



Market Update

Wednesday, 05 May 2021



Global Markets

Asian shares were trying to avoid a fourth straight session of falls on Wednesday as U.S. stock futures steadied in the wake of a pullback in large-cap tech darlings.

Holidays in Japan, China and South Korea helped cushion markets, leaving MSCI's broadest index of Asia-Pacific shares outside Japan up 0.1%. Japan's Nikkei was shut, but futures recouped early losses to stand at 28,850 compared to the last cash close of 28,812. India's Nifty 50 started up 0.7% ahead of a speech by the country's central bank governor, which might include policy changes to support the pandemic-stricken economy.

Nasdaq futures edged up 0.3% after a sharp fall overnight, while S&P 500 futures also added 0.3%. The Nasdaq had dropped 1.9% on Tuesday as some big tech names ran into profit-taking, including Microsoft Corp, Alphabet Inc, Apple Inc and Amazon.com Inc.

Stretched valuations were tested when U.S. Treasury Secretary Janet Yellen said rate hikes may be needed to stop the economy overheating. She later walked back the comments, but it reminded investors that rates would have to rise at some point in the future. "Moderate inflation and a slow moving Fed would continue to be supportive, but inflation and a reactive Fed may prove to be a negative for valuations," said Tapas Strickland, a director of economics at NAB. "Either way yields

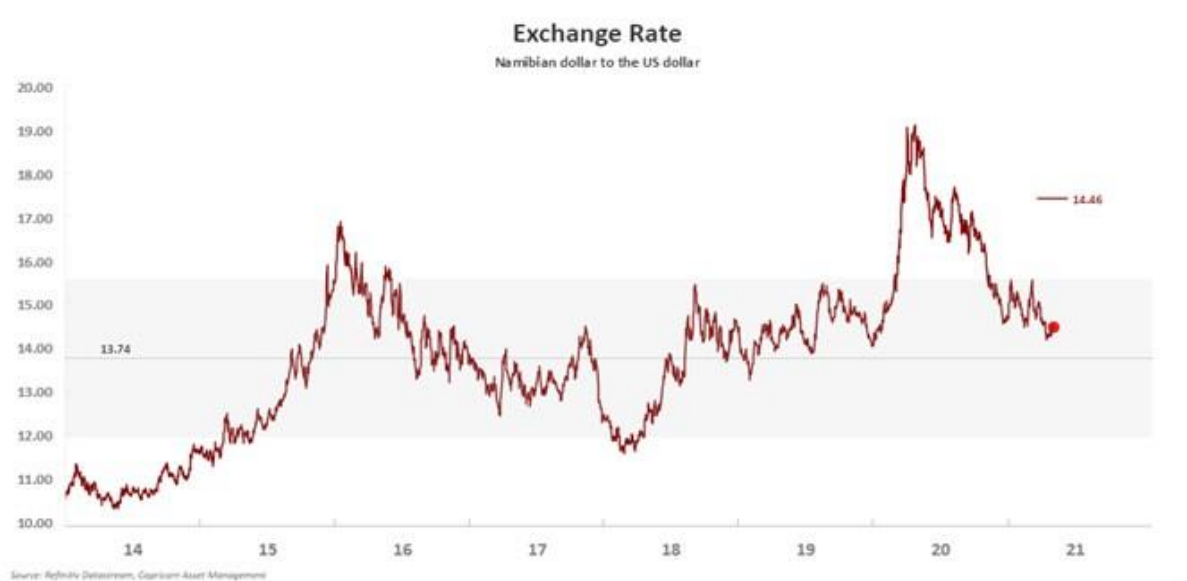
and equities are likely to be in a dance as much better than expected economic data continues to challenge central banks' rates guidance."

One such challenge looms on Friday when U.S. payrolls data are forecast to show a hefty rise of 978,000, while some estimates go as high as 2.1 million. So far, Federal Reserve Chair Jerome Powell has argued the labour market is still far short of where it needs to be to start talking of tapering asset buying. Minneapolis Fed Bank President Neel Kashkari, a notable dove, on Tuesday said it may take a few years for the economy to get back to full employment.

