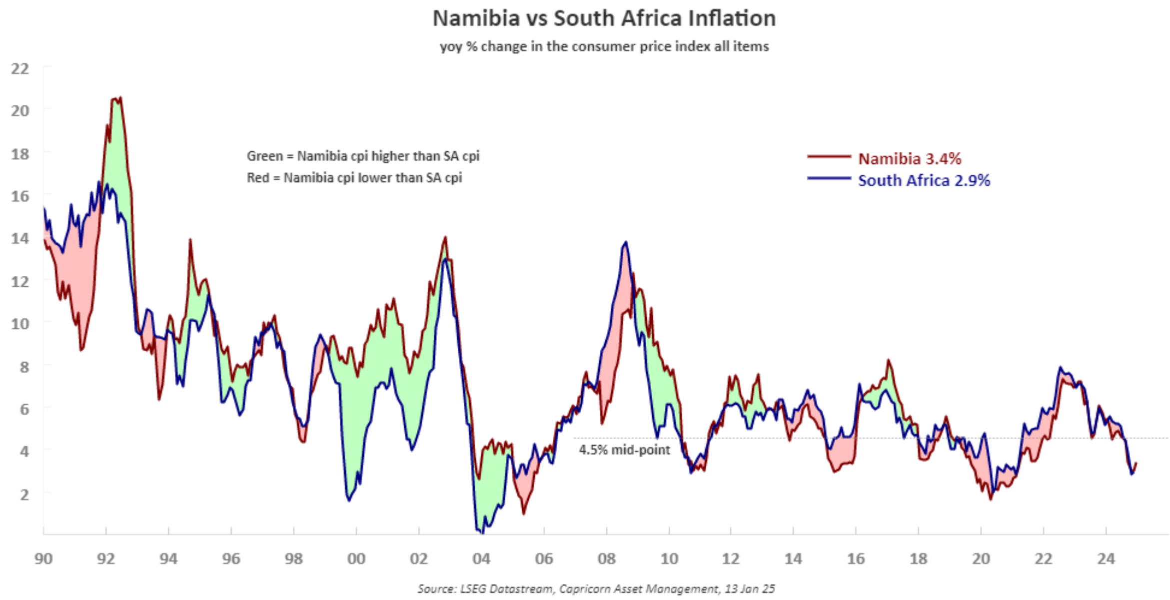
Market Update

Monday, 13 January 2025



Global Markets

Global stocks were lower while U.S. Treasury yields rose on Friday after a stronger-than-expected jobs data reinforced expectations that the Federal Reserve will likely keep interest rates elevated for longer than traders were betting on. Wall Street's main indexes were trading lower, with all 11 categories of stocks in the benchmark S&P 500in the red led by financials, real estate, technology and consumer staples.

The Labor Department data on Friday showed that the U.S. economy created 256,000 jobs in December, beating analyst expectations of 160,000, according to a Reuters poll of economists. "This is one of those classic good-news-is-bad-news types of data point," said James St. Aubin, chief investment officer at Ocean Park Asset Management in Santa Monica, California. "When I think about the economic data that's good for growth, but it certainly weighs on the yield picture and kind of puts a bit of a bind when it comes to lowering rates. And I think the market is trying to sort that out."

Markets are now pricing in a single Fed rate cut no sooner than June. Prior to the jobs report, traders were expecting the Fed to cut rates as early as May with a 50% probability of another rate cut before year end, according to CME's FedWatch tool. The yield on benchmark U.S. 10-year notes rose 9.7 basis points to 4.778%. It had reached as high as 4.79%, its highest level since November 2023.

The Dow Jones Industrial Average fell 1.66% to 41,925.82, the S&P 500 fell 1.58% to 5,824.85 and the Nasdaq Composite fell 1.64% to 19,161.12. Shares in small cap companies, which can be more vulnerable to fluctuations in interest rates, came under the most pressure, leaving the Russell 2000 down 2.12% on the session. MSCI's gauge of stocks across the globe fell 1.45% to 833.35. The pan-European STOXX 600 finished down 0.84%, dragged down by utilities, consumer non-cyclical, and real estate stocks.

