



Market Update

Thursday, 16 January 2025



Global Markets

A global equities gauge rallied on Wednesday while the dollar fell with Treasury yields after data showed core U.S. inflation rose less than expected in December, raising hopes that the Federal Reserve could ease rates further. Earlier, U.S. Bureau of Labor Statistics data showed the consumer price index (CPI) rose in line with expectations at an annual rate of 2.9% in December, from November's 2.7%. But core inflation, which excludes food and energy prices, rose by 3.2%, which was below forecasts for 3.3%. Investors were particularly encouraged by the latest inflation reading since data released on Tuesday showed that U.S. producer prices increased moderately in December.

"You have back-to-back readings of inflationary data that clearly suggest we're in maybe a little bit better shape than was being talked about," said Phil Blancato, chief market strategist at Osaic Wealth in New York. "The market, which has been starving for some piece of good news really since after the election, has gotten something that's a bit of a shot in the arm here, putting some sugar back in the punch bowl," said Blancato, noting that earlier data and Fed comments had implied "inflation was turning sideways, if not heating up again."

After Wednesday's release, traders were pricing close-to-even odds the Fed would cut interest rates twice by the end of this year, with the first reduction to come in June. Adding to Wednesday's upbeat tone were bumper fourth-quarter results from the likes of JPMorgan, which reported its biggest annual profit on record, top asset manager BlackRock, which logged a record \$11.6 billion in assets, and Goldman Sachs, which saw its profit more than double in the final three months of 2024.

On Wall Street, at 03:03 p.m. the Dow Jones Industrial Average rose 779.84 points, or 1.83%, to 43,298.12, the S&P 500 rose 111.90 points, or 1.92%, to 5,954.81 and the Nasdaq Composite rose 472.09 points, or 2.48%, to 19,516.48. MSCI's gauge of stocks across the globe rose 13.32 points, or 1.60%, to 847.73. Earlier, Europe's STOXX 600 equity index had finished up 1.33%.

In fixed income, U.S. Treasury yields fell after the inflation data implied that a 2025 rate hike, which some investors had entertained, was off the table for now. When, or by how much, the Fed might cut was still up for debate, however. The yield on benchmark U.S. 10-year notes fell 13.1 basis points to 4.657%, from 4.788% late on Tuesday. The 30-year bond yield fell 10.2 basis points to 4.8827%. The 2-year note yield, which typically moves in step with Fed interest rate expectations, fell 9.7 basis points to 4.268%, from 4.365% late on Tuesday.

The U.S. dollar lost ground against a basket of currencies after the data. Japan's yen was already boosted overnight, as traders priced in a 70% chance the Bank of Japan would raise interest rates in January after Governor Kazuo Ueda said policy-makers would discuss such an option next week.

The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, fell 0.08% to 109.11. The euro was down 0.16% at \$1.0291 while against the Japanese yen, the dollar weakened 0.94% to 156.48. After the peace deal, the dollar was down 0.41% against the Israeli shekel in active trading.

In energy markets, U.S. crude settled up 3.28% at \$80.04 a barrel and Brent settled at \$82.03 per barrel, up 2.64% on the day. Oil prices rallied with support from a large draw in U.S. crude stockpiles and potential supply disruptions from new U.S. sanctions on Russia. But oil gains were limited as U.S. and Qatar said negotiators reached a deal to end the war in Gaza between Israel and Hamas, after 15 months of bloodshed that killed tens of thousands of Palestinians and inflamed tensions.

Spot gold rose 0.6% to \$2,693.28 an ounce. U.S. gold futures rose 1.12% to \$2,707.60 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South African assets gained on Wednesday, after a key U.S. inflation report showed consumer prices rose slightly more than expected last month in the world's biggest economy. At 1449 GMT, the rand traded at 18.7550 against the U.S. dollar, about 1% firmer than its previous close. The dollar last traded about 0.45% weaker against a basket of currencies.

The U.S. consumer price index rose 0.4% last month while economists polled by Reuters had forecast the CPI gaining 0.3%. In the 12 months through December, the CPI advanced 2.9%, in line with expectations. As markets remain wary of incoming U.S. President Donald Trump's policies on tariffs, the latest data points to still elevated inflation, strengthening the case for the Federal Reserve's cautious stance on interest rates.

"Volatility is expected to persist with the rand's value largely influenced by external factors such as U.S. trade and monetary policies," said Zain Vawda, market analyst at Market Pulse by OANDA.

On the stock market, the blue-chip Top 40 index was last up about 1.9%. South Africa's benchmark 2030 government bond was also stronger, with the yield down 13 basis points at 9.175%.

Source: LSEG Thomson Reuters Refinitiv.

Good, better, best. Never let it rest. 'Til your good is better
and your better is best.

St. Jerome

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				16 January 2025	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	7.87	0.000	7.87	7.96
6 months	⇒	7.93	0.000	7.93	8.01
9 months	↑	8.01	0.008	8.00	8.03
12 months	⇒	8.01	0.000	8.01	8.01
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC25 (Coupon 8.50%, BMK R186)	↓	8.27	-0.080	8.35	8.10
GC26 (Coupon 8.50%, BMK R186)	↓	8.41	-0.080	8.49	8.24
GC27 (Coupon 8.00%, BMK R186)	↓	9.00	-0.080	9.08	8.83
GC28 (Coupon 8.50%, BMK R2030)	↓	9.30	-0.145	9.44	9.07
GC30 (Coupon 8.00%, BMK R2030)	↓	9.28	-0.145	9.42	9.05
GC32 (Coupon 9.00%, BMK R213)	↓	10.12	-0.130	10.25	9.89
GC35 (Coupon 9.50%, BMK R209)	↓	11.39	-0.135	11.53	10.97
GC37 (Coupon 9.50%, BMK R2037)	↓	11.59	-0.150	11.74	11.19
GC40 (Coupon 9.80%, BMK R214)	↓	11.98	-0.120	12.10	11.49
GC43 (Coupon 10.00%, BMK R2044)	↓	11.92	-0.125	12.04	11.49
GC45 (Coupon 9.85%, BMK R2044)	↓	12.02	-0.125	12.14	11.59
GC48 (Coupon 10.00%, BMK R2048)	↓	12.06	-0.130	12.19	11.61
GC50 (Coupon 10.25%, BMK: R2048)	↓	12.08	-0.130	12.21	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	↑	2,696	0.70%	2,677	2,662
Platinum	↑	938	0.31%	935	941
Brent Crude	↑	82.0	2.64%	79.9	73.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,806	1.30%	1,782	1,846
JSE All Share	↑	83,515	1.69%	82,124	84,787
SP500	↑	5,950	1.83%	5,843	5,999
FTSE 100	↑	8,301	1.21%	8,202	8,281
Hangseng	↑	19,286	0.34%	19,220	19,382
DAX	↑	20,575	1.50%	20,271	19,426
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	20,305	2.13%	19,881	21,095
Resources	↑	58,023	1.54%	57,143	55,026
Industrials	↑	113,430	1.58%	111,663	116,475
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	18.76	-0.76%	18.90	18.82
N\$/Pound	↓	22.96	-0.61%	23.10	22.96
N\$/Euro	↓	19.30	-0.98%	19.49	19.09
US dollar/ Euro	↓	1.029	-0.17%	1.031	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 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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