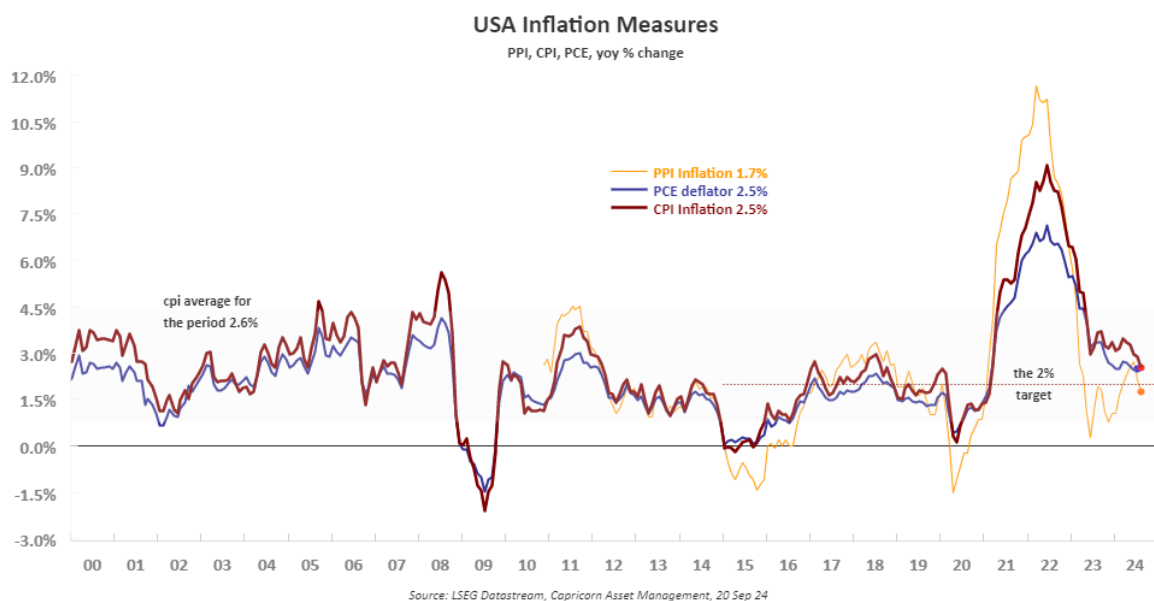




## Market Update

Friday, 20 Sep 2024



## Global Markets

Major Wall Street indexes broke record highs after global counterparts booked gains and Treasury yields rose on Thursday as the start of the Federal Reserve's first rate-cutting cycle in more than four years whet investors' risk appetite. With a larger-than-usual move on Wednesday, the U.S. central bank turned the page on more than a year in which borrowing costs were kept at their highest for decades to try to temper inflation.

Fed Chair Jerome Powell said he did not see elevated risks of a slowdown, and policymakers projected the benchmark rate would fall again, reflected in a closely watched tool known as a dot plot. "The jumbo cut appears to have raised the perceived likelihood of a soft landing," said Jonathan Cohn, Head of U.S. Rates Desk Strategy at Nomura, referring to economists' ideal scenario where inflation cools without triggering a recession. This was "supporting a sharp rally in risk assets, even as Powell's rhetoric and the dot plot pushed back on the prospect of additional 50bp cuts," Cohn said adding: "the market will continue to acclimate to the Fed's mixed messaging through tomorrow's light calendar."

Megacap tech stocks gained, with Tesla and Meta posting solid gains. The tech-heavy Nasdaq Composite climbed 2.51% to 18,013.98 points. The blue-chip Dow Jones Industrial average rose 1.26% to 42,025.19 points, while the benchmark S&P 500 advanced 1.70% to end the session at

5,713.64 points. Both were record-high closing levels. Smaller listed companies, which might be expected to enjoy reduced operating costs and cheaper debt in a lower rates environment, also felt the benefit. The Russell 2000 small-cap index rose 2.1%. Gains were not limited to Wall Street. MSCI's 47-country world stocks index gained 1.66%, to 839.98.

