

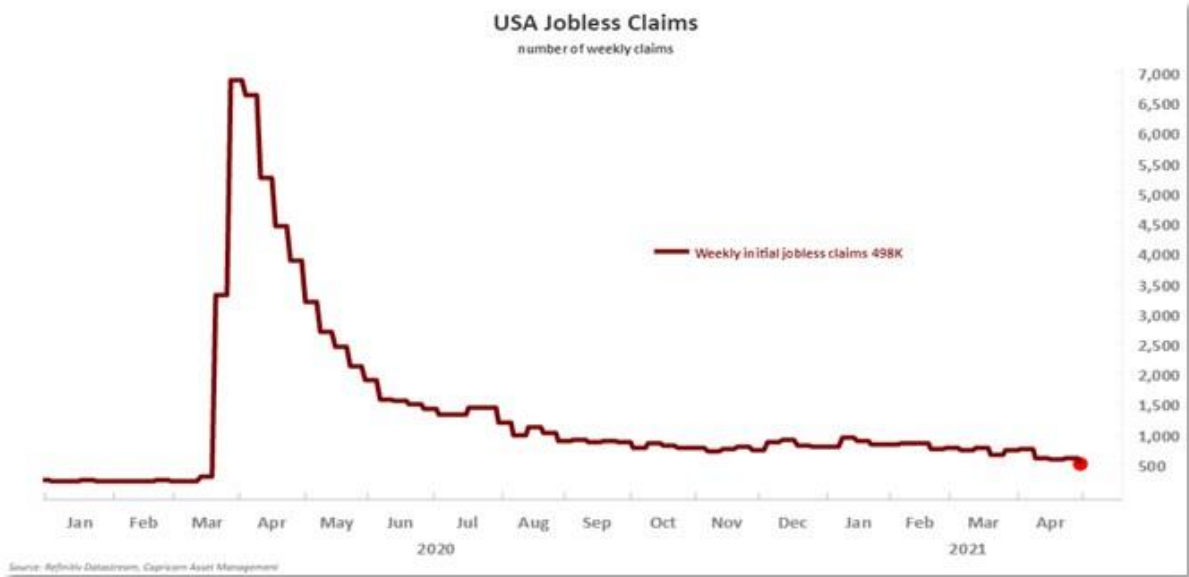


The Daily Brief

Capricorn Asset Management

Market Update

Friday, 07 May 2021



Global Markets

Global stocks headed for their first weekly gain in three amid a surge in commodity prices, while traders braced for a key U.S. jobs report later on Friday that could provide clues on when the Federal Reserve will ease back on monetary stimulus.

MSCI's benchmark for global equity markets, which tracks stocks in 50 countries, edged up about 0.1%, on course for a 0.4% gain this week. Its broadest index of Asia-Pacific shares outside Japan ticked up by about 0.4% on Friday, with China's blue chips and Japan's Nikkei each gaining about 0.3%.

Aluminium prices approached levels last seen in 2018 and copper flirted with 10-year peaks as investors bet on a rapid global recovery from the pandemic, led by the United States. Overnight, Wall Street investors piled into economically-sensitive stocks on the reflation trade, driving the Dow Jones Industrial Average to a record high close on Thursday.

The Dow rose 0.9%, the S&P 500 gained 0.8% and the Nasdaq Composite added 0.4%. S&P futures pointed to further gains, rising 0.2% on Friday. U.S. shares rallied, led by financials and industrials, after a report showed the number of Americans filing new claims for unemployment benefits fell below 500,000 last week for the first since the COVID-19 pandemic started, signalling the labour

