



Market Update

Tuesday, 17 December 2024



Global Markets

Asian stocks wobbled while the dollar held firm on Tuesday as traders braced for a slate of central bank meetings this week that is likely to see the U.S. Federal Reserve deliver a rate cut and the Bank of Japan stand pat for now.

Data on Monday showed China's consumption slowed more than expected in November, pushing stocks lower. On Tuesday, Hong Kong's Hang Seng Index fell 0.6%, while mainland stocks eased 0.57%. "More stimulus measures are desperately needed," said Tony Sycamore, market analyst at IG, noting that China's housing market remains fragile despite recent policy support. "However, those measures are unlikely to come until after the details of U.S. tariffs China are revealed early next year," Sycamore said. Chinese leaders agreed last week to raise the budget deficit to 4% of gross domestic product next year, its highest on record, while maintaining an economic growth target of around 5%, two sources with knowledge of the matter told Reuters. Over in South Korea, the Kospi was down 0.57%, taking its yearly losses to about 7%, making it Asia's worst performing market this year. The market has been under pressure amid political turmoil in the country with

President Yoon Suk Yeol impeached and suspended from his duties on Saturday over his short-lived attempt to impose martial law.

In stock markets, Australian shares rose 0.82%, with Japan's Nikkei down 0.15% and tech-heavy Taiwan stocks 0.3% higher. That left MSCI's broadest index of Asia-Pacific shares outside Japan down 0.3%. Still, the index is set for a 10% gain for the year, its strongest yearly performance since 2020. Futures indicated a subdued opening for European stock markets, with Eurostoxx 50 futures down 0.16%, German DAX futures off 0.06% and FTSE futures 0.24% weaker.

On the policy front, central banks in the United States, Japan, UK, Sweden, Norway, Indonesia and Thailand all meet this week, with the BOJ, the Bank of England, Norges Bank and Bank of Thailand expected to stand pat, while the Riksbank is seen cutting rates. Bank Indonesia on the other hand is expected to hike interest rates to support the rupiah, which is rooted near its lowest in four months.

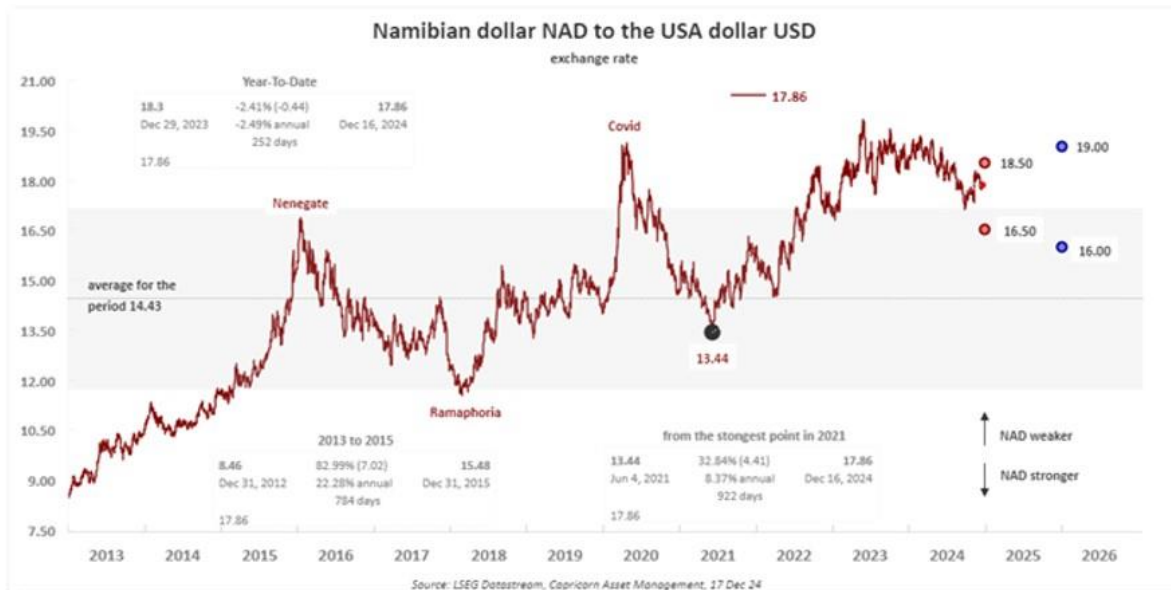
The spotlight will be on the Fed and especially on the projection for next year with markets pencilling in a 25-basis- point cut on Wednesday. After the cut on Wednesday, markets see about a 37% chance there will be either one 25 bp cut or none at all through the whole of 2025, according to the CME FedWatch tool, up from about 21% a week earlier. Charu Chanana, chief investment strategist at Saxo, said the market will be watching for any signs of a "hawkish cut." "This means that while the Fed is easing policy, it could signal caution about the pace of future cuts, either through the committee's updated dot plot or via Chair Powell's press conference." The previous dot plot indicated four rate cuts (100 bps) for 2025, but this could be revised to just three or even two cuts as inflation risks remain elevated, Chanana said.

