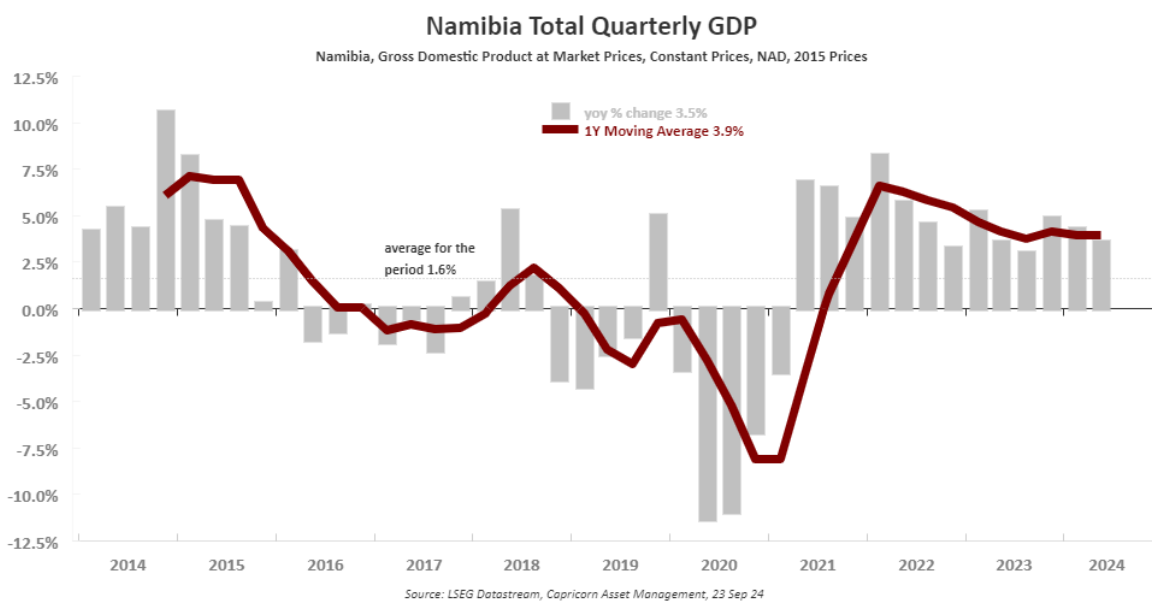




## Market Update

Monday, 23 Sep 2024



## Global Markets

Wall Street closed flat on Friday, hovering near the previous session's record-high close for the Dow and S&P 500, while the dollar firmed as investors digested the Federal Reserve's 50-basis-point cut midweek that started a rate reducing cycle. Days after the rate cut, two Fed governors aired opposing views over prospects for inflation, underlining the scale of debate over a move Chair Jerome Powell positioned as safeguarding a resilient economy rather than an emergency response to weaker jobs data. All three major U.S. stock indexes ended the week higher, not far off all-time peaks hit on Thursday as buyers piled in to riskier assets.

Markets are fully pricing in a cut of at least 25 bps in November, with expectations for a cut of 50 bps given a 48.9% chance, according to CME's FedWatch Tool. The 50 bps rate cut has made investors think about "risks below the surface they do not know about" and want to position for "risks of the unknown", said Michael Matousek, head trader at U.S. Global Investors. "The other question is if the soft landing is going to work, so that might be wearing on investors a little bit, raising some concerns," he added, referring to the ideal economic scenario where inflation cools without triggering a recession.

The Dow Jones Industrial Average closed up 0.09%, to 42,063.36, the S&P 500 ended down 0.19%, to 5,702.55 and the Nasdaq Composite rounded out the week 0.36% lower, at 17,948.32. The Dow's

gains were powered by Nike, whose shares climbed after saying former senior executive Elliott Hill will rejoin the company to succeed John Donahoe as CEO. The MSCI index of world stocks dropped 0.21%, to 837.69 after jumping on Thursday to a record high. Utilities outperformed, with the boosted by Constellation Energy whose stock soared more than 20% on news of a deal with Microsoft to reopen part of a mothballed nuclear plant to power artificial intelligence projects.