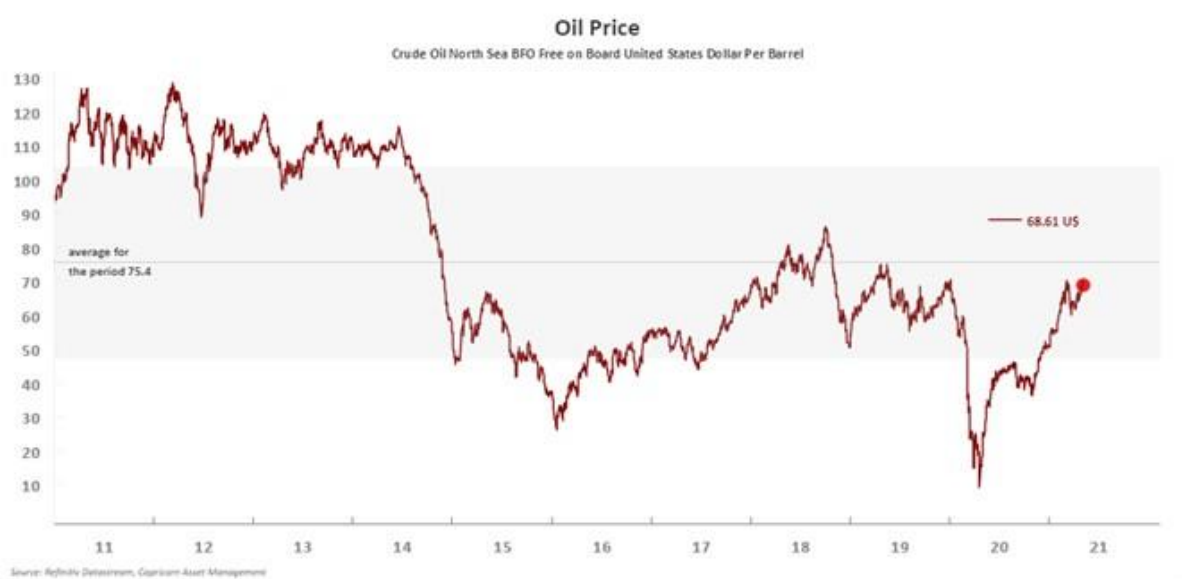
market recovery entered a new phase amid a booming economy. The Russell 1000 Value index gained 0.8%, outpacing the Russell 1000 Growth index, which rose 0.5%.

The focus now shifts to Friday's non-farm payrolls report, with estimates ranging widely between 700,000 and more than 2 million jobs having been created in April. "Get ready for payrolls, they could be huge," Chris Weston, head of research at broker Pepperstone in Melbourne, wrote in a note for clients. "The commodity space is the talk," and financials are the "bull play" going into the payrolls report, he said.

The safe-haven dollar sank to its lowest level this week against a basket of major peers on Friday ahead of the jobs report, as firmness in global stock markets boosted risk appetite. The dollar index dipped to 90.837, and was on track for a 0.4% decline this week.

Treasury yields hovered near the lowest level this month on Friday, further removing support for the greenback, after bond traders largely shrugged off the better-than-expected initial jobless claims data and waited for the non-farm payrolls report to provide market direction. The 10-year Treasury note yielded 1.5714% early in the Asian session.

Gold headed for a 2.5% weekly gain, the most since December, as the weaker dollar and easing Treasury yields propelled the precious metal, an inflation hedge, above the key \$1,800 an ounce psychological level to last trade at \$1,813.54.



Domestic Markets

The South African rand rallied on Thursday as the governing African National Congress (ANC) stood by a decision to suspend one of its top officials charged with corruption and global risk appetite was strong. At 1620 GMT, the rand traded at 14.2200 against the dollar, up roughly 1% on the day.

Other emerging market currencies, including the Russian rouble and Turkish lira, also gained as investors took comments by Federal Reserve officials on Wednesday to mean that U.S. interest rates would stay low despite the risk of higher inflation.

The ANC's move earlier this week to suspend its Secretary General Ace Magashule, one of reform-minded President Cyril Ramaphosa's main rivals, has boosted the rand as it is seen as a sign that Ramaphosa is in the ascendancy in his divided party. Magashule is attempting to appeal his suspension and denies the corruption charges he faces. But an ANC spokesman said on Thursday

that Magashule's attempt to retaliate by suspending Ramaphosa had not worked and that Magashule remained temporarily stripped of his duties.

Investment bank UBS said in a note that the ANC ructions were among factors to watch, while the weak state of public finances remained as risks for the rand.

Johannesburg-listed stocks rose slightly on Thursday, with the Top-40 Index closing 0.28% higher at 61,706 points and the All-Share Index up 0.39% at 67,609 points. Gold miners, bolstered by rising prices for the precious metal, were among the biggest winners of the day, led by a 3% gain in both AngloGold Ashanti and Gold Fields. Gold Fields on Thursday announced plans for big capital spending in 2021 and said its production guidance for the year remained unchanged. Other industries like financial firms and retailers saw their shares boosted by the stronger rand.

