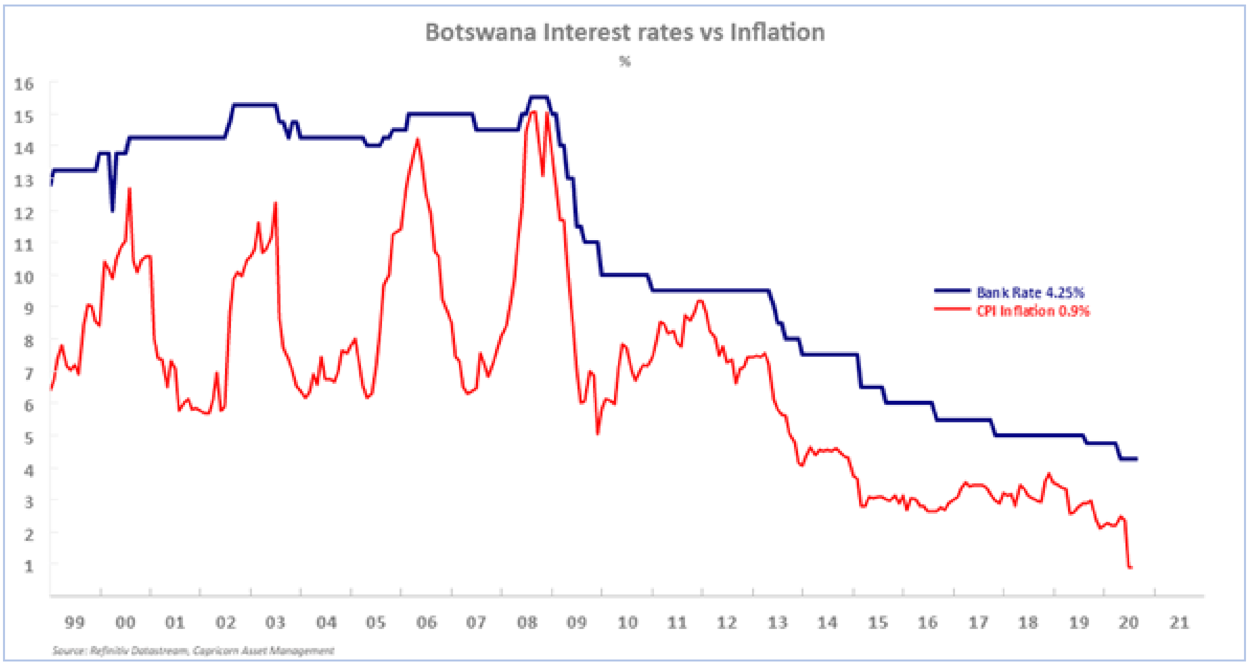
Market Update Thursday, 03 September 2020



Global Markets

Asian equities started strong on Thursday as a sustained recovery in China's services sector and the prospect of additional U.S. stimulus whetted risk appetite, while the dollar pared gains.

MSCI's broadest index of Asia-Pacific shares outside of Japan climbed 0.5%, clocking its third straight session of gains to hover near a recent 2-1/2-year high. Australia's S&P/ASX 200 rose 0.9% and Japan's Nikkei added 1.3%. Hong Kong's Hang Seng index was up 0.2% while China's blue-chip index was 0.35% higher. E-mini futures for the S&P 500 were barely changed.

A closely-watched survey showed China's service sector activity grew for a fourth straight month in August, staying above the 50-mark, while companies hired more people for the first time since January. The services sector, which accounts for about 60% of the economy and half of urban jobs, had been slower to return to growth initially than large manufacturers, but the recovery has gathered pace in recent months as COVID-19 restrictions on public gatherings lifted.

Analysts expect the equity markets rally to extend further as investors focus on the "easy money" dimension, though risks were growing. "I think we're now at a point where tactically it makes sense to be more prudent than two or three months ago as there are still a number of significant risks for investors to contend with," said Scott Berg, portfolio manager of T. Rowe Price's global growth equity strategy. "The economic recovery remains fragile and there is still considerable uncertainty over the growth trajectory beyond the initial rebound phase," Berg added.

China-U.S. tensions and U.S. presidential elections were other major risks, with a Democrat victory likely seeing a "major switch in policy direction and a different regulatory and tax regime." On Wall Street overnight, the three major equity indexes moved higher with gains led by defensive sectors such as utilities as the high-flying tech sector paused.

"The equity market rally overnight (was) characterised by a rotation away from the tech titans that have led gains this year. That broadening of the equity rally is in itself a signal of confidence in a broader economic recovery," said Steve Miller, investment strategist at GSFM.

Data on Wednesday showed U.S. private employers hired fewer workers than expected for a second straight month in August, suggesting that the labour market recovery was slowing. A separate report showed factory orders rose more than expected in July, pointing to continued improvement in the manufacturing sector.

In currencies, the dollar gave back some of the gains from earlier this week with its index against a basket of major currencies down 0.1%. The greenback was slightly higher on the safe haven Japanese yen at 106.25. The euro was off 0.02% to $1.1851.

In commodities, U.S. crude added 15 cents to $41.66 while Brent gained 5 cents to $44.48 a barrel. Spot gold was slightly higher at $1,946.8 an ounce.

Domestic Markets

A stronger dollar and domestic economic and political risk weighed on South Africa's rand, which on Wednesday gave back some of the gains from the previous session.

