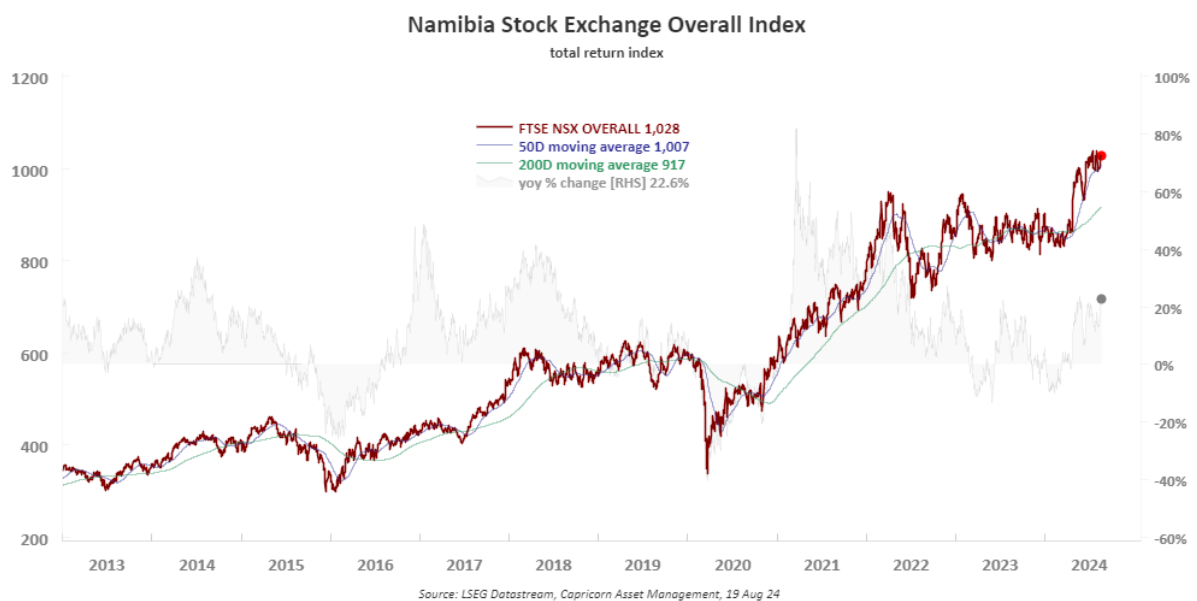




Market Update

Monday, 19 Aug 2024



Global Markets

Global shares pushed higher on Friday, adding to weekly gains, after encouraging U.S. economic data helped soothe fears of a recession in the world's largest economy. On Wall Street, stocks extended their biggest weekly percentage gains of the year. The Dow Jones Industrial Average finished up about 0.25% - bringing its weekly gain to 2.7% - while the S&P 500 and Nasdaq Composite both increased 0.2%; they were up about 3.7% and 5% on the week, respectively. MSCI's main world stock index rose 0.5%, adding to its recovery from market turmoil last week generated by U.S. recession fears and foreign exchange gyrations. The pan-European STOXX 600 index rose 0.3% on the day, still hovering at its two-week high and logging its best week since May 6, up 2.4%. The VIX U.S. stock volatility index, broadly considered the market's fear gauge, sat at benign levels of about 15 after hitting a four-year high of 65 early last week.

