

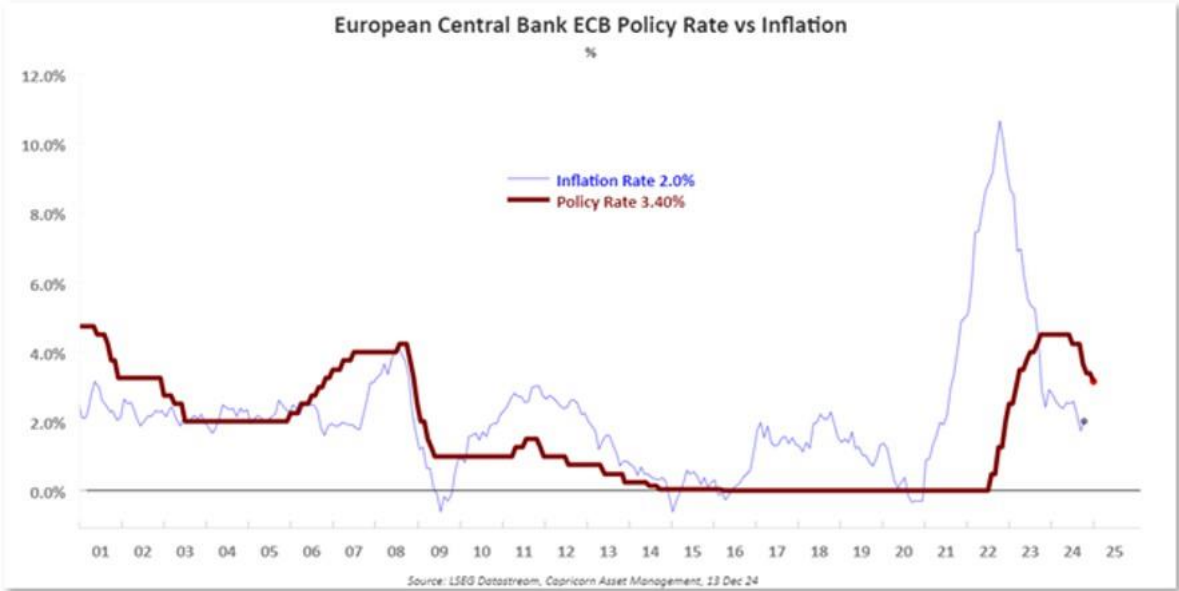


# The Daily Brief

 Capricorn Asset Management

**Market Update**

**Friday, 13 December 2024**



## Global Markets

Global stocks were down and major Wall Street indexes fell on Thursday after the European Central Bank cut interest rates for a fourth time this year, as gold prices slid from a five-week high. European stocks finished lower in choppy trading after the European Central Bank cut interest rates and kept the door open to further easing in 2025 in the face of a struggling economy and heightened political risks. The pan-European STOXX 600 index closed down by 0.1%, although rate-sensitive euro zone bank shares edged up 0.3%. Traders were pricing in 125 basis points worth of interest rate cuts by the ECB by the end of 2025, according to data compiled by LSEG. "The ECB is on a direct path of consecutive quarter-point cuts until the deposit rate reaches 2%. This market expectation is now being reinforced by even lower economic forecasts," said Jochen Stanzl, chief market analyst at CMC Markets. Although economists were almost unanimous in predicting Thursday's move by the ECB, many had acknowledged that a bigger cut would also be justified given a deteriorating growth outlook and rapidly retreating inflation.

The Dow Jones Industrial Average fell 234.44 points, or 0.53%, to 43,914.12, the S&P 500 fell 32.94 points, or 0.54%, to 6,051.25 and the Nasdaq Composite fell 132.05 points, or 0.66%, to 19,902.84.

Emerging stocks rose 0.39%. The Swiss franc weakened after the Swiss National Bank cut rates by half a point, its largest reduction in nearly 10 years. Markets had priced a good chance of a half-point cut in the run-up to Thursday's meeting.