### **U.S. OUTLOOK ECHOES ABROAD**

Rounding off a busy week for monetary policy, the Bank of Japan left rates unchanged. Markets had been expecting rates to remain steady, but Governor Kazuo Ueda tempered expectations around imminent rate hikes. The U.S. economic outlook also rippled into the Bank of Japan's meeting. Ueda said uncertainty around the world's largest economy and market volatility could impact its policy moves.

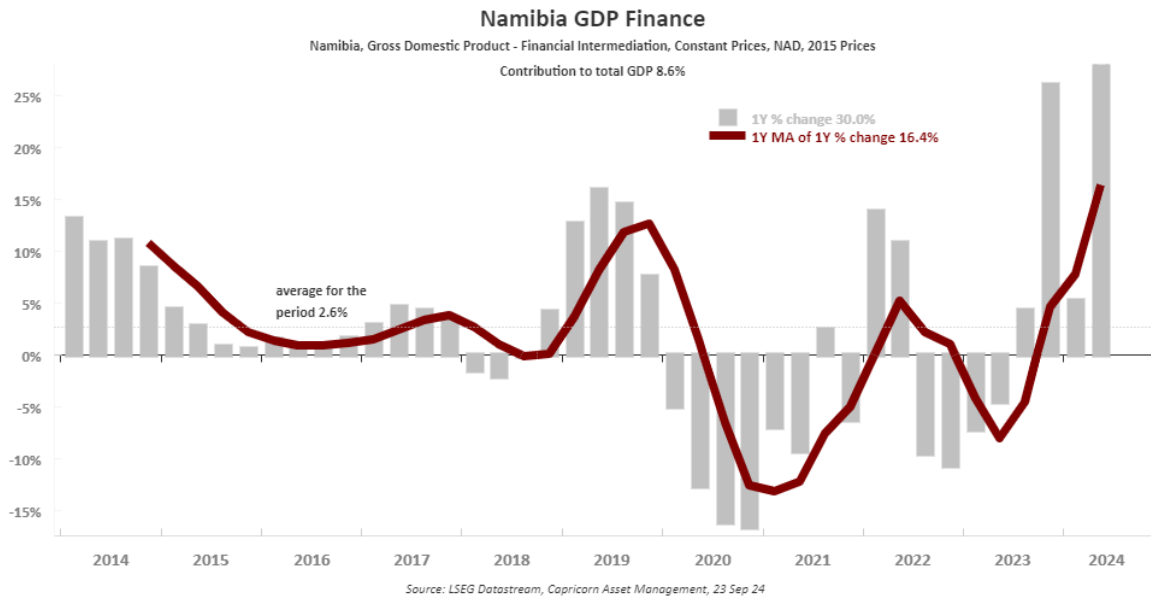
The yen eased after the meeting and was last seen 0.94% weaker against the greenback to 143.97 per dollar. The dollar climbed to a two-week high against the yen after Ueda's remarks. The dollar gained ground after suffering losses earlier in the week. The index, which measures the greenback against a basket of currencies, was up 0.12% to 100.79.

European stocks had fallen earlier from two-week highs, with automakers leading the slide after Mercedes-Benz cut a profit margin target, citing weakness in China. In China, the central bank kept its benchmark lending rates on hold, countering expectations for a move lower. Chinese blue chips edged up 0.2% but remained close to a seven-month low touched earlier in the week.

Downbeat data in recent days has raised hopes of aggressive stimulus to prop up the world's second largest economy. Sterling initially weakened after the Bank of England held rates steady on Thursday before turning around and strengthening 0.23% to \$1.3314. Data on Friday showed British retail sales rose by a more than expected in August.

Commodities also held on to their weekly gains. Gold touched a record high at \$2,614 an ounce. Two major oil benchmarks ended lower on the day, but more than 4% higher on the week. Brent futures settled down 0.52%, at \$74.49 a barrel. U.S. WTI crude futures settled down 0.4%, to \$71.92.