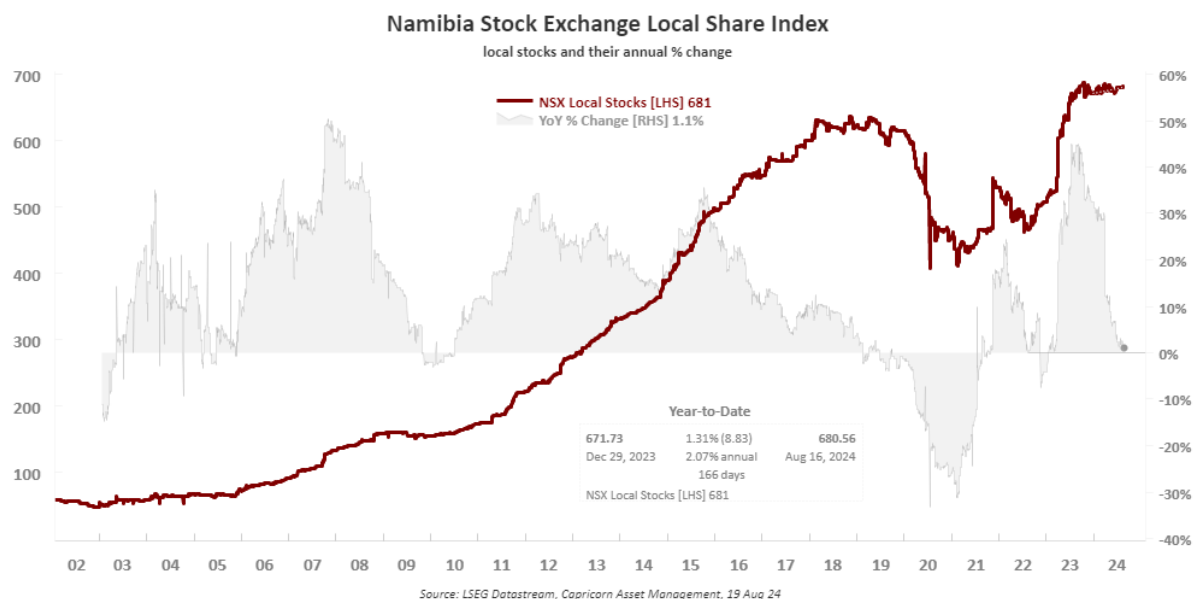
The sharp turnaround in market sentiment came after a batch of U.S. data this week showed inflation was moderating and retail spending was robust. This has helped the market narrative move away from recession concerns, sparked by a weak U.S. jobs report in early August, to confidence the economy can keep growing. Softer inflation data has also reinforced expectations of an interest rate cut by the U.S. Federal Reserve in September. On Friday, a survey showed that U.S. consumer sentiment rose in August, driven by developments in the U.S. presidential race, while inflation expectations remained unchanged over the next year and beyond.

Scott Wren, a Wells Fargo Investment Institute strategist, said stocks were reacting to the likelihood that while the economy is slowing, the probability of a recession is low and earnings estimates have edged higher. "Modest growth with moderating inflation is a good environment for stocks and bonds," Wren said in an email. With central bankers from around the globe set to gather in Jackson Hole, Wyoming, next week, traders expect the Fed to lower borrowing costs from a 23-year high next month but have reduced their bets on an emergency 50-basis-point cut to 25%, down from 55% a week ago, the CME FedWatch tool showed. Invesco multi-asset fund manager David Aujla said the U.S. is unlikely to go into recession. But markets likely would be more volatile through to the end of this year, Aujla said, particularly around November's U.S. presidential election. Easier U.S. Treasury yields on Friday partly unwound the previous session's surges. The yield on the benchmark U.S. 10-year Treasury note declined 4 basis points to 3.883%.

In Asia, Japan's Nikkei share average climbed 3.6% on Friday and notched its best week in more than four years, while Hong Kong's Hang Seng Index rose 1.9%. Japanese stocks gained following heavy losses last week after a surprise Bank of Japan rate cut sent the yen soaring against the dollar, wrecking yen-funded stock trades. The dollar fell against the yen on Friday, and was softer against other major currencies after disappointing U.S. housing numbers. U.S. single-family homebuilding fell in July as higher mortgage rates and house prices kept prospective buyers on the sidelines, suggesting the market remained depressed at the start of the third quarter. The euro added 0.47% versus the dollar.

Oil prices settled down nearly 2%, with global benchmark Brent crude below \$80 a barrel, but were little changed on the week as investors tempered expectations of demand growth from top oil importer China. Brent fell \$1.36, or 1.7%, to settle at \$79.68 per barrel and U.S. crude dropped \$1.51, or 1.9%, to \$76.65. Spot gold prices soared to an all-time high, rising more than 2%.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand was on course for gains of over 2% this week, while stocks hit a record high in intra-day trade on Friday, as upbeat U.S. economic data allayed fears of an imminent recession in the world's top economy. At 1643 GMT, the rand traded at 17.8850 against the U.S. dollar, up about 0.65% on Thursday's closing level. The dollar was last down about 0.39% against a basket of global currencies.

