at a solid pace," while job gains moderated and the unemployment rate "remains low." Chair Jerome Powell told reporters "there is a growing sense of confidence that you could move at the next meeting" as long as inflation data affirms its recent softening trend.

Investors had priced in unchanged rates and a strong signal that rate cuts could begin in September from the Fed, which has kept its policy rate in the 5.25%-5.50% range for the past year. "It was the worst kept secret on the planet that the Fed was not going to cut in July," said Jake Dollarhide, CEO of Longbow Asset Management in Tulsa, Oklahoma. "The Fed is going to have its day in the sun in September with a 25 or 50 basis point cut, but I would not be surprised if that is already priced into stocks." Citing the Fed's reference to easing inflation and unemployment ticking up, Don Calcagni, chief investment officer at Mercer Advisors in Denver, Colorado. said "if you were going to make a case to cut rates, those are the data points you better cite in order to manage market expectations."

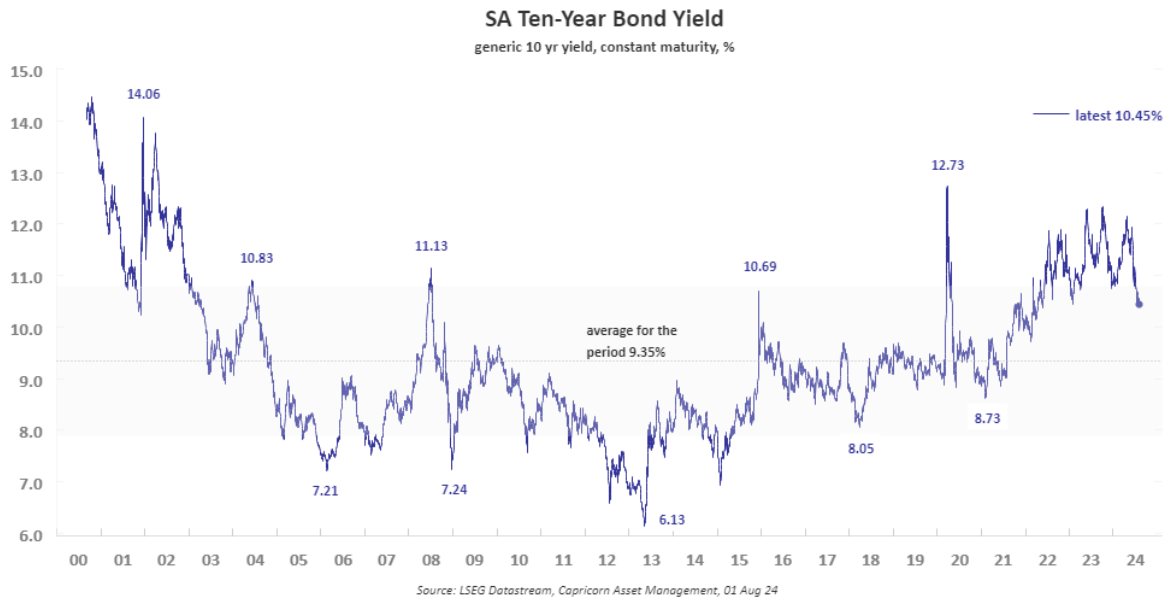
On Wall Street the Dow Jones Industrial Average rose 99.46 points, or 0.24%, to 40,842.79, the S&P 500 gained 85.86 points, or 1.58%, to 5,522.30 and the Nasdaq Composite gained 451.98 points, or 2.64%, to 17,599.40. It was the biggest one-day percentage gain for the S&P and the Nasdaq since Feb. 22. MSCI's gauge of stocks across the globe rose 13.12 points, or 1.64%, to 814.55 also showing its biggest one-day percentage gain since Feb. 22. Earlier Europe's STOXX 600 index had closed up 0.8%.

In U.S. Treasuries, yields were mostly lower with the benchmark 10-year note yield on track for its biggest drop in two weeks, after the Federal Reserve kept interest rates at their current levels, as was widely expected. The yield on benchmark U.S. 10-year notes fell 9.6 basis points to 4.045%, from 4.141% late on Tuesday. The 2-year note yield, which typically moves in step with interest rate expectations, fell 8.7 basis points to 4.276%, hitting its lowest level since Feb. 2.

In currencies, the dollar added to losses after the Fed statement and comments from Powell. "The Fed wants to let the data play out a little bit longer, even at the risk of falling behind the curve," said Adam Button, chief currency analyst at ForexLive in Toronto. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, fell 0.37% to 104.06. The euro was up 0.09% at \$1.0825. But against the Japanese yen, the dollar weakened 1.75% to 150.08 after the Bank of Japan raised rates.