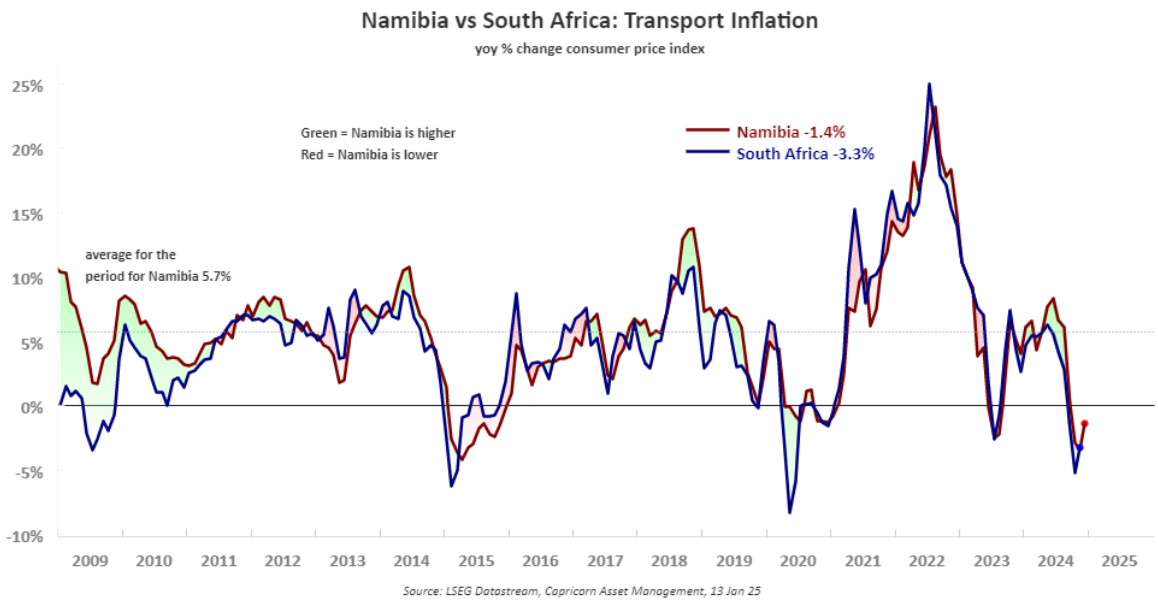
"Bond yields are climbing today because the ability to cut further is going to be diminished after today's report even though I always advise to look at January numbers with a grain of salt given seasonality issues that work itself out in the next couple of months," St. Aubin added. Government bond yields have jumped higher this week amid a broad market selloff that pushed long-dated borrowing costs to multi-year highs. The turmoil in the fixed income market has hit UK government bonds particularly hard, pushing 30-year gilt yields to their highest since 1998, as investors grow increasingly worried about Britain's finances.

The U.S. dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.46% to 109.70. It reached as high as 109.97, its highest level since November 2022. The euro was down 0.57% at $1.0239, dropping to its lowest level since November 2022 on the session. The pound fell for a fourth day, dropping by as much as 0.91% to $1.2189, its lowest since November 2023. It last traded down 0.83% to $1.2202.

Oil prices rallied nearly 3% to their highest in three months, as traders braced for supply disruptions from the broad U.S. sanctions package targeting Russian oil and gas revenue. Brent crude futures were up 3.69% to $79.76 a barrel, after its highest since October. U.S. West Texas Intermediate crude futures settled up 3.58% to $76.57, also a three-month high.

