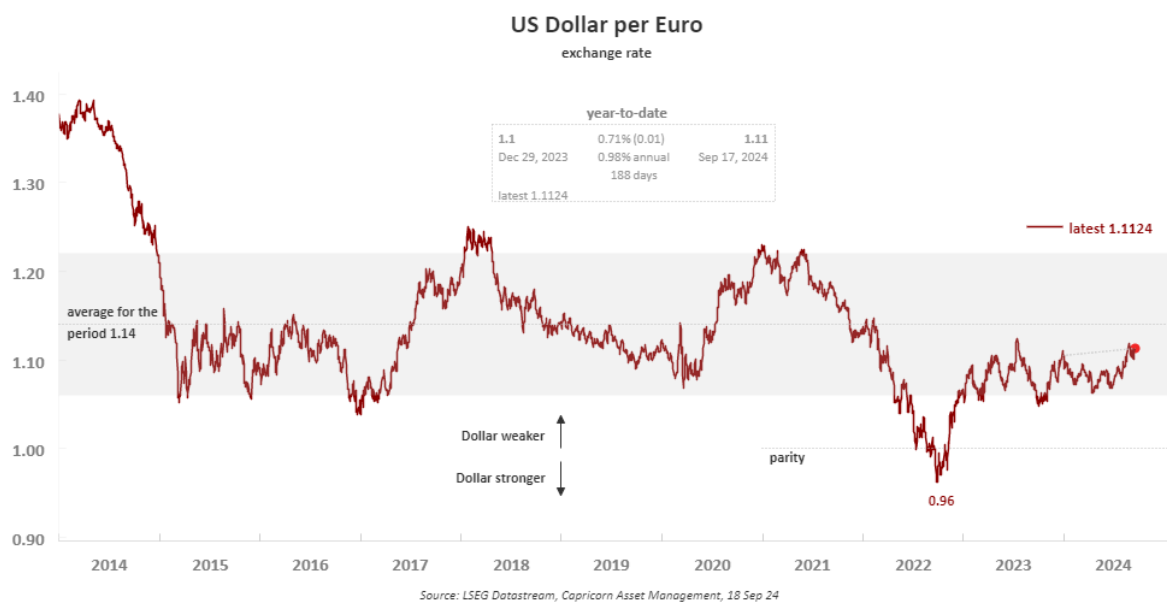




Market Update

Wednesday, 18 Sep 2024



Global Markets

U.S. stock markets ended nearly flat after hitting record highs on Tuesday and the dollar stood firm as strong economic data allayed slowdown fears and investors braced for the Federal Reserve's expected move to cut interest rates for the first time in more than four years. Signs of a slowing job market over the summer and more recent media reports had contributed in the past week to betting the Federal Reserve would move more drastically than usual at its meeting on Wednesday and shave off half a percentage point, to head off any weakness.

Data on Tuesday showed U.S. retail sales rose in August and production at factories rebounded. Stronger data could theoretically weaken the case for a more aggressive cut. "That points to a healthy state of the economy," said Peter Cardillo, chief market economist at Spartan Capital Securities. Cardillo expects Fed Chair Jerome Powell to cut rates by 25 basis points on Wednesday, and would be looking for clues to future moves. "He might hint the Fed could be more aggressive in the coming meetings ... I think they start off being cautious," he said. Across the broader market, traders are still betting on a 63% probability that the Fed will cut rates by 50 basis points on Wednesday and a 37% probability of a 25 basis-point cut, according to CME Group's FedWatch tool.

The S&P 500 rose to an all-time intraday high at one point in the session, but flattened in afternoon trading and closed 0.03% higher at 5,634.58. The Dow Jones Industrial Average fell 0.04%, to

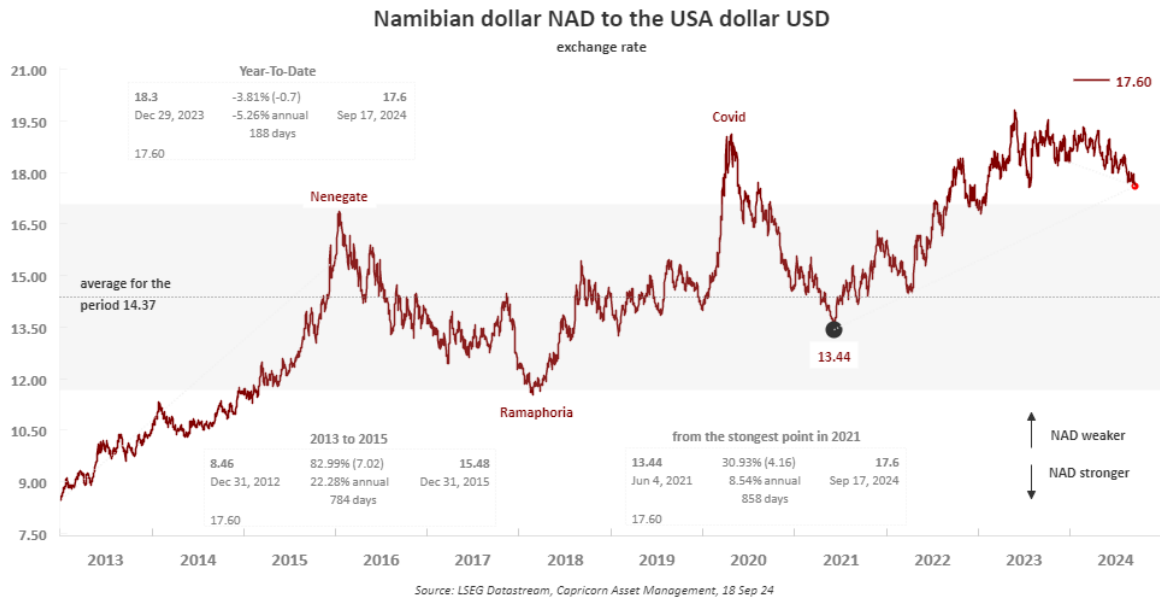
41,606.18. The tech-heavy Nasdaq Composite bucked the Wall Street trend to close 0.20% higher at 17,628.06, while MSCI's All-World index rose 0.04% to 828.72. "What you're seeing in this afternoon's trading is the way we pulled off of the all-time high ... because tomorrow somebody's going to be disappointed," said Russell Price, chief economist at Ameriprise Financial Services in Troy, Michigan.