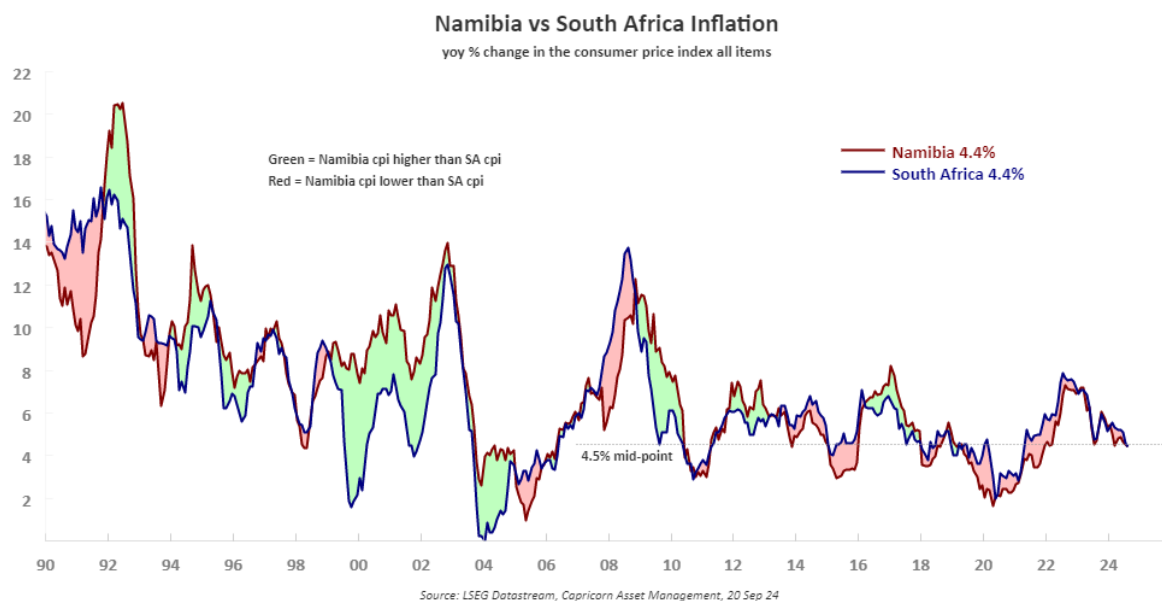
Jobless claims for the week ended Sept. 14 came in lower than the market expected, with data showing the number of Americans filing new applications for unemployment benefits dropped to a four-month low. This contributed to a sell-off in U.S. government debt that pushed up yields. The benchmark 10-year Treasury yield hit its highest level in about two weeks at 3.768% and was last up 3.2 basis points to 3.719%, from 3.687% late on Wednesday. Shorter-dated debt yields felt pressure after a separate data release showed existing home sales fell to their lowest level since 2023. The 2-year note yield, fell 1.5 basis points to 3.5876%, from 3.603% late on Wednesday.

In currency markets, the dollar wilted in choppy trading. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, fell 0.41% to 100.61. The Bank of England's decision to leave interest rates unchanged did not dampen market spirits in Europe, with the STOXX 600 index last up more than 1%. Sterling strengthened 0.5% to \$1.3278.

The bonanza week for interest rate decisions continues on Friday with the Bank of Japan. It is not expected to make a move now, but may buck the global trend and line up another rate hike for as soon as October. The Japanese yen weakened 0.21% against the greenback to 142.57 per dollar.

Gold rose 1.15% to \$2,588.34 an ounce. Oil prices rose, backed by the view that lower rates equal stronger demand. Benchmark Brent crude futures climbed back above \$74 a barrel for the first time in more than a week, and settled at \$74.88, 1.67% higher on the day. U.S. crude settled 1.47% higher, at \$71.95 a barrel.

**Source: LSEG Thomson Reuters Refinitiv.**



## Domestic Markets

The South African rand held onto early gains on Thursday following the South African Reserve Bank's (SARB) decision to cut interest rates for the first time in over four years, after a super-sized interest rate cut by the U.S. Federal Reserve. At 1600 GMT, the rand traded at 17.4775 against the dollar, about 0.4% stronger than its previous close. The U.S. currency was down 0.3% against a basket of peers.