Gold prices rose and were on track for the fourth straight day of gains. Spot gold rose 0.68% to $2,688.26 an ounce. U.S. gold futures settled 0.9% higher at $2,715.00.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

The South African rand weakened to an eight-month low on Friday after U.S. non-farm payrolls data reinforced bets that the Federal Reserve will pause its rate-cutting cycle later this month. At 1501 GMT, the rand traded at 19.1375 against the U.S. dollar, about 1.1% softer than its previous close. It earlier hit 19.2050 per dollar, its weakest level since late April last year.

The greenback was last up about 0.4% against a basket of currencies after a Labor Department report showed the U.S. economy added 256,000 jobs in December, much higher than economists' forecasts for an increase of 160,000. Investors have been digesting U.S. economic data this week, which points to continued resilience, while Fed speakers have taken a more conservative stance in their signalling.

On the Johannesburg Stock Exchange, the blue chip Top-40 index closed down about 0.3%. South Africa's benchmark 2030 government bond was also weaker, with the yield up 12 basis points at 9.265%.

Source: LSEG Thomson Reuters Refinitiv.

Not life, but good life, is to be chiefly valued.

Socrates

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)					13 January 2025
Money Market TB Rates %		**Last close**	**Difference**	**Prev close**	**Current Spot**
3 months	↓	7.90	-0.009	7.91	7.96
6 months	→	7.92	0.000	7.92	8.01
9 months	→	7.96	0.000	7.96	8.03
12 months	↑	7.94	0.008	7.93	8.01
Nominal Bond Yields %		**Last close**	**Difference**	**Prev close**	**Current Spot**
GC25 (Coupon 8.50%, BMK R186)	↑	8.32	0.065	8.25	8.10
GC26 (Coupon 8.50%, BMK R186)	↑	8.46	0.065	8.39	8.24
GC27 (Coupon 8.00%, BMK R186)	↑	9.05	0.065	8.98	8.83
GC28 (Coupon 8.50%, BMK R2030)	↑	9.40	0.120	9.28	9.07
GC30 (Coupon 8.00%, BMK R2030)	↑	9.38	0.120	9.26	9.05
GC32 (Coupon 9.00%, BMK R213)	↑	10.20	0.125	10.08	9.89
GC35 (Coupon 9.50%, BMK R209)	↑	11.50	0.135	11.37	10.97
GC37 (Coupon 9.50%, BMK R2037)	↑	11.72	0.145	11.58	11.19
GC40 (Coupon 9.80%, BMK R214)	↑	12.06	0.135	11.93	11.49
GC43 (Coupon 10.00%, BMK R2044)	↑	12.02	0.125	11.89	11.49
GC45 (Coupon 9.85%, BMK R2044)	↑	12.12	0.125	11.99	11.59
GC48 (Coupon 10.00%, BMK R2048)	↑	12.16	0.135	12.03	11.61
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.18	0.135	12.05	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	↑	2,690	0.73%	2,670	2,662
Platinum	↑	965	0.66%	959	941
Brent Crude	↑	79.8	3.69%	76.9	73.3
Main Indices		**Last close**	**Change**	**Prev close**	**Current Spot**
NSX Overall Index	↓	1,801	-0.61%	1,813	1,846
JSE All Share	↓	83,467	-0.28%	83,698	84,787
SP500	↓	5,827	-1.54%	5,918	5,999
FTSE 100	↓	8,248	-0.86%	8,320	8,281
Hangseng	↓	19,064	-0.92%	19,241	19,382
DAX	↓	20,215	-0.50%	20,317	19,426
JSE Sectors		**Last close**	**Change**	**Prev close**	**Current Spot**
Financials	↓	20,283	-1.07%	20,502	21,095
Resources	↑	57,854	1.50%	56,999	55,026
Industrials	↓	113,268	-0.57%	113,913	116,475
Forex		**Last close**	**Change**	**Prev close**	**Current Spot**
N$/US dollar	↑	19.09	0.93%	18.92	19.14
N$/Pound	↑	23.33	0.13%	23.30	22.96
N$/Euro	↑	19.58	0.42%	19.50	19.09
US dollar/ Euro	↓	1.024	-0.52%	1.030	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 listeds

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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