



Market Update

Wednesday, 08 July 2020



Global Markets

Asian stocks dithered on Wednesday as an increase in new coronavirus cases in some parts of the world cast doubts over the economic recovery while oil prices eased on oversupply fears.

MSCI's broadest index of Asia-Pacific shares outside Japan were a tad lower after hitting a 4-1/2 month high just on Tuesday. Chinese shares flickered between green and red. Australian shares were down 0.4% as were indexes for New Zealand and South Korea. Japan's Nikkei was off 0.1% and Hong Kong's Hang Seng index was slightly firmer. E-mini futures for the S&P 500 added 0.18%.

Overnight, U.S. stocks fell, halting a five-day winning streak by the benchmark S&P 500 index, its longest this year and driven by better-than-expected economic data. Following the recent rally, the declines looked like a consolidation, with the markets largely in "wait and see mode" ahead of the upcoming earnings session, said NAB economist Tapas Strickland. Second-quarter earnings season will begin in earnest from next week. "It will be important to watch the number of U.S. deaths in coming weeks and whether greater questions will be asked about the extent of necessary restrictions," Strickland added.

California reported more than 10,000 coronavirus cases on Tuesday, a record rise for a single day that also surpassed the number of contact tracers recently trained by the state to detect and prevent potential outbreaks.

Coronavirus cases were also on the rise in the Australian state of Victoria, which led to lockdown measures being reimposed in Melbourne, the country's second-biggest city. "The second wave of infection will see Victorian economic activity fall sharply and it will continue to lag the rest of Australia," said NAB economist Kaixin Owyong. Victoria makes up around a quarter of Australian economic activity, she said.

Citi analysts predicted global equities would hang around current levels in twelve months' time. "We expect bullish and bearish forces to cancel each-other out," they said in a note. "We would not chase markets higher from current levels, but would prefer to wait for the next dip." Citi has "overweight" positions on U.S. and Emerging Markets equities.

Most major currencies were trapped in a range. The U.S. dollar was 0.15% higher on the Japanese yen at 107.65. The risk sensitive Australian and New Zealand dollars were a shade weaker at \$0.6940 and \$0.6544, respectively. The euro was barely changed at \$1.1273.

In commodities, gold hovered near a recent 8-1/2 year peak as investors preferred safe-haven assets. Spot gold was last a shade weaker after two straight days of gains at 1,792.5 per ounce. Brent crude futures fell 8 cents, or 0.2%, to \$43 a barrel. U.S. West Texas Intermediate (WTI) crude futures slipped 6 cents, or 0.15%, to \$40.56 a barrel.

Domestic Markets

South Africa's rand weakened on Tuesday as worries over surges in coronavirus infections reactivated investor concerns about the economic impact of the pandemic.

At 1505 GMT, the rand was 0.69% weaker at 17.1175 per dollar.

Deaths from the coronavirus pandemic in India surpassed 20,000 and case numbers increased, with infections in the United States also jumping, dampening global enthusiasm over the easing of lockdowns.

Locally, COVID-19 deaths passed the 3,000 mark, with infections at more than 200,000.

"Despite the recent easing of local lockdown measures, the current levels of activity in markets have yet to suggest any recovery," analysts at Nedbank said in a note. "The rand is currently trading in the middle of the short-term technical range, and the objective on the downside remains around the 16.7000 level."

Stocks bucked a global trend of a fall in share prices, with the benchmark FTSE/JSE All Share index up 0.77% to end the day at 55,267 points and the FTSE/JSE Top 40 Companies' Index closing up 0.9% to 50,958 points.

Bonds were weaker, with the yield on the benchmark 2030 government issue rising 15 basis points to 9.665%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES		08-Jul-2020		4:16
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	11,852,510	186,052	542,706	6,200,857



Market Overview

MARKET INDICATORS (Thomson Reuters)				08 July 2020	
Money Market TB's					
		Last close	Difference	Prev close	Current Spot
3 months	↓	4.40	-0.008	4.40	4.40
6 months	→	4.56	0.000	4.56	4.56
9 months	↑	4.66	0.008	4.65	4.66
12 months	↑	4.70	0.008	4.70	4.70
Nominal Bonds					
		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	→	4.07	0.000	4.07	4.07
GC22 (BMK: R2023)	↑	5.97	0.065	5.90	5.97
GC23 (BMK: R2023)	↑	5.95	0.065	5.88	5.95
GC24 (BMK: R186)	↑	8.29	0.125	8.17	8.29
GC25 (BMK: R186)	↑	8.34	0.125	8.22	8.34
GC27 (BMK: R186)	↑	8.42	0.125	8.30	8.42
GC30 (BMK: R2030)	↑	10.30	0.175	10.13	10.30
GC32 (BMK: R213)	↑	11.02	0.165	10.86	11.02
GC35 (BMK: R209)	↑	12.29	0.155	12.13	12.29
GC37 (BMK: R2037)	↑	12.77	0.130	12.64	12.77
GC40 (BMK: R214)	↑	13.07	0.150	12.92	13.07
GC43 (BMK: R2044)	↑	13.67	0.130	13.54	13.67
GC45 (BMK: R2044)	↑	13.84	0.130	13.71	13.84
GC50 (BMK: R2048)	↑	13.85	0.120	13.73	13.85
Inflation-Linked Bonds					
		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	→	4.49	0.000	4.49	4.49
GI25 (BMK: NCPI)	→	4.49	0.000	4.49	4.49
GI29 (BMK: NCPI)	→	5.98	0.000	5.98	5.98
GI33 (BMK: NCPI)	→	6.70	0.000	6.70	6.70
GI36 (BMK: NCPI)	→	6.99	0.000	6.99	6.99
Commodities					
		Last close	Change	Prev close	Current Spot
Gold	↑	1,794	0.60%	1,784	1,794
Platinum	↑	835	2.73%	813	834
Brent Crude	↓	43.1	-0.05%	43.1	43.0
Main Indices					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,054	0.03%	1,054	1,054
JSE All Share	↑	55,244	0.72%	54,846	55,244
SP500	↓	3,145	-1.08%	3,180	3,145
FTSE 100	↓	6,190	-1.53%	6,286	6,190
Hangseng	↓	25,976	-1.38%	26,339	26,026
DAX	↓	12,617	-0.92%	12,733	12,617
JSE Sectors					
		Last close	Change	Prev close	Current Spot
Financials	↓	10,087	-0.47%	10,135	10,087
Resources	↑	52,017	1.71%	51,142	52,017
Industrials	↑	76,856	0.55%	76,435	76,856
Forex					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.16	1.17%	16.96	17.16
N\$/Pound	↑	21.52	1.56%	21.19	21.55
N\$/Euro	↑	19.34	0.84%	19.18	19.35
US dollar/ Euro	↓	1.127	-0.34%	1.131	1.127
<div style="display: flex; justify-content: space-around;"> Namibia RSA </div>					
Economic data					
		Latest	Previous	Latest	Previous
Inflation	↑	2.1	1.6	3.0	4.1
Prime Rate	↓	7.75	8.00	7.25	7.75
Central Bank Rate	↓	4.00	4.25	3.75	4.25

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



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**
