

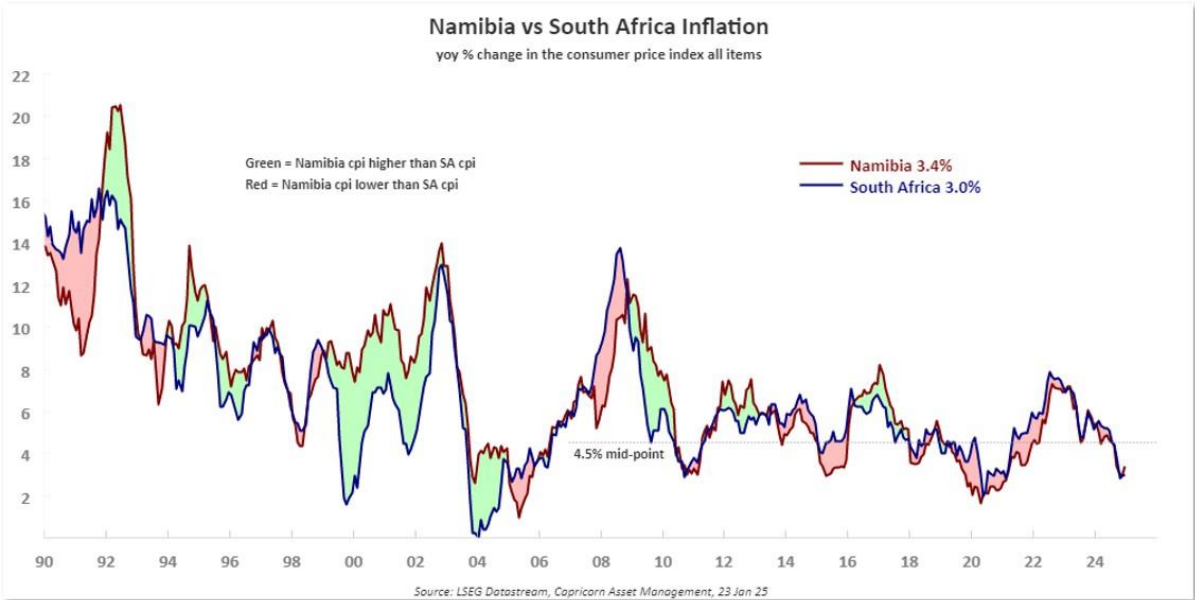


# The Daily Brief

 Capricorn Asset Management

Market Update

Thursday, 23 January 2025



## Global Markets

Global shares rose on Wednesday, powered by a rise in technology stocks after U.S. President Donald Trump announced mammoth spending plans for artificial intelligence infrastructure, while the dollar sagged to a two-week low as tariffs were delayed. Late on Tuesday, Trump announced that OpenAI, Japan's SoftBank and Oracle will form a joint venture and invest up to \$500 billion to build data AI centers. Investment in AI has surged since OpenAI launched ChatGPT in late 2022, lifting share prices of chipmakers and those building the infrastructure, helping drive gains in the broader market.

Even with global stock markets near record highs, some investors said they could rise further. "We prefer taking risk in stocks and expect corporate earnings to keep driving returns as the fourth-quarter reporting season starts," Jean Boivin, the head of BlackRock Investment Institute said, adding that Treasury yields might jump. "We are in a world of higher interest rates and expect them to stay above pre-pandemic levels. Even with the jump in yields, we still see more room to run, if at a slower pace," Boivin said.

The benchmark 10-year Treasury yield rose 2.7 basis points to 4.5820%. European shares were higher despite threats of U.S. import tariffs, with Trump again vowing to hit the European Union with fresh levies. But Europe was breathing a sigh of relief as many investors and foreign capitals had expected tariffs to be implemented on Trump's first day in office, as he had promised during his campaign. "Trump seems more focused at home and Europe's got a stay of execution," said Eddie Kennedy, head of bespoke discretionary fund management at Marlborough. "Therefore, I think it makes sense to have a little rally."

The pan-continental STOXX 600 was up 0.4% after hitting a record intraday high. Blue chips in Frankfurt and London also hit new intraday peaks before pulling back. Europe's infrastructure stocks, such as Schneider Electric and Prysmian, were some of the outperformers on Trump's AI investment push. In Asia, Japan's Nikkei 225 rose 1.6%, lifted by the near 11% rise in SoftBank shares. Shares of SoftBank surged 10.6% in Tokyo, while Oracle gained 7.6% on Wall Street, adding to Tuesday's 7.2% jump. The gains helped lift the tech-heavy Nasdaq 1.3%. The benchmark S&P 500 rose 0.7%, and the Dow Jones Industrial Average added 0.3%. The MSCI index of world shares rose 0.6%.

