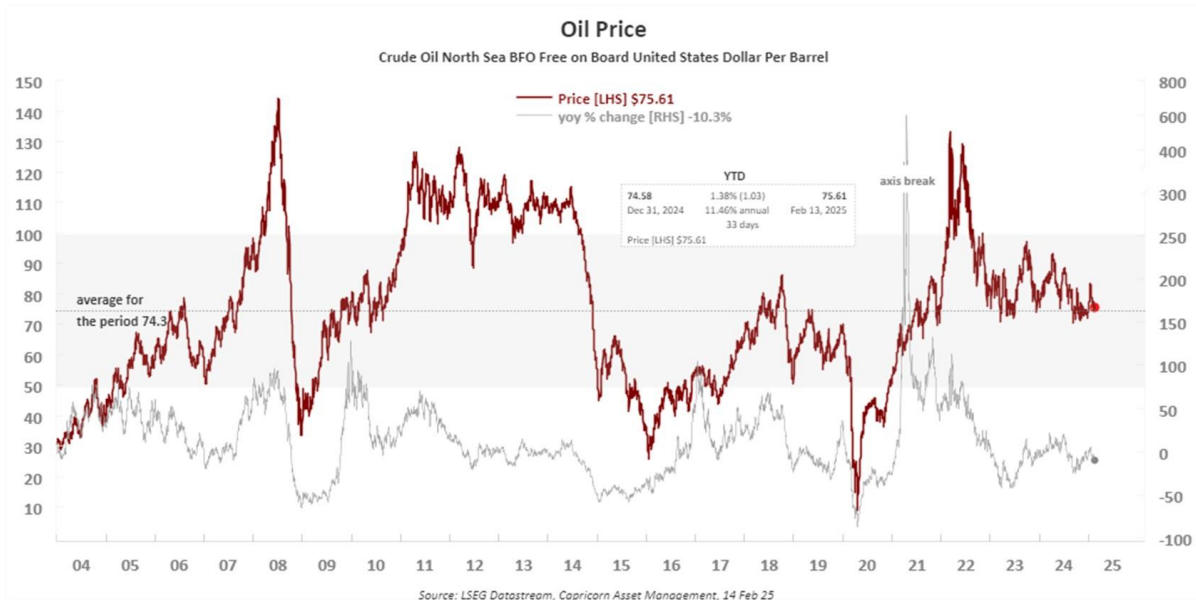




## Market Update

Friday, 14 February 2025

### Global Markets



Asian stocks tracked Wall Street higher on Friday, while the dollar eased as investors contended with U.S. President Donald Trump's reciprocal tariffs that were not immediately imposed as well as U.S. data allaying investor worries on inflation. Trump's plans to impose reciprocal tariffs on every country taxing U.S. imports have stoked concerns of a global trade war, pushing gold prices to a record high earlier this week. Gold was set for a seventh straight week of gains.

The directive from Trump on Thursday stopped short of imposing fresh tariffs, instead kicking off what could be weeks or months of investigation into the levies imposed on U.S. goods by other trading partners and then devising a response. "While global financial markets may be inclined to take some relief from the delay in the immediate imposition of reciprocal tariffs, it is not clear to us whether the delay necessarily reflects a lower likelihood that they will eventually be imposed," Barclays analysts said in a note. "Given the recent rollercoaster ride in global financial markets on news of the proposed 25% tariffs on Canada and Mexico, it is difficult to assert with certainty that the reciprocal tariffs will indeed be implemented after April 1."

Trump last week kicked off a trade war, first by imposing tariffs on Mexico and Canada and then pausing them but sticking with duties on Chinese goods. In Asia, the spotlight has been on a rally in

Chinese tech stocks, with the Hang Seng Tech Index hitting its highest level in three years on Thursday spurred by home-grown start-up DeepSeek's breakthrough. On Friday, Hong Kong's benchmark index rose 1.6%, taking its weekly gains to about 5%, its fifth straight week of gains and the strongest weekly performance in four months. That left the MSCI's broadest index of Asia-Pacific shares outside Japan up 0.54%, hovering near the two-month high it touched on Thursday. Japan's Nikkei fell 0.55% but was on track to eke out gains for the week.

Data on Thursday showed the U.S. producer price index (PPI) for final demand rose 0.4% last month after an upwardly revised 0.5% gain in December, topping the estimate of economists polled by Reuters for a 0.3% rise. But components of the PPI data that are part of the personal consumption expenditures (PCE), which is the Fed's preferred targeted inflation measure, were soft and added to hopes the PCE reading may be cooler than currently expected. The data comes on the heels of Wednesday's consumer price index (CPI), which showed its largest acceleration in nearly 1-1/2 years. The yield on benchmark U.S. 10-year notes was steady at 4.535% in Asian hours after tumbling 10 basis points on Thursday, clocking its biggest daily drop in a month.

