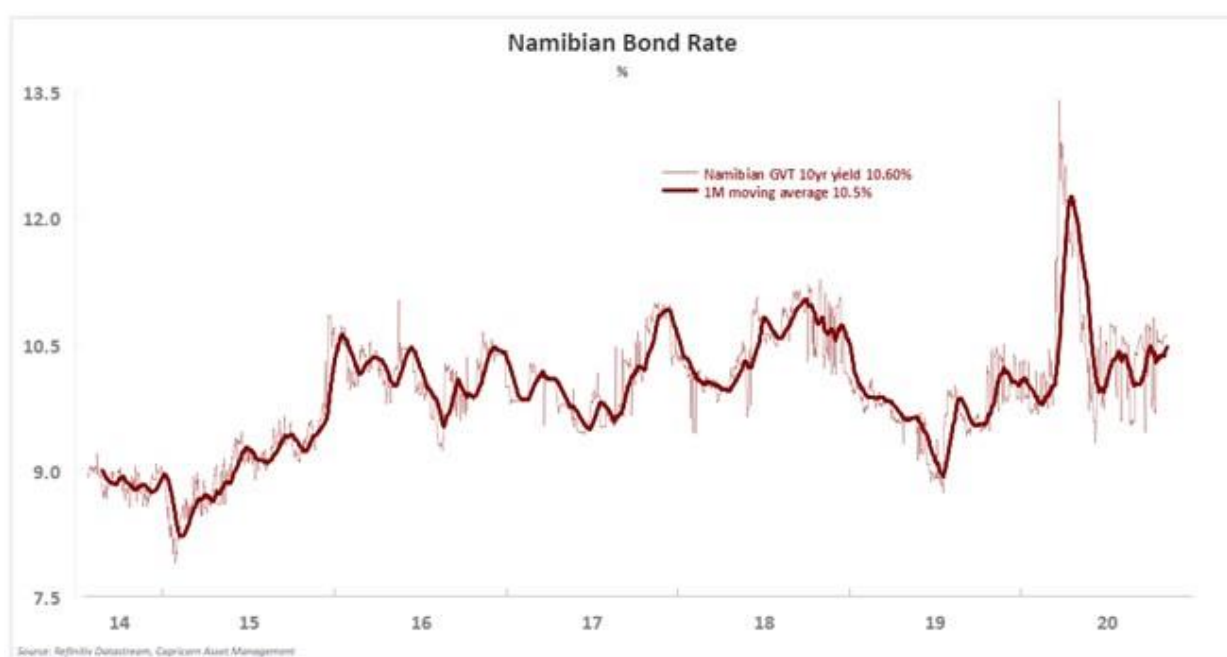




Market Update

Thursday, 05 November 2020



Global Markets

Shares climbed on Thursday and bonds extended their blistering rally as investors wagered the prospect of U.S. policy gridlock would greatly favour some industries while also restraining government borrowing. The risk of a prolonged contested election did remain, though the count was progressing in an orderly fashion with Democratic challenger Joe Biden narrowly ahead in key states.

With massive fiscal stimulus likely off the agenda, another wave of near-free liquidity seemed inevitable. "Financial markets are virtually back to the future, with monetary policy driving asset prices ever higher funded by unlimited zero-per-cent central bank money globally, and by the Federal Reserve in particular," said Jeffrey Halley, a senior market analyst at OANDA. "The election was a victory for higher equity prices, higher commodity prices, higher house prices, a rally in emerging markets and a much lower U.S. dollar."

MSCI's broadest index of Asia-Pacific shares outside Japan climbed 1.7% to reach its highest since February 2018. Japan's Nikkei rose 1.1% to a nine-month top and South Korea put on 1.7%. Chinese blue chips gained 1.1%, aided by talk a Biden White House might ease back on trade war tariffs. E-

Mini futures for the S&P 500 firmed 0.8% and NASDAQ futures 1.4%. EUROSTOXX 50 futures added 0.1% and FTSE futures 0.2%.

Both President Donald Trump and Biden have paths to 270 Electoral College votes as states tallied mail-in ballots. Biden remained optimistic on winning while the Republican incumbent filed lawsuits and demanded recounts. Betting sites swung toward Biden as the results trickled in, having earlier heavily favoured Trump. Yet the prospects of the Democrats taking the Senate also dimmed, pointing to deadlock should Biden take the White House.

"A Biden win without full Senate support means less risk of regulation and higher corporate/personal taxes," wrote analysts at Nomura in a note. "Asset market reaction over the past 24 hours confirms this view, with the US10-year yields declining sharply, and U.S. tech/structural growth stocks outperforming on prospects of less economic aid."

