



## Market Update

Tuesday, 06 April 2021



## Global Markets

Stock markets rose on Tuesday as another batch of strong U.S. economic data bolstered the global outlook, while currency and bond markets paused for breath after a month of rapid gains in the dollar and in U.S. Treasury yields.

MSCI's broadest index of Asia-Pacific shares outside Japan advanced 0.4% to a two-week high, while Tokyo's Nikkei loitered just short of a two-week peak. The Dow and S&P 500 had closed at record peaks on Monday. Overnight, on the heels of a bumper jobs report on Good Friday, March data showed a gauge of U.S. services activity hit a record high while at the same time markets are cheering a huge \$2 trillion government spending program.

"On aggregate, it's good for the global economy and therefore that's a justification to move into more cyclical-sensitive FX pairs and to buy stocks in general," said Kyle Rodda, market analyst at brokerage IG in Melbourne. "Yields haven't budged much and so tech stocks have outperformed," he said. In Asia, chipmakers pushed Taiwan's benchmark index up 1% to a record peak and broad gains lifted Australia's ASX 200 to a seven-week high. The Shanghai Composite was steady, while Hong Kong's stock market remains closed for holidays.

European markets, which have been shut since Thursday's close, were also poised for gains with DAX futures up 1.2%, EuroSTOXX 50 futures 1% higher and FTSE futures up 0.8%. S&P 500 futures were steady. The yield on benchmark 10-year U.S. Treasuries was steady in New York, and in Asia on Tuesday it fell two basis points to 1.6860%. The U.S. dollar held at \$1.1810 per euro after posting its steepest drop in several weeks overnight.

"Considering the strength of the U.S. economic news flow since we left off on Thursday for the Easter break, the surprise ... is that U.S. bond yields are lower than they were in the middle of last week and the dollar is softer," said Ray Attrill, head of FX strategy at National Australia Bank. The dollar crept a fraction higher on the yen on Tuesday to 110.25 and was broadly steady elsewhere. The Australian dollar held at \$0.7647 ahead of a Reserve Bank of Australia policy decision due at 0430 GMT.

The pullback in yields and the greenback follows major moves upward over the first quarter, with an 83 basis point rise in 10-year yields the biggest quarterly gain in a dozen years and a 3.6% rise in the dollar index the sharpest since 2018. That has been mostly driven by investors betting on the United States leading the global recovery and forcing the U.S. Federal Reserve to hike rates sooner than expected.

Fed minutes from its March meeting are due on Wednesday, although they will not address the most recent data surprises. Fed Funds markets have priced in a full rate hike by the end of 2022 while Eurodollar markets have it priced by December. "What needs to be tested is how the Fed reinforces and reassures on its flexible average inflation target policy," said Vishnu Varathan, head economist at Mizuho Bank in Singapore. "The dollar's past few weeks of movement reflects markets moving ahead despite what the Fed has said," he added.

The dollar's overnight wobble helped oil prices higher and Brent crude futures rose 1.2% to \$62.91 a barrel while U.S. crude climbed by the same margin to \$59.35 a barrel. Gold tacked on 0.3% to \$1,733 an ounce.



## Domestic Markets

South Africa's rand extended gains against the U.S. dollar on Thursday, as positive manufacturing activity and new vehicle sales data pointed to a recovery in the economy. At 1515 GMT the rand was 0.76% firmer at 14.6525 per dollar, making advances from the previous session that were spurred by a bigger-than-expected trade surplus.

On Thursday, a survey showed manufacturing activity expanded for a third month in a row in March. Separately, data showed new vehicles sales were up by nearly 32% in March. "Previous data releases of private sector credit extension as well as vehicle and retail sales pointed towards sluggish consumer demand over the past few months," Pieter du Preez at NKC African Economics said. "Yet, the latest vehicle sales data is the first release suggesting that consumers are willing to start spending again."

South Africa's economy contracted by 7% in 2020, its worst annual decline in a century, after the COVID-19 pandemic disrupted economic activity. Shares on the Johannesburg Stock Exchange (JSE) rallied on Thursday, ending the week on a higher note as financial markets in South Africa closed for a four-day long weekend.

The markets were buoyed on the back of stabilising U.S. treasury yields and a massive multi-trillion-dollar infrastructure package by President Joe Biden to boost local growth. The benchmark all-share index went up 1.13% to end the day at 67,236 points while the bluechip top 40 companies index closed up 1.16% to 61,590 points.

"Everything in the last month or so has been driven by fears of what the U.S. long bond interest rate is doing..., because ultimately the share market is supported by low interest rates," said Wayne McCurrie, portfolio manager at local bank FNB. He said that whenever the markets turn sanguine about rates being stable, there is a bounce in share prices globally.