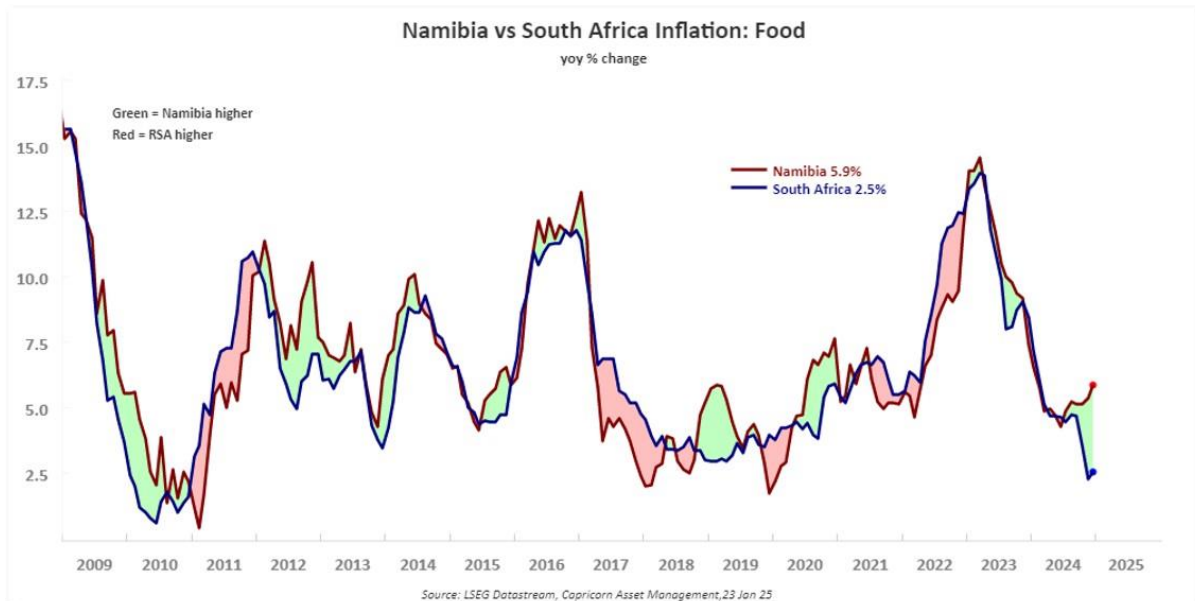
MSCI's broadest index of Asia-Pacific shares outside Japan, however, was flat as drops in Chinese and Hong Kong stocks offset broad gains elsewhere. Trump said his administration was considering a 10% punitive duty on Chinese imports because fentanyl is being sent from China to the U.S. via Mexico and Canada. Chinese blue chips fell 0.9% and Hong Kong's Hang Seng index lost 1.6%. The delay by Trump in imposing tariffs on major economies pushed the dollar to a two-week low against a basket of currencies.

The U.S. dollar index, which measures the currency against six others, was little changed at 108.15, having earlier fallen to its lowest level since Jan. 6 at 107.75. The dollar "sold off in response to the lack of clear Day One tariffs news, though it's difficult to separate out how much of that move is a partial unwind of dollar-long positioning, and how much is a more durable market reassessment of tariff risks," said Stuart Jenkins, FX strategist at Goldman Sachs. The euro was at \$1.042000, after earlier rising to \$1.0457, its highest level since Dec. 30. The dollar was up 0.6% at 156.48 yen after falling to a one-month low in the previous session. The Japanese currency has strengthened against the dollar recently, supported by growing expectations the Bank of Japan will raise interest rates at its policy meeting on Friday.

In commodities, oil prices were slightly lower, after falling more than 2% on Tuesday on Trump's plans to boost U.S. energy production. Brent crude settled down 0.37% at \$79.00 a barrel, while U.S. crude settled down 0.51% at \$75.44.

Spot gold added 0.4% to \$2,755.5 per ounce, after earlier hitting its highest level since October, driven by uncertainty over Trump's policy plans.