Bond markets assumed a divided government would greatly reduce the chance of debt-funded spending on stimulus and infrastructure next year, and thus less bond supply. That saw 10-year Treasury yields tumble all the way back to 0.74%, having touched a five-month top of 0.93% at one stage on Wednesday. The overnight drop of 11 basis points was the largest single-day move since the COVID-19 market panic of March.

The diminished chance of U.S. fiscal stimulus will pile pressure on central banks globally to inject liquidity, just as the Federal Reserve and Bank of England hold policy meetings. "Both could be interesting given the need for central banks to do more," said Chris Beauchamp, chief market analyst at IG. "The Fed in particular will have to take up its QE role again with a weary sigh, in order perhaps to provide yet another bridge to the future when, hopefully, a government stimulus package will have been agreed."

A renewed focus on Fed easing restrained the dollar, after a wild ride overnight. The dollar index was last at 93.362, a lot nearer Wednesday's low of 93.070 than the top of 94.308. Likewise, the dollar settled back to 104.26 yen having briefly been as high as 105.32 overnight. The euro held at \$1.1735, well away from a low of \$1.1602. Sterling had troubles of its own after the Telegraph newspaper reported the BoE was considering a move into negative interest rates. That left the pound flat at \$1.2961, compared with an overnight peak of \$1.3139.

All the talk of policy easing put a floor under gold prices, leaving the metal a shade firmer at \$1,907 an ounce. Oil prices ran into some profit-taking. They had jumped overnight on speculation a deadlocked U.S. government would be unable to pass major environmental legislation that favoured other forms of energy. U.S. crude eased 52 cents to \$38.63 a barrel, though that followed a rise of 4% on Wednesday, while Brent crude futures fell 57 cents to \$40.66.

Domestic Markets

The South African rand recovered against the U.S. dollar on Wednesday afternoon, as global markets whipsawed amid a far closer U.S. presidential election than polls had predicted.

At 1520 GMT, the rand was at 15.96 per dollar, 0.3% stronger than its previous close after trading more than 1% weaker against the U.S. currency in the morning session.

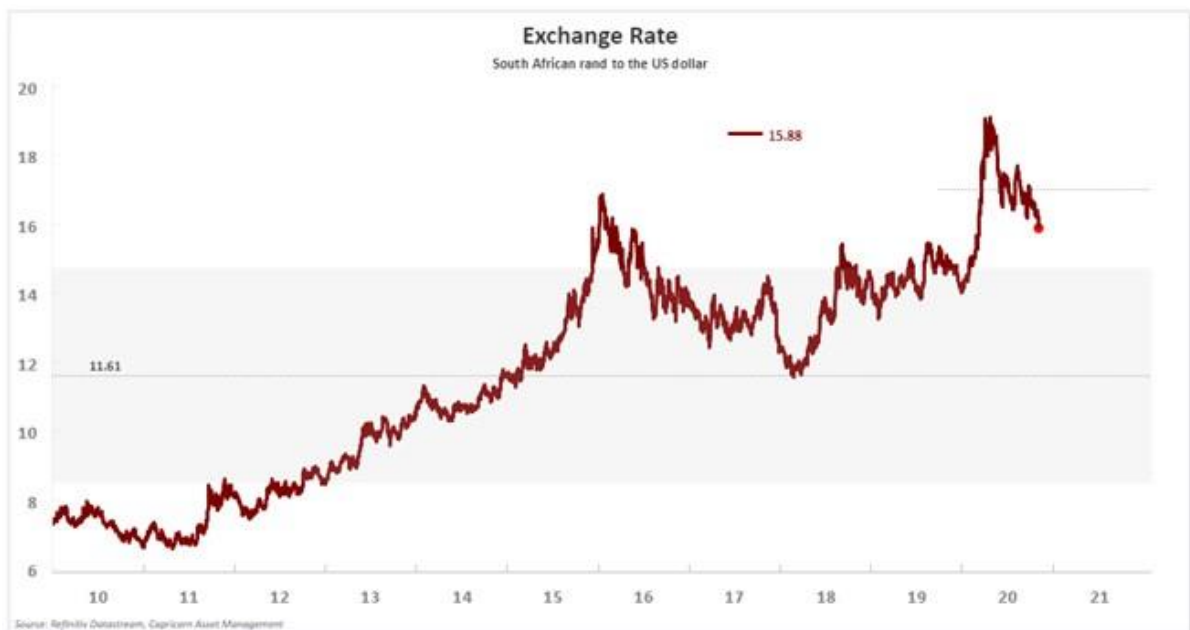
Currency markets swung wildly as votes were counted, with President Donald Trump winning in some battleground states but a final result days or even weeks away. Many had bet on a decisive win for Democratic contender Joe Biden.

