



Market Update

Tuesday, 04 August 2020



Global Markets

Asian shares rose on Tuesday after strong U.S. manufacturing data and gains in tech stocks helped investors look past broader worries about the coronavirus and global economy. MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.9%, while shares in China nudged up 0.1%. Australian stocks gained 2% for the biggest intraday gain since July 21. Tokyo shares also jumped by more than 1%.

Oil futures gave up their overnight gains and fell in Asia due to nagging worries about an increase in the supply of crude. U.S. stock futures were 0.02% higher in Asia. An industry gauge released overnight indicated U.S. manufacturing activity expanded in July at the fastest pace in more than a year, which helped Wall Street shares rise on Monday.

However, some investors remain cautious due to worries about a resurgence of the coronavirus and a diplomatic tussle over Chinese tech companies' operations in the United States. "It has been an upbeat U.S. trading session and Asia will absorb the leads accordingly," Chris Weston, head of research at Pepperstone, said in a market note.

On Monday the Dow Jones Industrial Average rose 0.89%, the S&P 500 gained 0.72%, and the Nasdaq Composite advanced 1.47% to set a record closing high as investors cheered the manufacturing data. That data also caused the U.S. Treasury curve to steepen, an indication of improved investor sentiment.

U.S. stocks received an additional lift from Microsoft, which jumped 5.6% after it formally declared interest in buying the U.S. operations of TikTok, a popular video-sharing app owned by Chinese tech company ByteDance. U.S. President Donald Trump has threatened to ban TikTok unless its U.S. operations are sold off from ByteDance. Washington is also preparing to take action against other Chinese software companies that could share user data with Beijing, setting the stage for further conflict.

The dollar held steady against its counterparts as traders awaited progress in negotiations for additional economic stimulus. U.S. House Speaker Nancy Pelosi will meet with Treasury Secretary Steven Mnuchin and White House Chief of Staff Mark Meadows on Tuesday to continue talks, raising hopes for a breakthrough sometime soon. The "only good thing we can say on the political impasse in Washington is that negotiations remain ongoing," analysts at National Australia Bank said in a market note. Chicago Federal Reserve Bank President Charles Evans on Monday called forcefully for more U.S. government spending to support the economy, saying "demand trouble is brewing" as existing relief policies expire.

Spot gold was down 0.09% on Tuesday but still near a record high of \$1,984.66 set on Monday amid support from virus fears. U.S. crude dipped 0.61% to \$40.76 a barrel, while Brent crude fell 0.59% to \$43.89 per barrel due to worries about extra supply coming to market. Russia has started to increase oil and gas output, a source told Reuters. Other oil producers are also expected to increase output this month after OPEC and its allies agreed to ease production curbs.

Domestic Markets

South Africa's rand tumbled more than 1% to its weakest in a month on Monday as concerns over the domestic economy compounded fears over a rise in global COVID-19 cases.

At 1630 GMT the rand was 1.56% weaker at 17.3400 per dollar, its weakest since July, leading emerging market losses on the day as investors globally opted out of riskier assets with the coronavirus surge showing no signs of easing.

Local COVID-19 cases passed 500,000 infections over the weekend, while global infection hit the 18 million mark.

A gauge of manufacturing activity in South Africa published on Monday showed a slow improvement. New car sales also continued to plummet, down nearly 30% in July.

"The uneven nature of the recovery will continue to trip up market sentiment, and so cause EM currency volatility, in particular reflected by the rand, with unexpected data readings having marked impacts," chief economist at Investec Annabel Bishop said in a note.

Rand implied volatility gauges jumped to their highest since late June, suggesting rand specific risks were on the rise. The one year gauge rose to 16.2%, its highest point since June 18, data from Fenics showed.

Bonds fared slightly better, with the yield on the benchmark 2030 government issue adding 3.5 basis points to 9.28%.

