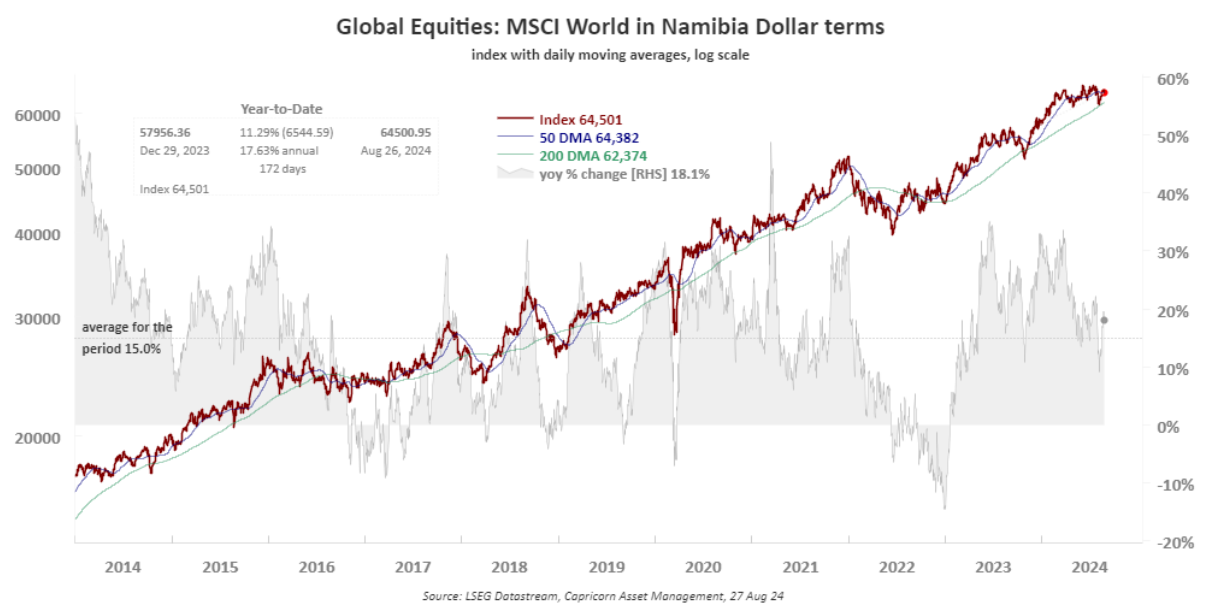




Market Update

Tuesday, 27 Aug 2024



Global Markets

World equity markets edged lower on Monday as investors digested the likelihood of U.S. interest rates being lowered soon, even as oil prices jumped amid increased tensions in the Middle East. The benchmark S&P 500 index and the Nasdaq finished lower after giving up early gains, while the Dow climbed. European shares ended slightly down, with trading subdued in the London market, which is closed for a public holiday. Japan's blue-chip Nikkei stock index also closed down almost 0.7% as the yen firmed. The Dow Jones Industrial Average rose 0.16% to 41,240.52, the S&P 500 lost 0.32% to 5,616.84 and the Nasdaq Composite lost 0.85% to 17,725.77. MSCI's World Index of stocks across the globe fell 0.20% to 829.64.

The stock market "is digesting a lot of news: obviously there was a rally on Friday on (Federal Reserve Chair Jerome) Powell's comments and we thought durable goods orders come in good," said Ben McMillan, principal and chief investment officer at IDX Insights in Tampa, Florida. "Historically rate cuts have actually preceded equity market weakness because rates are being cut for a reason." AI chip maker Nvidia reports earnings on Wednesday, and market expectations are sky-high. Nvidia stock is up some 160% year-to-date, accounting for around a quarter of the S&P 500's 18% year-to-date gain. "The big thing this week is really Nvidia more than any of the macro stuff. I think folks are really focused on Nvidia because that's been kind of the bellwether for the risk-on trade this year," McMillan added.

