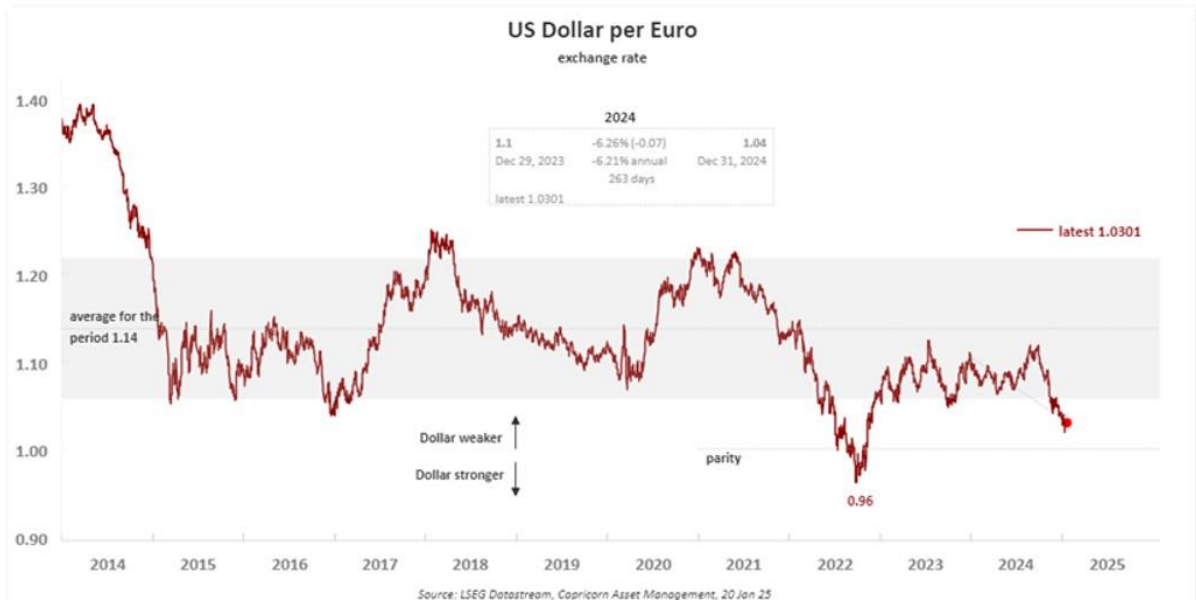




Market Update

Monday, 20 January 2025



Global Markets

MSCI's global equities index rose on Friday while U.S. Treasury yields turned higher with the dollar as upbeat economic data and earnings appeared to be helping investors shrug off any jitters ahead of the U.S. presidential inauguration. The U.S. dollar strengthened against major peers after four days of declines, while benchmark U.S. Treasury yields - after a three-session drop - hit a two-week low before turning higher.

Elsewhere, data showed U.S. single-family homebuilding increasing to a 10-month high in December, indicating that construction activity regained some momentum at the end of the year, though rising mortgage rates and a glut of new homes on the market could constrain recovery. "There's an expectation that the economy is not as weak and inflation is not as big a problem as investors may have thought," said Phil Orlando, Chief Equity Strategist at Federated Hermes, pointing to the production and housing data as well as inflation data released earlier in the week. "So given the over-sold nature of the market, we've enjoyed a nice bounce here," he said.

On Wednesday, softer than forecast core inflation data had pushed down the U.S. 10-year yield and supported stocks. Adding more encouragement to stocks this week were comments Fed Governor Christopher Waller on Thursday signaling that three or four rate cuts are still possible in 2025 if data is weaker. But Orlando was cautious about how well Friday's levels would hold after Monday's handover of the White House from Democratic President Joe Biden to Republican Donald Trump. "You're going to be swapping very different fiscal policy approaches. I'm wondering if the market doesn't get spooked yet again, once Trump comes into office," said Orlando. "We don't know what his talk is going to look like on Monday. We don't know what sort of day-one executive orders he's going to put through."

Federal Reserve data on Friday showed U.S. manufacturing output increased 0.6% last month after an upwardly revised 0.4% rebound in November, likely as production picked up after a factory worker strike ended. Anthony Saglimbene, chief market strategist at Ameriprise, said that along with economic data, strong bank earnings reports and outlook had improved investor confidence since Monday. But like Orlando he was worried about post-inauguration volatility: "We'll see what happens next week. I wouldn't put a tonne of faith in this holding until tariffs and immigration policy are clearer," said Saglimbene.

