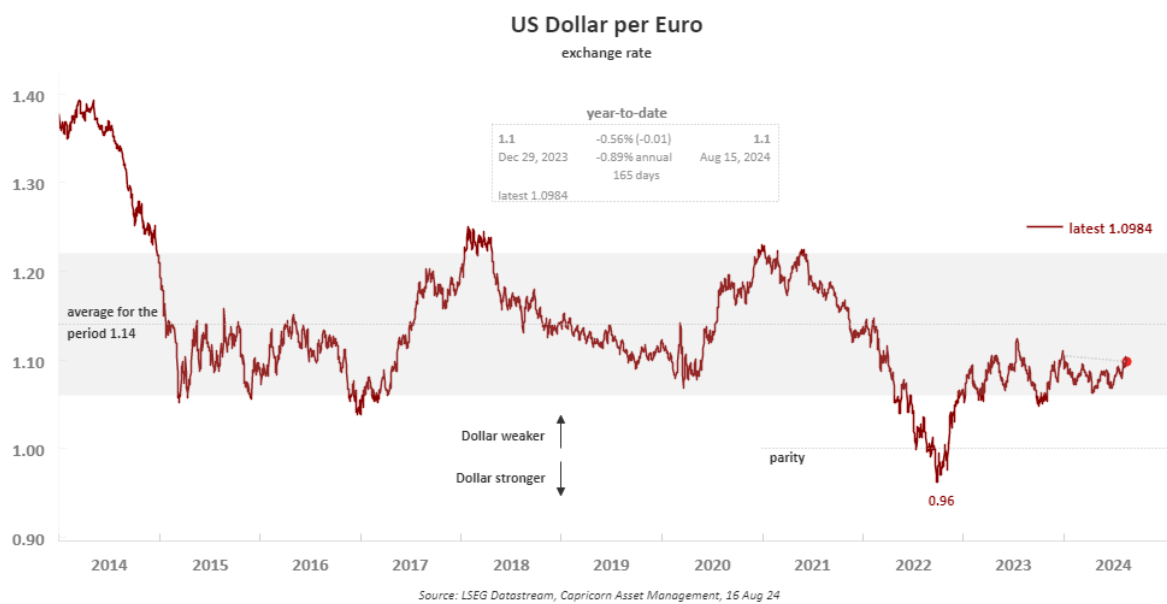




Market Update

Friday, 16 Aug 2024



Global Markets

World stocks rose on Thursday and Treasury yields spiked after surprisingly strong U.S. retail sales data soothed fears about slowing economic growth, and tempered investor bets of imminent aggressive interest rate cuts. Retail sales increased 1.0% last month, well above market forecasts for a 0.3% gain, the Commerce Department's Census Bureau said on Thursday, suggesting that consumers have maintained spending by bargain hunting. Some investors said the robust data did not alter bets that the Federal Reserve could begin lowering rates in September, but dimmed the chance that the central bank will start easing policy with a hefty 50 basis-point rate cut. "This diminishes fears of a recession any time soon and it is good news in terms of stocks, but may not be good news for the bond market," said Peter Cardillo, chief economist at Spartan Capital Securities in New York. "With this report, we're back to square one, with the Fed probably cutting rates by 25 basis points in September. Chances are diminishing for a more robust 50 basis-point cut." Equity markets welcomed the latest sign of economic resilience.

The S&P 500 finished 1.6% higher, the Dow Jones Industrial Average added 1.4%, and the Nasdaq Composite leapt 2.3%. MSCI's world share index, which has moved in excess of 1% on more than half of the trading days in August so far, rose 1.2%. Pressured by speculation that the Fed is likely to reduce rates at a more moderate pace, the benchmark 10-year Treasury yield jumped to 3.9188%, while the two-year Treasury yield climbed to 4.1034%. The jump in Treasury yields offered some respite to the dollar, which gained 0.45% against other major currencies, halting a stretch of losses