Israel and Hezbollah traded rocket salvos and airstrikes on Sunday, stirring worries about possible oil supply disruptions if the conflict escalated. Also supporting crude prices was Libya's eastern-based government announcement of the closure of all oil fields, which halted production and exports. Brent crude futures closed up 3.05% at \$81.43 a barrel, while U.S. crude futures settled 3.5% higher at \$77.42 a barrel. New orders for long-lasting U.S.-made goods, items ranging from toasters to aircraft, surged by 9.9% last month, a solid rebound from a decline in June that beat analyst expectations, Commerce Department data showed.

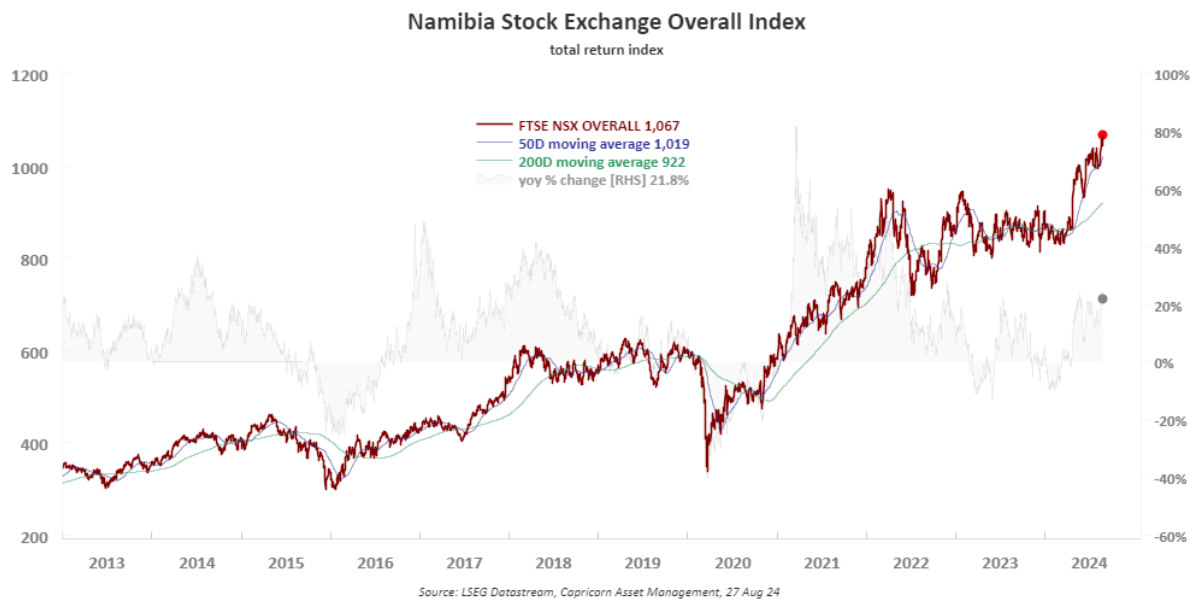
In a highly-anticipated speech to the Jackson Hole symposium on Friday, Powell said the time had come to start easing policy and emphasised the central bank did not want to see further weakening in the labour market. European Central Bank chief economist Philip Lane struck a more cautious note in his Jackson Hole speech, saying the central bank was making "good progress" in cutting euro zone inflation back to its 2% target, but success was not yet assured. The yield on benchmark U.S. 10-year notes rose 1.3 basis points to 3.82%. The two-year note yield, which typically moves in step with interest rate expectations, rose 2.7 basis points to 3.94%.

Fed fund futures are fully priced for a quarter-point cut at the Sept. 18 meeting and imply a 39.5% chance of a 50 bps move. The market also has 103 bps of easing priced in for this year and another 122 bps in 2025. The ECB has already started cutting rates, with a 25 bps reduction in July, with a further two quarter point reductions priced in by year-end. "I think it's more likely than not that we're going to see 75 bps cut this year. And the market has some potential readjustment for less rate cuts than is being priced in," McMillan said. U.S. personal consumption and core inflation data are due on Friday, along with a flash reading on European Union inflation. Most analysts expect the data will allow for rate cuts in September.

The Japanese yen rose to a three-week high against the U.S. dollar, with the dollar dropping to 143.45 yen but pared losses and was last slightly up 0.14% at 144.56. The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, gained 0.24% at 100.84, with the euro down 0.28% at \$1.1159.

