



Market Update

Wednesday, 12 February 2025

Global Markets

Stocks rose and U.S. Treasury yields firmed on Wednesday as investors assessed the latest U.S. tariff salvo along with Federal Reserve Chair Jerome Powell's signal of a patient path for rate cuts. Financial markets were largely biding time ahead of a reading on U.S. consumer prices due later in the day which could guide the outlook for monetary policy there, particularly as policymakers weigh the potential inflationary impact of Donald Trump's tariffs on the economy.

The U.S. President on Monday raised tariffs on steel and aluminum imports to 25% from the previous 10%, eliminated country exceptions, as well as product-specific exclusions, and promised to announce global reciprocal tariffs within days. But Trump also said he was considering an exemption for Australia and that the steel and aluminum measures would only take effect from March 4, keeping alive the possibility that the duties are being used as a negotiating tool. Mexico, Canada and the European Union on Tuesday condemned the move, with the EU saying the 27-nation bloc would take "firm and proportionate countermeasures".

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.32%, following a mixed session on Wall Street as gains in Coca-Cola and Apple offset losses in Tesla. Early on Wednesday, EUROSTOXX 50 futures were up 0.2% while FTSE futures eased 0.05%. Nasdaq futures ticked 0.08% higher. S&P 500 futures shed 0.02%. "Overall, Powell's steady tone, cautious Asian equity performance, and the anticipation of U.S. CPI data underscore a market environment focused on inflation risks and policy clarity," said Shier Lee Lim, lead FX and macro strategist for APAC at Convera. "Tariff developments, while notable, have yet to significantly shift sentiment, as markets remain anchored by central bank guidance and macroeconomic data."

Elsewhere, China's CSI300 blue-chip index fell 0.29%, while the Shanghai Composite Index slipped 0.16%. Hong Kong's Hang Seng Index advanced 0.7%. Hong Kong-listed shares of Alibaba surged more than 5% after a media report that it is partnering with Apple to roll out artificial intelligence features for iPhone users in China. Japan's Nikkei rose 0.25%, ahead of SoftBank Group's results due later in the day.

Treasury yields maintained gains after Powell's testimony as investor attention turns to the latest reading of consumer prices on Wednesday. The yield on benchmark U.S. 10-year notes held near a one-week high at 4.5332%, while the two-year yield steadied at 4.2917%. Markets have been slowly scaling back expectations for Fed rate cuts this year, largely expecting the U.S. central bank to hold rates steady at its March and May meetings. Powell on Tuesday said "We are in a pretty good place

with this economy", noting that the Fed was in no hurry to make any further interest rate cuts, but stood ready to do so if inflation declines further or the job market weakens.

In currencies, the dollar's tariff-driven rally hit pause on Wednesday, as it slipped modestly against most of its major peers save for the yen. Against the greenback, the euro ticked up 0.02% to \$1.0363, while sterling edged 0.04% higher to \$1.2451. The Aussie dollar rose 0.06% to \$0.6299. The yen fell more than 0.5% to 153.35 per dollar. Bank of Japan Governor Kazuo Ueda said on Wednesday the central bank will continue to conduct its monetary policy with the aim of achieving its 2% inflation target sustainably and stably.

Oil prices retreated from their recent peaks hit on the back of Russian and Iranian supply concerns, with Brent crude falling 0.36% to \$76.72 per barrel. U.S. crude similarly slid 0.41% to \$73.02 a barrel.

Spot gold held near a record high at \$2,894 an ounce.

Source: LSEG Thomson Reuters Refinitiv.

Domestic Markets

South Africa's rand was flat on Tuesday as traders gauged the effects of U.S. President Donald Trump's tariffs on steel and aluminium imports, which risk sparking a multi-front trade war. At 1506 GMT, the rand traded at 18.45 against the U.S. dollar, same as its previous close.

