

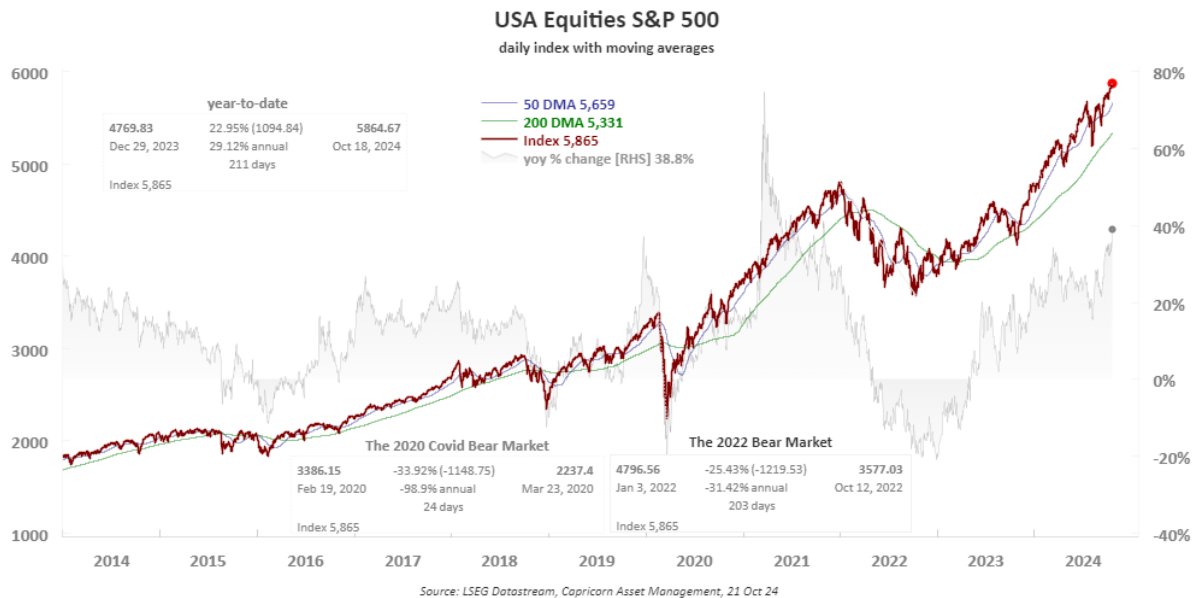


The Daily Brief

Capricorn Asset Management

Market Update

Monday, 21 Oct 2024



Global Markets

Tech stocks powered Wall Street stocks to a higher close and crude prices posted their biggest weekly drop in a month on Friday as investors looked past mixed earnings and focused on solid Netflix results and Beijing's policy steps to boost Chinese demand. Gold, meanwhile, muscled past the \$2,700 mark for the first time ever. "Gold is having a strong run because of the breadth of uncertainties," Greg Bassuk, chief executive officer at AXS Investments in New York. "It's the safe-haven play, and investors would be prudent to diversify their portfolios' safe-haven allocations amid this deep level of uncertainty."

Tech-adjacent megacap momentum stocks boosted the Nasdaq, while the S&P 500's and the Dow's gains on the day were more modest. The S&P 500 and the Dow, however, nabbed record closing highs. All three indexes notched their sixth consecutive week of gains, their longest weekly winning streaks since late 2023. A spate of earnings ran the gamut from upbeat to dour, with streaming platform Netflix showing strong subscriber additions, while consumer products company Procter & Gamble reported a surprise drop in sales due to slowing demand for its products. "Netflix got the tech sector going, and when one sector is strong, usually people sell the other sectors, so the Nasdaq

is leading and the Dow is lagging," said Jay Hatfield, chief executive officer at Infrastructure Capital Management in New York. "But a few days ago, the exact opposite was happening, So it's a classic market melt-up."