The dollar index, which measures the U.S. currency against six rivals, was steady at 106.88 and on course for 5% gain for the year. The yen last fetched 154.11 per dollar and remained on the defensive as chances of a hike from the BOJ this week remained slim, with a majority of economists polled by Reuters expecting the central bank to hold interest rates. In other currencies, the euro stood at \$1.050775, on course for a near 5% drop in 2024. Sterling was steady at \$1.26775.

In commodities, oil prices were little changed as investors fretted about Chinese demand ahead of the Fed meeting. U.S. West Texas Intermediate crude was down 0.11% at \$70.63 a barrel, while Brent crude futures eased 0.04% to \$73.88 a barrel.

Spot gold was 0.1% lower at 2,650.38 per ounce, on course for 29% rise in 2024, its strongest year since 2010.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South African markets closed for public holiday.

Truth is ever to be found in simplicity, and not in the multiplicity and confusion of things.

Isaac Newton

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				17 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	➔	7.97	0.000	7.97	8.02
9 months	➔	7.99	0.000	7.99	8.09
12 months	➔	7.96	0.000	7.96	8.08
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC25 (Coupon 8.50%, BMK R186)	➔	8.11	0.000	8.11	8.10
GC26 (Coupon 8.50%, BMK R186)	➔	8.11	0.000	8.11	8.10
GC27 (Coupon 8.00%, BMK R186)	➔	8.55	0.000	8.55	8.54
GC28 (Coupon 8.50%, BMK R2030)	➔	8.83	0.000	8.83	8.84
GC30 (Coupon 8.00%, BMK R2030)	➔	8.79	0.000	8.79	8.80
GC32 (Coupon 9.00%, BMK R213)	➔	9.63	0.000	9.63	9.65
GC35 (Coupon 9.50%, BMK R209)	➔	10.61	0.000	10.61	10.53
GC37 (Coupon 9.50%, BMK R2037)	➔	10.82	0.000	10.82	10.77
GC40 (Coupon 9.80%, BMK R214)	➔	11.19	0.000	11.19	11.09
GC43 (Coupon 10.00%, BMK R2044)	➔	11.28	0.000	11.28	11.19
GC45 (Coupon 9.85%, BMK R2044)	➔	11.38	0.000	11.38	11.29
GC48 (Coupon 10.00%, BMK R2048)	➔	11.32	0.000	11.32	11.22
GC50 (Coupon 10.25%, BMK: R2048)	➔	11.25	0.000	11.25	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	⬆️	2,653	0.16%	2,648	2,662
Platinum	⬆️	936	1.20%	925	941
Brent Crude	⬇️	73.9	-0.78%	74.5	73.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	➔	1,868	0.00%	1,868	1,846
JSE All Share	➔	87,130	0.00%	87,130	84,787
SP500	⬆️	6,074	0.38%	6,051	5,999
FTSE 100	⬇️	8,262	-0.46%	8,300	8,281
Hangseng	⬇️	19,795	-0.88%	19,971	19,382
DAX	⬇️	20,314	-0.45%	20,406	19,426
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	➔	21,496	0.00%	21,496	21,095
Resources	➔	55,025	0.00%	55,025	55,026
Industrials	➔	122,335	0.00%	122,335	116,475
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇️	17.84	-0.10%	17.86	17.90
N\$/Pound	⬆️	22.67	0.56%	22.54	22.96
N\$/Euro	⬆️	18.79	0.14%	18.76	19.09
US dollar/ Euro	⬆️	1.051	0.08%	1.050	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
		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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources and persons whom the writer believes to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer's judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