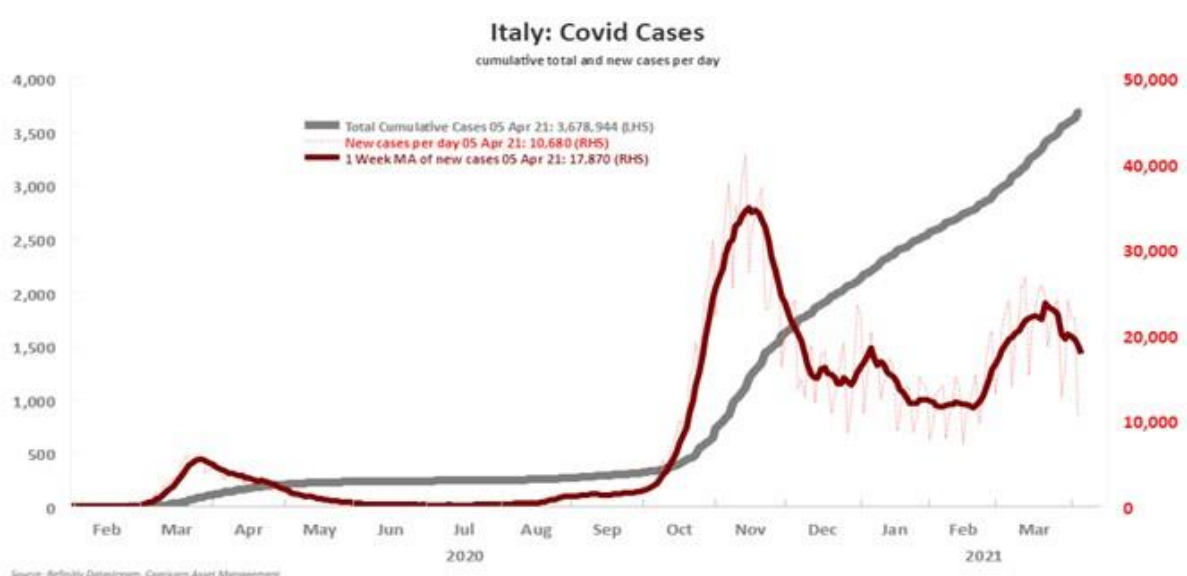
Bonds weakened, with the yield on the benchmark 2030 paper up 8 basis to 9.565%.

## Corona Tracker

GLOBAL CASES		06-Apr-2021		5:36
SOURCE - REUTERS		Confirmed Cases	New Cases	Total Deaths
		Total Recovered		
GLOBAL	131,565,943	309,759	2,995,975	86,784,344

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

Source: Thomson Reuters



## Market Overview

MARKET INDICATORS (Thomson Reuters)				06 April 2021	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↔	4.20	0.000	4.20	4.20
6 months	↔	4.43	0.000	4.43	4.43
9 months	↔	4.78	0.000	4.78	4.78
12 months	↓	4.87	-0.010	4.88	4.87
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (Coupon 7.75%, BMK R208)	↔	4.44	0.000	4.44	#VALUE!
GC22 (Coupon 8.75%, BMK R2023)	↔	5.99	0.000	5.99	5.96
GC23 (Coupon 8.85%, BMK R2023)	↔	5.89	0.000	5.89	5.86
GC24 (Coupon 10.50%, BMK R186)	↔	7.85	0.000	7.85	7.83
GC25 (Coupon 8.50%, BMK R186)	↔	7.86	0.000	7.86	7.84
GC26 (Coupon 8.50%, BMK R186)	↔	7.86	0.000	7.86	7.84
GC27 (Coupon 8.00%, BMK R186)	↔	8.15	0.000	8.15	8.13
GC30 (Coupon 8.00%, BMK R2030)	↔	9.87	0.000	9.87	9.85
GC32 (Coupon 9.00%, BMK R213)	↔	10.96	0.000	10.96	10.94
GC35 (Coupon 9.50%, BMK R209)	↔	11.98	0.000	11.98	11.95
GC37 (Coupon 9.50%, BMK R2037)	↔	12.52	0.000	12.52	12.49
GC40 (Coupon 9.80%, BMK R214)	↔	13.21	0.000	13.21	13.18
GC43 (Coupon 10.00%, BMK R2044)	↔	13.54	0.000	13.54	13.51
GC45 (Coupon 9.85%, BMK R2044)	↔	13.82	0.000	13.82	13.79
GC50 (Coupon 10.25%, BMK: R2048)	↔	13.83	0.000	13.83	13.81
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (Coupon 3.55%, BMK NCPI)	↔	3.89	0.000	3.89	3.89
GI25 (Coupon 3.80%, BMK NCPI)	↔	4.05	0.000	4.05	4.05
GI29 (Coupon 4.50%, BMK NCPI)	↔	5.73	0.000	5.73	5.73
GI33 (Coupon 4.50%, BMK NCPI)	↔	6.85	0.000	6.85	6.85
GI36 (Coupon 4.80%, BMK NCPI)	↔	7.35	0.000	7.35	7.35
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,728	-0.02%	1,729	1,738
Platinum	↓	1,209	-0.07%	1,210	1,213
Brent Crude	↓	62.2	-4.18%	64.9	62.7
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↔	1,336	0.00%	1,336	1,336
JSE All Share	↔	67,236	0.00%	67,236	67,236
SP500	↑	4,078	1.44%	4,020	4,078
FTSE 100	↔	6,737	0.00%	6,737	6,737
Hangseng	↔	28,939	0.00%	28,939	28,939
DAX	↔	15,107	0.00%	15,107	15,107
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↔	12,166	0.00%	12,166	12,166
Resources	↔	66,915	0.00%	66,915	66,915
Industrials	↔	89,425	0.00%	89,425	89,425
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	14.55	-0.69%	14.65	14.55
N\$/Pound	↓	20.21	-0.22%	20.26	20.24
N\$/Euro	↓	17.18	-0.28%	17.23	17.18
US dollar/ Euro	↑	1.181	0.42%	1.176	1.181
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Mar 21</b>	<b>Feb 21</b>	<b>Mar 21</b>	<b>Feb 21</b>
Central Bank Rate	↔	3.75	3.75	3.50	3.50
Prime Rate	↔	7.50	7.50	7.00	7.00
		<b>Feb 21</b>	<b>Jan 21</b>	<b>Feb 21</b>	<b>Jan 21</b>
Inflation	↔	2.7	2.7	2.9	3.2

**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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