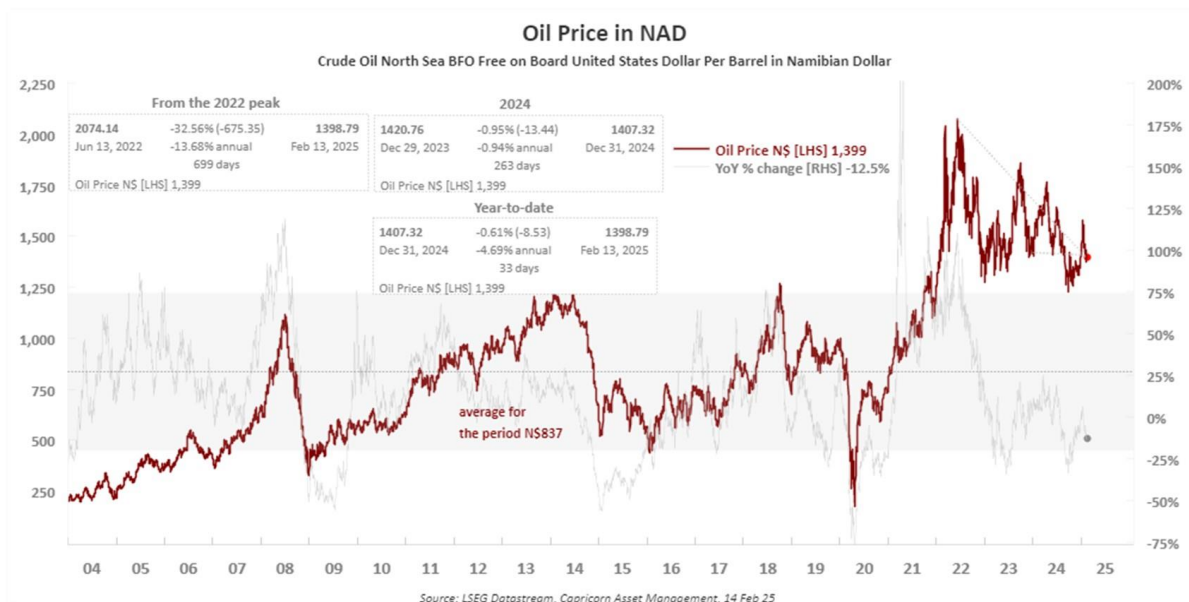
Aside from the PPI data, U.S. initial jobless claims fell 7,000 to a seasonally adjusted 213,000, slightly below the 215,000 level and indicating the job market remains on stable footing. Still, expectations for a rate cut from the Fed continue to be pushed back this year, with traders fully pricing in a 25 basis point cut only in October. Traders expect 33 bps of easing this year from the Fed. Christopher Dillon, fixed income investment specialist at T. Rowe Price, said while the Fed is expected to be on hold, the European Central Bank is likely to aggressively cut its policy rate in the months ahead. "Many emerging market policy makers have to take volatile currencies into account as they set monetary policy. Many emerging market policy makers are moving at a different cadence than the Fed," he said.

The dollar index, which measures the greenback against a basket of currencies, was little changed at 107.07 after dropping 0.8% on Thursday, its biggest one-day percentage drop since January 20. The euro hovered near its highest in more than two weeks at \$1.0459 in early Asian trade, supported by optimism around potential peace talks between Ukraine and Russia.

Spot gold held its ground at \$2,927.50 per ounce, as of 0534 GMT. Bullion hit a record peak of \$2,942.70 on Tuesday. U.S. gold futures rose 0.4% to \$2,956.30.

Brent futures were up 23 cents, or 0.3%, at \$75.25 a barrel by 0505 GMT, while U.S. West Texas Intermediate (WTI) crude gained 16 cents, or 0.2%, to \$71.45. For the week, Brent was up about 0.6% and WTI 0.5%.

**Source: LSEG Thomson Reuters Refinitiv.**



## Domestic Markets

The South African rand strengthened early on Friday after U.S. President Donald Trump said he planned to impose reciprocal tariffs on countries taxing U.S. imports, and investors awaited a domestic budget next week. At 0753 GMT, the rand traded at 18.4275 against the dollar, about 0.3% stronger than its previous close. The dollar came under pressure overnight.

