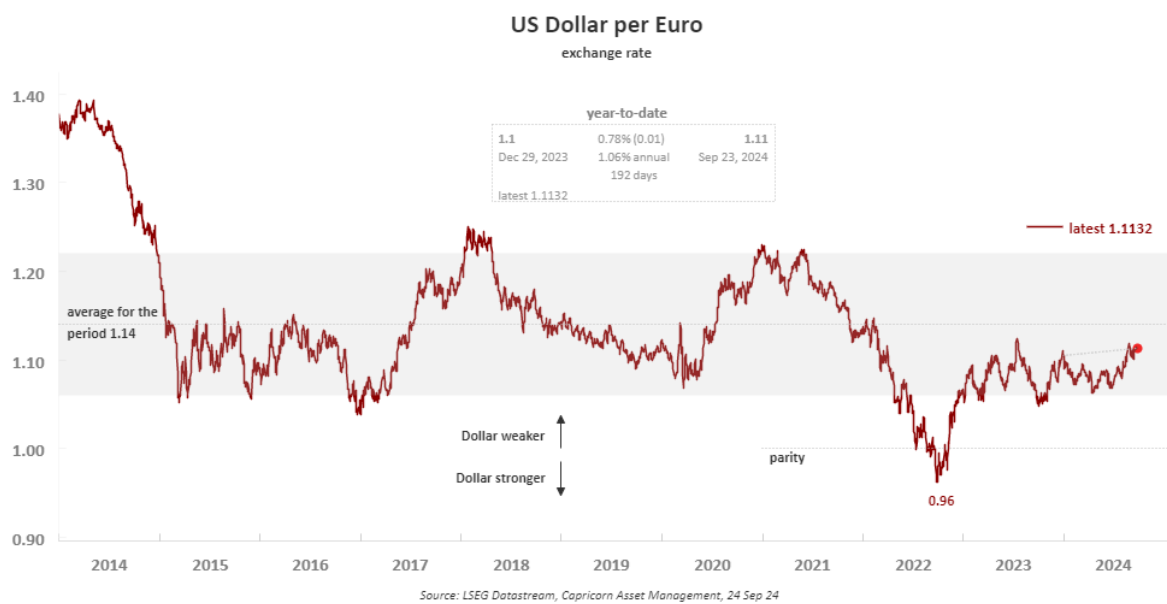




Market Update

Tuesday, 24 Sep 2024



Global Markets

Global stock indexes rose on Monday as Federal Reserve policymakers said last week's large interest rate cut was warranted, while the euro fell against the dollar as business activity readings of the euro zone economy disappointed. U.S. Treasury yields rose as bond investors continued to price out a near-term recession in the world's largest economy. U.S. policymakers' comments were in focus after the Fed last week began an easing policy with a half-point rate cut. Three Fed policymakers said Monday that the cut was meant to try to sustain what they see as an emerging and healthy balance in the economy.

Minneapolis Fed President Neel Kashkari called the cut the "right decision" while Bank of Chicago President Austan Goolsbee said he expected "many more rate cuts over the next year." Atlanta Federal Reserve President Raphael Bostic said the U.S. economy is close to normal rates of inflation and unemployment and the Fed needs monetary policy to "normalize" as well. Investors want to see that "the 50 basis point rate cut was not triggered by an emergency mindset at the FOMC, but rather that inflation is in fact easing," said Quincy Krosby, chief global strategist at LPL Financial in Charlotte, North Carolina.

"Data releases become increasingly important because the (stock) valuations have climbed higher," she said. The Dow Jones Industrial Average rose 61.29 points, or 0.15%, to 42,124.65, the S&P 500

rose 16.02 points, or 0.28%, to 5,718.57 and the Nasdaq Composite rose 25.95 points, or 0.14%, to 17,974.27. U.S. stocks registered gains last week. MSCI's gauge of stocks across the globe rose 2.68 points, or 0.32%, to 840.05. The STOXX 600 index rose 0.4%. The U.S. rate futures market has priced in a 54% chance of a smaller 25-bp cut at the November meeting with a 46% probability of the bigger 50-bp easing, according to LSEG data. For 2024, the futures market is implying cuts of around 78 bps.

