



## Market Update

Wednesday, 11 December 2024

### Global Markets

Investors are expected to increase their allocations to stocks and bonds from cash after even "modest" Federal Reserve interest rate cuts, BlackRock's chief financial officer said on Tuesday. Expectations earlier this year that the U.S. central bank would cut interest rates aggressively after hiking them to fight inflation have moderated in recent months as the U.S. economy continues to show momentum despite high borrowing costs. "I think even modest rate cuts are going to fuel a very healthy amount of investor re-risking," said BlackRock CFO Martin Small, speaking at the Goldman Sachs U.S. Financial Services conference on Tuesday.

Lower interest rates are expected to eventually pull yields in money markets down from well above 4%, which is where cash-like instruments like T-bills currently stand. So far, however, there has been little evidence that investors are abandoning cash. Assets in U.S. money markets stood at \$6.77 trillion as of last week, data from the Investment Company Institute showed, up from \$6.3 trillion in early September.

"There's still enough political and economic uncertainty in the world that cash is an attractive safe haven for clients," Small said. "Market expectations for rate cuts ... are shallower and fewer," he said, adding that these and other factors had made money market fund balances stickier. The U.S. central bank started cutting interest rates in September by 50 basis points. That was followed by another 25-basis point cut last month, with investors now betting on an additional quarter of a percentage point cut later this month. After that, further easing is largely expected to depend on economic data as well as the path of inflation.

Investors now expect interest rates of about 3.7% by the end of next year, which would be about 90 basis points higher than what was priced in September. Still, Small said investors that favor cash were underperforming traditional investment portfolios that blended equities and bonds. "That fear of missing out ... is contributing meaningfully to re-risking," he said. BlackRock's fixed-income products such as bond exchange-traded funds had seen strong inflows this year, he added. "It's not the floodgates ... but we've definitely seen more normalized allocations legging into fixed income," he said.

**Source: LSEG Thomson Reuters Refinitiv.**

## Domestic Markets

South Africa's rand weakened early on Wednesday ahead of domestic and U.S. inflation readings which could give clues on the future interest rate path of both countries. At 0711 GMT, the rand traded at 17.85 against the U.S. dollar , about 0.2% softer than its previous close.

Markets will look to November consumer inflation data out of the world's biggest economy on Wednesday to challenge or cement bets of an interest rate cut by the Federal Reserve next week. Markets expect a 25-basis-point cut on 18 December.

Likewise, South Africa-focused investors will at 0800 GMT look to the November inflation print for hints on the policy path of its central bank when it meets in January. Economists polled by Reuters expect South Africa's inflation to accelerate to 3.1% year on year in November, up from 2.8% recorded in October. At 1100 GMT, focus will be on South Africa's October retail sales figures.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index, opens new tab was down about 0.5% in early trade. South Africa's benchmark 2030 government bond was flat in early deals, with the yield at 8.97%.

**Source: LSEG Thomson Reuters Refinitiv.**

**Successful investing is anticipating the anticipations of others.**

**John Maynard Keynes**

## Market Overview

MARKET INDICATORS (Bloomberg)		11 December 2024			
<b>Money Market TB's</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
3 months	↓	7.95	-0.074	8.03	7.95
6 months	→	8.09	0.000	8.09	8.09
9 months	↑	8.10	0.001	8.10	8.10
12 months	↓	8.09	-0.022	8.11	8.09
<b>Nominal Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GC25 (Coupon 8.50%, BMK: R186)	→	8.04	0.000	8.04	8.03
GC26 (Coupon 8.50%, BMK: R186)	→	8.13	0.000	8.13	8.15
GC27 (Coupon 8.00%, BMK: R186)	→	8.61	0.000	8.61	8.64
GC30 (Coupon 8.00%, BMK: R2030)	→	8.74	0.000	8.74	8.76
GC32 (Coupon 9.00%, BMK: R213)	→	9.63	0.000	9.63	9.65
GC35 (Coupon 9.50%, BMK: R209)	→	10.45	0.000	10.45	10.45
GC37 (Coupon 9.50%, BMK: R2037)	→	10.70	0.000	10.70	10.70
GC40 (Coupon 9.80%, BMK: R214)	→	11.11	0.000	11.11	11.12
GC43 (Coupon 10.00%, BMK: R2044)	→	11.17	0.000	11.17	11.18
GC45 (Coupon 9.85%, BMK: R2044)	→	11.32	0.000	11.32	11.34
GC50 (Coupon 10.25%, BMK: R2048)	→	11.18	0.000	11.18	11.20
<b>Inflation-Linked Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GI25 (Coupon 3.80%, BMK: NCPI)	→	3.31	0.000	3.31	3.31
GI27 (Coupon 4.00%, BMK: NCPI)	→	4.11	0.000	4.11	4.11
GI29 (Coupon 4.50%, BMK: NCPI)	→	4.64	0.000	4.64	4.64
GI33 (Coupon 4.50%, BMK: NCPI)	→	5.27	0.000	5.27	5.27
GI36 (Coupon 4.80%, BMK: NCPI)	→	5.69	0.000	5.69	5.69
<b>Commodities</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Gold	↑	2,694	1.28%	2,660	2,691
Platinum	↑	943	0.13%	941	937
Brent Crude	↑	72.2	0.07%	72.14	72.38
<b>Main Indices</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
NSX Local Index	↓	1092	-0.64%	1099	1092
JSE All Share	↓	86,799	-0.54%	87,271	86,799
S&P 500	↓	6,035	-0.30%	6,053	6,035
FTSE 100	↓	8,253	-0.33%	8,280	8,253
Hangseng	↓	20,155	-0.77%	20,311	20,155
DAX	↑	20,333	0.02%	20,329	20,333
<b>JSE Sectors</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Financials	↓	21,629	-0.12%	21,655	21,403
Resources	↓	56,382	-0.68%	56,768	56,000
Industrials	↓	120,986	-0.50%	121,599	120,804
<b>Forex</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
N\$/US Dollar	↑	17.81	0.23%	17.77	17.86
N\$/Pound	↑	22.74	0.31%	22.67	22.78
N\$/Euro	→	18.75	0.00%	18.75	18.77
US Dollar/ Euro	↓	1.053	-0.66%	1.06	1.05
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Dec-24</b>	<b>Nov-24</b>	<b>Dec-24</b>	<b>Nov-24</b>
Central Bank Rate	↓	7.00	7.25	7.75	8.00
Prime Rate	↓	10.75	11	11.25	11.50
		<b>Nov-24</b>	<b>Oct-24</b>	<b>Oct-24</b>	<b>Sep-24</b>
Inflation	→	3.0	3.0	2.8	3.8

#### 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

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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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