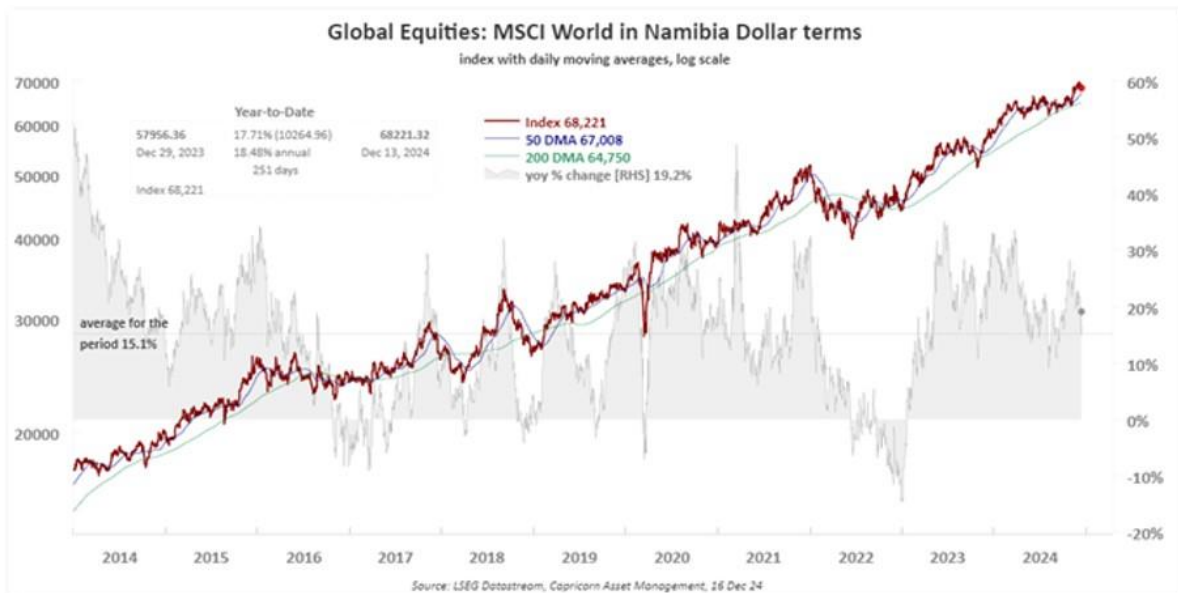




Market Update

Monday, 16 December 2024



Global Markets

MSCI's global equity gauge fell on Friday while bond yields climbed as investors waited for clues about the future path for interest rates from next week's U.S. Federal Reserve meeting.

In U.S. Treasuries, benchmark 10-year yields rose to a three-week high and were on track for their fifth-straight daily gain as investors bet that Fed Chair Jerome Powell will signal a pause in policy easing after a widely expected 25-basis-point rate cut next Wednesday. The yield on benchmark U.S. 10-year notes rose 7.5 basis points to 4.399%, from 4.324% late on Thursday. The 30-year bond yield rose 5.7 basis points to 4.6052%. The 2-year note yield, which typically moves in step with interest rate expectations for the Federal Reserve, rose 5.9 basis points to 4.245%, from 4.186% late on Thursday. The U.S. central bank is grappling with inflation staying stubbornly above its 2% annual target. Data released on Thursday showed higher-than-expected U.S. producer prices in November. Friday's data showed U.S. import prices barely rose in November as increases in food and fuel costs were partially offset by decreases elsewhere, thanks to a strong dollar. "The market is assuming that Powell cuts next week and then pauses. I think that's the right assumption because we're seeing a

tension between the inflationary data and the labor-market data," said Matt Rowe, head of portfolio management and cross-asset strategies at Nomura Capital Management.

While bets on a December rate cut are almost unanimous, CME Group's Fedwatch tool implies just two cuts in 2025. "They have to take into account that in an economy where inflation is showing itself at this point to be sticky, and you're very highly likely going to get further fiscal stimulus, deregulation, and some aspect of tariffs coming through, there's just no way you can validate why you keep cutting in that instance," said Tom Fitzpatrick, head of global market insights at R.J. O'Brien in New York.

While a rally in chipmaker Broadcom provided a big boost for Wall Street, only the Nasdaq managed a small gain. The Dow Jones Industrial Average fell 86.06 points, or 0.20%, to 43,828.06, the S&P 500 fell 0.16 point, or 0.00%, to 6,051.09 and the Nasdaq Composite rose 23.88 points, or 0.12%, to 19,926.72. Weekly results were also a mixed bag with the S&P 500 falling 0.64% and the Nasdaq rising 0.34% while the Dow fell 1.82%. MSCI's gauge of stocks across the globe fell 2.27 points, or 0.26%, to 866.14. Europe's STOXX 600 index closed down 0.53% earlier, breaking a three-week winning streak, as investors sought clarity on Europe's rate policy amid concerns about economic growth and a potential trade war.

In currencies, the dollar index eyed its biggest weekly gain in a month on the prospect of slower U.S. rate cuts. On the day, the index, which measures the greenback against a basket of currencies, fell 0.02% to 106.94. The euro rose 0.32% to \$1.0501, clawing back some recent losses in the wake of the European Central Bank's rate cut on Thursday. Against the Japanese yen, the dollar strengthened 0.66% to 153.62, having risen all week as traders scaled back bets on a Bank of Japan rate hike next week. Sterling weakened 0.4% to \$1.2619 after a surprise contraction in UK economic activity.

In energy markets, oil prices settled at a three-week high on expectations more sanctions on Russia and Iran could tighten supplies and that lower U.S. and European interest rates could boost fuel demand. U.S. crude settled up 1.8%, or \$1.27 at \$71.29 a barrel and Brent settled at \$74.49 per barrel, up 1.5% or \$1.08 on the day.

In precious metals, spot gold fell 1.2% to \$2,649.04 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand slipped against the dollar on Friday after the central bank released its quarterly bulletin. At 1317 GMT, the rand traded at 17.8975 against the greenback, about 0.7% weaker than its previous close. The dollar was last down 0.1% against a basket of other major currencies but still headed for its best weekly performance in a month as investors priced in the possibility of the Federal Reserve reducing rates more cautiously next year.

The South African Reserve Bank (SARB) said the country recorded foreign direct investment outflows of 3.2 billion rand (\$179.87 million) in the third quarter, compared to inflows of 16.6 billion in the second. It attributed the outflows to domestic subsidiaries of multinational companies paying back loans to parent companies.

On the stock market, the Top-40 index was up about 0.7%.

South Africa's benchmark 2030 government bond was weaker, with the yield up 5.5 basis points at 8.92%.

Source: LSEG Thomson Reuters Refinitiv.

Human freedom involves our capacity to pause, to choose the one response toward which we wish to throw our weight.

Rollo May

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				16 December 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
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
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
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
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	4.49
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
Commodities		Last close	Change	Prev close	Current Spot
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
Main Indices		Last close	Change	Prev close	Current Spot
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
JSE Sectors		Last close	Change	Prev close	Current Spot
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
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	18.08	-0.52%	18.17	17.85
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
Interest Rates & Inflation		Namibia		RSA	
		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
		Nov 24	Oct 24	Nov 24	Oct 24
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

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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