Trump imposed tariffs on steel and aluminium imports on Monday to a flat 25% "without exceptions or exemptions", aiming to benefit production in the world's biggest economy. TM Analytics said in a research note that South Africa "will be minimally affected". "For now, the USD-ZAR will trade cautiously and without clear direction, until Trump's policies are understood, and the implications are more quantifiable than they are now," the note added. Earlier in the day, statistics agency data showed South Africa's manufacturing output fell 1.2% year on year in December after declining by a revised 1.9% in November.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index closed 0.2% lower.

South Africa's benchmark 2030 government bond was weaker, with the yield up 5 basis point to 9.15%.**Source: LSEG Thomson Reuters Refinitiv.**

The things that we love tell us what we are.

Thomas Aquinas

Market Overview

MARKET INDICATORS (Bloomberg)		12 February 2025			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↓	7.76	-0.064	7.82	7.76
6 months	↓	7.83	-0.044	7.88	7.83
9 months	↓	7.84	-0.025	7.86	7.84
12 months	↓	7.88	-0.025	7.90	7.88
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC25 (Coupon 8.50%, BMK: R186)	↑	7.54	0.033	7.51	7.53
GC26 (Coupon 8.50%, BMK: R186)	↑	8.40	0.006	8.39	8.41
GC27 (Coupon 8.00%, BMK: R186)	↑	8.76	0.009	8.75	8.77
GC30 (Coupon 8.00%, BMK: R2030)	↑	9.17	0.019	9.15	9.19
GC32 (Coupon 9.00%, BMK: R213)	↑	9.92	0.003	9.92	9.93
GC35 (Coupon 9.50%, BMK: R209)	↑	10.96	0.034	10.93	10.95
GC37 (Coupon 9.50%, BMK: R2037)	↑	11.22	0.023	11.19	11.23
GC40 (Coupon 9.80%, BMK: R214)	↑	11.54	0.027	11.51	11.55
GC43 (Coupon 10.00%, BMK: R2044)	↑	11.48	0.027	11.45	11.49
GC45 (Coupon 9.85%, BMK: R2044)	↑	11.79	0.042	11.75	11.80
GC50 (Coupon 10.25%, BMK: R2048)	↑	11.66	0.032	11.63	11.66
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI25 (Coupon 3.80%, BMK: NCPI)	↑	3.31	0.008	3.30	3.31
GI27 (Coupon 4.00%, BMK: NCPI)	↑	4.21	0.011	4.20	4.21
GI29 (Coupon 4.50%, BMK: NCPI)	↓	4.69	-0.006	4.70	4.69
GI33 (Coupon 4.50%, BMK: NCPI)	↑	5.29	0.002	5.28	5.28
GI36 (Coupon 4.80%, BMK: NCPI)	↓	5.68	0.000	5.68	5.68
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↓	2,898	-0.36%	2,908	2,893
Platinum	↓	989	-0.23%	991	991
Brent Crude	↑	77.0	1.49%	75.87	76.62
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↓	1032	-1.15%	1044	1032
JSE All Share	↑	88,199	0.73%	87,563	88,199
S&P 500	↑	6,069	0.05%	6,066	6,069
FTSE 100	↑	8,777	0.10%	8,768	8,777
Hangseng	↑	21,816	2.45%	21,295	21,816
DAX	↑	22,038	0.58%	21,912	22,038
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	↓	20,410	-0.31%	20,473	20,460
Resources	↓	63,703	-0.70%	64,152	64,214
Industrials	↑	121,983	0.12%	121,833	123,428
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↑	18.48	0.16%	18.45	18.47
N\$/Pound	↑	23.03	0.96%	22.81	22.99
N\$/Euro	↑	19.17	0.84%	19.01	19.15
US Dollar/ Euro	↑	1.036	0.58%	1.03	1.04
Interest Rates & Inflation		Namibia		RSA	
		Dec-24	Nov-24	Jan-25	Nov-24
Central Bank Rate	↓	7.00	7.25	7.75	8.00
Prime Rate	↓	10.75	11	11.25	11.25
		Jan-25	Nov-24	Jan-25	Nov-24
Inflation	↑	3.4	3.0	3.0	2.9

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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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