MSCI's gauge of stocks across the globe fell 3.32 points, or 0.38%, to 868.07. Wednesday's inflation reading showed the consumer price index (CPI) rose exactly in line with expectations in November, supporting bets for a Federal Reserve interest rate cut next week. "The market has essentially seen one of the last remaining obstacles that could derail sentiment out of the way," said Chris Weston, head of research at Pepperstone. "Seeing the coast somewhat clearer for the illustrious seasonal chase of returns to play out into year-end." Traders now place a 97% chance on a quarter-point Fed cut on Dec. 18.

The U.S. Labor Department's producer price index (PPI), which tracks the prices U.S. companies get for their goods and services at the figurative factory door, jumped by 0.4%, leap-frogging over the 0.2% consensus and marking an acceleration from October's upwardly revised 0.3% gain.

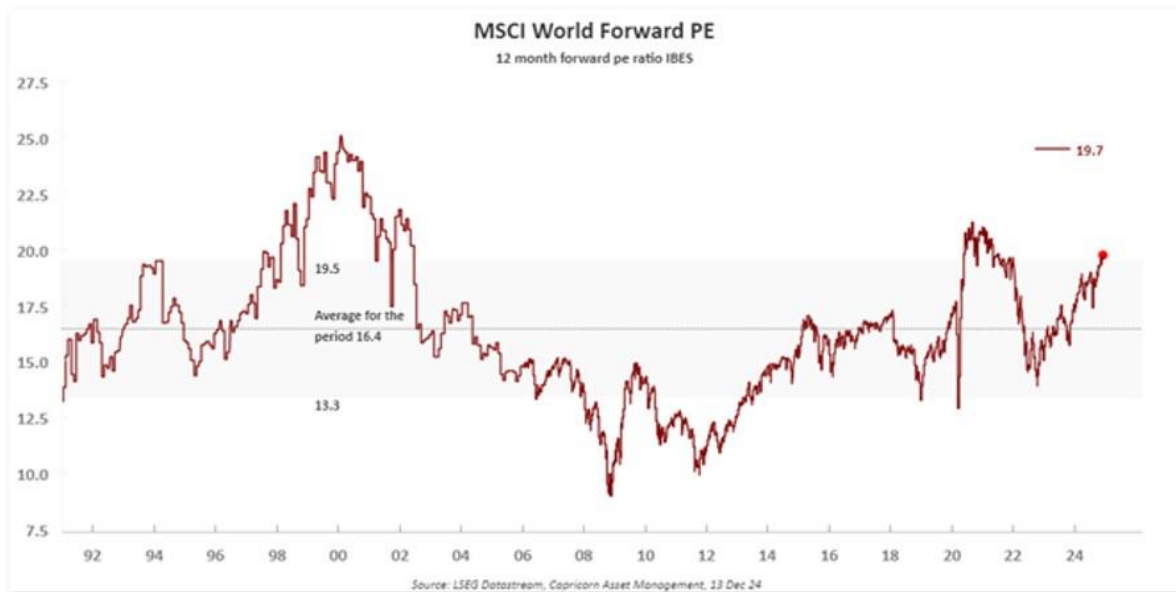
The yield on benchmark U.S. 10-year notes rose 6.3 basis points to 4.334%, from 4.271% late on Wednesday.

The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.41% to 106.99, with the euro down 0.23% at \$1.047. The greenback retreated against the yen after Reuters reported that BOJ policy makers were inclined to forgo a hike on Dec. 19 and wait for more data on wages at the start of next year.

The Australian dollar turned lower against the dollar. Earlier, it surged on unexpectedly strong employment data, rebounding from Wednesday's weakness following a Reuters report that Beijing is considering allowing the yuan to depreciate further next year. China is Australia's top trading partner and the Aussie is often used as a liquid proxy for the yuan.

In commodities, spot gold fell 1.39% to \$2,680.59 an ounce as investors took profits and squared positions ahead of next week's Fed meeting. U.S. gold futures settled 1.7% lower at \$2,709.40. Crude oil retreated after rallying this week on the threat of additional sanctions aimed at stifling Russian oil output. Oil prices dropped as a forecast for ample supply in the oil market offset optimism stemming from rising expectations of a U.S. interest rate cut. U.S. crude settled down 0.4% to \$70.02 a barrel and Brent finished at \$73.41 per barrel, down 0.15% on the day.