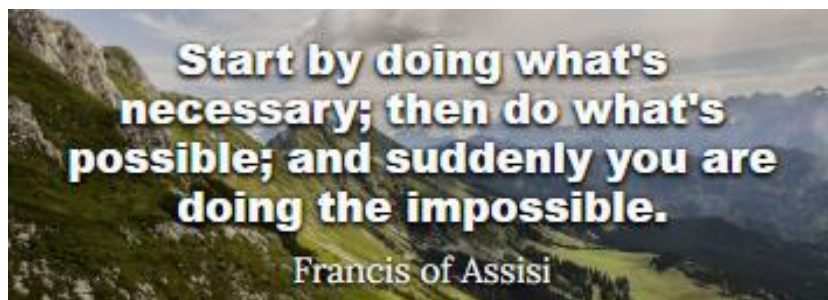
The Johannesburg Stock Exchange (JSE) reversed some of its losses from the previous two trading sessions, aided by improved earnings in the United States and strong factory data from Europe. The FTSE/JSE All Share Index rose 0.31% to 55,897 points while the FTSE/JSE Top-40 Companies Index rose 0.39% to 51,572 points.

The biggest gainer on the top 40 companies' index was retailer Shoprite Holdings which gained over 8% on news that the company would exit from the Nigerian market. The gold index, up 113% this year, slipped 0.87% as global bullion prices fell on profit-taking and a rising dollar. Banks also remained weak, with the banking index down 4.82%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES		04-Aug-2020		7:01	
SOURCE - REUTERS		Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	18,295,682	206,685	692,854	10,717,896	



Market Overview

MARKET INDICATORS (Thomson Reuters)					04 August 2020
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	4.15	-0.033	4.18	4.15
6 months	↓	4.27	-0.075	4.34	4.27
9 months	↓	4.42	-0.058	4.48	4.42
12 months	↓	4.49	-0.058	4.55	4.49
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↑	4.05	0.035	4.01	4.01
GC22 (BMK: R2023)	↓	5.52	-0.050	5.57	5.52
GC23 (BMK: R2023)	↓	5.50	-0.050	5.55	5.50
GC24 (BMK: R186)	↓	7.84	-0.040	7.88	7.85
GC25 (BMK: R186)	↓	7.89	-0.040	7.93	7.90
GC26 (BMK: R186)	↓	7.94	-0.040	7.98	7.95
GC27 (BMK: R186)	↓	8.02	-0.040	8.06	8.03
GC30 (BMK: R2030)	↑	9.86	0.005	9.86	9.90
GC32 (BMK: R213)	↑	10.61	0.005	10.60	10.61
GC35 (BMK: R209)	↑	11.83	0.010	11.82	11.83
GC37 (BMK: R2037)	↑	12.39	0.040	12.35	12.36
GC40 (BMK: R214)	↑	12.71	0.075	12.63	12.68
GC43 (BMK: R2044)	↑	13.39	0.085	13.30	13.36
GC45 (BMK: R2044)	↑	13.56	0.085	13.47	13.53
GC50 (BMK: R2048)	↑	13.56	0.035	13.53	13.59
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)	→	6.70	0.000	6.70	6.70
GI36 (BMK: NCPI)	→	6.99	0.000	6.99	6.99
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,977	0.10%	1,975	1,975
Platinum	↑	916	1.03%	907	920
Brent Crude	↑	44.2	1.96%	43.3	43.8
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,091	-0.09%	1,092	1,091
JSE All Share	↑	55,829	0.19%	55,722	55,829
SP500	↑	3,295	0.72%	3,271	3,295
FTSE 100	↑	6,033	2.29%	5,898	6,033
Hangseng	↓	24,458	-0.56%	24,595	24,672
DAX	↑	12,647	2.71%	12,313	12,647
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	9,805	-3.46%	10,156	9,805
Resources	↑	56,585	1.85%	55,558	56,585
Industrials	↑	74,739	0.31%	74,508	74,739
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.18	1.51%	16.93	17.17
N\$/Pound	↑	22.46	1.42%	22.15	22.44
N\$/Euro	↑	20.21	1.37%	19.94	20.20
US dollar/ Euro	↓	1.176	-0.11%	1.177	1.177
Economic data		Namibia		RSA	
		Latest	Previous	Latest	Previous
Inflation	→	2.1	2.1	2.2	2.1
Prime Rate	↓	7.75	8.00	7.25	7.75
Central Bank Rate	↓	4.00	4.25	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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