In energy, oil prices rebounded from seven-week lows after the killing of a Hamas leader in Iran ratcheted up tensions in the Middle East and a sharp drawdown in U.S. crude stockpiles. U.S. crude settled up 4.26% at \$77.91 a barrel and Brent rose to \$80.72 per barrel, up 2.66% on the day. Gold prices extended gains after Powell's rate cut hint rising well over 1% on the day. Spot gold was last up 1.63% at \$2,447.69 an ounce. U.S. gold futures gained 1.77% to \$2,447.60 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand strengthened on Wednesday, ahead of a much-anticipated policy decision by the U.S. Federal Reserve. At 1535 GMT, the rand traded at 18.19 against the dollar, more than 0.7% stronger than its previous close. Investors' focus will be on the Fed later on Wednesday for clues to the future interest rate trajectory of the world's biggest economy. The central bank is expected to leave rates unchanged, but markets are betting on a cut at its September meeting. Like other risk-sensitive currencies, the rand often takes cues from global drivers like U.S. monetary policy in addition to local factors.

On the domestic front, South Africa recorded a trade surplus of 24.23 billion rand in June, revenue service figures showed on Wednesday. On the stock market, the Top-40 index closed over 2% up. South Africa's benchmark 2030 government bond firmed, with the yield down 10 basis points to 9.405%.

Source: LSEG Thomson Reuters Refinitiv.

A single sunbeam is enough to drive away many shadows.

Francis of Assisi

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)					01 August 2024	
Money Market TB Rates %			Last close	Difference	Prev close	Current Spot
3 months	⇒		8.47	0.000	8.47	8.47
6 months	⇒		8.67	0.000	8.67	8.67
9 months	⇓		8.69	-0.016	8.71	8.69
12 months	⇓		8.66	-0.017	8.68	8.66
Nominal Bond Yields %			Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⇓		9.13	-0.070	9.20	9.10
GC25 (Coupon 8.50%, BMK R186)	⇓		9.03	-0.070	9.10	9.00
GC26 (Coupon 8.50%, BMK R186)	⇓		8.35	-0.070	8.42	8.33
GC27 (Coupon 8.00%, BMK R186)	⇓		8.63	-0.070	8.70	8.61
GC28 (Coupon 8.50%, BMK R2030)	⇓		8.93	-0.100	9.03	8.90
GC30 (Coupon 8.00%, BMK R2030)	⇓		9.14	-0.100	9.24	9.11
GC32 (Coupon 9.00%, BMK R213)	⇓		9.54	-0.105	9.64	9.51
GC35 (Coupon 9.50%, BMK R209)	⇓		10.20	-0.090	10.29	10.17
GC37 (Coupon 9.50%, BMK R2037)	⇓		10.98	-0.105	11.08	10.95
GC40 (Coupon 9.80%, BMK R214)	⇓		11.48	-0.125	11.60	11.46
GC43 (Coupon 10.00%, BMK R2044)	⇓		11.66	-0.090	11.75	11.62
GC45 (Coupon 9.85%, BMK R2044)	⇓		12.02	-0.090	12.11	11.98
GC48 (Coupon 10.00%, BMK R2048)	⇓		12.03	-0.095	12.13	11.99
GC50 (Coupon 10.25%, BMK: R2048)	⇓		12.10	-0.095	12.20	12.06
Inflation-Linked Bond Yields %			Last close	Difference	Prev close	Current Spot
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
Commodities			Last close	Change	Prev close	Current Spot
Gold	↑		2,448	1.65%	2,408	2,446
Platinum	↑		976	1.76%	959	971
Brent Crude	↑		80.7	2.66%	78.6	81.5
Main Indices			Last close	Change	Prev close	Current Spot
NSX Overall Index	↑		1,829	1.90%	1,795	1,829
JSE All Share	↑		82,765	1.93%	81,199	82,765
SP500	↑		5,522	1.58%	5,436	5,522
FTSE 100	↑		8,368	1.13%	8,274	8,368
Hangseng	↑		17,345	2.01%	17,003	17,394
DAX	↑		18,509	0.53%	18,411	18,509
JSE Sectors			Last close	Change	Prev close	Current Spot
Financials	↑		19,840	1.62%	19,524	19,840
Resources	↑		62,399	4.55%	59,681	62,399
Industrials	↑		109,921	1.12%	108,705	109,921
Forex			Last close	Change	Prev close	Current Spot
N\$/US dollar	⇓		18.19	-0.68%	18.32	18.20
N\$/Pound	⇓		23.39	-0.51%	23.51	23.35
N\$/Euro	⇓		19.69	-0.58%	19.81	19.69
US dollar/ Euro	↑		1.083	0.09%	1.082	1.082
			Namibia		RSA	
Interest Rates & Inflation			Jul 24	Jun 24	Jul 24	Jun 24
Central Bank Rate	⇒		7.75	7.75	8.25	8.25
Prime Rate	⇒		11.50	11.50	11.75	11.75
			Jun 24	May 24	Jun 24	May 24
Inflation	⇓		4.6	4.9	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

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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