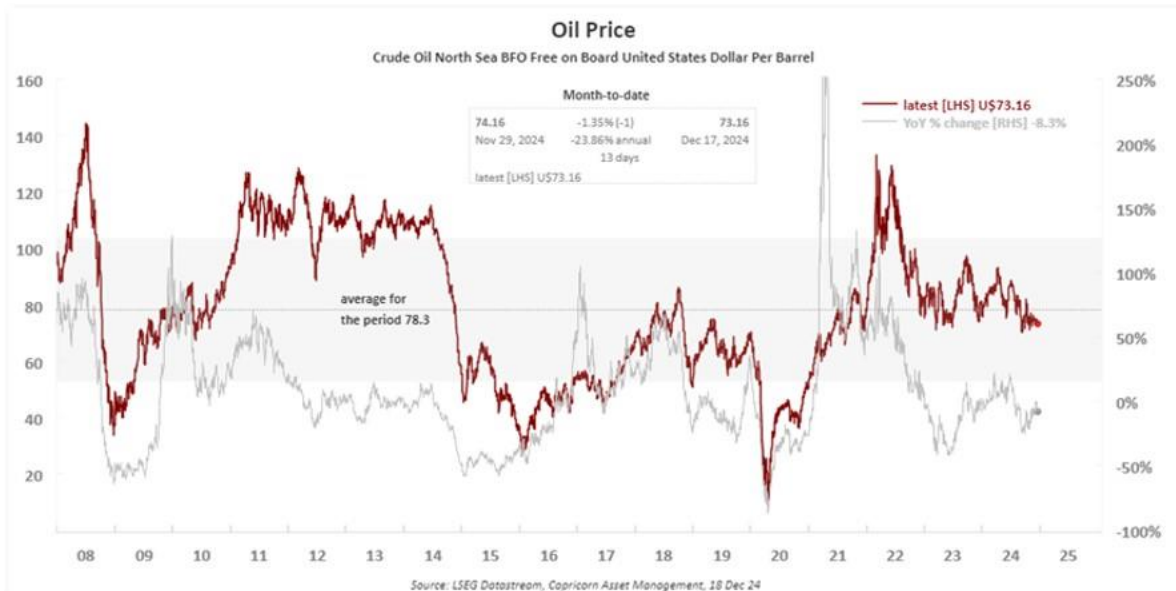




Market Update

Wednesday, 18 December 2024



Global Markets

U.S. stocks closed down on Tuesday and crude prices fell as investors parsed economic data and girded themselves for a series of central bank decisions, including an expected rate cut from the Federal Reserve. The blue-chip Dow ended in negative territory for the ninth consecutive session, marking its longest losing streak since 1978. "It's a respite for most of the market," said Paul Nolte, senior wealth adviser and market strategist at Murphy & Sylvest in Elmhurst, Illinois. "The averages are hanging around all-time highs and there's been a big bifurcation in growth versus value, large versus small. Those themes that we've been talking about for the first half of the year are showing up for the last couple trading days of 2024."

Members of the Federal Open Market Committee convened on Tuesday for their two-day monetary policy meeting, which is widely seen culminating on Wednesday with a 25 basis-point cut to the key Fed funds target rate. Markets will scrutinize the accompanying Summary of Economic Projections, which is expected to temper Fed policy expectations for the coming year in light of sticky inflation and robust economic data. "We're getting a cut right now because it's largely been priced in and (the Fed has) been sort of backed into it by their earlier commitments, and by the market," said Robert Pavlik,

senior portfolio manager at Dakota Wealth in Fairfield, Connecticut. "Going forward, they're going to be on a pause until more favourable inflation data comes their way," Pavlik added. "I'd rather have a hawkish cut than no cut." Aside from the Fed, central banks Japan, Britain, Sweden and Norway are all slated to meet this week. The BOJ, the Bank of England and Norges Bank are expected to stand pat, while the Riksbank is seen cutting rates.

A better-than-expected retail sales report underscored U.S. economic strength, which contrasted with weak retail sales from China, which raised the specter of softening global demand.