Like other risk-sensitive currencies, the rand often takes cues from global drivers such as U.S. economic data and monetary policy in addition to local data points. Markets will likely focus on a speech from Fed Chair Jerome Powell at the Jackson Hole Symposium of global central bankers in Wyoming next week for further hints on the interest rate path of the U.S.

The Johannesburg Stock Exchange's Top-40 index hit a record high in intra-day trading on Friday. It closed over 0.7% up. "Positive economic data out of the world's largest economy this week has aided risk on sentiment of which South Africa is a beneficiary," said Shaun Murison, senior market analyst at IG. South Africa's benchmark 2030 government bond was weaker as the yield gained 9 basis points to 9.32%. **Source: LSEG Thomson Reuters Refinitiv.**

Free speech carries with it some freedom to listen.

Warren E. Burger

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)					19 August 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	0.017	8.54	8.37
12 months	↑		8.44	0.017	8.42	8.25
Nominal Bond Yields %			Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↑		9.14	0.080	9.06	9.10
GC25 (Coupon 8.50%, BMK R186)	↑		9.04	0.080	8.96	9.00
GC26 (Coupon 8.50%, BMK R186)	↑		8.20	0.080	8.12	8.17
GC27 (Coupon 8.00%, BMK R186)	↑		8.50	0.080	8.42	8.47
GC28 (Coupon 8.50%, BMK R2030)	↑		8.58	0.090	8.49	8.55
GC30 (Coupon 8.00%, BMK R2030)	↑		8.80	0.090	8.71	8.77
GC32 (Coupon 9.00%, BMK R213)	↑		9.35	0.100	9.25	9.32
GC35 (Coupon 9.50%, BMK R209)	↑		10.09	0.085	10.01	10.06
GC37 (Coupon 9.50%, BMK R2037)	↑		10.66	0.075	10.58	10.63
GC40 (Coupon 9.80%, BMK R214)	↑		11.28	0.095	11.18	11.25
GC43 (Coupon 10.00%, BMK R2044)	↑		11.44	0.085	11.35	11.41
GC45 (Coupon 9.85%, BMK R2044)	↑		11.79	0.085	11.70	11.76
GC48 (Coupon 10.00%, BMK R2048)	↑		11.69	0.090	11.60	11.66
GC50 (Coupon 10.25%, BMK: R2048)	↑		11.74	0.090	11.65	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	↑		2,507	2.08%	2,456	2,501
Platinum	↑		954	0.18%	953	955
Brent Crude	↓		79.7	-1.68%	81.0	79.4
Main Indices			Last close	Change	Prev close	Current Spot
NSX Overall Index	↑		1,801	0.36%	1,795	1,801
JSE All Share	↑		82,824	0.73%	82,226	82,824
SP500	↑		5,554	0.20%	5,543	5,554
FTSE 100	↓		8,311	-0.43%	8,347	8,311
Hangseng	↑		17,430	1.88%	17,109	17,585
DAX	↑		18,322	0.77%	18,183	18,322
JSE Sectors			Last close	Change	Prev close	Current Spot
Financials	↑		20,234	0.90%	20,053	20,234
Resources	↑		58,934	0.19%	58,820	58,934
Industrials	↑		112,092	0.88%	111,114	112,092
Forex			Last close	Change	Prev close	Current Spot
N\$/US dollar	↓		17.86	-0.77%	18.00	17.82
N\$/Pound	↓		23.12	-0.04%	23.13	23.09
N\$/Euro	↓		19.69	-0.25%	19.74	19.69
US dollar/ Euro	↑		1.103	0.52%	1.097	1.105
			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
			Jul 24	Jun 24	Jun 24	May 24
Inflation	⇒		4.6	4.6	5.1	5.2

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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