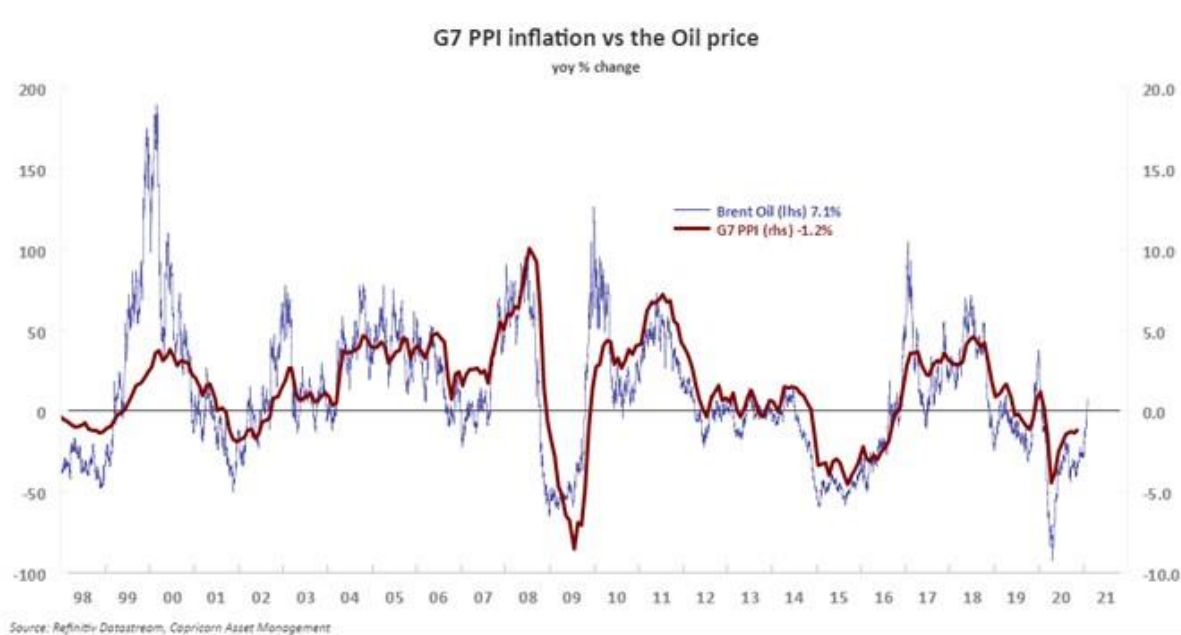




Market Update

Wednesday, 03 February 2021



Global Markets

Shares and U.S. stock futures rose on Wednesday as governments around the world looked poised to boost spending to help economies recover from the coronavirus and vaccine roll-out programmes accelerated.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.51%. Australian stocks jumped by 1.12%. Shares in China slipped fell 0.06%. Japan's Nikkei added 0.66%. Shares in Seoul rose by 0.44%. E-mini futures for the S&P 500 rose 0.36%. Wall Street rallied on Tuesday on renewed hopes for U.S. President Joe Biden' proposed \$1.9 trillion COVID-19 aid bill as the Senate took steps to allow Democrats to pass Biden's package without Republican support.

The U.S. Treasury yield curve continued to steepen in Asian trading, reflecting expectations for more fiscal spending and growing economic optimism. The roll-out of vaccines in many countries is gathering pace, earnings season in the United States and Japan has so far been favourable, and oil prices are at their highest in a year, which are all positive signs for the global economy.

"All the ingredients for a rapid recovery from Q2 onwards are getting sweetly baked into the reopening party cake," said Stephen Innes, chief global markets strategist at AxiCorp Financial Services. The Dow Jones Industrial Average rose 1.57% on Tuesday, the S&P 500 gained 1.39%, and the Nasdaq Composite added 1.56%. MSCI's gauge of stocks across the globe gained 0.18%.

Russian authorities said they would be able to vaccinate about 700 million people this year with the Sputnik V coronavirus vaccine. Nations including India and Mexico are in talks to ink emergency deals to start administering the vaccine. In the United States, the Biden administration said it would increase the weekly supply of shots nationwide and start shipping coronavirus vaccines directly to retail pharmacies in addition to ongoing deliveries to states.

Sentiment was also bolstered by higher-than-expected earnings from tech giants Alphabet (Google) and Amazon, which overshadowed the retail trading frenzy that roiled markets last week.

The difference between the yield in two-year and 10-year Treasuries, the most-closely watched part of the yield curve, widened to 99.5 basis points on Wednesday. The dollar traded near a two-month high against the euro as investors bet that the U.S. economy will recover from the coronavirus shock faster than the euro zone.

