



---

**Market Update**

**Thursday, 04 June 2020**

---

## **Global Markets**

Asian shares rose to a two-month high on Thursday as government stimulus expectations supported investor confidence in an economic recovery from the global coronavirus pandemic.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.4%, earlier touching the highest since March 9. Shares in Australia rose 0.66% after the country's prime minister unveiled a fourth stimulus package to repair the economy. Chinese shares were little changed due to lingering worries about diplomatic tension between the United States and China, while U.S. stock futures fell 0.23%.

The euro held onto gains before a European Central Bank meeting later on Thursday, where policymakers are expected to increase debt purchases to support the bloc's weakest economies. Oil prices fell, reversing gains made the previous session, due to uncertainty about supply cuts by major producers. Markets for risk assets have been on a tear, carrying some stock market indexes to within sight of levels before the coronavirus outbreak.

The Nasdaq Composite, the S&P 500, and the Dow Jones Industrial Average are close to overtaking all-time closing highs registered in February. "Liquidity provision by central banks – and expectations that more is coming – is helping to support the recent drive in risk markets," ANZ Research senior economist Liz Kendall and strategist David Croy, said in a note early on Thursday.

Elsewhere in Asia, Japanese shares snapped a three-day winning streak and fell 0.06%. Hong Kong's stock market gave up early gains and traded 0.12% lower due to concerns about Beijing's plans for a new national security law for the former British colony.

The yield on the benchmark 10-year eased slightly to 0.7425% in Asia on Thursday. A closely watched part of the U.S. Treasury yield curve measuring the gap between yields on two- and 10-year Treasury notes, reached 55 basis points on Wednesday, the steepest level since mid-March. A steepening curve often points to a stronger economy.

Governments around the world have gradually started to lift tough lockdown measures imposed to contain the coronavirus which has infected nearly 6.4 million people and killed over 379,000. Markets await Friday's U.S. Labour Department May jobs report, which is expected to show the unemployment rate soaring to a post-World War Two high of nearly 20% from 14.7% in April.

On Wednesday, a report showed U.S. private payrolls fell less than expected in May, suggesting layoffs were abating as businesses reopen. U.S. crude dipped 1.85% to \$36.60 a barrel. Brent crude

fell 1.18% to \$39.32 per barrel. Spot gold rose 0.4% to \$1,704.31 an ounce early on Thursday after losing 1.6 % on Wednesday.

Source: Thomson Reuters

## Domestic Markets

South Africa's rand extended gains to a fresh 11-week high on Wednesday in a broad emerging market rally spurred by investor bets that a global economic recovery was taking hold after the coronavirus fallout. The stock market mirrored the upbeat sentiment of the currency to scale a 13-week peak on Wednesday.

At 1515 GMT the rand was 1.64% firmer at 16.8900 per dollar, its best level since March 18, crossing the key 17.00 psychological threshold towards pre-coronavirus levels, having opened trade at 17.1400.

The day brought the local currency's gains this week to around 4%, in-line with majority of emerging market currencies, with rising appetite for risk assets outweighing signs of an ailing local economy.

South Africa's Purchasing Managers' Index (PMI) contracted again in May, reaching a record low, as output and new sales collapsed during the nationwide coronavirus lockdown that began in March. "Investors continued to buy into optimism over a potential global economic recovery, prompting a rotation out of safe-havens and into higher-yielding assets," economists at ETM Analytics said in a note.

Governments and central banks around the world have unleashed unprecedented fiscal and monetary stimulus and other support for economies floored by the coronavirus pandemic. The stimulus action has also overshadowed simmering tensions between Beijing and Washington over Hong Kong, and ongoing protests in the U.S. over recent police killings.

The FTSE/JSE top 40 companies index surged 2.03% to close the day's trading at 49,300 points. The FTSE/JSE all share index closed up 2.19% to 53,645 points. The market rally was led by the country's banks which jumped on hopes that a faster economic recovery will boost loan growth in a low interest rate environment. The banking index was up 10.42%.

Bonds also firmed, with the yield on the 10-year instrument down 7 basis points to 8.665%.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES SOURCE - REUTERS	04-Jun-2020			4:31
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	6,510,502	114,237	384,955	2,739,438

Four score and seven years ago our fathers brought forth on this continent, a new nation, conceived in Liberty, and dedicated to the proposition that all men are created equal.

Abraham Lincoln

## Market Overview

MARKET INDICATORS (Thomson Reuters)					04 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	-0.280	4.78	4.50
6 months	↓		4.84	-0.115	4.96	4.84
9 months	↓		4.93	-0.098	5.02	4.93
12 months	↓		5.00	-0.118	5.11	5.00
<b>Nominal Bonds</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (BMK: R208)	↑		5.22	0.080	5.14	5.22
GC22 (BMK: R2023)	↓		5.47	-0.085	5.55	5.47
GC23 (BMK: R2023)	↓		6.33	-0.085	6.42	6.33
GC24 (BMK: R186)	↓		7.50	-0.090	7.59	7.50
GC25 (BMK: R186)	↓		7.68	-0.090	7.77	7.68
GC27 (BMK: R186)	↓		8.25	-0.090	8.34	8.25
GC30 (BMK: R2030)	↓		9.15	-0.085	9.24	9.17
GC32 (BMK: R213)	↓		10.18	-0.065	10.25	10.18
GC35 (BMK: R209)	↓		11.10	-0.110	11.21	11.11
GC37 (BMK: R2037)	↓		11.50	-0.070	11.57	11.50
GC40 (BMK: R214)	↓		11.73	-0.100	11.83	11.73
GC43 (BMK: R2044)	↓		12.28	-0.090	12.37	12.28
GC45 (BMK: R2044)	↓		12.42	-0.090	12.51	12.42
GC50 (BMK: R2048)	↓		12.70	-0.110	12.81	12.70
<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	4.35
GI25 (BMK: NCPI)	→		4.60	0.000	4.60	4.50
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	↓		1,698	-1.71%	1,727	1,704
Platinum	↓		826	-1.53%	839	831
Brent Crude	↑		39.8	0.56%	39.6	39.2
<b>Main Indices</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑		1,085	4.56%	1,038	1,085
JSE All Share	↑		53,645	2.19%	52,497	53,645
SP500	↑		3,123	1.36%	3,081	3,123
FTSE 100	↑		6,382	2.61%	6,220	6,382
Hangseng	↑		24,326	1.37%	23,996	24,295
DAX	↑		12,487	3.88%	12,021	12,487
<b>JSE Sectors</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑		11,049	8.85%	10,150	11,049
Resources	↓		48,983	-0.56%	49,261	48,983
Industrials	↑		73,430	1.91%	72,055	73,430
<b>Forex</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓		16.93	-1.31%	17.16	16.93
N\$/Pound	↓		21.29	-1.12%	21.53	21.23
N\$/Euro	↓		19.02	-0.75%	19.16	18.98
US dollar/ Euro	↑		1.123	0.56%	1.117	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



---

**For enquiries concerning the Daily Brief please contact us at**

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

***Disclaimer***

*The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer’s judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.*

A member of  **Capricorn Group**

---