Trump on Thursday tasked his economics team with planning for reciprocal tariffs on every country taxing U.S. imports, ramping up prospects for a global trade war. Concerns of a trade war lifted gold prices, which were poised for a seventh consecutive weekly gain. The surge in prices of the safe-haven asset is supportive of the South African currency, said ETM Analytics in a research note. "The environment is ZAR-supportive, and the USD-ZAR may even break below the 18.4000 level in the coming trading session," the note added. ETM Analytics said the only major constraint to any directional move is South African Finance Minister Enoch Godongwana's budget speech next week and the guidance he will offer investors.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index last traded about 1.1% higher.

South Africa's benchmark 2030 government bond was stronger in early deals, with the yield down 3.5 basis points to 9.13%.

**Source: LSEG Thomson Reuters Refinitiv.**

Love is a better teacher than duty.

Albert Einstein

## Market Overview

MARKET INDICATORS (Bloomberg)		14 February 2025			
<b>Money Market TB's</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
3 months	↓	7.65	-0.106	7.76	7.65
6 months	↓	7.77	-0.063	7.83	7.77
9 months	↓	7.80	-0.041	7.84	7.80
12 months	↓	7.80	-0.080	7.88	7.80
<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)	↓	7.63	-0.020	7.65	7.59
GC26 (Coupon 8.50%, BMK: R186)	↑	8.47	0.005	8.46	8.46
GC27 (Coupon 8.00%, BMK: R186)	↑	8.79	0.007	8.78	8.78
GC30 (Coupon 8.00%, BMK: R2030)	↑	9.11	0.004	9.10	9.10
GC32 (Coupon 9.00%, BMK: R213)	↑	10.04	0.006	10.03	10.03
GC35 (Coupon 9.50%, BMK: R209)	↑	10.97	0.003	10.96	10.96
GC37 (Coupon 9.50%, BMK: R2037)	↓	11.25	-0.002	11.25	11.25
GC40 (Coupon 9.80%, BMK: R214)	↑	11.57	0.016	11.55	11.55
GC43 (Coupon 10.00%, BMK: R2044)	↑	11.52	0.004	11.52	11.52
GC45 (Coupon 9.85%, BMK: R2044)	↑	11.86	0.005	11.85	11.85
GC50 (Coupon 10.25%, BMK: R2048)	↑	11.68	0.004	11.67	11.67
<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)	↓	3.35	-0.007	3.36	3.34
GI27 (Coupon 4.00%, BMK: NCPI)	↓	4.38	-0.001	4.38	4.38
GI29 (Coupon 4.50%, BMK: NCPI)	↓	4.81	-0.006	4.81	4.81
GI33 (Coupon 4.50%, BMK: NCPI)	↓	5.28	-0.003	5.28	5.28
GI36 (Coupon 4.80%, BMK: NCPI)	↑	5.67	0.000	5.67	5.68
<b>Commodities</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Gold	↑	2,928	0.83%	2,904	2,932
Platinum	↑	1000	0.45%	996	1007
Brent Crude	↓	75.0	-0.21%	75.18	75.47
<b>Main Indices</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
NSX Local Index	↑	1040	0.39%	1036	1040
JSE All Share	↑	88,736	1.02%	87,841	88,736
S&P 500	↑	6,115	1.04%	6,052	6,115
FTSE 100	↓	8,765	-0.48%	8,807	8,765
Hangseng	↑	22,556	3.40%	21,814	22,556
DAX	↑	22,612	2.09%	22,148	22,612
<b>JSE Sectors</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Financials	↓	20,349	-0.63%	20,478	20,391
Resources	↑	63,710	0.30%	63,517	64,416
Industrials	↑	123,309	0.07%	123,219	125,516
<b>Forex</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
N\$/US Dollar	↓	18.49	-0.22%	18.53	18.42
N\$/Pound	↑	23.24	0.82%	23.05	23.16
N\$/Euro	↑	19.35	0.57%	19.24	19.28
US Dollar/ Euro	↑	1.047	0.67%	1.04	1.05
<b>Interest Rates &amp; Inflation</b>		<b>Namibia</b>		<b>RSA</b>	
		<b>Jan-25</b>	<b>Dec-24</b>	<b>Jan-25</b>	<b>Dec-24</b>
Central Bank Rate	↓	6.75	7	7.50	7.75
Prime Rate	↓	10.50	10.75	11.00	11.25
		<b>Jan-25</b>	<b>Dec-24</b>	<b>Dec-24</b>	<b>Nov-24</b>
Inflation	↓	3.2	3.4	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

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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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