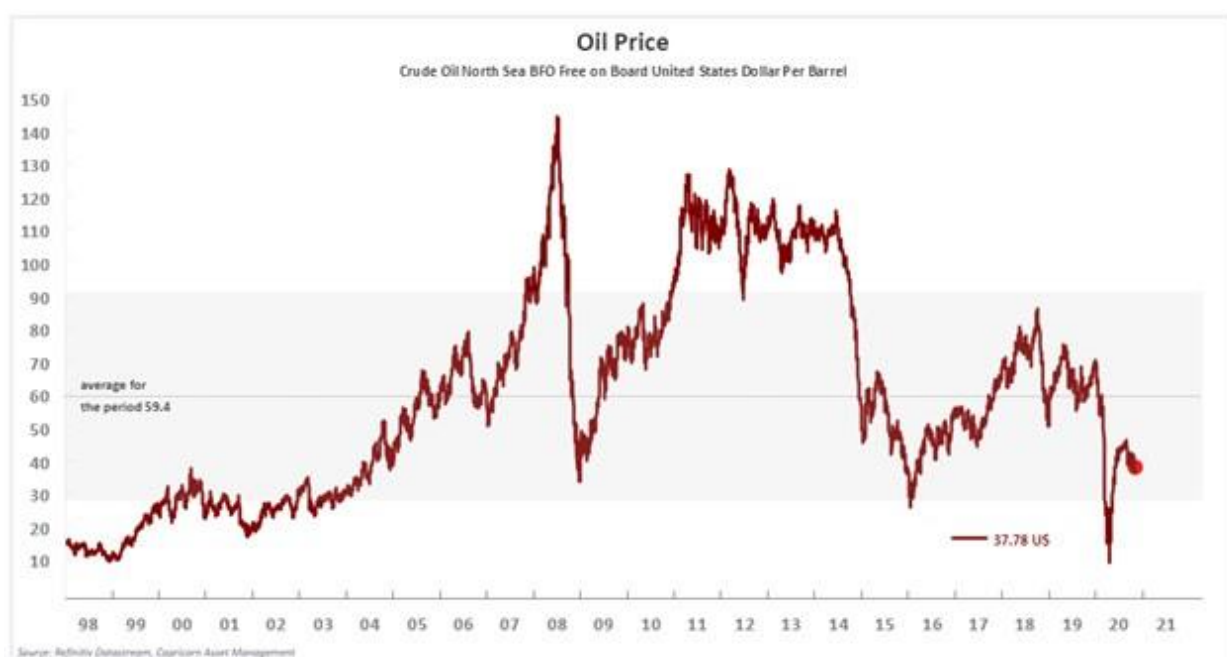




## Market Update

Tuesday, 03 November 2020



## Global Markets

Asian shares got off to a strong start on Tuesday, with investors buoyed by strong factory output data from major economies, while the dollar and gold held ground on political uncertainty ahead of U.S. elections.

President Donald Trump and Democratic rival Joe Biden made a last-ditch push for votes in battleground states as their campaigns prepared for post-election disputes that could prolong a divisive presidential election. U.S. stock futures traded higher, even though many market participants expect short-term volatility, especially after a jittery week. S&P 500 futures rose 0.5%, EUROSTOXX 50 futures gained 1% and FTSE futures put on 0.9%.

Strategists at Blackrock Investment Institute said polls were suggesting a greater likelihood of a Democratic sweep in the election. "We are starting to incorporate themes we believe would outperform in that event, moving toward a more pro-risk stance overall despite last week's market pullback," the strategists said in a report.

MSCI's broadest index of Asia-Pacific shares outside Japan added 1%, up for the second straight day. The gauge is just 1% shy of a 2-1/2 year high struck in mid-October and up 5% so far this year. South Korea's main index advanced 1.7%, markets in Hong Kong and Sydney rose 2% and Chinese blue chips put on 0.8%. Japanese markets were closed for a holiday.

"We are upgrading Asia ex-Japan equities and Asia fixed income to overweight, as China and other Asian economies have done a better job of containing COVID-19 and are further ahead in the economic restart," BlackRock Investment Institute said. "We expect this dynamic to continue over the months ahead."

Data showed economic activity was improving across the board. U.S. manufacturing activity accelerated more than expected in October, with new orders jumping to their highest in nearly 17 years, while Chinese factory activity expanded the fastest in a decade and euro zone manufacturing also sped up.