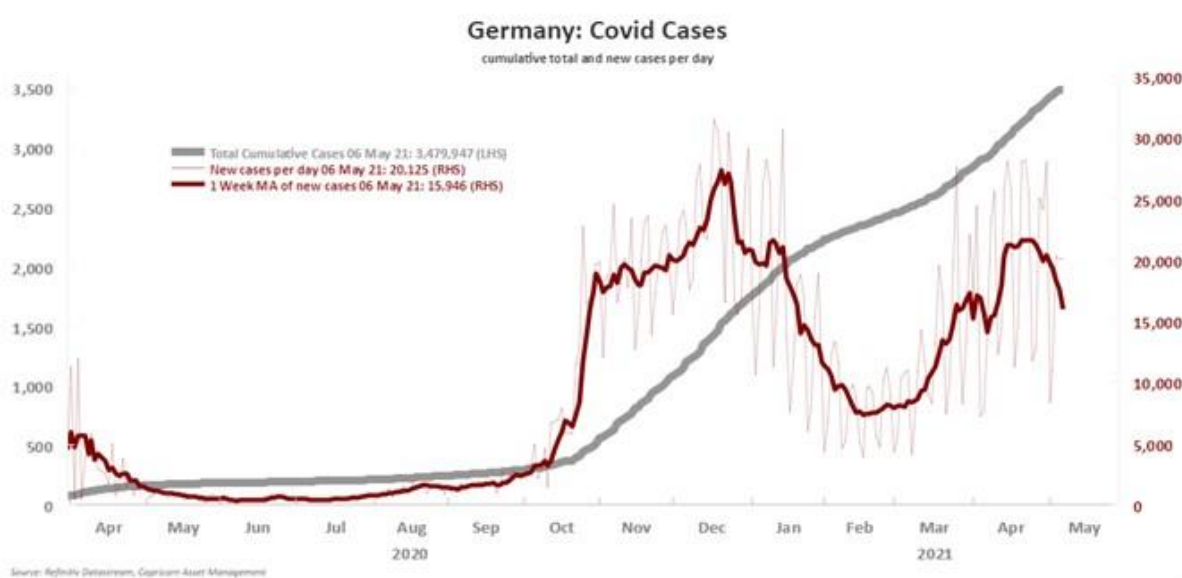
Government bonds edged higher, with the yield on the 2030 instrument dropping 4 basis points to 9.08%.

Corona Tracker

GLOBAL CASES		07-May-2021		5:52
SOURCE - REUTERS		Confirmed Cases	New Cases	Total Deaths
				Total Recovered
GLOBAL	155,466,820	615,005	3,386,679	104,855,208

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

Source: Thomson Reuters



Whenever you find yourself on the side of the majority, it is time to pause and reflect.

Mark Twain

Market Overview

MARKET INDICATORS (Thomson Reuters)				07 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	⬆	4.42	0.008	4.41	4.42
9 months	⬆	4.73	0.008	4.72	4.73
12 months	⬆	4.78	0.016	4.77	4.78
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⬆	4.41	0.015	4.39	4.40
GC22 (Coupon 8.75%, BMK R2023)	⬆	5.35	0.015	5.34	5.31
GC23 (Coupon 8.85%, BMK R2023)	⬆	5.25	0.015	5.24	5.21
GC24 (Coupon 10.50%, BMK R186)	⬇	7.61	-0.045	7.65	7.63
GC25 (Coupon 8.50%, BMK R186)	⬇	7.62	-0.045	7.66	7.64
GC26 (Coupon 8.50%, BMK R186)	⬇	7.62	-0.045	7.66	7.64
GC27 (Coupon 8.00%, BMK R186)	⬇	7.91	-0.045	7.95	7.93
GC30 (Coupon 8.00%, BMK R2030)	⬇	9.38	-0.055	9.44	9.40
GC32 (Coupon 9.00%, BMK R213)	⬇	10.44	-0.065	10.50	10.46
GC35 (Coupon 9.50%, BMK R209)	⬇	11.45	-0.065	11.51	11.48
GC37 (Coupon 9.50%, BMK R2037)	⬇	11.95	-0.075	12.02	11.97
GC40 (Coupon 9.80%, BMK R214)	⬇	12.67	-0.070	12.74	12.70
GC43 (Coupon 10.00%, BMK R2044)	⬇	12.98	-0.070	13.05	13.00
GC45 (Coupon 9.85%, BMK R2044)	⬇	13.26	-0.070	13.33	13.28
GC50 (Coupon 10.25%, BMK: R2048)	⬇	13.28	-0.065	13.34	13.29
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	⬆	1,815	1.61%	1,786	1,818
Platinum	⬆	1,253	2.26%	1,225	1,246
Brent Crude	⬇	68.1	-1.26%	69.0	68.4
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,415	0.70%	1,405	1,415
JSE All Share	⬆	67,609	0.39%	67,346	67,609
SP500	⬆	4,202	0.82%	4,168	4,202
FTSE 100	⬆	7,076	0.52%	7,039	7,076
Hangseng	⬆	28,637	0.77%	28,418	28,598
DAX	⬆	15,197	0.17%	15,171	15,197
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆	12,567	1.70%	12,356	12,567
Resources	⬇	69,984	-0.52%	70,351	69,984
Industrials	⬆	86,103	0.53%	85,649	86,103
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	14.19	-1.14%	14.36	14.23
N\$/Pound	⬇	19.71	-1.26%	19.96	19.77
N\$/Euro	⬇	17.12	-0.65%	17.23	17.15
US dollar/ Euro	⬆	1.206	0.49%	1.201	1.205
		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



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer’s judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