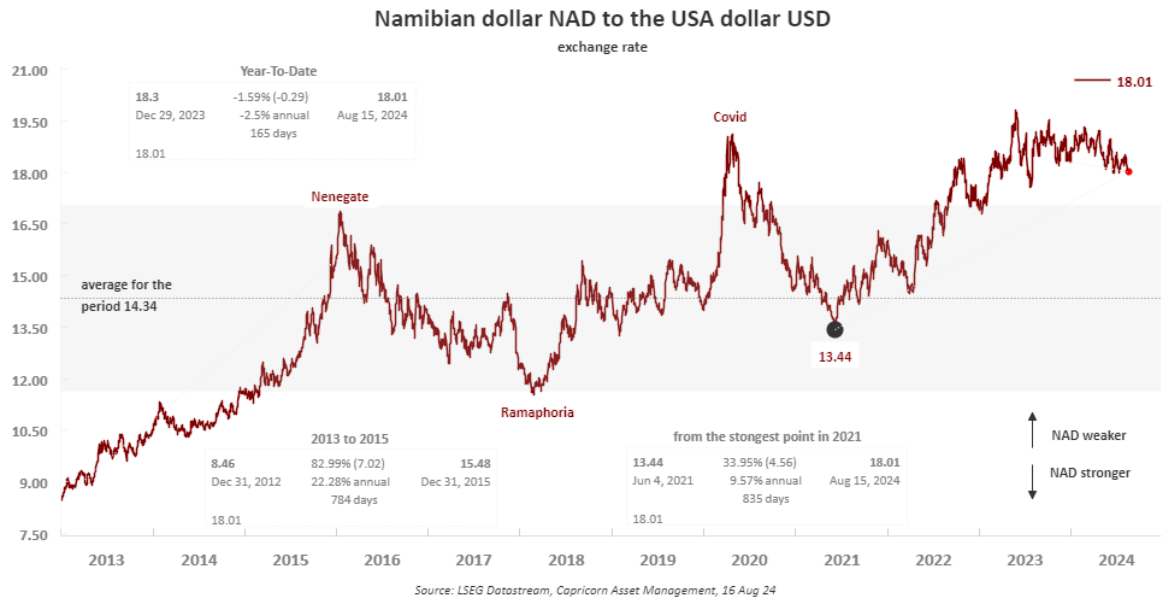
that took it to its lowest per euro on Wednesday since late 2023. The dollar is also down almost 15% against Japan's yen since early July.

A firmer dollar weighed on the euro on Thursday, with the common currency down 0.4% at \$1.09703. The dollar also strengthened against the yen to 149.3 yen. In Europe, the pan-European STOXX 600 index was up 1.2%, although some analysts cautioned investors against complacency. Nordea chief market analyst Jan von Gerich said the speed of the Wall Street bounce-back was a reason to be wary of further volatility ahead. "The tentative rebound in risk appetite has happened surprisingly fast, so I would be cautious," he said. Wall Street's fear barometer, the VIX volatility gauge, eased to its lowest point of the month, having soared to a four-year high on Aug. 5th.

The Federal Reserve has held its main funds rate at 5.25%-5.5% for more than a year, helping to quell consumer price rises, but also exacerbating some market imbalances that erupted into chaos this summer. A sustained period of high U.S. rates driving the dollar higher against Japan's yen screeched to a halt in July, creating a wrecking-ball effect on a popular speculative trade that involved borrowing the Japanese currency to buy U.S. stocks. A vicious unwinding of this so-called carry trade sparked a market rout last week, although many investors believe the currency-related disruption is almost over. "I don't think this (has been) a long-term wider market correction," said James Henderson, equity fund manager at Janus Henderson. Elsewhere in markets, sterling rose 0.2% to \$1.2854 after data showed Britain's economy grew 0.6% in the second quarter of 2024, which was in line with economists' expectations.

Spot gold price rose 0.3% to \$2,455.29 per ounce, close to its July 17 record high, as market speculation that U.S. rates might soon be lowered lifted the non-yielding metal. Oil markets were also strong on Thursday, with Brent crude, the international benchmark, 1.4% higher at \$80.90 a barrel as the U.S. retail report increased the outlook for global demand.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand was not deterred by dollar gains on Thursday, firming after stronger-than-expected U.S. economic data and as markets look toward Federal Reserve comments at a meeting of global central bankers next week, analysts said. At 1535 GMT, the rand traded at 18.00 against the dollar, about 0.4% firmer than its previous close. The dollar rose against a basket of global currencies on Thursday after U.S. economic data eased fears of a recession risk and dampened expectations for aggressive interest rate cuts in the world's biggest economy.