The party for the Reddit-inspired trading frenzy that pushed GameStop's stock up five-fold in five days last week appeared over as its shares plunged 60% in heavy trade to close at \$90.00, less than one-fifth of an all-time peak on Friday. "Wallstreetbets is hitting the point of diminishing value," Innes said. "Retail traders will still be a force to be reckoned with, but we are perhaps past the peak YOLO world with the cat out of the bag."

Spot silver rose 1.4% to \$26.98 an ounce. That was a minor rebound from an 8% tumble on Tuesday, and analysts say the retail trader-driven rally to a near eight-year peak in the previous session has faded. Spot gold rose 0.1% to \$1,839.16 per ounce. U.S. gold futures added 0.4% to \$1,840.90.

Oil prices continued their upswing as producers limited supply in the face of increased fuel demand from a bad winter storm in the U.S. Northeast. U.S. crude futures climbed 0.2% to \$54.87 a barrel, just shy of a one-year high of \$55.26 hit on Tuesday. Brent crude futures rose 0.3% to \$57.62 a barrel, close to their highest in more than 11 months.

Domestic Markets

The rand edged up on Tuesday, supported by progress in South Africa's coronavirus vaccine purchases and an easing of lockdown restrictions, while stocks slipped slightly. At 1515 GMT the rand was 0.36% firmer at 15.0300 against the U.S. dollar, after earlier dipping below 15.00.

The rand's attractive yield, or carry, compared to other emerging market currencies, continued to shield it from being negatively affected by signs of a weak local economy.

Factory activity data on Monday showed demand remained tepid in the continent's largest economy, while new car sales figures contracted again, falling 13.9% in January.

Market sentiment was boosted by the arrival of South Africa's first batch of COVID-19 vaccines, one million doses of the AstraZeneca shot. In a speech during which he lifted some coronavirus lockdown restrictions, President Cyril Ramaphosa said the country had secured almost enough doses to vaccinate its target of 40 million people, or two-thirds of the population.

"Mr Ramaphosa delivered good news on the vaccines front, but it remains to be seen if the country's notoriously inefficient bureaucracy can handle the massive undertaking that is inoculating two thirds of the population by year-end," Louw Nel at NKC African Economics said in a note.

The stock market retreated after early gains as mining companies lost steam even as investors stayed bullish on the prospects of a faster economic recovery with eyes on the U.S. stimulus aid. The benchmark all-share index slipped 0.1% to end at 62,734 points while the blue chip top 40 companies index was down 0.15% to 57,585 points at 1500 GMT.

The diversified mining index slid 2.86% as platinum and gold prices dropped by over 2.8% and 1.3% respectively. However, banking and financial stocks, often considered the true reflection of economic prospects, closed up more than 2%.

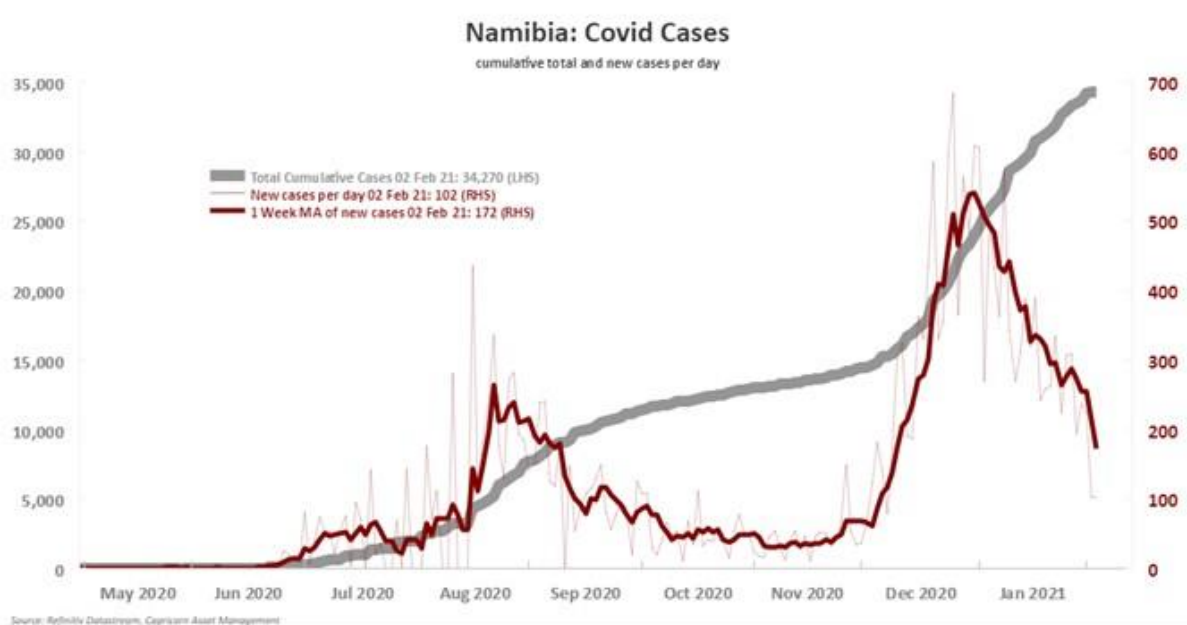
Bonds firmed, with the yield on the benchmark 2030 government issue down 10 basis points to 8.545%.

