

The Daily Brief



Market Update

Friday, 06 August 2021



Global Markets

Asian shares failed to catch a firm lead from a bumper Wall Street session on Friday as the spread of the Delta variant of the coronavirus across the region heightened worries about the economic recovery.

MSCI's broadest index of Asia-Pacific shares outside Japan lost 0.35%, dragged down by Chinese blue chips, which fell 0.56% and Hong Kong down 0.46%. Japan's Nikkei rose 0.11%. "There are two main drivers of volatility in the market this week, firstly everything surrounding the Chinese regulatory drive, and secondly the severity of Delta outbreaks around the region," said Carlos Casanova, senior economist Asia at UBP.

China on Friday reported 124 confirmed cases for Aug. 5, its highest daily count for new coronavirus cases in the current outbreak, fuelled by a surge in locally transmitted infections. Authorities have imposed travel restrictions in some cities. Thailand and Malaysia both reported record daily cases on Thursday.

While the MSCI Asian benchmark has clawed back much of last week's China-driven losses, it is still down just over 10% from all-time highs hit in February. In contrast, the MSCI world shares index is trading just shy of a record high hit on Wednesday. "International investors are still wrapping their

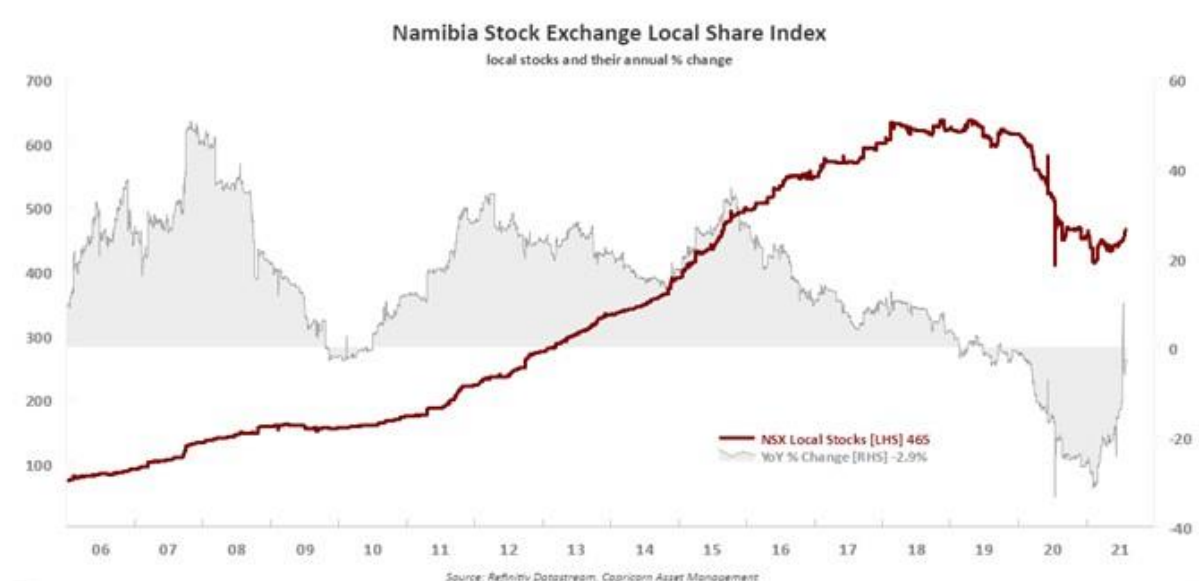
head around what happened in the education sector (in China), and expect that will continue to drive sentiment," said Casanova. "The regulatory drive is not over yet, it should continue to be a factor in the next three to six months or so," he said.

Elsewhere in the region, PT Bukalapak.com, an Indonesian e-commerce company backed by Ant Group and Singapore sovereign fund GIC, rose 24.7% on its market debut after raising \$1.5 billion in the country's biggest ever initial public offering. Analysts say the listing will set the benchmark for IPO hopefuls in a region where global investors are chasing fast growing companies.

The Nasdaq and S&P 500 closed at record levels on Thursday after a spate of strong corporate earnings and a further decline in U.S. unemployment claims. Eyes are now on the jobs report for July due later today. U.S. stock futures, the S&P 500 e-minis, were down 0.1%.

Treasury yields extended their gains in Asian hours, having earlier been helped by the healthy jobless claims report. Benchmark 10-year Treasury notes yields rose to 1.2369% compared with its U.S. close of 1.217% on Thursday. This had a knock-on effect for the dollar, which rose against the yen to a week high. The stronger dollar and potential for higher yields hurt gold. The spot price fell 0.12% to \$1,801.81.