"Despite the dollar firming across the board against most major currencies... EM (emerging market) currencies have still been able to grind out gains," said Wichard Cilliers, head of market risk at TreasuryONE. "Tomorrow's data calendar has little to be wary of, and markets are likely waiting for FOMC comments at the Jackson Hole symposium later this month," Cilliers added. Like other risk-sensitive currencies, the rand often takes cues from global drivers like U.S. economic data and monetary policy, in addition to local data points.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index closed up over 1%. South Africa's benchmark 2030 government bond was weaker, as the yield gained 9.5 basis points to 9.23%.

Source: LSEG Thomson Reuters Refinitiv.

Happiness is not a goal; it is a by-product.

Eleanor Roosevelt

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)					16 August 2024	
Money Market TB Rates %			Last close	Difference	Prev close	Current Spot
3 months	⇒		8.40	0.000	8.40	8.20
6 months	⇓		8.55	-0.009	8.56	8.35
9 months	⇓		8.56	-0.008	8.57	8.37
12 months	⇓		8.44	-0.017	8.45	8.25
Nominal Bond Yields %			Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⇑		9.13	0.070	9.06	9.10
GC25 (Coupon 8.50%, BMK R186)	⇑		9.03	0.070	8.96	9.00
GC26 (Coupon 8.50%, BMK R186)	⇑		8.19	0.070	8.12	8.17
GC27 (Coupon 8.00%, BMK R186)	⇑		8.49	0.070	8.42	8.47
GC28 (Coupon 8.50%, BMK R2030)	⇑		8.59	0.095	8.49	8.55
GC30 (Coupon 8.00%, BMK R2030)	⇑		8.81	0.095	8.71	8.77
GC32 (Coupon 9.00%, BMK R213)	⇑		9.35	0.100	9.25	9.32
GC35 (Coupon 9.50%, BMK R209)	⇑		10.09	0.080	10.01	10.06
GC37 (Coupon 9.50%, BMK R2037)	⇑		10.66	0.065	10.59	10.63
GC40 (Coupon 9.80%, BMK R214)	⇑		11.28	0.070	11.21	11.25
GC43 (Coupon 10.00%, BMK R2044)	⇑		11.44	0.065	11.37	11.41
GC45 (Coupon 9.85%, BMK R2044)	⇑		11.79	0.065	11.72	11.76
GC48 (Coupon 10.00%, BMK R2048)	⇑		11.69	0.075	11.62	11.66
GC50 (Coupon 10.25%, BMK: R2048)	⇑		11.74	0.075	11.67	11.71
Inflation-Linked Bond Yields %			Last close	Difference	Prev close	Current Spot
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	4.57
GI29 (Coupon 4.50%, BMK NCPI)	⇒		4.97	0.000	4.97	4.82
GI33 (Coupon 4.50%, BMK NCPI)	⇒		5.62	0.000	5.62	5.42
GI36 (Coupon 4.80%, BMK NCPI)	⇒		6.07	0.000	6.07	5.78
Commodities			Last close	Change	Prev close	Current Spot
Gold	⇑		2,456	0.35%	2,448	2,456
Platinum	⇑		953	3.61%	920	957
Brent Crude	⇑		81.0	1.60%	79.8	80.7
Main Indices			Last close	Change	Prev close	Current Spot
NSX Overall Index	⇑		1,795	1.78%	1,763	1,795
JSE All Share	⇑		82,226	1.01%	81,402	82,226
SP500	⇑		5,543	1.61%	5,455	5,543
FTSE 100	⇑		8,347	0.80%	8,281	8,347
Hangseng	⇓		17,109	-0.02%	17,113	17,427
DAX	⇑		18,183	1.66%	17,886	18,183
JSE Sectors			Last close	Change	Prev close	Current Spot
Financials	⇑		20,053	1.59%	19,740	20,053
Resources	⇑		58,820	1.05%	58,208	58,820
Industrials	⇑		111,114	0.71%	110,331	111,114
Forex			Last close	Change	Prev close	Current Spot
N\$/US dollar	⇓		18.00	-0.45%	18.08	17.96
N\$/Pound	⇓		23.13	-0.26%	23.18	23.14
N\$/Euro	⇓		19.74	-0.82%	19.91	19.73
US dollar/ Euro	⇓		1.097	-0.37%	1.101	1.098
			Namibia		RSA	
Interest Rates & Inflation			Aug 24	Jul 24	Aug 24	Jul 24
Central Bank Rate	⇓		7.50	7.75	8.25	8.25
Prime Rate	⇓		11.25	11.50	11.75	11.75
			Jul 24	Jun 24	Jun 24	May 24
Inflation	⇒		4.6	4.6	5.1	5.2

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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