



Market Update

Wednesday, 02 December 2020

Global Markets

Asian markets were set to climb on Wednesday after Wall Street indexes closed at record highs as investors grow increasingly hopeful about a vaccine to combat rising COVID-19 cases and an economic recovery. "We've had some positive leads, and a combination of optimism around the vaccine, and government and central bank stimulus remains in place," said Michael McCarthy, chief markets strategist at CMC Markets. "It's a sweet spot for markets."

MSCI's gauge of stocks across the globe gained 0.09%. In early trade, Australia's S&P ASX 200 also rose about 0.11%. The futures contract for the Nikkei 225 index rose 0.15% on Wednesday while Hong Kong's Hang Seng index futures rose 0.31%.

Pfizer Inc and Germany's BioNTech SE sought emergency approval of their vaccine candidate from the European regulator on Tuesday. Competitor Moderna Inc also applied for emergency approval from the European regulator on Tuesday. Pfizer and BioNTech said their vaccine could be launched in the European Union as early as this month, though a European regulator clouded the schedule when it said it would complete its review of their vaccine by Dec. 29.

U.S. legislators also indicated progress on economic stimulus. Top U.S. Senate Republican Mitch McConnell said on Tuesday that Congress should include a new coronavirus stimulus in a \$1.4 trillion spending bill aimed at heading off a government shutdown in the midst of a pandemic. U.S. Treasury yields surged on the news.

The dollar fell on Tuesday to its lowest level in more than 2-1/2 years as investor appetite for risk increased. Oil prices extended losses to a second day on Tuesday after OPEC and its allies left markets in limbo by postponing a formal meeting to decide whether to lift output in January.

U.S. crude recently fell 0.54% to \$44.31 per barrel and Brent was at \$47.25, down 1.32% on the day.

Domestic Markets

South Africa's rand rallied more than one percent on Tuesday, recouping most of the previous session as hopes of a coronavirus vaccine and signs of economic recovery around the world kept investors interested in risk assets. "The pair may well consolidate in its recent trading range of 15.10-15.50," economists at ETM Analytics said. "A break of 15.00 still very much on the cards as more Fed stimulus and material progress in the development of a COVID-19 vaccine looks likely."

At 1530 GMT the rand was 1.52% firmer at 15.2400 per dollar, having dipped to a three-session low of 15.4750 overnight in erratic trading. The rand's gains matched advances by fellow high-yield, emerging market currencies, with the Brazilian real and the Mexican peso both posting 1% gains.

Stocks also rose, tracking global equity indices.

Along with optimism about a vaccine, expectations of more monetary stimulus from the United States and signs of a solid rebound in China have driven risk buying, although South Africa's specific growth challenges have tempered inflows.

On Tuesday, the government asked for a court hearing over a wage dispute with public sector trade unions to be postponed to 2021. Unions took the government to court after officials said the state could not afford to pay salary increases that were due to come into force in April 2020. Economists view the dispute as critical as the wage cuts are a centrepiece of government's plan to stabilise soaring debt levels.

The Absa Purchasing Managers' Index (PMI) also showed a slower local economic recovery, with new sales dropping in November.

The Johannesburg All-Share index firmed 0.73% to 57,510 points, while the Top-40 index closed up 0.74% to 52,764 points.

Gold shares gained 7%, with Gold Fields up 6.68% to 140.33 and Harmony Gold 6.53% firmer to 67.40 rand.

Source: Thomson Reuters

Corona Tracker

Note: The numbers of new cases can be distorted by cut-off times.

Corona Tracker				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
Global Cases	63,788,113	754,477	1,479,442	41,003,759

Source: Bloomberg



Market Overview

MARKET INDICATORS		02 December 2020			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↓	3.70	-0.107	3.80	3.70
6 months	↓	3.76	-0.053	3.82	3.76
9 months	↑	3.81	0.026	3.78	3.81
12 months	→	3.81	0.000	3.81	3.81
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC21 (BMK: R2023)	↑	4.11	0.226	3.88	4.20
GC22 (BMK: R2023)	↑	4.47	0.083	4.39	4.48
GC23 (BMK: R2023)	↑	4.54	0.011	4.53	4.65
GC24 (BMK: R186)	↑	7.07	0.057	7.01	7.03
GC25 (BMK: R186)	↑	7.18	0.104	7.07	7.27
GC26 (BMK: R186)	↑	7.26	0.061	7.20	7.30
GC27 (BMK: R186)	↑	7.79	0.064	7.73	7.81
GC30 (BMK: R2030)	↑	9.23	0.091	9.14	9.27
GC32 (BMK: R213)	↑	10.05	0.241	9.81	10.06
GC35 (BMK: R209)	↑	11.17	0.170	11.00	11.24
GC37 (BMK: R2037)	↑	11.88	0.194	11.69	11.94
GC40 (BMK: R214)	↑	12.57	0.085	12.49	12.64
GC43 (BMK: R2044)	↓	13.13	-0.008	13.14	13.17
GC45 (BMK: R2044)	↑	13.42	0.149	13.27	13.48
GC50 (BMK: R2048)	↑	13.50	0.093	13.41	13.56
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI22 (BMK: NCPI)	↓	4.07	-0.003	4.08	4.08
GI25 (BMK: NCPI)	↓	4.20	0.000	4.20	4.20
GI29 (BMK: NCPI)	↑	5.07	0.422	4.65	5.14
GI33 (BMK: NCPI)	↑	6.67	0.011	6.66	6.67
GI36 (BMK: NCPI)	↓	6.92	-0.014	6.94	6.92
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	1,815	2.15%	1,777	1,809
Platinum	↑	1003	3.66%	968	989
Brent Crude	↓	47.4	-0.36%	47.59	47.06
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↑	556	1.28%	549	556
JSE All Share	↑	57,510	0.73%	57,092	57,510
S&P 500	↑	3,662	1.10%	3,622	3,662
FTSE 100	↑	6,385	1.90%	6,266	6,385
Hangseng	↓	26,549	-0.07%	26,568	26,549
DAX	↑	13,382	0.68%	13,291	13,382
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	↓	11,159	-3.62%	11,578	11,238
Resources	↓	52,703	-0.19%	52,805	53,562
Industrials	↓	78,966	-1.16%	79,895	79,068
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	15.25	-1.42%	15.47	15.28
N\$/Pound	↓	20.46	-0.73%	20.61	20.50
N\$/Euro	↓	18.41	-0.16%	18.44	18.45
US Dollar/ Euro	↑	1.207	1.43%	1.19	1.21
		Namibia		RSA	
Interest Rates & Inflation		Nov-20	Oct-20	Nov-20	Oct-20
Central Bank Rate	→	3.75	3.75	3.50	3.50
Prime Rate	→	7.50	7.50	7.00	7.00
		Nov-20	Oct-20	Oct-20	Sep-20
Inflation	↓	2.3	2.4	3.3	3.0

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 a Bloomberg calculated Index

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.

Source: Bloomberg



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer’s judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