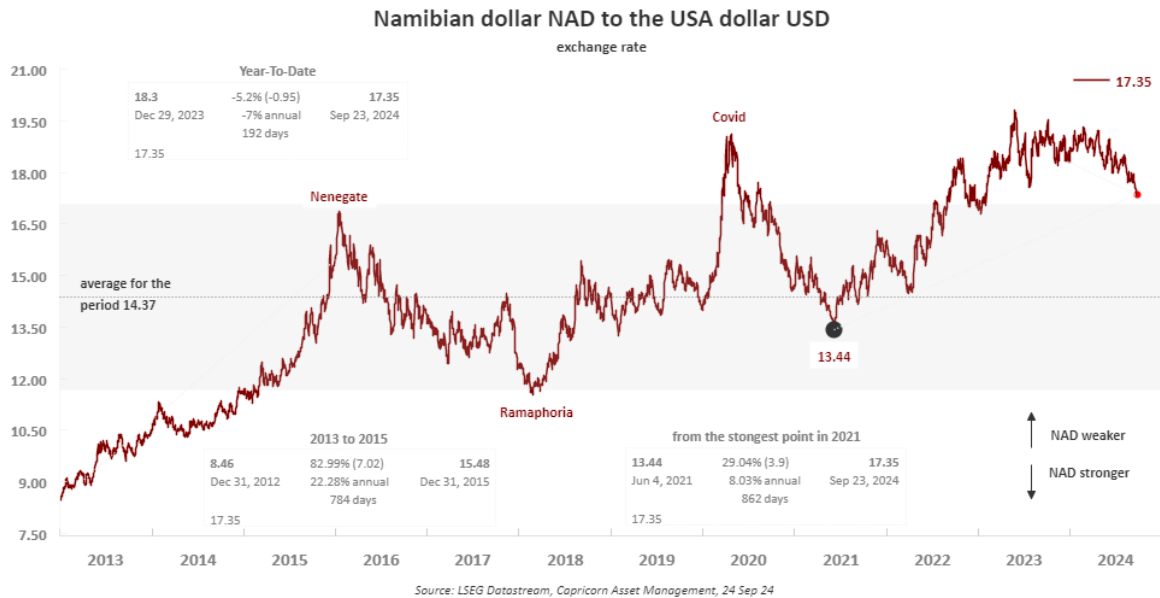
On the data front, a survey compiled by S&P Global showed euro zone business activity sharply contracted this month as the bloc's dominant services industry flat-lined, while a downturn in manufacturing accelerated. In contrast, U.S. business activity was steady in September, but average prices charged for goods and services rose at the fastest pace in six months, possibly pointing to an acceleration in inflation in coming months. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, rose 0.14% to 100.92, with the euro down 0.45% at \$1.1112. Against the Japanese yen, the dollar weakened 0.21% to 143.61. Data on durable goods orders is also due this week. But investors are especially anxious to see the Fed's preferred inflation gauge, the core personal consumption expenditures (PCE) index, which is due Friday.

U.S. yields on the long end of the curve - those from seven-year notes to 30-year bonds - earlier climbed to three-week highs. That further steepened the yield curve, a barometer of U.S. economic prospects, with the gap between two and 10-year yields hitting positive 17.9 basis points (bps), the steepest since June 2022. The yield on benchmark U.S. 10-year notes rose 2.3 basis points to 3.751%, from 3.728% late on Friday.

Oil prices eased after the disappointing euro zone business activity data. U.S. crude fell 63 cents to settle at \$70.37 a barrel and Brent fell 58 cents to settle at \$73.90. Investors are debating whether global monetary easing may have started too late to stop a slowdown from taking hold.