At 1500 GMT the rand was 1.41% weaker at 16.8825 per dollar, after approaching 16.5600 on Tuesday, its strongest in nearly a month, when a sharp slide in the greenback led to strength across emerging markets.

But on Wednesday, data in the world's No.1 economy showed a rise in manufacturing activity and eased concerns about the extent of the COVID-19-induced decline in global growth, which boosted the dollar.

In South Africa, nationwide electricity blackouts by state firm Eskom for a second day rekindled concerns about the country's ability to shake-off recession and a fiscal crisis.

Ratings agency Moody's said on Tuesday there was a "meaningful risk" of wider deficits in countries such as South Africa as governments were forced to bail out failing state firms.

Waning enthusiasm about President Cyril Ramaphosa's stance on corruption following a face-off between opposing factions in the governing African National Congress (ANC) over the weekend also stalled the rand's progress. "We see the dial flicking on dealing with corruption, but the bar has not yet been met," Peter Attard Montalto of research firm Intellidex said.

On a day of a positive momentum globally, the Johannesburg Stock Exchange (JSE) started the day higher, but pared most of the gains on the prospect of accelerated power cuts by Eskom. The strong dollar weighed on gold prices and pushed the South African gold miners' index lower. The FTSE/JSE all share index was down 0.12% to end at 55,862 points while the top 40 companies index closed down 0.05% to 51,678 points.

In fixed income, the yield on the benchmark instrument due in 2030 was down a basis point to 9.125%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS			03-Sep-2020	7:02
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	26,014,829	263,521	861,770	17,316,118

We must reject the idea that every time a law's broken, society is guilty rather than the lawbreaker. It is time to restore the American precept that each individual is accountable for his actions.

Ronald Reagan

Market Overview

MARKET INDICATORS (Thomson Reuters)				03 September 2020
Money Market TB's	**Last close**	**Difference**	**Prev close**	**Current Spot**
3 months	3.96	0.000	3.96	3.96
6 months	4.07	0.000	4.07	4.07
9 months	4.15	-0.017	4.17	4.15
12 months	4.20	0.000	4.20	4.20
Nominal Bonds	**Last close**	**Difference**	**Prev close**	**Current Spot**
GC21 (BMK: R208)	4.18	0.000	4.18	4.15
GC22 (BMK: R2023)	5.13	0.000	5.13	5.14
GC23 (BMK: R2023)	5.10	0.000	5.10	5.11
GC24 (BMK: R186)	7.56	0.000	7.56	7.57
GC25 (BMK: R186)	7.57	0.000	7.57	7.58
GC26 (BMK: R186)	7.61	0.000	7.61	7.62
GC27 (BMK: R186)	7.86	0.000	7.86	7.87
GC30 (BMK: R2030)	9.43	-0.010	9.44	9.44
GC32 (BMK: R213)	10.27	-0.015	10.28	10.31
GC35 (BMK: R209)	11.61	-0.045	11.66	11.62
GC37 (BMK: R2037)	12.20	-0.040	12.24	12.21
GC40 (BMK: R214)	12.79	-0.040	12.83	12.80
GC43 (BMK: R2044)	13.10	-0.050	13.15	13.11
GC45 (BMK: R2044)	13.65	-0.050	13.70	13.66
GC50 (BMK: R2048)	13.73	-0.045	13.78	13.74
Inflation-Linked Bonds	**Last close**	**Difference**	**Prev close**	**Current Spot**
GI22 (BMK: NCPI)	4.49	0.000	4.49	4.49
GI25 (BMK: NCPI)	4.49	0.000	4.49	4.49
GI29 (BMK: NCPI)	5.98	0.000	5.98	5.98
GI33 (BMK: NCPI)	6.82	0.000	6.82	6.82
GI36 (BMK: NCPI)	7.15	0.000	7.15	7.15
Commodities	**Last close**	**Change**	**Prev close**	**Current Spot**
Gold	1,943	-1.40%	1,970	1,934
Platinum	906	-3.74%	941	901
Brent Crude	44.4	-2.52%	45.6	44.3
Main Indices	**Last close**	**Change**	**Prev close**	**Current Spot**
NSX Overall Index	1,061	-1.46%	1,076	1,061
JSE All Share	55,862	-0.12%	55,928	55,862
SP500	3,581	1.54%	3,527	3,581
FTSE 100	5,941	1.35%	5,862	5,941
Hangseng	25,120	-0.26%	25,185	24,972
DAX	13,243	2.07%	12,974	13,243
JSE Sectors	**Last close**	**Change**	**Prev close**	**Current Spot**
Financials	9,705	-2.80%	9,984	9,705
Resources	55,762	-0.41%	55,989	55,762
Industrials	76,073	1.07%	75,268	76,073
Forex	**Last close**	**Change**	**Prev close**	**Current Spot**
N$/US dollar	16.78	0.95%	16.62	16.86
N$/Pound	22.42	0.78%	22.24	22.41
N$/Euro	19.90	0.53%	19.80	19.89
US dollar/ Euro	1.185	-0.48%	1.191	1.180
	Namibia		**RSA**	
Economic data	**Latest**	**Previous**	**Latest**	**Previous**
Inflation	2.1	2.1	3.2	2.2
Prime Rate	7.50	8.00	7.00	7.25
Central Bank Rate	3.75	4.00	3.50	3.75

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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