



Market Update

Wednesday, 03 March 2021



Global Markets

Asian shares edged higher on Wednesday as investors shrugged off concerns that stocks may have rallied too far too fast in the past year and focused instead on optimism that more imminent U.S. stimulus will energise the global economic recovery.

MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.44%. Australian shares were up 0.62%, while Japan's Nikkei stock index rose only 0.03%. Shares in China gained 0.63%. E-mini S&P futures were up 0.23%. Wall Street had retreated overnight after beginning March with a bang, with the S&P 500 staging its best one-day rally in nine months on Monday. MSCI's broadest index of global stocks edged up by 0.05%.

But some analysts warned that worries that stock prices may be frothy, a fear echoed by a top Chinese regulatory official on Tuesday, may make it harder for equity markets to hang on to gains. Fears that last week's sell-off in U.S. Treasuries, which rattled stock markets, could resume may also put a lid on stock prices, they said. "While markets have stabilised..., the tone remains tenuous as investors continue to fear a further sell-off in rates," analysts at TD Securities said in a note.

The cautious mood weighed on the U.S. dollar, which has benefited in recent days from investor hopes that the United States will enjoy a faster economic recovery, and that the U.S. central bank will be more tolerant of higher bond yields. The U.S. dollar index stood at 90.787, nursing a 0.2% loss from the previous session. The Australian dollar shined yet again, rising to \$0.7828 after stronger-than-expected economic growth in the fourth quarter fuelled hopes for a V-shaped recovery from the coronavirus pandemic.

Benchmark U.S. government bond yields dipped again for the third consecutive day as investors paused a recent sell-off ahead of a slew of U.S. economic data that will be released later this week. The yield on 10-year Treasury notes stood at 1.4085%, down from last week's high of 1.614%. The U.S. stock market was roiled last week when benchmark yields spiked to a one-year high on investor bets that a strong U.S. economic rebound amid ultra-loose monetary conditions could fuel inflation. U.S. Federal Reserve officials have said that inflation concerns are premature, however, and warned that rising yields could tighten financial conditions and constrain an economic recovery.

Oil prices were mixed hitting a two-week low overnight on expectations that OPEC+ producers will ease supply curbs at their meeting later this week as economies start to recover from the coronavirus crisis. U.S. West Texas Intermediate crude was little changed at \$59.74 a barrel, while Brent futures rose 0.22% to \$62.84 a barrel.

Cryptocurrency bitcoin erased early losses and rose 0.62% to \$48,814. The digital asset is up 69% so far this year as it gains more acceptance in mainstream financial circles.



Domestic Markets

South Africa's rand weakened on Tuesday in a broad, developing world currencies retreat against a strong U.S. dollar, while stocks hit a fresh record high as rising commodity prices lifted assets in the resource-rich region.

By 1615 GMT, the rand weakened 0.22% to 15.0325 against the dollar, losing ground after a recovery rally that took it to a session-best 14.9000 on Monday. Government bonds also weakened and the yield on the instrument due in 2030 jumped 11 basis points to 9.050%.

Soaring U.S. bond yields, drawing yield-searching investors back into the greenback, led to a rout of risk assets last week and dragged the rand to one-month lows.

"Our base case for strong global growth and rising commodity prices should be supportive of EM FX generally, and with broader commodities outperforming, the ZAR continues to be front of mind in benchmarking EM currencies against global reflation scenarios," said analysts at London-based MUFG Securities. "While the case for ZAR longs is global in tone, the domestic backdrop for currency strength is more mixed."

Stocks closed firmer, with the Johannesburg All-Share index up 1.44% to a fresh record high of 68,510 points, while the Top-40 index climbed 1.61% to a record 63,104 points. Leading the gainers was diversified manufacturer KAP Industrial, which jumped 7.90% after the country's seasonally-adjusted Absa Purchasing Managers' Index (PMI) expanded at a faster pace in February compared with January on Monday.

"After a slow and concerning start to the year, it would seem that the manufacturing sector has turned a corner if the latest PMI figures are anything to go by," Jee-A van der Linde, an economist with NKC African Economics, said in a note.

