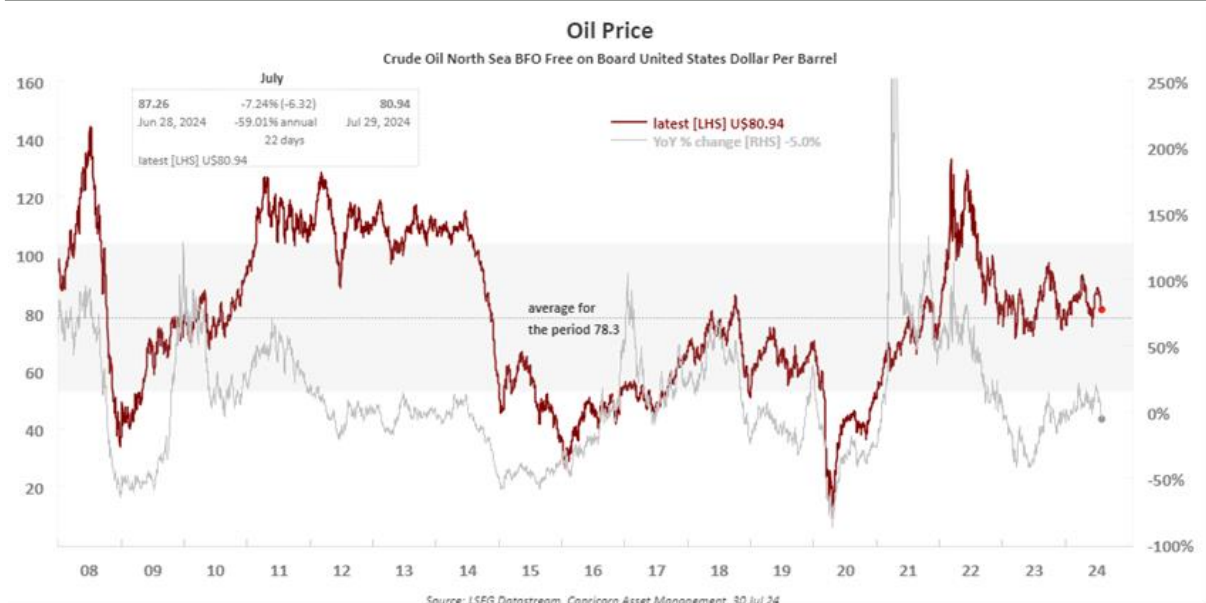




Market Update

Tuesday, 30 July 2024



Global Markets

Global stocks were broadly higher and longer-dated U.S. yields slipped on Monday, at the start of a week jammed with earnings and a trio of central bank meetings that could see the United States and the UK open the door to interest rate cuts. U.S. jobs data for July, closely watched surveys on U.S. and global manufacturing, and euro zone gross domestic product and inflation data are all due later this week.

The markets were jittery ahead of Big Tech earnings and concern over the Federal Reserve's next moves. Big Tech stocks were up, but off the day's highs. S&P 500 companies representing about 40% of index's market value will report this week, including tech darlings Microsoft, Apple, Amazon.com and Facebook-parent Meta Platforms. "The market is fearful that if the Big Tech names disappoint, it could drag on the entire market. The markets were up handily and then we saw them pull back," said Quincy Krosby, chief global strategist for LPL Financial in Charlotte, North Carolina.

The U.S. Treasury will outline its bond sale plans for the quarter, while China's politburo meeting could produce more stimulus following surprise rate cuts last week. After a benign June inflation report, markets are wagering that the Federal Reserve will lay the groundwork for a September rate cut at the close of its two-day policy meeting on Wednesday. Futures are fully priced for a quarter-

point easing and even imply a 12% chance of 50 basis points in cuts and have 68 basis points of easing priced in by December.

"The FOMC is set to hold steady but is likely to revise its statement to hint that a cut at the following meeting in September has become more likely," wrote analysts at Goldman Sachs in a note. "We now see the risks to the Fed path as tilted slightly to the downside of our baseline of quarterly rate cuts, though not quite as much as market pricing implies." The Bank of Japan also meets on Wednesday, and markets imply a 70% chance it will hike rates by 10 basis points to 0.2%, with some chance it could move by 15 basis points. Investors are less sure whether the Bank of England will ease at its meeting on Thursday, with futures showing a 51% probability of a cut.