Corona Tracker

GLOBAL CASES		03-Feb-2021		5:32
SOURCE - REUTERS		Confirmed Cases	New Cases	Total Deaths
				Total Recovered
GLOBAL	103,631,550	197,982	2,244,237	66,809,574

The number of new cases is distorted by cut-off times.

Source: Thomson Reuters



Half the world is composed of people who have something to say and can't, and the other half who have nothing to say and keep on saying it.

Robert Frost

Market Overview

MARKET INDICATORS (Thomson Reuters)		03 February 2021			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	4.16	0.000	4.16	4.16
6 months	↑	4.50	0.016	4.48	4.50
9 months	↓	4.54	-0.008	4.55	4.54
12 months	↓	4.59	-0.016	4.60	4.59
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.35	0.070	4.28	4.35
GC22 (Coupon 8.75%, BMK R2023)	↓	5.25	-0.105	5.36	5.25
GC23 (Coupon 8.85%, BMK R2023)	↓	5.15	-0.105	5.26	5.15
GC24 (Coupon 10.50%, BMK R186)	↓	6.92	-0.020	6.94	6.92
GC25 (Coupon 8.50%, BMK R186)	↓	6.93	-0.020	6.95	6.93
GC26 (Coupon 8.50%, BMK R186)	↓	6.93	-0.020	6.95	6.93
GC27 (Coupon 8.00%, BMK R186)	↓	7.22	-0.020	7.24	7.22
GC30 (Coupon 8.00%, BMK R2030)	↓	8.85	-0.100	8.95	8.85
GC32 (Coupon 9.00%, BMK R213)	↓	9.99	-0.130	10.12	9.99
GC35 (Coupon 9.50%, BMK R209)	↓	11.13	-0.100	11.23	11.13
GC37 (Coupon 9.50%, BMK R2037)	↓	11.74	-0.040	11.78	11.74
GC40 (Coupon 9.80%, BMK R214)	↓	12.44	-0.085	12.52	12.44
GC43 (Coupon 10.00%, BMK R2044)	↓	12.78	-0.075	12.86	12.78
GC45 (Coupon 9.85%, BMK R2044)	↓	13.06	-0.075	13.14	13.06
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.08	-0.085	13.16	13.08
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	→	4.10	0.000	4.10	4.10
GI25 (Coupon 3.80%, BMK NCPI)	→	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	→	5.73	0.000	5.73	5.73
GI33 (Coupon 4.50%, BMK NCPI)	→	6.82	0.000	6.82	6.82
GI36 (Coupon 4.80%, BMK NCPI)	→	7.27	0.000	7.27	7.27
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,837	-1.23%	1,860	1,838
Platinum	↓	1,094	-2.94%	1,128	1,093
Brent Crude	↑	57.5	1.97%	56.4	57.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,236	-0.25%	1,239	1,236
JSE All Share	↓	62,734	-0.10%	62,797	62,734
SP500	↑	3,826	1.39%	3,774	3,826
FTSE 100	↑	6,517	0.78%	6,466	6,517
Hangseng	↑	29,249	1.23%	28,893	29,167
DAX	↑	13,835	1.56%	13,622	13,835
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	11,828	2.00%	11,597	11,828
Resources	↓	59,622	-2.86%	61,375	59,622
Industrials	↑	85,671	1.16%	84,690	85,671
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.96	-0.69%	15.06	14.94
N\$/Pound	↓	20.44	-0.66%	20.57	20.39
N\$/Euro	↓	18.01	-0.84%	18.16	17.98
US dollar/ Euro	↓	1.204	-0.14%	1.206	1.204
		Namibia		RSA	
Interest Rates & Inflation		Dec 20	Nov 20	Dec 20	Nov 20
Central Bank Rate	→	3.75	3.75	3.50	3.50
Prime Rate	→	7.50	7.50	7.00	7.00
		Dec 20	Nov 20	Dec 20	Nov 20
Inflation	↑	2.4	2.2	3.1	3.2

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 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**