Analysts said the prospect of no immediate winner in the presidential race was the biggest drag on markets. Trump trails Biden in national opinion polls, but polls in the swing states that will decide the election show a closer race. "The key for the stock market in the short-term is a concern over an uncertain and timely election result and the possibility of a disputed outcome," said Marc Chaikin, founder of Chaikin Analytics, a quantitative investment research firm based in Philadelphia.

Australia's ASX 200 gained the most in three weeks ahead of a widely anticipated cut in the benchmark interest rate by the country's central bank. Oil prices steadied after two weeks of selling, with Brent futures down 0.1% to \$38.90 a barrel, but hanging on to most of an overnight bounce.

Still, the uncertainty of the U.S. election and a resurgence in COVID-19 cases in Europe and the United States supported the dollar and gold prices, as some investors sought safety. Gold was firm at \$1,895.6 an ounce, while the dollar index held ground at 94.027. U.S. Treasury yields were little changed as investors braced for an eventful week with central bank meetings by the Reserve Bank of Australia, the Federal Reserve and Bank of England, as well as the release of U.S. jobs data for October.

## **Domestic Markets**

South Africa's rand barely budged on Monday, reflecting caution seen across currencies around the world ahead of the U.S. presidential election.

At 1500 GMT the rand was 0.3% weaker at 16.2850 per dollar, having opened at 16.2575 and hovered around the level for most of the session with investors avoiding any major bets.

Democrat Joe Biden holds a national lead over President Donald Trump ahead of Tuesday's poll, but Trump has stayed competitive in the swing states that could decide the White House race.

Locally, with last week's budget speech disappointment in the rear view but ratings reviews still to come, economic data showing South Africa's recovery remained tentative failed to move the currency in either direction.

The Absa Purchasing Managers' Index (PMI) recovered further in October, recording its sixth straight month in expansionary territory, but businesses said they feared the impact on exports of the COVID-19 resurgence in Europe. New car sales for October showed another dip, albeit at a slower pace.

Bonds weakened, with the yield on the benchmark government bond due in 2030 up 6.5 basis points to 9.38%.

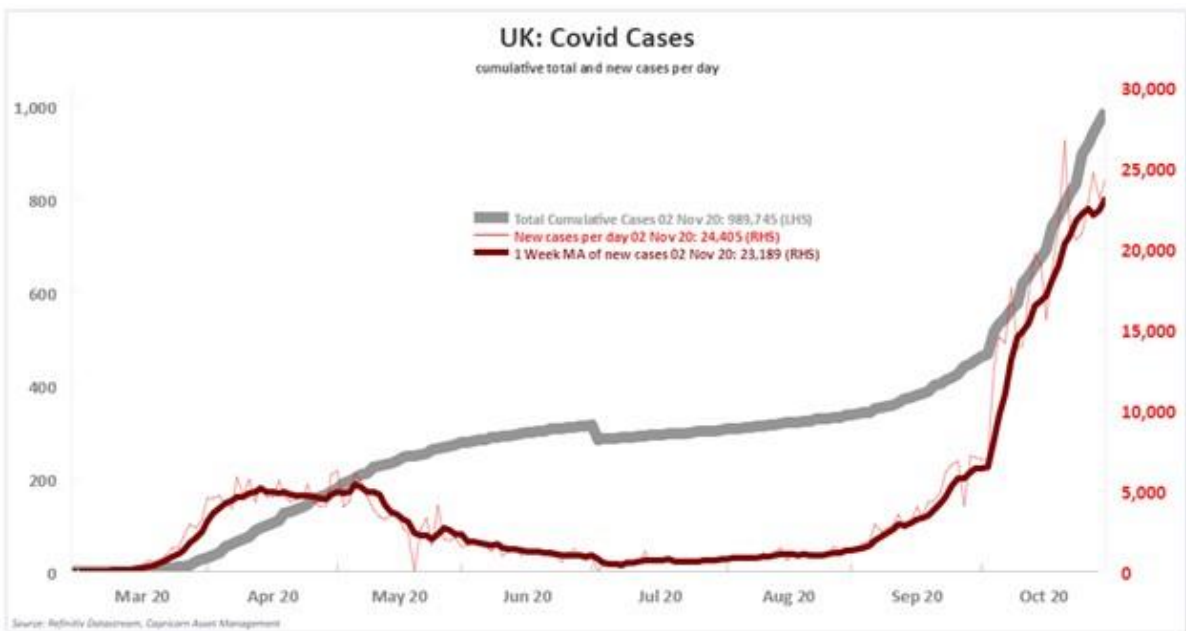
Stocks on the other hand rose, as shares globally recovered even amid new virus lockdowns thanks to strengthening factory data in China and Europe. The Johannesburg Stock Exchange's blue-chip Top-40 Index closed 1.94% higher at 48,393 points while the broader All-Share index was up 1.81% to 52,618 points.

