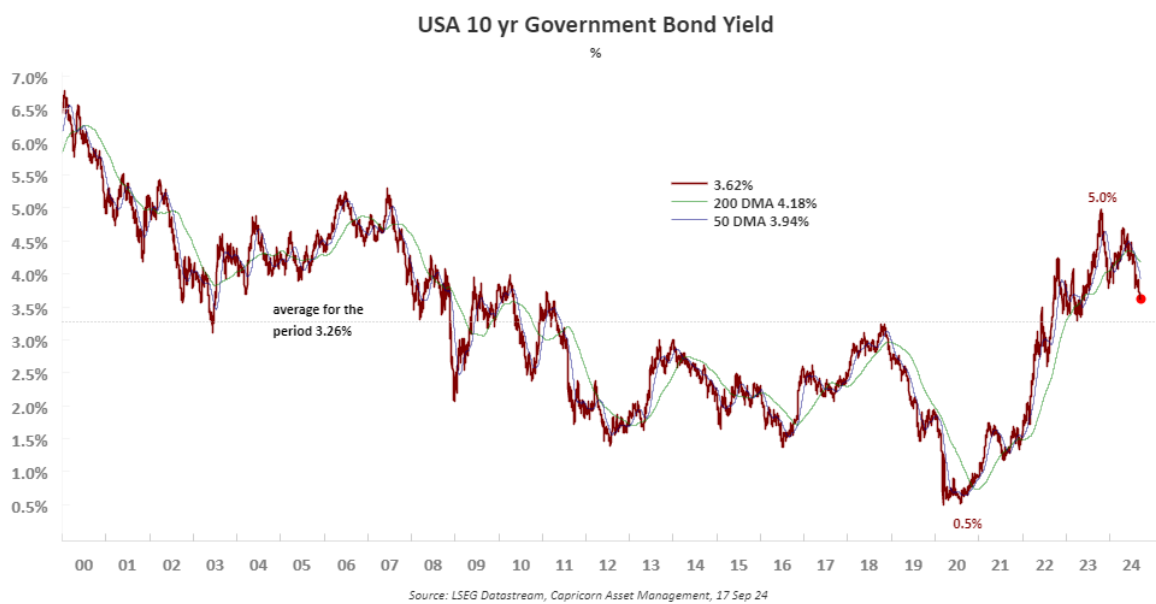




Market Update

Tuesday, 17 Sep 2024



Global Markets

Tech stocks dragged on U.S. indexes and the dollar touched a more than one-year low against the yen on Monday as all eyes looked to a Federal Reserve meeting later this week that is expected to usher in a hotly anticipated easing cycle. Expectations have grown that the Federal Reserve could cut interest rates by as much as half a point - more than previously expected - in a bid to keep the economy on course for a soft landing, while managing slowing jobs growth and moderating inflation. The decision is slated for Wednesday. Rate-sensitive tech stocks dipped, pulling down the Nasdaq Composite. Nvidia and Apple shed more than 2% each, hampered by a pessimistic report on demand for the iPhone. The S&P 500 nonetheless eked out a slight gain on the day. Away from growth plays, the blue-chip Dow Jones Industrial Average hit an intraday record high.

XTB research director Kathleen Brooks said markets would look past the size of any rate cut on Wednesday to understand the Fed's rationale. "If the Fed does start by cutting 50 bps, but at the same time reiterates that it is doing so to preserve the economy's soft landing, this is stock-market positive. If it sounds like the Fed has to panic-cut interest rates because of some grey cloud on the horizon, then expect stocks to sell off," she said. The dollar index, which measures the greenback against a basket of currencies, fell 0.33% at 100.69. Against the Japanese yen, the dollar sagged 0.13% at 140.63.