China's central bank has lowered its 14-day repo rate by 10 basis points, days after disappointing markets by not cutting longer-term rates. The Swiss National Bank meets on Thursday and markets are fully pricing a quarter-point cut to 1.0%, with a 41% chance it will ease by 50 basis points.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand strengthened to a fresh 20-month high against the dollar on Monday after a slight hiccup in the morning session. At 1520 GMT, the rand traded at 17.2975 against the greenback, 0.63% stronger than its previous close. The local unit earlier hit 17.29 per dollar, its firmest level since early February 2023, as it continued to rally following strong gains last week after a super-sized interest rate cut by the Federal Reserve. That was followed by a rate cut by the South African Reserve Bank (SARB) along expected lines.

The rand benefited from positive sentiment in the wake of the Fed and SARB rate cuts, said Andre Cilliers, currency strategist at TreasuryONE. With local markets closed for a public holiday on Tuesday, domestic investors later this week will shift their focus towards South Africa's leading indicator for July, which collects data on vehicle sales, business confidence, money supply and other factors, and August producer inflation figures.

On the stock market, the Top-40 index closed up 1.22%. South Africa's benchmark 2030 government bond was stronger, with the yield down 3.5 basis points at 8.845%.

Source: LSEG Thomson Reuters Refinitiv.

The artist is nothing without the gift, but the gift is nothing without work.

Emile Zola

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				24 September 2024	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	8.40	-0.033	8.43	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
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	↑	8.10	0.010	8.09	8.10
GC25 (Coupon 8.50%, BMK R186)	↑	8.09	0.010	8.08	8.09
GC26 (Coupon 8.50%, BMK R186)	↑	8.17	0.010	8.16	8.17
GC27 (Coupon 8.00%, BMK R186)	↑	8.47	0.010	8.46	8.47
GC28 (Coupon 8.50%, BMK R2030)	↓	8.55	-0.035	8.59	8.55
GC30 (Coupon 8.00%, BMK R2030)	↓	8.77	-0.035	8.81	8.77
GC32 (Coupon 9.00%, BMK R213)	↓	9.32	-0.020	9.34	9.32
GC35 (Coupon 9.50%, BMK R209)	↓	10.06	-0.035	10.10	10.06
GC37 (Coupon 9.50%, BMK R2037)	↓	10.63	-0.050	10.68	10.63
GC40 (Coupon 9.80%, BMK R214)	↓	11.26	-0.035	11.30	11.25
GC43 (Coupon 10.00%, BMK R2044)	↓	11.41	-0.035	11.44	11.41
GC45 (Coupon 9.85%, BMK R2044)	↓	11.76	-0.035	11.79	11.76
GC48 (Coupon 10.00%, BMK R2048)	↓	11.66	-0.040	11.70	11.66
GC50 (Coupon 10.25%, BMK: R2048)	↓	11.71	-0.040	11.75	11.71
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	4.57
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
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	2,628	0.25%	2,622	2,626
Platinum	↓	956	-1.93%	975	964
Brent Crude	↓	73.9	-0.79%	74.5	74.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,845	0.73%	1,832	1,845
JSE All Share	↑	84,778	1.13%	83,830	84,778
SP500	↑	5,719	0.28%	5,703	5,719
FTSE 100	↑	8,260	0.36%	8,230	8,260
Hangseng	↓	18,247	-0.06%	18,259	18,916
DAX	↑	18,847	0.68%	18,720	18,847
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	21,457	1.54%	21,131	21,457
Resources	↑	57,002	1.99%	55,892	57,002
Industrials	↑	114,042	0.54%	113,433	114,042
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	17.33	-0.99%	17.50	17.33
N\$/Pound	↓	23.13	-0.80%	23.32	23.12
N\$/Euro	↓	19.26	-1.43%	19.54	19.25
US dollar/ Euro	↓	1.111	-0.45%	1.116	1.111
		Namibia		RSA	
Interest Rates & Inflation		Sep 24	Aug 24	Sep 24	Aug 24
Central Bank Rate	↓	7.50	7.75	8.00	8.25
Prime Rate	↓	11.25	11.50	11.50	11.75
		Aug 24	Jul 24	Aug 24	Jul 24
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

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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