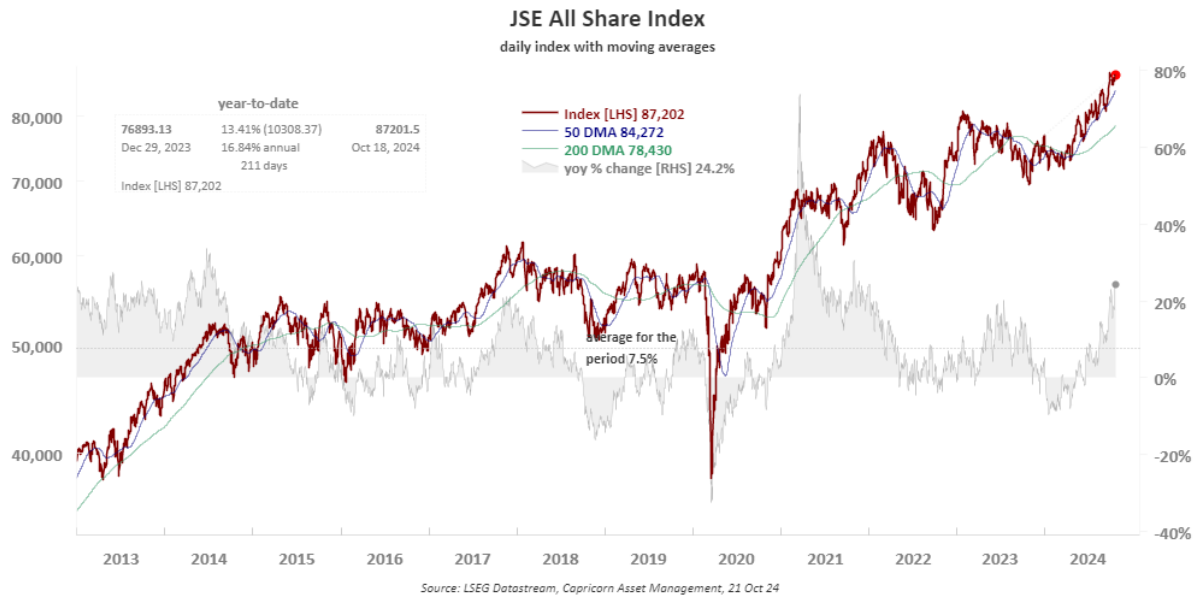
"People are responding to global (interest) rate cuts, and the U.S. economy is strong," Hatfield added. "The only uncertainty is the (U.S. presidential) election, but it seems like people are getting more comfortable with that outcome as well." The Dow Jones Industrial Average rose 36.86 points, or 0.09%, to 43,275.91; the S&P 500 rose 23.20 points, or 0.40%, to 5,864.67; and the Nasdaq Composite rose 115.94 points, or 0.63%, to 18,489.55. European stocks closed higher, helped by a resurgence in tech stocks at the conclusion of a choppy week, which included mixed earnings and a rate cut from the European Central Bank. The STOXX 600 logged its second weekly advance. A rally in Chinese stocks in reaction to Beijing's latest policy steps to boost demand also gave investor sentiment a boost. MSCI's gauge of stocks across the globe rose 5.04 points, or 0.59%, to 857.11. The STOXX 600 index rose 0.21%, while Europe's broad FTSEurofirst 300 index rose 4.81 points, or 0.23%. Emerging market stocks rose 19.59 points, or 1.73%, to 1,154.72.

U.S. Treasury yields dropped as the market consolidated following large increases over the last month as market participants grew accustomed to a less dovish Fed in the face of stronger-than-expected economic data. The yield on benchmark U.S. 10-year notes fell 2.1 basis points to 4.075%, from 4.096% late on Thursday. The 2-year note yield, which typically moves in step with interest rate expectations, fell 3.7 basis points to 3.95%, from 3.987% late on Thursday.

The dollar dipped after five straight sessions of gains as risk appetite improved in the wake of Beijing's stimulus announcement. But the greenback looked set to log its third consecutive weekly gain. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, fell 0.28% to 103.49, with the euro up 0.3% at \$1.0864. Against the Japanese yen, the dollar weakened 0.45% to 149.53.

Front-month oil futures dropped and were on course for their biggest weekly slide since early September due to mounting concerns about Chinese demand and investors parsed a mixed outlook regarding the Middle East conflict. U.S. crude fell 2.05% to \$69.22 a barrel, while Brent fell to \$73.06 per barrel, down 1.87% on the day. Gold prices busted through the \$2,700 mark for the first time as the safe haven metal continues to benefit from global uncertainties. Spot gold rose 1.01% to \$2,719.75 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand firmed against a weaker dollar on Friday, ahead of a domestic inflation reading next week which could provide clues on the central bank's rate-cutting path. At 1400 GMT, the rand traded at 17.57 against the dollar, about 0.6% stronger than its previous close. The currency is still down about 1% against the greenback this week.