Analysts predicted that trading would remain volatile in the near future. "We can look to more volatility until the election result is confirmed and certainly there will be greater instability to come if the election (result) is contested by Trump," Bianca Botes at Peregrine Treasury Solutions said in a research note.

Shares continued their advance on the Johannesburg Stock Exchange (JSE) for a third consecutive day on Wednesday as uncertainty over U.S. elections and the probability of Trump's win bolstered markets worldwide.

The all share index closed up 0.88% to 53,656 points while the top 40 companies' index ended 0.92% higher at 49,301 points. The banks however bucked the trend and halted their two-day winning streak with the bank index slipping 0.18%. Index heavyweight Naspers Ltd led gains with its shares recovering 3.41% after nosediving more than 4% on Tuesday.

South Africa's government bonds gained, with the yield on the 2030 bond down 5 basis points to 9.26%.



Source: Thomson Reuters

Corona Tracker

GLOBAL CASES		05-Nov-2020		7:17
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	48,042,930	50,210	1,224,399	32,086,142

It is enough that the people know there was an election.
The people who cast the votes decide nothing. The
people who count the votes decide everything.

Joseph Stalin

Market Overview

MARKET INDICATORS (Thomson Reuters)		05 November 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	3.85	0.000	3.85	3.85
6 months	⇒	3.93	0.000	3.93	3.93
9 months	⇒	3.91	0.000	3.91	3.91
12 months	↑	3.86	0.009	3.85	3.86
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⇒	4.03	0.000	4.03	4.03
GC22 (Coupon 8.75%, BMK R2023)	↑	4.94	0.020	4.92	4.86
GC23 (Coupon 8.85%, BMK R2023)	↑	4.84	0.020	4.82	4.76
GC24 (Coupon 10.50%, BMK R186)	↓	7.31	-0.055	7.36	7.26
GC25 (Coupon 8.50%, BMK R186)	↓	7.32	-0.055	7.37	7.27
GC26 (Coupon 8.50%, BMK R186)	↓	7.32	-0.055	7.37	7.27
GC27 (Coupon 8.00%, BMK R186)	↓	7.61	-0.055	7.66	7.56
GC30 (Coupon 8.00%, BMK R2030)	↓	9.55	-0.065	9.61	9.57
GC32 (Coupon 9.00%, BMK R213)	↓	10.73	-0.030	10.76	10.67
GC35 (Coupon 9.50%, BMK R209)	↓	11.83	-0.020	11.85	11.86
GC37 (Coupon 9.50%, BMK R2037)	↓	12.60	-0.025	12.63	12.63
GC40 (Coupon 9.80%, BMK R214)	↓	13.27	-0.020	13.29	13.22
GC43 (Coupon 10.00%, BMK R2044)	↓	13.78	-0.015	13.79	13.73
GC45 (Coupon 9.85%, BMK R2044)	↓	14.06	-0.015	14.07	14.01
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.12	-0.015	14.13	14.14
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	4.49	0.000	4.49	4.49
GI25 (Coupon 3.80%, BMK NCPI)	⇒	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	⇒	4.38	0.000	4.38	4.38
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.76	0.000	6.76	6.76
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.02	0.000	7.02	7.02
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,903	-0.27%	1,908	1,909
Platinum	↑	869	0.32%	867	872
Brent Crude	↑	41.2	3.83%	39.7	40.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,048	-0.58%	1,054	1,048
JSE All Share	↑	53,656	0.88%	53,188	53,656
SP500	↑	3,443	2.20%	3,369	3,443
FTSE 100	↑	5,883	1.67%	5,787	5,883
Hangseng	↓	24,886	-0.21%	24,940	25,529
DAX	↑	12,324	1.95%	12,089	12,324
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	10,016	0.29%	9,987	10,016
Resources	↓	49,536	-1.15%	50,113	49,536
Industrials	↑	75,313	2.53%	73,457	75,313
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	15.86	-1.21%	16.05	15.90
N\$/Pound	↓	20.59	-1.75%	20.96	20.63
N\$/Euro	↓	18.59	-1.11%	18.80	18.67
US dollar/ Euro	↑	1.172	0.09%	1.171	1.174
		Namibia		RSA	
Interest Rates & Inflation		Latest	Previous	Latest	Previous
Central Bank Rate	↓	3.75	4.00	3.50	3.75
Prime Rate	↓	7.50	7.75	7.00	7.25
		Sep 20	Aug 20	Sep 20	Aug 20
Inflation	⇒	2.4	2.4	3.0	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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