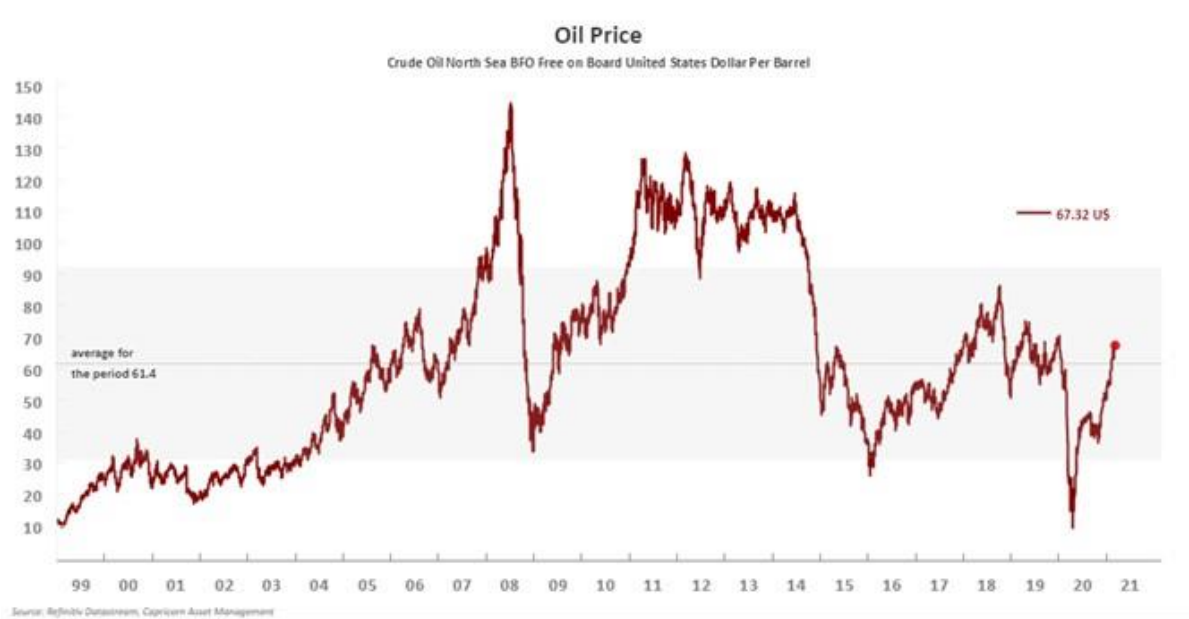




Market Update

Friday, 05 March 2021



Global Markets

Asian stocks skidded to one-month lows on Friday as rising U.S. Treasury yields again rattled equity investors while hoisting the dollar to a three-month high, which in turn dragged the Japanese yen. Energy markets were not spared the volatility either, with oil prices adding to big gains overnight after the Organization of Petroleum Exporting Countries (OPEC) and its allies agreed to mostly maintain their supply cuts in April as they await a more solid recovery in demand from the coronavirus pandemic.

Australian stocks shed more than 1%, Japan's Nikkei share average dropped 1.6% and shares in Seoul fell 1.4%. Chinese shares were in the red with the bluechip CSI300 index off 1.5%. That sent MSCI's broadest index of Asia-Pacific shares outside of Japan to 684.52, the lowest since Feb. 1. E-Mini S&P futures were 0.5% lower. The tech-heavy Nasdaq Composite tumbled 2.1%, taking it down about 10% from its record close on Feb. 12 and putting it in correction territory.

U.S. stocks dropped on Thursday after Federal Reserve Chair Jerome Powell disappointed some investors by not indicating that the Fed might step up purchases of long-term bonds to hold down longer-term interest rates. Even though Powell made it clear that the Fed was not close to changing

its ultra-loose monetary policy stance anytime soon, some analysts still worried rising Treasury yields could herald higher borrowing costs, thereby limiting the fragile U.S. economic recovery.

"The market was seemingly looking for Powell to push back harder on the recent increase in yields," said Ray Attrill, head of forex strategy at National Australia Bank. "Volatility seen in local interest rate markets yesterday with another large increase in long-term rates and government bond yields has set the scene for a choppy market again today if overnight developments are any guide."