**Source: LSEG Thomson Reuters Refinitiv.**



## Domestic Markets

The South African rand softened on Friday, cooling off after strong gains in a week that saw interest rate cuts by both the U.S. Federal Reserve and the South African Reserve Bank, plus a local inflation print. At 1513 GMT, the rand traded at 17.53 against the dollar, about 0.3% weaker than its previous close. The local unit has gained about 1.3% against the greenback this week. "The rand is likely to remain within a R17.40/R17.70 range in the short term as it tracks international moves but we could see further profit-taking, given the rand's recent strong run," said Andre Cilliers, currency strategist at TreasuryONE. The Fed cut interest rates by 50 bps on Wednesday, weakening the dollar and boosting the risk-sensitive rand.

Also on Wednesday, data showed 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 South African Reserve Bank joined the easing club when it announced a 25 basis point (bps) rate cut on Thursday, its first cut in more than four years. "We believe that the SARB has now entered a cycle of rate cuts," said Volkmar Baur, Commerzbank FX analyst, in a research note. "Further rate cuts are likely to follow, but these should not weigh on the rand if they are accompanied by structural improvements in the economy," Baur added.

On the Johannesburg Stock Exchange, the blue-chip Top-40 index closed little changed. South Africa's benchmark 2030 government bond was slightly weaker, as the yield gained 3 basis points to 8.88%.

**Source: LSEG Thomson Reuters Refinitiv.**

The essential conditions of everything you do must be choice, love, passion.

**Nadia Boulanger**

## Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				23 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	-0.125	8.53	8.20
6 months	↓	8.55	-0.042	8.59	8.35
9 months	↑	8.56	0.008	8.55	8.37
12 months	↑	8.44	0.033	8.40	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)	↑	8.09	0.025	8.07	8.10
GC25 (Coupon 8.50%, BMK R186)	↑	8.08	0.025	8.06	8.09
GC26 (Coupon 8.50%, BMK R186)	↑	8.16	0.025	8.13	8.17
GC27 (Coupon 8.00%, BMK R186)	↑	8.46	0.025	8.43	8.47
GC28 (Coupon 8.50%, BMK R2030)	↑	8.55	0.010	8.54	8.55
GC30 (Coupon 8.00%, BMK R2030)	↑	8.77	0.010	8.76	8.77
GC32 (Coupon 9.00%, BMK R213)	↑	9.32	0.015	9.30	9.32
GC35 (Coupon 9.50%, BMK R209)	↑	10.06	0.005	10.05	10.06
GC37 (Coupon 9.50%, BMK R2037)	↑	10.66	0.015	10.65	10.63
GC40 (Coupon 9.80%, BMK R214)	↑	11.27	0.035	11.24	11.25
GC43 (Coupon 10.00%, BMK R2044)	↑	11.40	0.030	11.37	11.41
GC45 (Coupon 9.85%, BMK R2044)	↑	11.75	0.030	11.72	11.76
GC48 (Coupon 10.00%, BMK R2048)	↑	11.66	0.035	11.62	11.66
GC50 (Coupon 10.25%, BMK: R2048)	↑	11.71	0.035	11.67	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	↑	2,622	1.37%	2,586	2,628
Platinum	↓	975	-1.39%	989	968
Brent Crude	↓	74.5	-0.52%	74.9	75.0
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓	1,832	-0.38%	1,839	1,832
JSE All Share	↑	83,830	0.08%	83,760	83,830
SP500	↓	5,703	-0.19%	5,714	5,703
FTSE 100	↓	8,230	-1.19%	8,329	8,230
Hangseng	↑	18,259	1.36%	18,013	18,280
DAX	↓	18,720	-1.49%	19,002	18,720
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	21,131	0.49%	21,028	21,131
Resources	↓	55,892	-0.25%	56,032	55,892
Industrials	↑	113,433	0.04%	113,389	113,433
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	17.50	0.50%	17.42	17.40
N\$/Pound	↑	23.32	0.79%	23.13	23.17
N\$/Euro	↑	19.54	0.51%	19.44	19.41
US dollar/ Euro	↑	1.116	0.01%	1.116	1.116
		<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

**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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