**Source: LSEG Thomson Reuters Refinitiv.**



## Domestic Markets

The South African rand was steady against the dollar on Thursday, after the release of third quarter employment data and producer inflation figures. At 1506 GMT, the rand traded at 17.7225 against the U.S. dollar, near its previous close.

South Africa's producer inflation was at -0.1% year on year in November from -0.7% in October, statistics agency data showed, while formal sector employment, excluding agriculture, fell 1.2% quarter on quarter to 10.605 million people in the third quarter of 2024.

The rand had posted gains after data on Wednesday showed the November consumer inflation reading was lower than expected, staying below the central bank's target range, which could see it cut interest rates further, supporting economic growth.

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

South Africa's benchmark 2030 government bond was stronger, with the yield down 7 basis points to 8.86%.

**Source: LSEG Thomson Reuters Refinitiv.**

Nature is not only all that is visible to the eye... it also includes the inner pictures of the soul.

**Edvard Munch**

## Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				13 December 2024	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	8.05	0.000	8.05	8.05
6 months	⇒	8.02	0.000	8.02	8.02
9 months	⇒	8.09	0.000	8.09	8.09
12 months	⇒	8.08	0.000	8.08	8.08
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC25 (Coupon 8.50%, BMK R186)	↓	8.13	-0.040	8.17	8.10
GC26 (Coupon 8.50%, BMK R186)	↓	8.13	-0.040	8.17	8.10
GC27 (Coupon 8.00%, BMK R186)	↓	8.57	-0.040	8.61	8.54
GC28 (Coupon 8.50%, BMK R2030)	↓	8.88	-0.060	8.94	8.84
GC30 (Coupon 8.00%, BMK R2030)	↓	8.84	-0.060	8.90	8.80
GC32 (Coupon 9.00%, BMK R213)	↓	9.68	-0.065	9.75	9.65
GC35 (Coupon 9.50%, BMK R209)	↓	10.56	-0.055	10.62	10.53
GC37 (Coupon 9.50%, BMK R2037)	↓	10.80	-0.060	10.86	10.77
GC40 (Coupon 9.80%, BMK R214)	↓	11.14	-0.050	11.19	11.09
GC43 (Coupon 10.00%, BMK R2044)	↓	11.22	-0.065	11.29	11.19
GC45 (Coupon 9.85%, BMK R2044)	↓	11.32	-0.065	11.39	11.29
GC48 (Coupon 10.00%, BMK R2048)	↓	11.25	-0.065	11.31	11.22
GC50 (Coupon 10.25%, BMK: R2048)	↓	11.18	-0.065	11.24	11.15
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.10	0.000	3.10	3.75
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	5.24
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.07	0.000	6.07	5.68
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	2,641	0.21%	2,636	2,662
Platinum	↑	931	0.44%	927	941
Brent Crude	↑	73.3	0.62%	72.8	73.3
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,846	0.15%	1,844	1,846
JSE All Share	↓	84,787	-0.37%	85,102	84,787
SP500	⇒	5,999	0.00%	5,999	5,999
FTSE 100	↑	8,281	0.08%	8,275	8,281
Hangseng	↓	19,367	-1.20%	19,603	19,382
DAX	↑	19,426	0.85%	19,262	19,426
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	21,095	0.15%	21,064	21,095
Resources	↓	55,026	-1.78%	56,025	55,026
Industrials	↓	116,475	-0.31%	116,841	116,475
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	18.11	-0.40%	18.19	18.04
N\$/Pound	↓	22.98	-0.33%	23.06	22.96
N\$/Euro	↓	19.11	-0.51%	19.21	19.09
US dollar/ Euro	↓	1.055	-0.10%	1.056	1.058
		<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	7.75
Prime Rate	↓	10.75	11.00	11.25	11.25
		<b>Nov 24</b>	<b>Oct 24</b>	<b>Nov 24</b>	<b>Oct 24</b>
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

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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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