All three of Wall Street's major indexes were up for the day while the S&P 500 and the Dow eyed their biggest weekly gain since the week of the U.S. presidential election. On Wall Street, at 02:58 p.m. the Dow Jones Industrial Average rose 371.84 points, or 0.86%, to 43,526.27, the S&P 500 rose 66.28 points, or 1.12%, to 6,003.70 and the Nasdaq Composite rose 318.89 points, or 1.65%, to 19,656.98. MSCI's gauge of stocks across the globe rose 6.87 points, or 0.81%, to 855.50. Earlier, Europe's STOXX 600 index closed up 0.69% on the day for a 1.7% weekly gain, which was its biggest since the week starting Dec. 2.

In U.S. Treasuries, yields erased losses after earlier falling to their lowest level in two weeks with some investors betting that strong economic data could mean the Federal Reserve won't cut interest rates as much as it indicated in December. The yield on benchmark U.S. 10-year notes rose 0.7 basis points to 4.613%, from 4.606% late on Thursday. The 30-year bond yield rose to 4.8483% from 4.845%. The 2-year note yield, which typically moves in step with Fed interest rate expectations, rose 3.6 basis points to 4.274, from 4.238% late on Thursday.

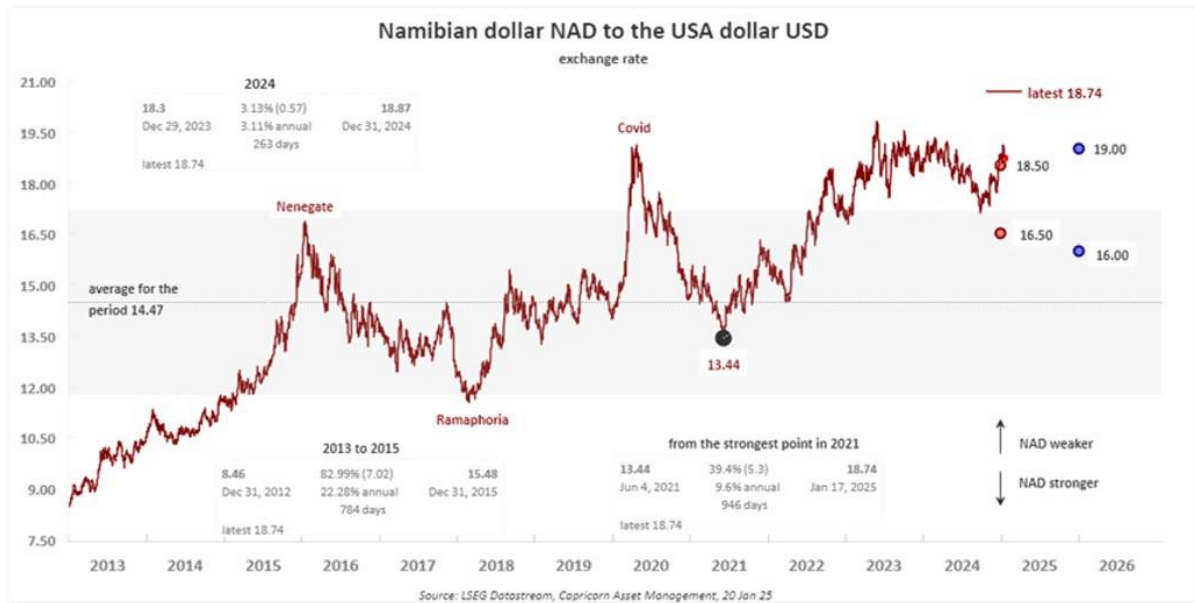
In currencies the dollar index rose on the day but was on track for a weekly decline after a six-week winning streak, as investors awaited Trump's inauguration with hopes for more clarity on the next administration's policies. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.34% to 109.34. The euro was down 0.21% at \$1.0276 while against the Japanese yen, the dollar strengthened 0.66% to 156.15. But for the week, the yen was up as policy makers comments spurred bets for a quarter-point Bank of Japan rate hike next week. Sources told Reuters the BOJ was likely to keep a hawkish policy pledge and raise rates next week. Sterling weakened 0.6% to \$1.2165 after weaker than forecast British retail sales in December.

In commodities, oil prices moved lower on the day but eyed a fourth consecutive weekly gain, as the latest U.S. sanctions on Russia fueled expectations for supply disruptions. U.S. crude settled down 1% for the day at \$77.88 a barrel. Brent settled at \$80.79 per barrel, off 0.62%.