The biggest winner of the day on the blue-chip index was drugmaker Aspen Pharmacare, which closed 11.45% higher following news it had reached a preliminary agreement with Johnson & Johnson to commercially manufacture the U.S. drugmaker's COVID-19 vaccine candidate.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	46,734,058	38,310	1,202,821	31,401,812



If the freedom of speech is taken away then dumb and silent we may be led, like sheep to the slaughter.

**George Washington**



## Market Overview

MARKET INDICATORS (Thomson Reuters)		03 November 2020			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	→	3.85	0.000	3.85	3.85
6 months	↑	3.94	0.008	3.93	3.94
9 months	→	3.91	0.000	3.91	3.91
12 months	↓	3.86	-0.008	3.87	3.86
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (Coupon 7.75%, BMK R208)	↓	4.03	-0.020	4.05	4.03
GC22 (Coupon 8.75%, BMK R2023)	↑	4.91	0.025	4.88	4.91
GC23 (Coupon 8.85%, BMK R2023)	↑	4.81	0.025	4.78	4.81
GC24 (Coupon 10.50%, BMK R186)	↑	7.43	0.030	7.40	7.41
GC25 (Coupon 8.50%, BMK R186)	↑	7.44	0.030	7.41	7.42
GC26 (Coupon 8.50%, BMK R186)	↑	7.44	0.030	7.41	7.42
GC27 (Coupon 8.00%, BMK R186)	↑	7.73	0.030	7.70	7.71
GC30 (Coupon 8.00%, BMK R2030)	↑	9.68	0.060	9.62	9.68
GC32 (Coupon 9.00%, BMK R213)	↑	10.84	0.060	10.78	10.84
GC35 (Coupon 9.50%, BMK R209)	↑	11.95	0.065	11.89	11.95
GC37 (Coupon 9.50%, BMK R2037)	↑	12.72	0.065	12.66	12.72
GC40 (Coupon 9.80%, BMK R214)	↑	13.39	0.055	13.34	13.39
GC43 (Coupon 10.00%, BMK R2044)	↑	13.91	0.060	13.85	13.91
GC45 (Coupon 9.85%, BMK R2044)	↑	14.19	0.060	14.13	14.19
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.25	0.060	14.19	14.24
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (Coupon 3.55%, BMK NCPI)	→	4.49	0.000	4.49	4.49
GI25 (Coupon 3.80%, BMK NCPI)	→	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	→	4.38	0.000	4.38	4.38
GI33 (Coupon 4.50%, BMK NCPI)	→	6.76	0.000	6.76	6.76
GI36 (Coupon 4.80%, BMK NCPI)	→	7.02	0.000	7.02	7.02
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	1,895	0.91%	1,878	1,892
Platinum	↑	858	1.12%	849	856
Brent Crude	↑	39.0	4.03%	37.5	38.9
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,019	1.55%	1,004	1,019
JSE All Share	↑	52,618	1.81%	51,685	52,618
SP500	↑	3,310	1.23%	3,270	3,310
FTSE 100	↑	5,655	1.39%	5,577	5,655
Hangseng	↑	24,460	1.46%	24,107	24,938
DAX	↑	11,788	2.01%	11,556	11,788
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	9,598	1.46%	9,460	9,598
Resources	↑	48,894	3.33%	47,318	48,894
Industrials	↑	74,209	1.05%	73,440	74,209
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	16.20	-0.19%	16.24	16.22
N\$/Pound	↓	20.93	-0.39%	21.01	20.95
N\$/Euro	↓	18.86	-0.26%	18.91	18.89
US dollar/ Euro	↓	1.164	-0.06%	1.165	1.165
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Central Bank Rate	↓	3.75	4.00	3.50	3.75
Prime Rate	↓	7.50	7.75	7.00	7.25
		<b>Sep 20</b>	<b>Aug 20</b>	<b>Sep 20</b>	<b>Aug 20</b>
Inflation	→	2.4	2.4	3.0	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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**For enquiries concerning the Daily Brief please contact us at**

**[Daily.Brief@capricorn.com.na](mailto:Daily.Brief@capricorn.com.na)**

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