Oil paused for breath in early Asian trading on Friday, but was set for its biggest weekly loss since October after falls earlier in the week due to rising COVID-19 cases and a surprise build in U.S. crude stockpiles. U.S. crude was \$69.1 a barrel, up 0.01%. Brent crude was \$71.28 per barrel, down 0.01%.



Domestic Markets

South African stocks fell on Thursday, led by mining companies as gold fell to test the pivotal \$1,800 support level after hawkish comments from a key Federal Reserve official raised early tapering bets.

The Johannesburg All-Share index slipped 0.76% while the Top 40 index declined 0.88%. The mining index dropped 3.6% led by Harmony Gold, Royal Bafokeng Platinum, Sibanye-Stillwater and Northam Platinum down 4.5%, 4.0%, 3.99% and 3.97% respectively. Spot gold was down 0.36% to \$1,804.84 per ounce, while platinum fell 1.52% by 1620 GMT.

U.S. Federal Reserve Vice Chair Richard Clarida said conditions for an interest rate hike could be met in late 2022, setting the stage for a move in early 2023. Clarida also suggested the U.S. central bank

could start cutting back on its asset purchase programme later this year. Higher interest rates raise the opportunity cost of holding non-interest bearing gold.

Among other notable decliners was paper and packaging group Sappi, down 5.99%, after it said the impact of violent protests in KwaZulu-Natal province was expected to shave \$16 million off fourth quarter core profit. Bucking the downward trend was department store chain Woolworths Holdings, up 5.30% after the owner of Australia's David Jones stores said it expects its full year headline earnings per share to rise as much as 215%.

In the currency market, the rand traded at 14.3744 to the dollar, marginally down 0.06% from its previous close, and down from a three-week high of 14.2275 hit on Wednesday, also reacting to the hawkish Fed official's remarks. Higher U.S. interest rates subdue the appeal of riskier but high-yielding currencies such as the rand.

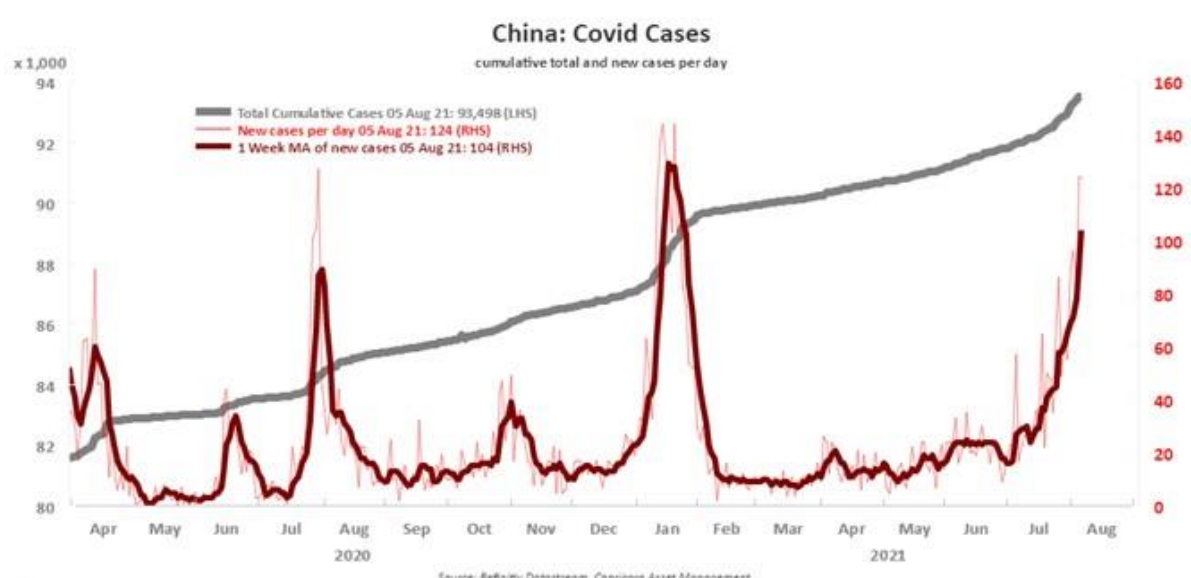
Market focus was on U.S. non-farm payroll numbers due on Friday. The data is an important parameter to determine the Fed's future policy stance. "Markets are likely to remain cautious ahead of the much-anticipated (non-farm payroll) data tomorrow," Nedbank analysts wrote in a note.