The SARB joined the easing club with a 25 basis point (bps) rate cut, as predicted by economists polled by Reuters, but struck a measured tone, saying although inflation had fallen faster than expected there were still risks to the outlook. Data showed on Wednesday that South Africa's annual inflation rate fell to 4.4% last month, the lowest since April 2021 and just below the mid-point of the central bank's 3% to 6% target range.

"The rand traded stronger for the seventh consecutive day, trading as low as 17.39 at one point, but ran out of steam in the latter part of the day," said Wichard Cilliers, head of market risk at TreasuryONE, following the rate decision. The rand's 17.39 per dollar level on Thursday was its strongest since February 2023. The Fed cut interest rates by 50 bps on Wednesday, weakening the dollar and boosting the risk-sensitive rand.

On the Johannesburg Stock Exchange, the Top-40 index closed about 1.3% higher. South Africa's benchmark 2030 government bond was up marginally, with the yield down 1 basis point at 8.84%.

**Source: LSEG Thomson Reuters Refinitiv.**

Let us always meet each other with smile, for the smile is the beginning of love.

**Mother Teresa**

## Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				20 September 2024	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↓	8.40	-0.008	8.41	8.20
6 months	↓	8.55	-0.008	8.56	8.35
9 months	↓	8.56	-0.008	8.57	8.37
12 months	⇒	8.44	0.000	8.44	8.25
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC24 (Coupon 10.50%, BMK R186)	↑	8.12	0.020	8.10	8.10
GC25 (Coupon 8.50%, BMK R186)	↑	8.11	0.020	8.09	8.09
GC26 (Coupon 8.50%, BMK R186)	↑	8.18	0.020	8.16	8.17
GC27 (Coupon 8.00%, BMK R186)	↑	8.48	0.020	8.46	8.47
GC28 (Coupon 8.50%, BMK R2030)	↑	8.57	0.025	8.54	8.55
GC30 (Coupon 8.00%, BMK R2030)	↑	8.79	0.025	8.76	8.77
GC32 (Coupon 9.00%, BMK R213)	↓	9.34	-0.005	9.35	9.32
GC35 (Coupon 9.50%, BMK R209)	↓	10.08	-0.030	10.11	10.06
GC37 (Coupon 9.50%, BMK R2037)	↓	10.64	-0.030	10.67	10.63
GC40 (Coupon 9.80%, BMK R214)	↓	11.25	-0.060	11.31	11.25
GC43 (Coupon 10.00%, BMK R2044)	↓	11.42	-0.060	11.48	11.41
GC45 (Coupon 9.85%, BMK R2044)	↓	11.77	-0.060	11.83	11.76
GC48 (Coupon 10.00%, BMK R2048)	↓	11.67	-0.060	11.73	11.66
GC50 (Coupon 10.25%, BMK: R2048)	↓	11.72	-0.060	11.78	11.71
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
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
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	2,586	1.08%	2,559	2,599
Platinum	↑	989	2.08%	969	988
Brent Crude	↑	74.9	1.67%	73.7	74.8
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,839	1.41%	1,813	1,839
JSE All Share	↑	83,760	1.26%	82,719	83,760
SP500	↑	5,714	1.70%	5,618	5,714
FTSE 100	↑	8,329	0.91%	8,254	8,329
Hangseng	↑	18,013	2.00%	17,660	18,205
DAX	↑	19,002	1.55%	18,711	19,002
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	21,028	0.51%	20,921	21,028
Resources	↑	56,032	1.82%	55,030	56,032
Industrials	↑	113,389	1.61%	111,589	113,389
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	17.42	-0.74%	17.55	17.53
N\$/Pound	↓	23.13	-0.21%	23.18	23.34
N\$/Euro	↓	19.44	-0.36%	19.51	19.59
US dollar/ Euro	↑	1.116	0.39%	1.112	1.118
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Sep 24</b>	<b>Aug 24</b>	<b>Sep 24</b>	<b>Aug 24</b>
Central Bank Rate	↓	7.50	7.75	8.00	8.25
Prime Rate	↓	11.25	11.50	11.50	11.75
		<b>Aug 24</b>	<b>Jul 24</b>	<b>Aug 24</b>	<b>Jul 24</b>
Inflation	↓	4.4	4.6	4.4	4.6

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**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

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**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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