



**Market Update**

**Wednesday, 03 June 2020**

## **Global Markets**

Asian shares vaulted to a near three-month high on Wednesday as hopes of more stimulus and further easing in social restrictions around the world outweighed caution over a host of worries from the coronavirus to growing U.S. civil unrest.

MSCI's broadest index of Asia-Pacific shares outside Japan gained 1.3%, extending its rally into a fifth straight day to reach a level last seen on March 9. Japan's Nikkei rose 1.2% to its highest level since late February, while mainland China's CSI300 rose 0.4% to break above its May peak to a 12-week high. E-mini futures for the U.S. S&P 500 were up 0.2% in early Wednesday trade, extending the gains so far this week to 1.4%.

"The good times continue to roll in risk markets," Mazen Issa, senior FX strategist at TD Securities, said in a report. "As intense as the rally has been, this is likely set to continue as the breadth of the equity rally has now spread outside the U.S." MSCI's gauge of stocks across the globe rose 0.3%, extending the gain from its March 23 low to almost 36%. Despite lockdowns to control the COVID-19 pandemic that have pushed many economies into contraction, the global index is down year-to-date only less than 8%.

There are some signs of recovery in business activity as governments slowly restart their economies. In China, which managed to contain the outbreak by March, a closely-watched survey of service sector activity showed its index recovered to pre-epidemic levels in May. Various high-frequency data, such as restaurant bookings and mobility data, shows activity is also gradually recovering in many developed countries after bottoming out in April.

Still, some analysts caution that the rally is driven mostly by short-covering by speculators who had sold stocks earlier on a global recession. There are various risks that could hobble the global economy, including a second wave of COVID-19 infections, Sino-U.S. tensions and rising social unrest in the United States following protests against police brutality, they said. "Stock markets are betting on a V-shaped recovery in July-September. But the gap between stock market and the real economy is growing. Many corporate executives must be now wondering why their companies' shares are rising so much," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley Securities.

The U.S. Treasury yield curve steepened, partly reflecting the sale of more government debt to finance massive stimulus efforts. The 30-year U.S. Treasuries yield rose to 1.532%, its highest since

mid-March. On the other hand, as expectations of central bank policy support kept shorter yields in check, boosting the yield gap between 5- and 30-year Treasuries to 118 basis points, its highest since early 2017.

The European Central Bank is expected to ramp up stimulative bond purchases when it meets on Thursday while others think the U.S. Federal Reserve could also enhance its easing with a few key officials discussing yield curve control as an option.

Oil prices climbed more than 1% to a near three-month high amid optimism that major producers will extend production cuts as the world recovers from the coronavirus pandemic. U.S. West Texas Intermediate crude (WTI) gained 1.9% to \$37.50 while Brent crude rose 1.2% to \$40.04 a barrel. Gold was little moved with spot gold trading almost flat at \$1,728 per ounce.

**Source: Thomson Reuters**

## Domestic Markets

South Africa's rand jumped more than 1% to a 2-1/2 month high on Tuesday in an emerging market rally spurred by growing hopes for a global economic recovery, prompting investors to ditch safe-havens for high yielding assets.

At 1530 GMT, the rand was 1.34% firmer at 17.1340 per dollar, its best since March 19 and close to technical resistance near 17.10 that could unlock further gains.

The currency ended May on the front foot, buoyed by the South African central bank's support for the economy, including a fourth lending rate cut in as many months and a bond-buying programme that has eased liquidity strains.

The further easing of nationwide lockdown restrictions on Monday, allowing firms and mines to operate at full capacity and more freedom of movement for consumers, has also improved sentiment towards Africa's most industrialised economy.

That has coincided with growing appetite for high-yielding - albeit riskier - emerging market assets, spurred by an easing of lockdowns around the world as coronavirus infections stabilise and stimulus measures soothe investors' growth worries.

"At current levels, much negativity has already been priced into the rand," said Nedbank analysts in a note. "Should capital flows start to emerge and global trade pick up, the rand would benefit from such flows, particularly given the fact that S.A. real bond yields are among the world's highest and most attractive."