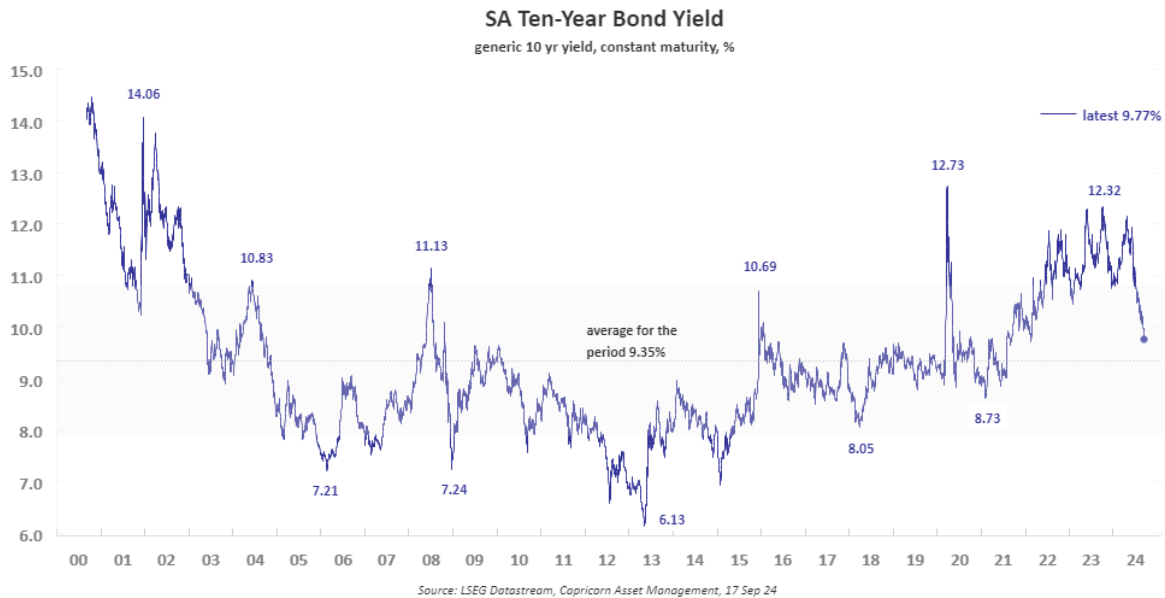
Investors also digested news from Sunday of a second assassination attempt on Republican presidential candidate Donald Trump. Shares in his Trump Media & Technology company reversed early gains to trade down more than 3% by the market close. Restrictions on sales of Trump Media shares by the former president and other company insiders will be lifted within the next 10 days, though Trump said Friday he will not sell his shares. The Dow rose 0.55%, to 41,622.08, the S&P 500 gained 0.13%, to 5,633.09 and the Nasdaq Composite dropped 0.52%, to 17,592.13. The S&P last week posted its strongest weekly performance this year. Hopes for a big rate cut by the Fed have been boosting stocks for months. Some of the glow lingered in MSCI's All-World index which rose 0.20%, to 828.55.

Yields on short-dated U.S. debt hit their lowest level in two years at one point on Monday. The return on the rate-sensitive two-year note was last 1.7 basis points lower on the day, continuing a slide this month. Benchmark 10-year yields shrank for a second straight session, shedding 3.1 basis points to 3.618%, from 3.649% late on Friday. Traders are placing a 59% chance of a half-point cut at the Fed's meeting on Wednesday, up from 30% a week ago, futures show. The odds narrowed sharply after media reports revived the prospect of more aggressive easing.

Central banks in Japan and the UK also meet this week, with both expected to stand pat for now, while a packed data schedule includes U.S. retail sales and industrial production. The Bank of England is expected to leave rates on hold at 5.00% when it meets on Thursday, though markets have priced in a 31% chance of another cut. On Friday, it is the Bank of Japan's turn. The BoJ is widely expected to hold steady, though it may lay the groundwork for a further tightening in October. Lower Treasury yields played into the yen's strength against the dollar. The euro stayed higher, underpinned by the prospect of more rate cuts from the European Central Bank, keeping a lid on the currency at \$1.1200.

Gold also felt the effects of lower borrowing costs, adding 0.22% to \$2,582.39 an ounce, near an all-time peak of \$2,588.81. Oil prices rose as the effects of Hurricane Francine kept nearly a fifth of crude oil production in the Gulf of Mexico offline. Brent crude futures settled \$1.14 higher at \$72.75 a barrel. U.S. crude clocked in at \$70.09 per barrel, \$1.44 higher on the day.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

The South African rand gained on Monday against a weaker dollar, as markets geared up for a week packed with interest rate announcements and a local inflation print. At 1509 GMT, the rand traded at 17.65 against the dollar, about 0.6% firmer than its previous close. The dollar last traded about 0.3% softer against a basket of peers. "A weaker greenback is primarily driving the renewed strength in the rand today," said Kavir Surujhlal, junior sales trader at IG Group. "We could see increased volatility in our local currency leading up to the U.S. and local (interest) rates announcement," Surujhlal added.

