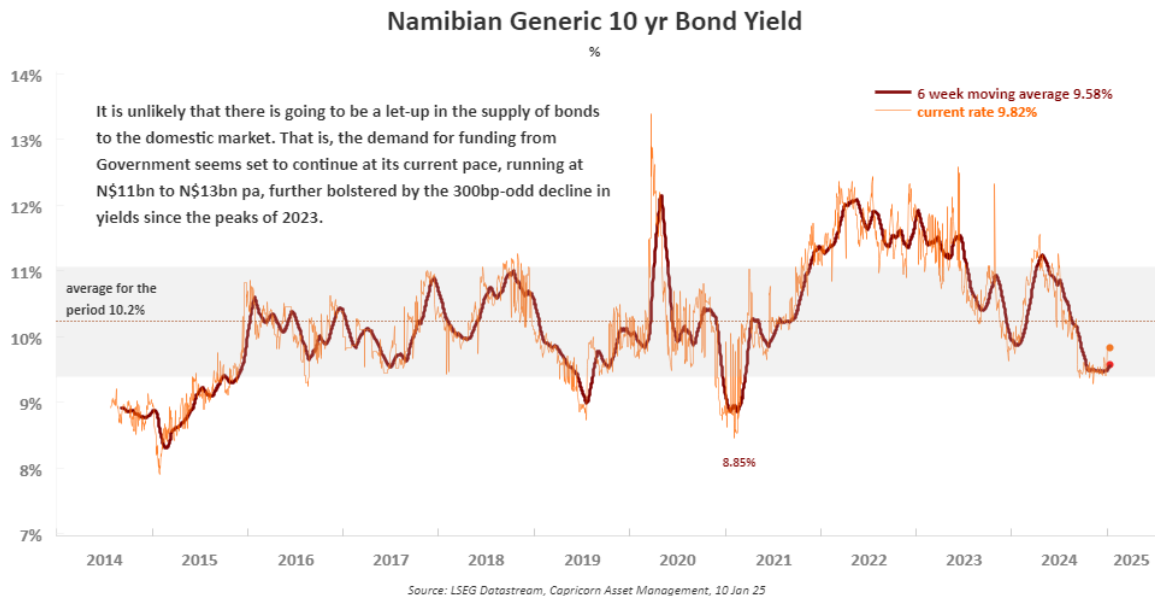




Market Update

Friday, 10 January 2025



Global Markets

U.S. Treasury yields retreated from an eight-month high on Thursday while the dollar strengthened against major currencies, as investors reevaluated the Federal Reserve's interest rate policy for 2025 as the U.S. economy shows signs of resilience. The benchmark 10-year U.S. Treasury yield fell 0.45 basis points to 4.689%. It had hit a peak of 4.73% on Wednesday, the highest since April 2024. The pound headed for its biggest three-day drop in nearly two years. A selloff in global bonds in recent weeks and worries about Britain's economy has kept the pound under pressure and also has hit gilts especially hard, driving yields to 16-1/2-year highs.

On Friday, the closely watched U.S. monthly payrolls report will provide clues on the Fed's policy outlook. Markets are fully pricing in just one 25-basis-point U.S. rate cut in 2025. "Yields have come down a little bit heading into the payroll number on Friday and it's indicative of where the level of concern is, which is that maybe the move in yields has been overdone," said Drew Matus, chief market strategist at MetLife Investment Management in New Jersey.

Minutes of the Fed's December policy meeting released on Wednesday showed officials were concerned President-elect Donald Trump's proposed tariffs and immigration policies may prolong the fight against inflation. A market selloff in Treasuries continued on Wednesday after a CNN report that Trump was considering declaring a national economic emergency to provide a legal justification for a series of universal levies on allies and adversaries.

U.S. stock markets were closed on Thursday to mark the funeral of former U.S. president Jimmy Carter. U.S. bond markets closed early at 2 p.m. ET (1900 GMT).

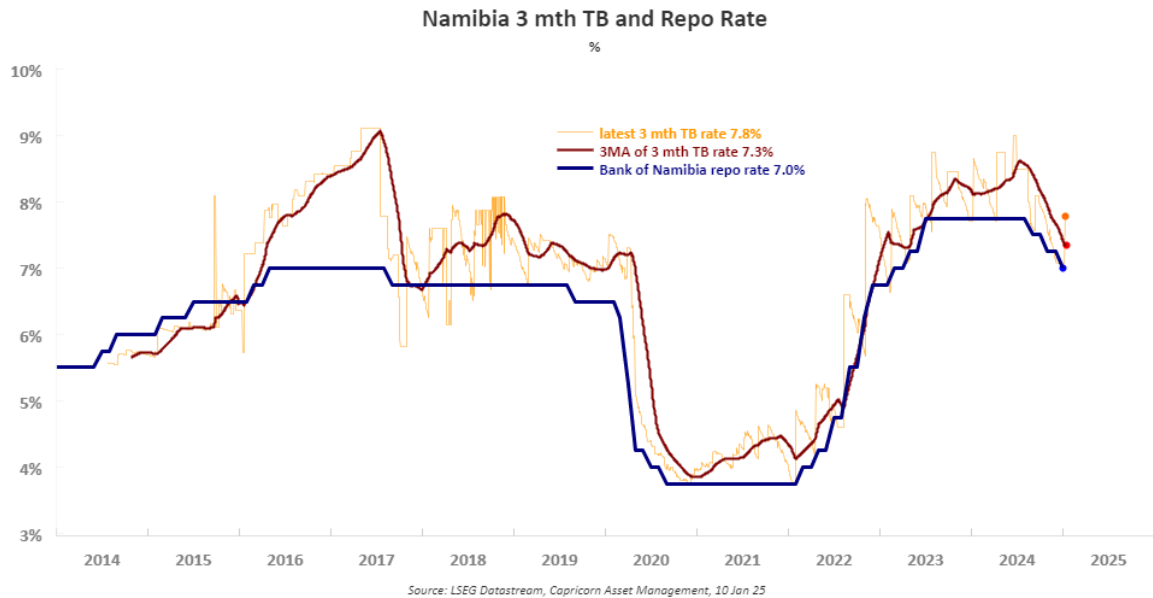
"I put the fair value 10-year yield at 4.50% and yet we're still at 4.66% heading into a report that will either show continuing strength in the labour market, in which case the rate cuts aren't the right thing to be doing, or show labour weakness and will ratify the Fed's view of the world against the backdrop of inflation that remains elevated and a high degree of uncertainty in policy and economic outcomes," Matus said.