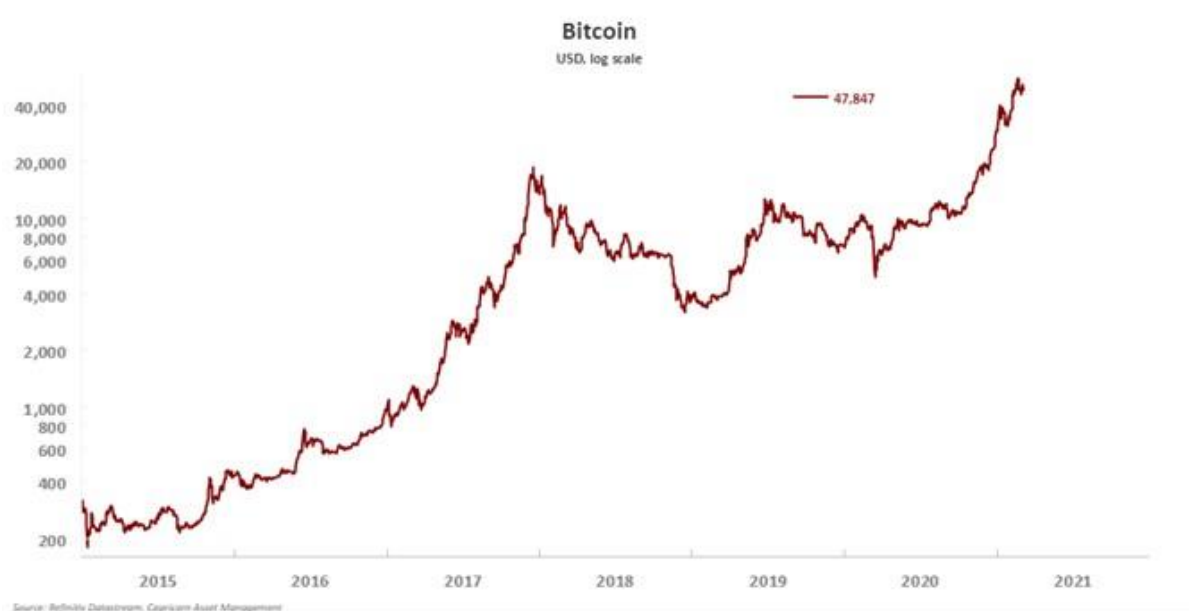
Bond investors with a bearish view of Treasuries took heart in Powell's remarks and sold the notes. The yield on 10-year Treasuries climbed above 1.5% to as high as 1.5727%, but still below a one-year high of 1.614% struck last week. The yield curve, a measure of economic expectations, steepened on rising yields, with the gap between two- and 10-year yields widening by another 6.3 basis points overnight.

Rising Treasury yields bolstered demand for the dollar. The dollar index jumped to a three month high of 91.734. A stronger dollar hobbled the yen. By early Friday, the yen fell to as low as 107.97, the lowest since July 1 though it pared those losses and was last at 107.85. The euro was also tripped by a firmer dollar, with the common currency sluggish at \$1.1960.

Climbing yields and dollar strength pummelled gold prices, which sank to a nine-month low as investors sold the precious metal to reduce the opportunity cost of holding the non-yielding asset. Spot gold slid another 0.2% early Friday to \$1,692.26 per ounce, trading below \$1,700 for the first time since June 2020.

Oil prices extended gains on early Friday after zooming higher overnight. U.S. crude futures climbed 17 cents, or 0.3%, to \$64, holding below a 13-month high hit on Thursday. Brent crude rose 10 cents to \$66.84 a barrel.

In the cryptocurrency market, bitcoin was down 4% at \$46,422 Friday.



Domestic Markets

South Africa's rand firmed slightly on Thursday, ahead of a speech by U.S. Federal Reserve Chairman Jerome Powell that may determine the trend for global bond markets and currencies. At 1620 GMT, the rand traded at 15.1000 against the U.S. dollar, 0.05% firmer than its previous close.

With a light local data calendar this week, the rand's movements have been mainly driven by offshore events. Investors are keenly watching to see if Powell, who is due to speak at a Wall Street Journal conference at 1705 GMT, will address concerns about the risk of a rapid rise in long-term borrowing costs.

"Policymakers are generally keeping to the sidelines but markets will be intrigued by comments from the Fed chairman at the WSJ webinar tonight," said Nema Ramkhelawan-Bhana, an analyst at RMB. "He is expected to hold the line on easy policy but any mention of the uptick in treasury yields being for the 'wrong' reasons or the possibility of a 'twist' could make for a volatile closing session this week."

Rising U.S. bonds yields and the possibility of the bank retreating from its massive bond buying programme has fuelled fears of another "taper tantrum" like in 2013 when emerging markets were hit hard.

South African stocks fell alongside global peers, with the Johannesburg All-Share index closing 0.85% weaker at 67,743 points, while the Top 40 index fell 0.97% to 62,250 points. Leading the decliners was financial services group Liberty Holding, which shed 6.75%, after it swung to a full-year loss before tax of 2.2 billion rand (\$145.8 million) from a profit of 6.2 billion rand. Quantum Foods fell 1.64% after the animal feed and poultry company said half-year earnings will likely be 20% lower.