Gold prices firmed, nearing the recent record high on safe-haven demand. Spot gold added 0.31% to \$2,518.27 an ounce. U.S. gold futures gained 0.28% to \$2,515.50 an ounce.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand was stable on Monday, ahead of local economic data releases this week that could give hints on the health of the local economy. At 1608 GMT, the rand traded at 17.7150 against the dollar, near its Friday closing level of 17.7100. The rand, like most emerging market currencies, benefited from a softer dollar on Friday after comments from Federal Reserve Chair Jerome Powell solidified bets of a September rate cut.

South African investors will focus on monthly producer inflation, money supply, budget and trade balance data due later this week for signs on the health of Africa's most industrialised economy. On the stock market, the Top-40 index closed down 0.33%. South Africa's benchmark 2030 government bond was weaker, with the yield up 1.5 basis points to 9.085%.

Source: LSEG Thomson Reuters Refinitiv.

I have the simplest tastes. I am always satisfied with the best.

Oscar Wilde

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)				27 August 2024	
Money Market TB Rates %					
		Last close	Difference	Prev close	Current Spot
3 months	⇒	8.40	0.000	8.40	8.20
6 months	⇓	8.55	-0.025	8.58	8.35
9 months	⇓	8.56	-0.008	8.57	8.37
12 months	⇓	8.44	-0.050	8.49	8.25
Nominal Bond Yields %					
		Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⇑	9.10	0.025	9.08	9.10
GC25 (Coupon 8.50%, BMK R186)	⇑	9.00	0.025	8.98	9.00
GC26 (Coupon 8.50%, BMK R186)	⇑	8.17	0.025	8.14	8.17
GC27 (Coupon 8.00%, BMK R186)	⇑	8.47	0.025	8.44	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	0.005	9.32	9.32
GC35 (Coupon 9.50%, BMK R209)	⇓	10.06	-0.010	10.07	10.06
GC37 (Coupon 9.50%, BMK R2037)	⇓	10.63	-0.010	10.64	10.63
GC40 (Coupon 9.80%, BMK R214)	⇓	11.26	-0.010	11.27	11.25
GC43 (Coupon 10.00%, BMK R2044)	⇓	11.41	-0.015	11.42	11.41
GC45 (Coupon 9.85%, BMK R2044)	⇓	11.76	-0.015	11.77	11.76
GC48 (Coupon 10.00%, BMK R2048)	⇓	11.66	-0.015	11.68	11.66
GC50 (Coupon 10.25%, BMK: R2048)	⇓	11.71	-0.015	11.73	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	⇑	2,517	0.19%	2,512	2,507
Platinum	⇓	962	-0.12%	963	952
Brent Crude	⇑	81.4	3.05%	79.0	81.3
Main Indices					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇒	1,850	0.00%	1,850	1,867
JSE All Share	⇓	84,194	-0.19%	84,352	84,194
SP500	⇓	5,617	-0.32%	5,635	5,617
FTSE 100	⇒	8,328	0.00%	8,328	8,328
Hangseng	⇑	17,799	1.06%	17,612	17,750
DAX	⇓	18,617	-0.09%	18,633	18,617
JSE Sectors					
		Last close	Change	Prev close	Current Spot
Financials	⇑	20,797	0.80%	20,633	20,797
Resources	⇓	58,596	-0.57%	58,934	58,596
Industrials	⇓	113,669	-0.86%	114,656	113,669
Forex					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	⇑	17.73	0.07%	17.71	17.71
N\$/Pound	⇓	23.38	-0.07%	23.40	23.36
N\$/Euro	⇓	19.78	-0.19%	19.82	19.78
US dollar/ Euro	⇓	1.116	-0.26%	1.119	1.117
		Namibia		RSA	
Interest Rates & Inflation					
		Aug 24	Jul 24	Aug 24	Jul 24
Central Bank Rate	⇓	7.50	7.75	8.25	8.25
Prime Rate	⇓	11.25	11.50	11.75	11.75
		Jul 24	Jun 24	Jul 24	Jun 24
Inflation	⇒	4.6	4.6	4.6	5.1

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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