European shares finished higher after paring early losses. Gains in healthcare and basic materials stocks were partially offset by declines in retailers. The pan-European STOXX 600 closed up 0.42%.

The U.S. dollar index traded just under 109.54, a level it hit last week for the first time since November 2022. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.12% to 109.15, with the euro down 0.18% at \$1.0299. Sterling was last down 0.44% at \$1.2307, having touched its lowest since November 2023 earlier in the day. China's yuan steadied near a 16-month low against the dollar as the nation's central bank announced a record amount of offshore yuan bill sales to support the currency.

Oil prices settled up more than 1% as cold weather gripped parts of the U.S. and Europe, boosting winter fuel demand. Brent crude futures settled up 1% at \$76.92 a barrel. U.S. West Texas Intermediate crude futures settled up 0.82% to \$73.92. Gold prices advanced to a near four-week high, backed by safe-haven demand. Spot gold rose 0.27% to \$2,669.38 an ounce, trading near its highest level since mid-December. U.S. gold futures rose 0.77% to \$2,685.00 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand was steady on Thursday as investors mulled over the outlook for U.S. interest rates and the potential for aggressive tariffs by President-elect Donald Trump. At 1512 GMT, the rand traded at 18.90 against the dollar, not far from its previous close. This week, investors have been digesting reports about Trump's tariff plans, U.S. labour market data pointing to continued resilience, and minutes of the Federal Reserve's last meeting that lifted expectations for fewer rate cuts in 2025.

Domestically, South Africa's manufacturing output in November fell 2.6% year on year after rising by a revised 0.9% in October, statistics agency data showed. On the stock market, the Top-40 index closed 0.8% higher. South Africa's benchmark 2030 government bond was weaker, with the yield up 4.5 basis points to 9.145%.

Source: LSEG Thomson Reuters Refinitiv.

If the highest aim of a captain were to preserve his ship, he would keep it in port forever.

Thomas Aquinas

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				10 January 2025	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	7.91	-0.008	7.92	7.96
6 months	↓	7.92	-0.008	7.93	8.01
9 months	→	7.96	0.000	7.96	8.03
12 months	→	7.93	0.000	7.93	8.01
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC25 (Coupon 8.50%, BMK R186)	↑	8.25	0.005	8.25	8.10
GC26 (Coupon 8.50%, BMK R186)	↑	8.39	0.005	8.39	8.24
GC27 (Coupon 8.00%, BMK R186)	↑	8.98	0.005	8.98	8.83
GC28 (Coupon 8.50%, BMK R2030)	↑	9.28	0.040	9.24	9.07
GC30 (Coupon 8.00%, BMK R2030)	↑	9.26	0.040	9.22	9.05
GC32 (Coupon 9.00%, BMK R213)	↑	10.08	0.035	10.04	9.89
GC35 (Coupon 9.50%, BMK R209)	↑	11.37	0.090	11.28	10.97
GC37 (Coupon 9.50%, BMK R2037)	↑	11.58	0.095	11.48	11.19
GC40 (Coupon 9.80%, BMK R214)	↑	11.93	0.095	11.83	11.49
GC43 (Coupon 10.00%, BMK R2044)	↑	11.89	0.090	11.80	11.49
GC45 (Coupon 9.85%, BMK R2044)	↑	11.99	0.090	11.90	11.59
GC48 (Coupon 10.00%, BMK R2048)	↑	12.03	0.095	11.93	11.61
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.05	0.095	11.95	11.63
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	→	3.10	0.000	3.10	4.00
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	5.22
GI36 (Coupon 4.80%, BMK NCPI)	→	6.07	0.000	6.07	5.63
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	2,670	0.31%	2,662	2,662
Platinum	↑	959	0.30%	956	941
Brent Crude	↑	76.9	1.00%	76.2	73.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,813	0.42%	1,805	1,846
JSE All Share	↑	83,698	0.66%	83,153	84,787
SP500	→	5,918	0.00%	5,918	5,999
FTSE 100	↑	8,320	0.83%	8,251	8,281
Hangseng	↓	19,241	-0.20%	19,280	19,382
DAX	↓	20,317	-0.06%	20,330	19,426
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	20,502	-0.53%	20,611	21,095
Resources	↑	56,999	4.04%	54,785	55,026
Industrials	↑	113,913	0.31%	113,562	116,475
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.92	0.16%	18.89	18.96
N\$/Pound	↓	23.30	-0.32%	23.37	22.96
N\$/Euro	↓	19.50	-0.05%	19.51	19.09
US dollar/ Euro	↓	1.030	-0.19%	1.032	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
		Dec 24	Nov 24	Nov 24	Oct 24
Inflation	↑	3.4	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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