Overnight President Ramaphosa announced ten cabinet changes including to the Department of Finance where the historically market-friendly and very experienced Enoch Godongwana replaces reluctant Minister Tito Mboweni. The new minister holds a master's degree in financial economics from the University of London and has been the deputy minister of both Public Enterprises and Economic Development. The ZAR blew out to 14.7485 before recovering to the current 14.5219. The reshuffle saw the Minister of Defence booted and State Security brought into the Presidency, but Police Minister Cele kept his job. Dr Joe Phaahla is the new Minister of Health.

Corona Tracker

GLOBAL CASES		06-Aug-2021	
SOURCE - REUTERS			
	Confirmed Cases	New Cases	Total Deaths
GLOBAL	200,797,129	391,784	4,426,306

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				06 August 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	4.28	0.000	4.28	4.28
6 months	↓	4.51	-0.008	4.52	4.51
9 months	→	4.78	0.000	4.78	4.78
12 months	↑	4.91	0.008	4.91	4.91
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.50	0.050	4.45	5.16
GC22 (Coupon 8.75%, BMK R2023)	↑	5.71	0.050	5.66	5.71
GC23 (Coupon 8.85%, BMK R2023)	↑	5.61	0.050	5.56	5.61
GC24 (Coupon 10.50%, BMK R186)	↑	7.66	0.010	7.65	7.65
GC25 (Coupon 8.50%, BMK R186)	↑	7.67	0.010	7.66	7.66
GC26 (Coupon 8.50%, BMK R186)	↑	7.67	0.010	7.66	7.66
GC27 (Coupon 8.00%, BMK R186)	↑	7.96	0.010	7.95	7.95
GC30 (Coupon 8.00%, BMK R2030)	↑	9.18	0.020	9.16	9.18
GC32 (Coupon 9.00%, BMK R213)	↑	10.18	0.020	10.16	10.18
GC35 (Coupon 9.50%, BMK R209)	↑	11.16	0.025	11.13	11.14
GC37 (Coupon 9.50%, BMK R2037)	↑	11.65	0.035	11.61	11.63
GC40 (Coupon 9.80%, BMK R214)	↑	12.51	0.015	12.49	12.49
GC43 (Coupon 10.00%, BMK R2044)	↑	12.75	0.020	12.73	12.74
GC45 (Coupon 9.85%, BMK R2044)	↑	13.03	0.020	13.01	13.02
GC48 (Coupon 10.00%, BMK R2048)	↑	13.12	0.020	13.10	13.10
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.06	0.020	13.04	13.04
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	→	3.95	0.000	3.95	3.95
GI25 (Coupon 3.80%, BMK NCPI)	→	4.00	0.000	4.00	4.00
GI27 (Coupon 4.00%, BMK NCPI)	→	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	→	6.19	0.000	6.19	6.19
GI33 (Coupon 4.50%, BMK NCPI)	→	7.01	0.000	7.01	7.01
GI36 (Coupon 4.80%, BMK NCPI)	→	7.61	0.000	7.61	7.61
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,804	-0.41%	1,811	1,799
Platinum	↓	1,005	-1.99%	1,026	1,005
Brent Crude	↑	71.3	1.29%	70.4	71.4
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,497	0.05%	1,497	1,497
JSE All Share	↓	68,371	-0.76%	68,898	68,371
SP500	↑	4,429	0.60%	4,403	4,429
FTSE 100	↓	7,120	-0.05%	7,124	7,120
Hangseng	↓	26,205	-0.84%	26,427	26,232
DAX	↑	15,745	0.33%	15,692	15,745
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	13,559	3.55%	13,095	13,559
Resources	↓	69,148	-3.63%	71,750	69,148
Industrials	↓	86,202	-0.04%	86,237	86,202
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.49	0.85%	14.37	14.52
N\$/Pound	↑	20.19	1.13%	19.96	20.20
N\$/Euro	↑	17.15	0.82%	17.01	17.17
US dollar/ Euro	↓	1.183	-0.03%	1.184	1.182
		Namibia		RSA	
Interest Rates & Inflation		Jun 21	May 21	Jun 21	May 21
Central Bank Rate	→	3.75	3.75	3.50	3.50
Prime Rate	→	7.50	7.50	7.00	7.00
		Jun 21	May 21	Jun 21	May 21
Inflation	↑	4.1	3.8	4.9	5.2

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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