On Wednesday, local investors will look to South Africa's August consumer inflation figures. Consumer inflation fell to 4.6% year-on-year in July, only just above the level the South African central bank aims for, 4.5%. Another reading near the target would further cement expectations for a rate cut from the South African Reserve Bank (SARB) on Thursday. Economists polled by Reuters predict a 25 basis point cut.

Surujhlal said the SARB's meeting could be overshadowed by the Federal Reserve's press conference, but local investors should pay careful attention to Governor Lesetja Kganyago's comments on the health of the domestic economy for potential clues on future rate cuts. The U.S. Federal Reserve will announce its policy decision on Wednesday. Markets are betting the central bank of the world's biggest economy will cut rates but are divided on the size of the cut.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index closed down about 0.1%. South Africa's benchmark 2030 government bond gained, as the yield slipped 9 basis points to 8.825%.

Source: LSEG Thomson Reuters Refinitiv.

Rather fail with honor than succeed by fraud.

Sophocles

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)		17 September 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	0.000	8.55	8.35
9 months	⇒	8.56	0.000	8.56	8.37
12 months	⇒	8.44	0.000	8.44	8.25
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↓	8.10	-0.045	8.15	8.10
GC25 (Coupon 8.50%, BMK R186)	↓	8.09	-0.045	8.14	8.09
GC26 (Coupon 8.50%, BMK R186)	↓	8.17	-0.045	8.21	8.17
GC27 (Coupon 8.00%, BMK R186)	↓	8.47	-0.045	8.51	8.47
GC28 (Coupon 8.50%, BMK R2030)	↓	8.55	-0.090	8.64	8.55
GC30 (Coupon 8.00%, BMK R2030)	↓	8.77	-0.090	8.86	8.77
GC32 (Coupon 9.00%, BMK R213)	↓	9.32	-0.100	9.42	9.32
GC35 (Coupon 9.50%, BMK R209)	↓	10.06	-0.125	10.19	10.06
GC37 (Coupon 9.50%, BMK R2037)	↓	10.63	-0.120	10.75	10.63
GC40 (Coupon 9.80%, BMK R214)	↓	11.25	-0.110	11.36	11.25
GC43 (Coupon 10.00%, BMK R2044)	↓	11.41	-0.130	11.54	11.41
GC45 (Coupon 9.85%, BMK R2044)	↓	11.76	-0.130	11.89	11.76
GC48 (Coupon 10.00%, BMK R2048)	↓	11.66	-0.125	11.79	11.66
GC50 (Coupon 10.25%, BMK: R2048)	↓	11.71	-0.125	11.84	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	↑	2,583	0.24%	2,576	2,576
Platinum	↓	981	-1.47%	995	988
Brent Crude	↑	72.8	1.59%	71.6	73.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,788	0.05%	1,787	1,788
JSE All Share	↑	82,007	0.04%	81,979	82,007
SP500	↑	5,633	0.13%	5,626	5,633
FTSE 100	↑	8,278	0.06%	8,273	8,278
Hangseng	↑	17,422	0.31%	17,369	17,696
DAX	↓	18,633	-0.35%	18,699	18,633
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	20,599	-0.06%	20,611	20,599
Resources	↑	55,184	1.01%	54,631	55,184
Industrials	↓	110,676	-0.45%	111,180	110,676
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	17.62	-0.83%	17.76	17.61
N\$/Pound	↓	23.28	-0.12%	23.31	23.26
N\$/Euro	↓	19.61	-0.33%	19.67	19.60
US dollar/ Euro	↑	1.113	0.51%	1.108	1.113
		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
		Aug 24	Jul 24	Jul 24	Jun 24
Inflation	↓	4.4	4.6	4.6	5.1

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 listeds

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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