The Fed's dogged patience allowed yields on U.S. 10-year notes to ease back to 1.59%, from last week's top of 1.69%, though the market has struggled to break below 1.53%. Just the mention of higher U.S. rates was enough to help the dollar recoup a little of its recent losses. The euro dropped back to \$1.2020 and threatened to breach important chart support in the \$1.1995/1.2000 area. A break would open the way to a retracement target at \$1.1923.

The dollar held at 109.27 yen, having shied away from resistance at 109.61. Against a basket of currencies, the dollar eased a touch to 91.180, but remained some way above the recent two-month low of 90.422. The New Zealand dollar blipped higher to \$0.7173 when local jobs data proved stronger than expected.

In commodity markets, palladium soared to a record high on worries over short supplies of the metal used in emissions controlling devices in automobiles. Gold was left lagging at \$1,783 an ounce. Oil prices climbed to seven-week peaks as more countries opened their borders to travellers, improving the demand outlook for petrol and jet fuel. Brent added 54 cents to \$69.42 a barrel, near its highest since mid-March, while U.S. crude rose 52 cents to \$66.23 per barrel.



Domestic Markets

The South African rand weakened against a dominant dollar on Tuesday, erasing the previous day's gains as investors awaited upcoming data and policy speeches. At 1530 GMT, the rand traded at 14.4950 against the dollar, 0.6% weaker than its previous close.

In the absence of major shifts in South Africa, the rand has taken its cue from global sentiment in recent weeks. Although rand assets offer some of the highest real returns in major emerging markets, Africa's most industrialised economy faces challenges, including a rapid build-up in public debt exacerbated by the COVID-19 pandemic.

Government bonds firmed on Tuesday, with the 2030 issue yielding 9.15%, down 4 basis points.

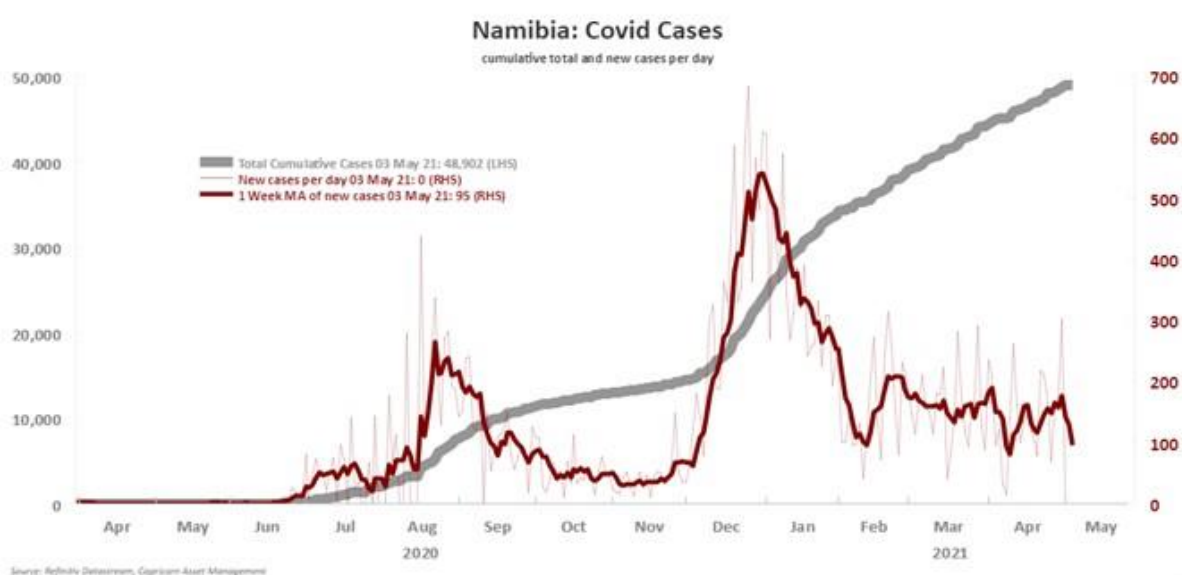
On the Johannesburg bourse, shares dropped with the opening of the U.S. market, which saw a technology-led stock sell-off. The Johannesburg Stock Exchange's all-share index closed down 0.62% at 66,174 points, and the blue-chip index dropped 0.65% to 60,376 points. The banking and industrials indices fell 0.64% and 1.18%, respectively. Bourse heavyweight Naspers lost around 2%.