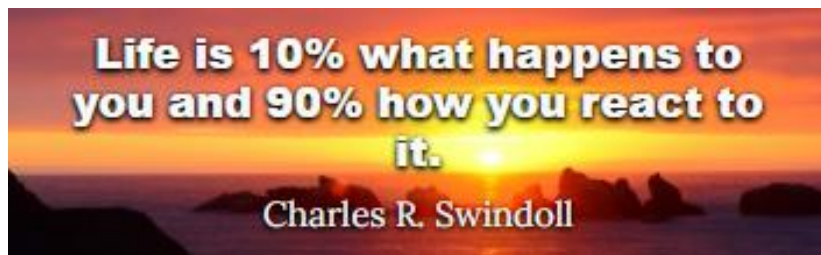
Bonds also rallied, with the yield on the benchmark down 15.5 basis points (bps) to 7.335% and that on the 2030 paper falling 2.5 bps to 8.735%. Stocks enjoyed gains too, in line with global markets, which reached three-month highs.

The Johannesburg Stock Exchange's Top-40 index rose 2.91% to 48,318 points, while the broader All-Share index strengthened just over 3% to 52,496 points. Companies hit hard by the lockdown were the biggest gainers, including property and financial services firms and retailers. The biggest gainer on the blue-chip list was fuel firm Sasol, up over 16%.

**Source: Thomson Reuters**

## Corona Tracker

GLOBAL CASES		03-Jun-2020		5:31
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	6,390,543	109,252	379,433	2,672,093



## Market Overview

MARKET INDICATORS (Thomson Reuters)					03 June 2020
<b>Money Market TB's</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↓	4.50	-0.289	4.79	4.50
6 months	↓	4.87	-0.140	5.01	4.87
9 months	↓	4.98	-0.090	5.07	4.98
12 months	↓	5.05	-0.119	5.17	5.05
<b>Nominal Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (BMK: R208)	↓	5.14	-0.080	5.22	5.14
GC22 (BMK: R2023)	↓	5.55	-0.050	5.60	5.55
GC23 (BMK: R2023)	↓	6.42	-0.050	6.47	6.42
GC24 (BMK: R186)	↓	7.59	-0.165	7.76	7.59
GC25 (BMK: R186)	↓	7.77	-0.165	7.94	7.77
GC27 (BMK: R186)	↓	8.34	-0.165	8.51	8.34
GC30 (BMK: R2030)	↓	9.24	-0.045	9.28	9.24
GC32 (BMK: R213)	↓	10.25	-0.045	10.29	10.25
GC35 (BMK: R209)	⇒	11.21	0.000	11.21	11.21
GC37 (BMK: R2037)	↓	11.57	-0.015	11.58	11.57
GC40 (BMK: R214)	↓	11.83	-0.025	11.85	11.83
GC43 (BMK: R2044)	↓	12.37	-0.025	12.39	12.37
GC45 (BMK: R2044)	↓	12.51	-0.025	12.53	12.51
GC50 (BMK: R2048)	↓	12.81	-0.010	12.82	12.81
<b>Inflation-Linked Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (BMK: NCPI)	⇒	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	⇒	4.60	0.000	4.60	4.60
GI29 (BMK: NCPI)	⇒	5.98	0.000	5.98	5.98
GI33 (BMK: NCPI)	⇒	6.70	0.000	6.70	6.70
GI36 (BMK: NCPI)	⇒	6.99	0.000	6.99	6.99
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,727	-0.74%	1,740	1,726
Platinum	↓	839	-1.03%	848	835
Brent Crude	↑	39.6	3.26%	38.3	40.1
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,038	3.50%	1,003	1,038
JSE All Share	↑	52,497	3.08%	50,930	52,497
SP500	↑	3,081	0.82%	3,056	3,081
FTSE 100	↑	6,220	0.87%	6,166	6,220
Hangseng	↑	23,996	1.11%	23,733	24,332
DAX	↑	12,021	3.75%	11,587	12,021
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	10,150	5.10%	9,657	10,150
Resources	↑	49,261	3.32%	47,679	49,261
Industrials	↑	72,055	2.14%	70,545	72,055
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	17.16	-1.27%	17.38	17.10
N\$/Pound	↓	21.53	-0.82%	21.71	21.52
N\$/Euro	↓	19.16	-0.96%	19.35	19.16
US dollar/ Euro	↑	1.117	0.31%	1.113	1.121
		<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Inflation	↓	1.6	2.4	4.1	4.6
Prime Rate	↓	8.00	9.00	7.75	8.75
Central Bank Rate	↓	4.25	5.25	4.25	5.25

**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



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