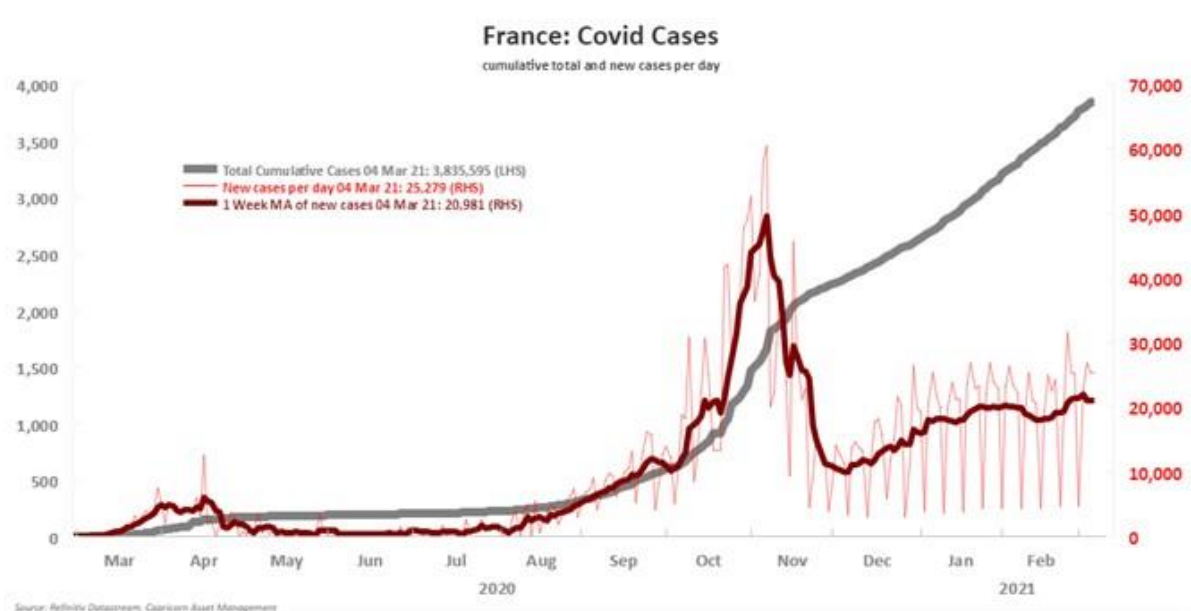
Government bonds weakened, with the yield on the instrument due in 2030 rising 10 basis points to 9.135%.

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		05-Mar-2021		5:33
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	115,479,309	236,029	2,669,701	76,567,866

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

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				05 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	↑	4.57	0.008	4.56	4.57
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)	→	5.91	0.000	5.91	6.03
GC23 (Coupon 8.85%, BMK R2023)	→	5.81	0.000	5.81	5.93
GC24 (Coupon 10.50%, BMK R186)	↑	7.70	0.075	7.62	7.78
GC25 (Coupon 8.50%, BMK R186)	↑	7.71	0.075	7.63	7.79
GC26 (Coupon 8.50%, BMK R186)	↑	7.71	0.075	7.63	7.79
GC27 (Coupon 8.00%, BMK R186)	↑	8.00	0.075	7.92	8.08
GC30 (Coupon 8.00%, BMK R2030)	↑	9.44	0.095	9.35	9.56
GC32 (Coupon 9.00%, BMK R213)	↑	10.44	0.070	10.37	10.55
GC35 (Coupon 9.50%, BMK R209)	↑	11.41	0.095	11.31	11.48
GC37 (Coupon 9.50%, BMK R2037)	↑	11.94	0.090	11.85	12.04
GC40 (Coupon 9.80%, BMK R214)	↑	12.69	0.025	12.67	12.82
GC43 (Coupon 10.00%, BMK R2044)	↑	13.00	0.020	12.98	13.13
GC45 (Coupon 9.85%, BMK R2044)	↑	13.28	0.020	13.26	13.41
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.34	0.055	13.28	13.44
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	↓	1,697	-0.80%	1,711	1,695
Platinum	↓	1,126	-3.51%	1,167	1,123
Brent Crude	↑	66.7	4.17%	64.1	67.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,388	0.48%	1,382	1,388
JSE All Share	↓	67,744	-0.85%	68,327	67,744
SP500	↓	3,768	-1.34%	3,820	3,768
FTSE 100	↓	6,651	-0.37%	6,675	6,651
Hangseng	↓	29,237	-2.15%	29,880	29,033
DAX	↓	14,056	-0.17%	14,080	14,056
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	12,675	0.82%	12,572	12,675
Resources	↓	69,166	-0.09%	69,226	69,166
Industrials	↓	87,894	-1.99%	89,680	87,894
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	15.29	1.37%	15.09	15.31
N\$/Pound	↑	21.25	0.94%	21.05	21.27
N\$/Euro	↑	18.30	0.57%	18.20	18.32
US dollar/ Euro	↓	1.197	-0.80%	1.206	1.196
		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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