Corona Tracker

GLOBAL CASES		2021-05-05		
SOURCE - REUTERS		05:54:38.710Z		
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	153,837,316	556,926	3,358,061	103,396,132

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

Source: Thomson Reuters



Government's view of the economy could be summed up in a few short phrases: If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it.

Ronald Reagan

Market Overview

MARKET INDICATORS (Thomson Reuters)				05 May 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	4.20	0.000	4.20	4.20
6 months	→	4.41	0.000	4.41	4.41
9 months	→	4.72	0.000	4.72	4.72
12 months	→	4.76	0.000	4.76	4.76
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.39	0.025	4.36	4.37
GC22 (Coupon 8.75%, BMK R2023)	↑	5.32	0.045	5.27	5.34
GC23 (Coupon 8.85%, BMK R2023)	↑	5.22	0.045	5.17	5.24
GC24 (Coupon 10.50%, BMK R186)	↑	7.63	0.050	7.58	7.68
GC25 (Coupon 8.50%, BMK R186)	↑	7.64	0.050	7.59	7.69
GC26 (Coupon 8.50%, BMK R186)	↑	7.64	0.050	7.59	7.69
GC27 (Coupon 8.00%, BMK R186)	↑	7.93	0.050	7.88	7.98
GC30 (Coupon 8.00%, BMK R2030)	↑	9.45	0.020	9.43	9.49
GC32 (Coupon 9.00%, BMK R213)	↑	10.53	0.015	10.52	10.56
GC35 (Coupon 9.50%, BMK R209)	↓	11.54	-0.035	11.57	11.59
GC37 (Coupon 9.50%, BMK R2037)	↓	12.05	-0.030	12.08	12.10
GC40 (Coupon 9.80%, BMK R214)	↓	12.77	-0.070	12.84	12.82
GC43 (Coupon 10.00%, BMK R2044)	↓	13.07	-0.050	13.12	13.14
GC45 (Coupon 9.85%, BMK R2044)	↓	13.35	-0.050	13.40	13.42
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.37	-0.040	13.41	13.42
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	→	3.89	0.000	3.89	3.89
GI25 (Coupon 3.80%, BMK NCPI)	→	4.00	0.000	4.00	4.00
GI29 (Coupon 4.50%, BMK NCPI)	→	5.65	0.000	5.65	5.65
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	↓	1,778	-0.77%	1,792	1,776
Platinum	↑	1,238	0.61%	1,230	1,226
Brent Crude	↑	68.9	1.95%	67.6	69.4
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,359	0.07%	1,358	1,359
JSE All Share	↓	66,174	-0.62%	66,586	66,174
SP500	↓	4,165	-0.67%	4,193	4,165
FTSE 100	↓	6,923	-0.67%	6,970	6,923
Hangseng	↑	28,557	0.70%	28,358	28,414
DAX	↓	14,856	-2.49%	15,236	14,856
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	12,086	-0.50%	12,147	12,086
Resources	↓	68,605	0.00%	68,606	68,605
Industrials	↓	84,576	-1.18%	85,589	84,576
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.45	0.40%	14.40	14.47
N\$/Pound	↑	20.07	0.22%	20.02	20.11
N\$/Euro	↓	17.36	0.00%	17.36	17.36
US dollar/ Euro	↓	1.201	-0.40%	1.206	1.200
		Namibia		RSA	
Interest Rates & Inflation		Apr 21	Mar 21	Apr 21	Mar 21
Central Bank Rate	→	3.75	3.75	3.50	3.50
Prime Rate	→	7.50	7.50	7.00	7.00
		Mar 21	Feb 21	Mar 21	Feb 21
Inflation	↑	3.1	2.7	3.2	2.9

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: Thomson Reuters



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