Gold stocks in COMEX-approved warehouses have jumped by one-third in the past six weeks as market players sought deliveries to hedge against the possibility of import tariffs from the incoming U.S. President. Gold prices fell on Friday but were on track for a weekly gain as uncertainties about

Trump policies and bets on further interest rate cuts had lifted it above the key \$2,700 level. Spot gold fell 0.4% to \$2,702.85 an ounce. U.S. gold futures rose 0.19% to \$2,751.60 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand gained on Friday after a turbulent week, as investor focus shifted towards U.S. President-elect Donald Trump's inauguration on Monday. At 1524 GMT, the rand traded at 18.71 against the U.S. dollar, about 0.6% stronger than its previous close.

Data out of the U.S. this week showed a sturdy labour market and sticky inflation, and uncertainty over the potential impact of Trump's tariffs and tax plans has led the U.S. Federal Reserve to project two interest rate cuts this year. However, Fed Governor Christopher Waller [said](#) on Thursday three or four rate cuts are still possible if economic data weakens further. "Looking ahead, investors should closely monitor January 20, 2025, when President-elect Donald J. Trump is set to begin his second term," said Matthew Liversage, trading services dealing specialist at IG. "Volatility is expected in the coming week as investors adjust their positions ahead of the market close or hold cash in anticipation of developments early next week."

On the stock market, South Africa's blue-chip Top 40 index closed about 1.3% up. Its benchmark 2030 government bond was little changed, with the yield at 9.21%. Source: LSEG Thomson Reuters Refinitiv.

Perpetual optimism is a force multiplier.

Colin Powell

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				20 January 2025	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	7.87	0.000	7.87	7.96
6 months	⇒	7.92	0.000	7.92	8.01
9 months	⇩	8.00	-0.008	8.01	8.03
12 months	⇧	8.01	0.008	8.00	8.01
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC25 (Coupon 8.50%, BMK R186)	⇩	8.30	-0.020	8.32	8.10
GC26 (Coupon 8.50%, BMK R186)	⇩	8.44	-0.020	8.46	8.24
GC27 (Coupon 8.00%, BMK R186)	⇩	9.03	-0.020	9.05	8.83
GC28 (Coupon 8.50%, BMK R2030)	⇧	9.34	0.005	9.34	9.07
GC30 (Coupon 8.00%, BMK R2030)	⇧	9.32	0.005	9.32	9.05
GC32 (Coupon 9.00%, BMK R213)	⇩	10.16	-0.010	10.17	9.89
GC35 (Coupon 9.50%, BMK R209)	⇩	11.40	-0.025	11.42	10.97
GC37 (Coupon 9.50%, BMK R2037)	⇩	11.60	-0.030	11.63	11.19
GC40 (Coupon 9.80%, BMK R214)	⇩	11.98	-0.025	12.00	11.49
GC43 (Coupon 10.00%, BMK R2044)	⇩	11.91	-0.030	11.94	11.49
GC45 (Coupon 9.85%, BMK R2044)	⇩	12.01	-0.030	12.04	11.59
GC48 (Coupon 10.00%, BMK R2048)	⇩	12.05	-0.035	12.08	11.61
GC50 (Coupon 10.25%, BMK: R2048)	⇩	12.07	-0.035	12.10	11.63
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.10	0.000	3.10	4.00
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	5.22
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.07	0.000	6.07	5.63
Commodities		Last close	Change	Prev close	Current Spot
Gold	⇩	2,702	-0.45%	2,714	2,662
Platinum	⇧	942	1.12%	932	941
Brent Crude	⇩	80.8	-0.62%	81.3	73.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇧	1,835	2.25%	1,795	1,846
JSE All Share	⇧	84,700	1.25%	83,659	84,787
SP500	⇧	5,997	1.00%	5,937	5,999
FTSE 100	⇧	8,505	1.35%	8,392	8,281
Hangseng	⇧	19,584	0.31%	19,523	19,382
DAX	⇧	20,903	1.20%	20,655	19,426
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⇧	20,507	1.66%	20,173	21,095
Resources	⇧	58,565	0.67%	58,177	55,026
Industrials	⇧	115,819	1.22%	114,428	116,475
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⇩	18.73	-0.38%	18.80	18.70
N\$/Pound	⇩	22.80	-0.97%	23.03	22.96
N\$/Euro	⇩	19.26	-0.61%	19.37	19.09
US dollar/ Euro	⇩	1.027	-0.26%	1.030	1.058
Interest Rates & Inflation		Namibia		RSA	
		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
		Dec 24	Nov 24	Nov 24	Oct 24
Inflation	⇧	3.4	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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