The dollar perked up from its recent lows against most major currencies and stayed higher throughout the day. The index, which measures the greenback against a basket of currencies, rose 0.28% to 100.98. Beyond the United States, the Bank of England (BoE) and the Bank of Japan (BOJ) also meet this week to discuss monetary policy, but unlike the Fed are expected to keep rates on hold. The dollar kept strengthening against the Japanese yen, gaining 1.19% to 142.29.

The two-year U.S. Treasury yield, which typically reflects near-term rate expectations, rose 4.4 basis points to 3.5986%, having fallen to a two-year low of 3.528% in the previous session. The benchmark 10-year yield rose 2.3 basis points to 3.644%, from 3.621% late on Monday. In Asia, China's sputtering economic recovery continued to weigh on sentiment after data over the weekend showed the country's industrial output growth slowed to a five-month low in August, while retail sales and new home prices weakened further.

Oil prices rose as the industry continued to survey the impact of Hurricane Francine on output in the U.S. Gulf of Mexico. U.S. crude settled 1.57% higher at \$71.19 a barrel. Brent finished the day at \$73.7 per barrel, up 1.31%. Spot gold slid 0.51% to \$2,569.51 an ounce, having touched a record high on Monday.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

The South African rand held steady on Tuesday, with investor focus on Wednesday's U.S. Federal Reserve policy decision which could see it deliver a big interest rate cut. At 1501 GMT, the rand traded at 17.635 against the dollar, not far from its Monday closing level of 17.6225.

Markets are certain the Fed will cut rates when it makes its policy announcement on Wednesday and are leaning towards more aggressive easing in the world's biggest economy. "Markets have started positioning themselves for a 50bps (basis points) rate cut by the Fed," said Andre Cilliers, currency strategist at TreasuryONE.

Like other risk-sensitive currencies, the rand often takes cues from global drivers like U.S. monetary policy in addition to domestic factors. On Wednesday, local investors will look to South Africa's August consumer inflation figures and on Thursday, the South African Reserve Bank will announce its policy decision. Economists polled by Reuters predict a 25-basis-point rate cut by the central bank of Africa's most industrialised economy.

On the stock market, the Top-40 index closed 1.2% higher. South Africa's benchmark 2030 government bond was weaker, as the yield rose 3 basis points to 8.85%.

Source: LSEG Thomson Reuters Refinitiv.

Everything that is made beautiful and fair and lovely is made for the eye of one who sees.

Rumi

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)		18 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	-0.016	8.57	8.35
9 months	⬇	8.56	-0.017	8.58	8.37
12 months	⬇	8.44	-0.042	8.48	8.25
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⬆	8.10	0.025	8.08	8.10
GC25 (Coupon 8.50%, BMK R186)	⬆	8.09	0.025	8.07	8.09
GC26 (Coupon 8.50%, BMK R186)	⬆	8.17	0.025	8.14	8.17
GC27 (Coupon 8.00%, BMK R186)	⬆	8.47	0.025	8.44	8.47
GC28 (Coupon 8.50%, BMK R2030)	⬆	8.55	0.030	8.52	8.55
GC30 (Coupon 8.00%, BMK R2030)	⬆	8.77	0.030	8.74	8.77
GC32 (Coupon 9.00%, BMK R213)	⬆	9.32	0.020	9.30	9.32
GC35 (Coupon 9.50%, BMK R209)	⬆	10.06	0.005	10.06	10.06
GC37 (Coupon 9.50%, BMK R2037)	⬆	10.63	0.005	10.62	10.63
GC40 (Coupon 9.80%, BMK R214)	⬇	11.25	-0.030	11.28	11.25
GC43 (Coupon 10.00%, BMK R2044)	⬆	11.41	0.015	11.39	11.41
GC45 (Coupon 9.85%, BMK R2044)	⬆	11.76	0.015	11.74	11.76
GC48 (Coupon 10.00%, BMK R2048)	⬆	11.66	0.005	11.66	11.66
GC50 (Coupon 10.25%, BMK: R2048)	⬆	11.71	0.005	11.71	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	⬇	2,570	-0.51%	2,583	2,573
Platinum	⬆	981	0.07%	981	979
Brent Crude	⬆	73.7	1.31%	72.8	73.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,814	1.46%	1,788	1,814
JSE All Share	⬆	83,033	1.25%	82,007	83,033
SP500	⬆	5,635	0.03%	5,633	5,635
FTSE 100	⬆	8,310	0.38%	8,278	8,310
Hangseng	⬆	17,660	1.37%	17,422	17,660
DAX	⬆	18,726	0.50%	18,633	18,726
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆	20,870	1.31%	20,599	20,870
Resources	⬆	55,890	1.28%	55,184	55,890
Industrials	⬆	111,963	1.16%	110,676	111,963
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬆	17.64	0.13%	17.62	17.58
N\$/Pound	⬇	23.21	-0.29%	23.28	23.14
N\$/Euro	⬇	19.60	-0.04%	19.61	19.56
US dollar/ Euro	⬇	1.111	-0.17%	1.113	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 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.

**Capricorn Asset Management****Bank Windhoek**

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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