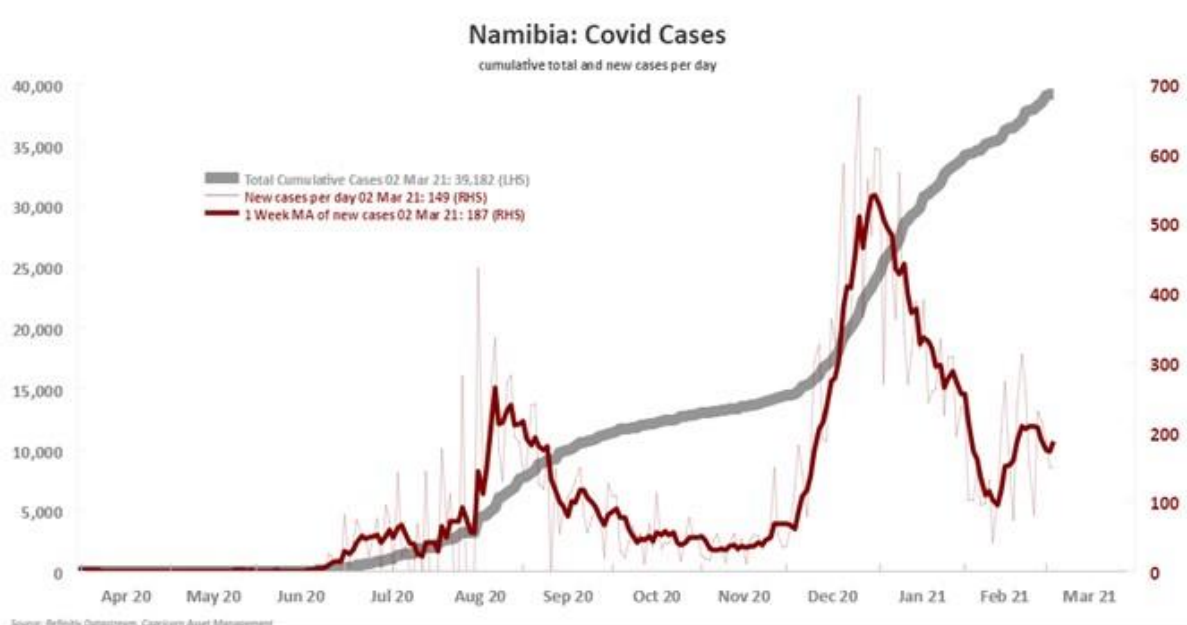
Heavyweight mining stocks also firmed, with platinum miners up 3.39% and Johannesburg-listed Anglo American Plc and BHP Group PLC up 1.91% and 2.38% respectively on strong commodity prices. "There is greater enthusiasm about the outlook for commodity prices, which is widely forecast to strengthen from robust growth in China and the prospect of increased infrastructure investment in developed countries," economists at Nedbank said.

Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	114,785,235	16,821	2,650,688	76,056,991

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

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)		03 March 2021			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	4.16	0.000	4.16	4.16
6 months	⇒	4.56	0.000	4.56	4.56
9 months	⇒	4.65	0.000	4.65	4.65
12 months	⇒	4.82	0.000	4.82	4.82
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⇒	4.15	0.000	4.15	4.15
GC22 (Coupon 8.75%, BMK R2023)	↓	5.87	-0.025	5.89	5.89
GC23 (Coupon 8.85%, BMK R2023)	↓	5.77	-0.025	5.79	5.79
GC24 (Coupon 10.50%, BMK R186)	↑	7.60	0.030	7.57	7.56
GC25 (Coupon 8.50%, BMK R186)	↑	7.61	0.030	7.58	7.57
GC26 (Coupon 8.50%, BMK R186)	↑	7.61	0.030	7.58	7.57
GC27 (Coupon 8.00%, BMK R186)	↑	7.90	0.030	7.87	7.86
GC30 (Coupon 8.00%, BMK R2030)	↑	9.31	0.030	9.28	9.28
GC32 (Coupon 9.00%, BMK R213)	↑	10.34	0.035	10.30	10.30
GC35 (Coupon 9.50%, BMK R209)	↑	11.24	0.040	11.20	11.20
GC37 (Coupon 9.50%, BMK R2037)	↑	11.78	0.040	11.74	11.73
GC40 (Coupon 9.80%, BMK R214)	↑	12.58	0.040	12.54	12.53
GC43 (Coupon 10.00%, BMK R2044)	↑	12.89	0.050	12.84	12.91
GC45 (Coupon 9.85%, BMK R2044)	↑	13.17	0.050	13.12	13.19
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.20	0.055	13.15	13.22
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	4.20	0.000	4.20	4.20
GI25 (Coupon 3.80%, BMK NCPI)	⇒	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.69	0.000	5.69	5.69
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.80	0.000	6.80	6.80
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.35	0.000	7.35	7.35
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,738	0.83%	1,724	1,732
Platinum	↑	1,205	1.73%	1,184	1,199
Brent Crude	↓	62.7	-1.55%	63.7	62.9
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,387	1.22%	1,370	1,387
JSE All Share	↑	68,511	1.44%	67,537	68,511
SP500	↓	3,870	-0.81%	3,902	3,870
FTSE 100	↑	6,614	0.38%	6,589	6,614
Hangseng	↓	29,096	-1.21%	29,453	29,614
DAX	↑	14,040	0.19%	14,013	14,040
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	12,568	0.90%	12,456	12,568
Resources	↑	70,540	2.28%	68,970	70,540
Industrials	↑	89,151	1.21%	88,082	89,151
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.93	-0.54%	15.01	14.92
N\$/Pound	↓	20.83	-0.30%	20.89	20.82
N\$/Euro	↓	18.05	-0.19%	18.08	18.04
US dollar/ Euro	↑	1.209	0.35%	1.205	1.209
		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
		Jan 21	Dec 20	Jan 21	Dec 20
Inflation	↑	2.7	2.4	3.2	3.1

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 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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