



Market Update

Thursday, 12 December 2024

Global Markets

Wall Street's benchmark S&P 500 index rose on Wednesday and a rally in tech stocks lifted the Nasdaq above the 20,000-point milestone for the first time, after a U.S. inflation report boosted expectations of a Federal Reserve interest rate cut. The Dow Jones Industrial Average dipped, dragged by health insurers as U.S. lawmakers introduced a bill seen as crimping their profits. Five of the 11 major S&P 500 sectors advanced, led by gains in communication services, technology and consumer discretionary services.

A Labor Department report showed U.S. consumer prices in November increased by the most in seven months, though broadly in line with market expectations. The Dow Jones Industrial Average fell 99.27 points, or 0.22%, to 44,148.56, the S&P 500 gained 49.28 points, or 0.82%, to 6,084.19 and the Nasdaq Composite gained 347.65 points, or 1.77%, to 20,034.89. "Nasdaq is rallying on the prospect of a rate cut next week and has room to move higher," said Peter Cardillo, chief market economist at Spartan Capital Securities.

Markets are pricing in more than a 96% chance the Fed will cut rates by 25 basis points next week, up from an 86% chance before the data, according to CME's FedWatch Tool. Bets had risen following Friday's employment report, which showed an uptick in unemployment alongside a surge in job growth. The yield on benchmark U.S. 10-year notes rose 5.2 basis points to 4.271%. "The equity market seems to be breathing a sigh of relief that this is another steady-as-she-goes report," said Wasif Latif, chief investment officer at Sarmaya Partners in New Jersey. "There's no surprises. It seems the equity market was braced for a higher-than-expected number."

Advancing issues outnumbered decliners by a 1.27-to-1 ratio on the NYSE. On the Nasdaq, 2,287 stocks rose and 2,029 fell as advancing issues outnumbered decliners by a 1.13-to-1 ratio. The S&P 500 posted 22 new 52-week highs and 6 new lows while the Nasdaq Composite recorded 127 new highs and 118 new lows. About 14.25 billion shares were traded across U.S. exchanges, compared with the 14.35 billion averages for the last 20 sessions.

Source: LSEG Thomson Reuters Refinitiv.

Domestic Markets

South Africa's inflation rate rose less than expected in November, staying just below the central bank's target range thanks to food inflation slowing to its lowest level in almost 14 years. Headline consumer inflation was 2.9% year on year in November from 2.8% in October . In month-on-month terms, inflation was at 0.0% in November, compared with -0.1% in October, Statistics South Africa data showed.

Economists polled by Reuters had forecast headline inflation would accelerate to 3.1% in annual terms. The South African Reserve Bank targets inflation of between 3% and 6%, aiming for the midpoint of that band. "We expect inflation will continue to edge higher over the coming months. But it is likely to remain contained and stay below the 4.5% target midpoint," Jason Tuvey, deputy chief emerging markets economist at Capital Economics, said.

The central bank last month cut its main lending rate by 25 basis points (bps) for the second meeting in a row, after inflation dropped below the target range in October for the first time in years. Tuvey said a 50-bps cut was not out of the question at the central bank's next policy meeting in January.

Food and non-alcoholic beverages inflation slowed to 2.3% year on year in November from 3.6% one month earlier, the lowest rate of price increases for that category since December 2010, the statistics agency said. But a month-on-month increase in fuel prices pushed the November headline inflation figure higher in annual terms. Annual core inflation , which excludes food and fuel prices, also came in below expectations at 3.7% in November compared with 3.9% one month earlier.

Source: LSEG Thomson Reuters Refinitiv.

I've learned that all investments have risk.

Stephen A. Schwarzman

Market Overview

MARKET INDICATORS (Bloomberg)		12 December 2024			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
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
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC25 (Coupon 8.50%, BMK: R186)	↓	8.03	-0.009	8.04	8.02
GC26 (Coupon 8.50%, BMK: R186)	↑	8.14	0.012	8.13	8.14
GC27 (Coupon 8.00%, BMK: R186)	↑	8.62	0.009	8.61	8.62
GC30 (Coupon 8.00%, BMK: R2030)	↑	8.75	0.014	8.74	8.75
GC32 (Coupon 9.00%, BMK: R213)	↑	9.64	0.012	9.63	9.64
GC35 (Coupon 9.50%, BMK: R209)	↑	10.45	0.001	10.45	10.44
GC37 (Coupon 9.50%, BMK: R2037)	↑	10.70	0.002	10.70	10.70
GC40 (Coupon 9.80%, BMK: R214)	↑	11.13	0.017	11.11	11.13
GC43 (Coupon 10.00%, BMK: R2044)	↑	11.19	0.019	11.17	11.19
GC45 (Coupon 9.85%, BMK: R2044)	↑	11.34	0.021	11.32	11.34
GC50 (Coupon 10.25%, BMK: R2048)	↑	11.20	0.025	11.18	11.20
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI25 (Coupon 3.80%, BMK: NCPI)	↑	3.31	0.003	3.31	3.31
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.11	0.002	4.11	4.11
GI29 (Coupon 4.50%, BMK: NCPI)	↑	4.64	0.003	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	0.001	5.69	5.69
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	2,718	0.89%	2,694	2,716
Platinum	↓	941	-0.21%	943	948
Brent Crude	↑	73.5	1.84%	72.19	73.69
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↓	1087	-0.46%	1092	1087
JSE All Share	↓	87,116	-0.18%	87,271	87,116
S&P 500	↑	6,084	0.81%	6,035	6,084
FTSE 100	↑	8,302	0.27%	8,280	8,302
Hangseng	↑	20,481	1.62%	20,155	20,481
DAX	↑	20,399	0.34%	20,329	20,399
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	→	21,629	0.00%	21,629	21,439
Resources	→	56,382	0.00%	56,382	56,609
Industrials	→	120,986	0.00%	120,986	121,046
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	17.70	-0.62%	17.81	17.67
N\$/Pound	↓	22.58	-0.70%	22.74	22.56
N\$/Euro	↓	18.58	-0.91%	18.75	18.57
US Dollar/ Euro	→	1.050	0.00%	1.05	1.05
Interest Rates & Inflation		Namibia		RSA	
		Dec-24	Nov-24	Dec-24	Nov-24
Central Bank Rate	↓	7.00	7.25	7.75	8.00
Prime Rate	↓	10.75	11	11.25	11.50
		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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