The dollar last traded about 0.2% softer against a basket of currencies. The rand's recovery on Friday can be attributed to a broader dollar retreat, said Danny Greeff, co-head of Africa at ETM Analytics. "The market is stabilising after a period of dollar strength as bets on aggressive rate cuts in the U.S. were pared and a higher probability of a Trump presidential election victory was being priced in," Greeff added. Next week, domestic investors will look to September's consumer inflation figures which could provide clues on the South African Reserve Bank's interest rate path.

The central bank cut its main lending rate for the first time in more than four years in September, after data showed headline inflation fell just below 4.5%, the middle of the central bank's target range. On Thursday, South Africa's central bank governor Lesetja Kganyago said the country could move to a lower inflation target at little cost. "One of the requirements for a stable currency is low inflation; therefore, any talk of lowering the inflation target should be mildly supportive of the ZAR," ETM Analytics said in a research note.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index last traded about 0.5% higher. South Africa's benchmark 2030 government bond gained, the yield down 2.5 basis points to 9.28%.

Source: LSEG Thomson Reuters Refinitiv.

The reward for work well done is the opportunity to do more.

Jonas Salk

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				21 October 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	➡	8.05	0.000	8.05	8.05
6 months	➡	8.02	0.000	8.02	8.02
9 months	⬆	8.09	0.033	8.06	8.09
12 months	⬆	8.08	0.050	8.03	8.08
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC25 (Coupon 8.50%, BMK R186)	⬇	8.07	-0.015	8.08	8.10
GC26 (Coupon 8.50%, BMK R186)	⬇	8.20	-0.015	8.21	8.23
GC27 (Coupon 8.00%, BMK R186)	⬇	8.62	-0.015	8.63	8.65
GC28 (Coupon 8.50%, BMK R2030)	⬇	8.88	-0.025	8.91	8.92
GC30 (Coupon 8.00%, BMK R2030)	⬇	9.07	-0.025	9.10	9.11
GC32 (Coupon 9.00%, BMK R213)	⬇	9.87	-0.030	9.90	9.91
GC35 (Coupon 9.50%, BMK R209)	⬇	10.73	-0.010	10.74	10.76
GC37 (Coupon 9.50%, BMK R2037)	⬇	10.96	-0.010	10.97	10.99
GC40 (Coupon 9.80%, BMK R214)	⬇	11.34	-0.010	11.35	11.38
GC43 (Coupon 10.00%, BMK R2044)	⬇	11.50	-0.020	11.52	11.54
GC45 (Coupon 9.85%, BMK R2044)	⬇	11.52	-0.020	11.54	11.56
GC48 (Coupon 10.00%, BMK R2048)	⬇	11.42	-0.015	11.44	11.46
GC50 (Coupon 10.25%, BMK: R2048)	⬇	11.38	-0.015	11.39	11.41
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	⬆	2,720	1.03%	2,693	2,727
Platinum	⬆	1,013	2.15%	992	1,018
Brent Crude	⬇	73.1	-1.87%	74.5	73.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,886	0.89%	1,869	1,886
JSE All Share	⬆	87,201	0.72%	86,582	87,201
SP500	⬆	5,865	0.40%	5,841	5,865
FTSE 100	⬆	8,358	-0.32%	8,385	8,358
Hangseng	⬆	20,804	3.61%	20,079	20,444
DAX	⬆	19,657	0.38%	19,583	19,657
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆	21,409	0.35%	21,334	21,409
Resources	⬆	61,536	1.29%	60,751	61,536
Industrials	⬆	117,556	0.61%	116,842	117,556
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	17.59	-0.60%	17.70	17.62
N\$/Pound	⬇	22.95	-0.29%	23.02	22.97
N\$/Euro	⬇	19.12	-0.28%	19.17	19.13
US dollar/ Euro	⬆	1.087	0.32%	1.083	1.086
Interest Rates & Inflation		Namibia		RSA	
		Oct 24	Sep 24	Oct 24	Sep 24
Central Bank Rate	⬇	7.25	7.50	8.00	8.00
Prime Rate	⬇	11.00	11.25	11.50	11.50
		Sep 24	Aug 24	Aug 24	Jul 24
Inflation	⬇	3.4	4.4	4.4	4.6

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 listeds

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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