MSCI's gauge of stocks across the globe fell 3.86 points, or 0.44%, to 863.98. The Dow Jones Industrial Average fell 266.93 points, or 0.61%, to 43,450.55, the S&P 500 fell 23.45 points, or 0.39%, to 6,050.63 and the Nasdaq Composite fell 64.83 points, or 0.32%, to 20,109.06. European stocks fell to two-week lows, weighed down by energy and healthcare stocks ahead of central bank decisions and as downbeat data from China stoked demand concerns. The STOXX 600 index fell 0.42%, while Europe's broad FTSEurofirst 300 index fell 7.75 points, or 0.38%. Emerging market stocks fell 9.32 points, or 0.84%, to 1,093.89. MSCI's broadest index of Asia-Pacific shares outside Japan closed lower by 0.63%, to 579.66, while Japan's Nikkei fell 92.81 points, or 0.24%, to 39,364.68.

Yields on 10-year Treasuries backed away from three-week highs ahead of the Fed's rate decision and economic projections. The yield on benchmark U.S. 10-year notes fell 0.4 basis points to 4.395%, from 4.399% late on Monday. The 30-year bond yield fell 2.6 basis points to 4.5837% from 4.61% late on Monday. The 2-year note yield, which typically moves in step with interest rate expectations for the Federal Reserve, fell 0.6 basis points to 4.245%, from 4.249% late on Monday.

The dollar inched higher against a basket of world currencies as better-than-expected retail sales data suggested economic momentum as investors digested the likelihood that the Fed would slow its easing to a more gradual pace in the coming year. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.18% to 106.98, with the euro down 0.22% at \$1.0487.

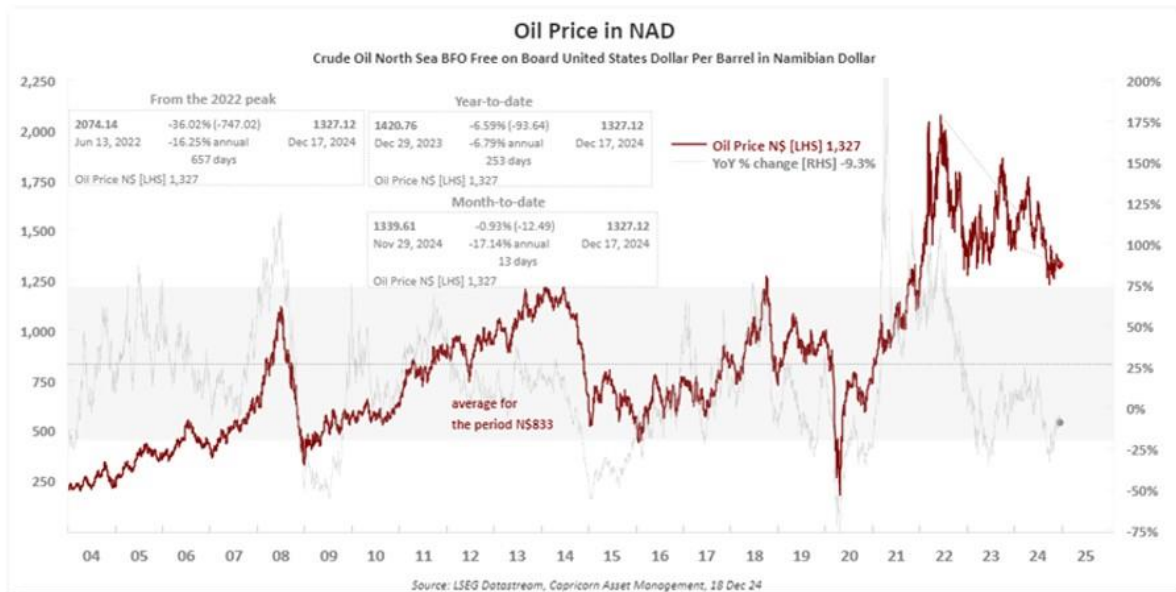
Against the Japanese yen, the dollar weakened 0.42% to 153.51.