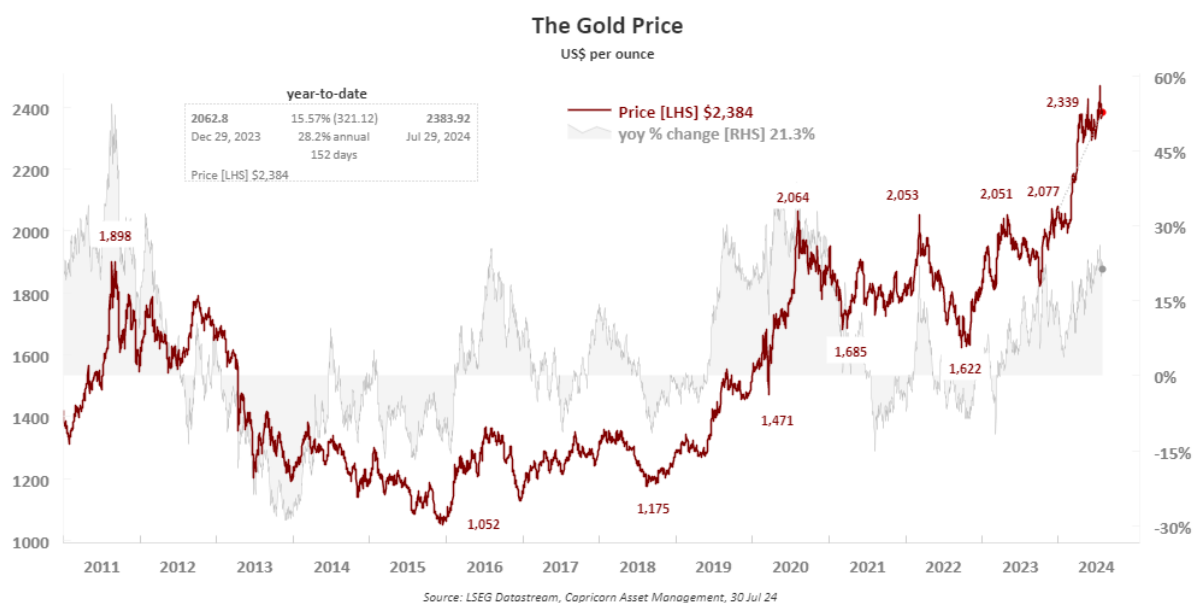
MSCI's gauge of stocks across the globe rose 2.46 points, or 0.31%, to 805.94 by 1:20 p.m. ET (1720 GMT). European shares eased as investors remained risk averse. The pan-European STOXX 600 index closed 0.2% lower, with autos the biggest decliner among major sectors. The Nasdaq and the S&P 500 rose on Monday, buoyed by megacap stocks, and the Dow Jones recovered from earlier losses. The S&P 500 gained 19.87 points, or 0.36%, to 5,478.97, and the Nasdaq Composite gained 93.90 points, or 0.54%, to 17,451.78. The Dow Jones Industrial Average rose 23.06 points, or 0.06%, to 40,612.40. With expectations for earnings high, any hint of disappointment will test the mega-caps' sky-high valuations.

"With some sizeable moves implied by the options market for the individual names on the day of reporting, movement at a stock level could resonate across other plays within their sector and potentially promote volatility," said Chris Weston, head of research at broker Pepperstone. "Company earnings don't come much bigger than Microsoft, where the options market implies a move (higher or lower) of 4.7% - the after-market session on Tuesday could get lively."

In currency markets, the dollar index, which measures the greenback against a basket of currencies including the yen and the euro, gained 0.17% at 104.55. The euro retreated 0.3% at \$1.0824. The Japanese yen held onto recent gains, leaving the dollar at 153.92. In Treasury markets, the yield on benchmark U.S. 10-year notes fell 2.6 basis points to 4.174%, from 4.2% previously. The 30-year bond yield fell 2.9 basis points to 4.4281% from 4.457% late on Friday.

In commodities markets, spot gold gave up earlier gains and was down 0.24% to \$2,379.89 an ounce. Oil prices fell in volatile trading. Israeli officials said they wanted to avoid an all-out war in the Middle East following a rocket strike in the Israeli-occupied Golan Heights, which Israel and the United States attributed to Lebanese armed group Hezbollah. U.S. crude lost 2.07% to \$75.56 a barrel and Brent fell to \$79.5 per barrel, down 2.01% on the day.

Source: LSEG Thomson Reuters Refinitiv.



Domestic Markets

South Africa's rand slipped against a stronger dollar on Monday as markets looked towards a U.S. policy decision later this week, while concerns grew over a possible escalation in conflict in the Middle East. At 1542 GMT, the rand traded at 18.48 against the dollar, about 1% weaker than its previous close. The dollar last traded around 0.2% stronger against a basket of global currencies.

"The start of the week has brought new concerns, with geopolitical tensions again at the forefront," said Wichard Cilliers, head of market risk at TreasuryONE. The likelihood of widening conflict in the Middle East has weighed on sentiment, after the U.S. and Israel blamed a rocket strike in the Israeli-occupied Golan Heights on the Iran-backed Lebanese militant group Hezbollah.

"Israel, considering an attack in Lebanon, is fuelling the safe-haven U.S. dollar," Cilliers said. "The market will only get more volatile as the week progresses with significant data releases and events," Cilliers added. Investors will turn their attention to the U.S. Federal Reserve later this week for insights into the future interest rate path of the world's biggest economy.