**Source: LSEG Thomson Reuters Refinitiv.**



## Domestic Markets

South Africa's rand was stable on Wednesday, after data showing domestic inflation rose less than expected last month and November retail sales jumped. At 1502 GMT, the rand traded at 18.50 against the U.S. dollar, not far from its previous close of 18.5125.

South Africa's consumer inflation ticked up to 3.0% year on year in December from 2.9% in November, statistics agency data showed. Economists polled by Reuters had expected a rate of 3.2%, well below 4.5%, the level the South African central bank aims for. "We expect inflation to drift higher in 2025 but remain below 4.5% for most of the year," Nedbank analysts said in a research note. South African retail sales jumped in November to 7.7% year on year as consumers benefited from interest rate cuts, declining inflation and a pension reform that allowed fund members to make partial withdrawals before retirement.

On the stock market, the Top-40 index closed 0.25% lower. South Africa's benchmark 2030 government bond was stronger, with the yield down 9 basis points at 9.005%.

**Source: LSEG Thomson Reuters Refinitiv.**

Action is the foundational key to all success.

Pablo Picasso

## Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				23 January 2025	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	7.92	0.000	7.92	7.92
6 months	⇒	7.95	0.000	7.95	7.95
9 months	⇒	7.97	0.000	7.97	7.97
12 months	⇒	7.96	0.000	7.96	7.96
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC25 (Coupon 8.50%, BMK R186)	↓	8.13	-0.040	8.17	8.10
GC26 (Coupon 8.50%, BMK R186)	↓	8.52	-0.040	8.56	8.50
GC27 (Coupon 8.00%, BMK R186)	↓	8.95	-0.040	8.99	8.93
GC28 (Coupon 8.50%, BMK R2030)	↓	9.18	-0.060	9.24	9.15
GC30 (Coupon 8.00%, BMK R2030)	↓	9.09	-0.060	9.15	9.06
GC32 (Coupon 9.00%, BMK R213)	↓	9.97	-0.065	10.04	9.94
GC35 (Coupon 9.50%, BMK R209)	↓	10.83	-0.055	10.89	10.80
GC37 (Coupon 9.50%, BMK R2037)	↓	11.22	-0.060	11.28	11.19
GC40 (Coupon 9.80%, BMK R214)	↓	11.42	-0.050	11.47	11.37
GC43 (Coupon 10.00%, BMK R2044)	↓	11.33	-0.065	11.39	11.30
GC45 (Coupon 9.85%, BMK R2044)	↓	11.31	-0.065	11.37	11.28
GC48 (Coupon 10.00%, BMK R2048)	↓	11.37	-0.065	11.44	11.35
GC50 (Coupon 10.25%, BMK: R2048)	↓	11.54	-0.065	11.61	11.52
<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	4.00
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.60	0.000	4.60	4.59
GI29 (Coupon 4.50%, BMK NCPI)	⇒	4.97	0.000	4.97	4.73
GI33 (Coupon 4.50%, BMK NCPI)	⇒	5.62	0.000	5.62	5.28
GI36 (Coupon 4.80%, BMK NCPI)	⇒	6.07	0.000	6.07	5.62
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	2,641	0.21%	2,636	2,662
Platinum	↑	931	0.44%	927	941
Brent Crude	↑	73.3	0.62%	72.8	73.3
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,846	0.15%	1,844	1,846
JSE All Share	↓	84,787	-0.37%	85,102	84,787
SP500	⇒	5,999	0.00%	5,999	5,999
FTSE 100	↑	8,281	0.08%	8,275	8,281
Hangseng	↓	19,367	-1.20%	19,603	19,382
DAX	↑	19,426	0.85%	19,262	19,426
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	21,095	0.15%	21,064	21,095
Resources	↓	55,026	-1.78%	56,025	55,026
Industrials	↓	116,475	-0.31%	116,841	116,475
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	18.11	-0.40%	18.19	18.04
N\$/Pound	↓	22.98	-0.33%	23.06	22.96
N\$/Euro	↓	19.11	-0.51%	19.21	19.09
US dollar/ Euro	↓	1.055	-0.10%	1.056	1.058
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Dec 24</b>	<b>Nov 24</b>	<b>Dec 24</b>	<b>Nov 24</b>
Central Bank Rate	↓	7.00	7.25	7.75	7.75
Prime Rate	↓	10.75	11.00	11.25	11.25
		<b>Dec 24</b>	<b>Nov 24</b>	<b>Dec 24</b>	<b>Nov 24</b>
Inflation	↑	3.4	3.0	3.0	2.9

#### 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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