Bitcoin touched yet another record high, as cryptocurrencies continue to coast on the prospect of a strategic bitcoin reserve proposed by U.S. President-elect Donald Trump. In cryptocurrencies, bitcoin gained 0.52% to \$106,635.28. Ethereum declined 2.83% to \$3,933.80.

Oil prices slid amid renewed demand worries in the wake of economic data from Germany and China. U.S. crude fell 0.89% to \$70.08 per barrel, while Brent slid to \$73.19 per barrel, down 0.97% on the day.

Gold pulled back under pressure from a strong dollar as investors lowered their expectations for the pace and extent of interest rate cuts in the coming year. Spot gold fell 0.32% to \$2,643.84 an ounce. U.S. gold futures fell 0.48% to \$2,638.80 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand weakened against a stronger dollar on Tuesday as investors turn their attention to the Federal Reserve's interest rate decision. At 1502 GMT, the rand traded at 18.16 against the greenback, about 1.7% weaker than its previous close. The dollar index was last trading up about 0.12% against a basket of currencies.

The Fed will announce its interest rate decision on Wednesday, with markets expecting a 25 basis point cut, but the focus will also be on the central bank's tone on rates for the year ahead. "A conservative tone will likely support the USD and pressure EM (emerging market) currencies, including ZAR," said Andre Cilliers, Currency Strategist at TreasuryONE.

Earlier in the day, central bank data showed South Africa's composite leading business cycle indicator rose 1.1% month on month in October. On the stock market, the Top-40 index closed down about 1.6%.

South Africa's benchmark 2030 government bond was weaker, with the yield up 7.5 basis points at 8.995%.

A smile is a curve that sets everything straight.

Phyllis Diller

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				18 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)	⬆️	8.17	0.065	8.11	8.10
GC26 (Coupon 8.50%, BMK R186)	⬆️	8.17	0.065	8.11	8.10
GC27 (Coupon 8.00%, BMK R186)	⬆️	8.61	0.065	8.55	8.54
GC28 (Coupon 8.50%, BMK R2030)	⬆️	8.90	0.075	8.83	8.84
GC30 (Coupon 8.00%, BMK R2030)	⬆️	8.86	0.075	8.79	8.80
GC32 (Coupon 9.00%, BMK R213)	⬆️	9.67	0.035	9.63	9.65
GC35 (Coupon 9.50%, BMK R209)	⬆️	10.68	0.075	10.61	10.53
GC37 (Coupon 9.50%, BMK R2037)	⬆️	10.90	0.080	10.82	10.77
GC40 (Coupon 9.80%, BMK R214)	⬆️	11.24	0.055	11.19	11.09
GC43 (Coupon 10.00%, BMK R2044)	⬆️	11.37	0.085	11.28	11.19
GC45 (Coupon 9.85%, BMK R2044)	⬆️	11.47	0.085	11.38	11.29
GC48 (Coupon 10.00%, BMK R2048)	⬆️	11.40	0.080	11.32	11.22
GC50 (Coupon 10.25%, BMK: R2048)	⬆️	11.33	0.080	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	⬇️	2,646	-0.26%	2,653	2,662
Platinum	⬆️	939	0.31%	936	941
Brent Crude	⬇️	73.2	-0.97%	73.9	73.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬇️	1,838	-1.63%	1,868	1,846
JSE All Share	⬇️	85,746	-1.59%	87,130	84,787
SP500	⬇️	6,051	-0.39%	6,074	5,999
FTSE 100	⬇️	8,195	-0.81%	8,262	8,281
Hangseng	⬇️	19,700	-0.48%	19,795	19,382
DAX	⬇️	20,246	-0.33%	20,314	19,426
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬇️	21,067	-2.00%	21,496	21,095
Resources	⬇️	53,659	-2.48%	55,025	55,026
Industrials	⬇️	121,020	-1.07%	122,335	116,475
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬆️	18.08	1.33%	17.84	18.06
N\$/Pound	⬆️	23.01	1.52%	22.67	22.96
N\$/Euro	⬆️	18.99	1.09%	18.79	19.09
US dollar/ Euro	⬇️	1.049	-0.20%	1.051	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.



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