The Fed is expected to keep interest rates unchanged on Wednesday, but markets are betting on a cut at the following meeting in September. Like other risk-sensitive currencies, the rand often takes cues from global drivers like U.S. monetary policy and geopolitical tensions in addition to local factors.

On the Johannesburg Stock Exchange, the Top-40 index closed over 0.2% weaker. South Africa's benchmark 2030 government bond was weaker, with the yield up 2.8 basis points to 9.505%.

Source: LSEG Thomson Reuters Refinitiv.

You will never win if you never begin.

Helen Rowland

Market Overview

MARKET INDICATORS (LSEG Thomson Reuters Refinitiv)					30 July 2024	
Money Market TB Rates %			Last close	Difference	Prev close	Current Spot
3 months	⇒		8.47	0.000	8.47	8.47
6 months	⇓		8.67	-0.008	8.68	8.67
9 months	⇒		8.69	0.000	8.69	8.69
12 months	⇓		8.66	-0.025	8.69	8.66
Nominal Bond Yields %			Last close	Difference	Prev close	Current Spot
GC24 (Coupon 10.50%, BMK R186)	⇑		9.09	0.030	9.06	9.10
GC25 (Coupon 8.50%, BMK R186)	⇑		8.99	0.030	8.96	9.00
GC26 (Coupon 8.50%, BMK R186)	⇑		8.32	0.030	8.29	8.33
GC27 (Coupon 8.00%, BMK R186)	⇑		8.60	0.030	8.57	8.61
GC28 (Coupon 8.50%, BMK R2030)	⇑		8.90	0.028	8.87	8.90
GC30 (Coupon 8.00%, BMK R2030)	⇑		9.11	0.028	9.08	9.11
GC32 (Coupon 9.00%, BMK R213)	⇑		9.51	0.040	9.47	9.51
GC35 (Coupon 9.50%, BMK R209)	⇑		10.17	0.030	10.14	10.17
GC37 (Coupon 9.50%, BMK R2037)	⇑		10.95	0.025	10.93	10.95
GC40 (Coupon 9.80%, BMK R214)	⇑		11.46	0.045	11.41	11.46
GC43 (Coupon 10.00%, BMK R2044)	⇑		11.62	0.060	11.56	11.62
GC45 (Coupon 9.85%, BMK R2044)	⇑		11.98	0.060	11.92	11.98
GC48 (Coupon 10.00%, BMK R2048)	⇑		11.99	0.070	11.92	11.99
GC50 (Coupon 10.25%, BMK: R2048)	⇑		12.06	0.070	11.99	12.06
Inflation-Linked Bond Yields %			Last close	Difference	Prev close	Current Spot
GI25 (Coupon 3.80%, BMK NCPI)	⇒		3.10	0.000	3.10	3.50
GI27 (Coupon 4.00%, BMK NCPI)	⇒		4.60	0.000	4.60	4.61
GI29 (Coupon 4.50%, BMK NCPI)	⇒		4.97	0.000	4.97	4.88
GI33 (Coupon 4.50%, BMK NCPI)	⇒		5.62	0.000	5.62	5.52
GI36 (Coupon 4.80%, BMK NCPI)	⇒		6.07	0.000	6.07	5.95
Commodities			Last close	Change	Prev close	Current Spot
Gold	⇓		2,384	-0.09%	2,386	2,388
Platinum	⇑		949	1.40%	935	955
Brent Crude	⇓		79.8	-1.66%	81.1	79.5
Main Indices			Last close	Change	Prev close	Current Spot
NSX Overall Index	⇓		1,805	-0.12%	1,808	1,805
JSE All Share	⇓		81,012	-0.13%	81,121	81,012
SP500	⇑		5,464	0.08%	5,459	5,464
FTSE 100	⇑		8,292	0.08%	8,286	8,292
Hangseng	⇑		17,238	1.28%	17,021	17,038
DAX	⇓		18,321	-0.53%	18,418	18,321
JSE Sectors			Last close	Change	Prev close	Current Spot
Financials	⇓		19,368	-0.41%	19,449	19,368
Resources	⇓		60,285	-0.15%	60,375	60,285
Industrials	⇓		108,097	-0.01%	108,110	108,097
Forex			Last close	Change	Prev close	Current Spot
N\$/US dollar	⇑		18.43	0.80%	18.28	18.44
N\$/Pound	⇑		23.70	0.76%	23.52	23.71
N\$/Euro	⇑		19.94	0.46%	19.85	19.96
US dollar/ Euro	⇓		1.082	-0.35%	1.086	1.082
			Namibia		RSA	
Interest Rates & Inflation			Jul 24	Jun 24	Jul 24	Jun 24
Central Bank Rate	⇒		7.75	7.75	8.25	8.25
Prime Rate	⇒		11.50	11.50	11.75	11.75
			Jun 24	May 24	Jun 24	May 24
Inflation	⇓		4.6	4.9	5.1	5.2

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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