



## Market Update

Monday, 08 June 2020

### Global Markets

U.S. stock futures and Asian shares advanced on Monday after a surprise recovery in U.S. employment gave further confidence of a quick economic recovery after many weeks of lockdowns aimed at controlling the coronavirus pandemic.

U.S. S&P500 futures rose 0.5% to stand near their highest levels since late February while Japan's Nikkei opened more than 1% higher. MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.3% in early trade, with South Korea's Kospi rising 1.4%. The Australian share market was closed for a holiday.

U.S. nonfarm payrolls rose by 2.509 million jobs last month - in contrast with consensus estimates of a fall in 8 million jobs after a record plunge of 20.687 million in April. The Labour Department's closely watched employment report also showed the jobless rate falling to 13.3% last month from 14.7% in April, a post-World War Two high. Economists had forecast the rate jumping to 19.8%. "Although there are some risk factors such as weekend demonstrations in the United States and concerns about the second wave of the coronavirus, hopes of economic reopening are taking the lead," said Masahiro Ichikawa, senior strategist at Sumitomo Mitsui DS Asset Management.

U.S. bond prices have tumbled, with the 10-year Treasuries yield rising to as high as 0.959% on Friday, a level last seen in mid-March. The sharp gains in U.S. bond yields over the last couple of days put more focus on the U.S. central bank, which will hold a two-day policy meeting ending on Wednesday. Fed Chair Jerome Powell has said the U.S. economy could feel the weight of the economic shutdown for more than a year.

Chinese trade data published on Sunday also showed the ongoing impact from the epidemic. Exports contracted in May as global coronavirus lockdowns continued to devastate demand, while a sharper-than-expected fall in imports pointed to mounting pressure on manufacturers as global growth stalls.

Oil prices rose after OPEC, Russia and allies agreed on Saturday to extend record oil production cuts until the end of July. OPEC+ had initially agreed in April that it would cut supply by 9.7 million barrels per day (bpd) during May-June to prop up prices that collapsed due to the coronavirus crisis. Those cuts were due to taper to 7.7 million bpd from July to December. Brent crude rose more than 2% to \$43.32 per barrel while U.S. crude futures gained 2% to \$40.36.

Gold slipped to \$1,681.0 per ounce, near its lowest levels since late April. In the currency market, safe-haven currencies were softer while risk-sensitive ones outperformed. The Japanese yen stood at 109.67 to the dollar, near Friday's 10-week low of 109.85. The euro changed hands at \$1.1303, not far off three-month high of \$1.1384 touched on Friday while the Australian dollar stood at \$0.6993, near its highest this year. The offshore Chinese yuan hit its highest level in five weeks at 7.0669 to the dollar.

Source: Thomson Reuters

## Domestic Markets

South Africa's rand raced to an 11-week high against the U.S. dollar Friday, supported by a risk rally as an unexpected fall in the U.S. unemployment rate brought back hopes of a swift economic recovery. Stocks rose along with global markets as investors priced in an economic recovery following the shock of the coronavirus pandemic.

At 1505 GMT the rand was trading at 16.8600 per dollar, 0.3% firmer than its previous close, after hitting 16.7330 earlier in the session -- its strongest since March 18.

The U.S. economy unexpectedly added jobs in May after suffering record losses in the prior month, offering the clearest signal yet that the downturn was probably over, though the road to recovery could be long.

The risk rally was also supported by new monetary stimulus for Europe. "The sheer size of the monetary and fiscal support measures out of the developed world in light of the coronavirus shock has driven a risk-on frenzy as a global search for yield has led to financial spillovers into the emerging market space," said economists at ETM Analytics. "Technically, the 16.85 handle remains the line in the sand for the USD-ZAR, with the pair hovering around this level all morning. A sustained break below this level is likely to see a slide to 16.6500," ETM analysts said in a note.

The Johannesburg All-Share index rose 2.85% to 54,722 points, while the blue-Chip Top-40 Index gained 2.79% to 50,200 points. Banking shares were among the gainers up 6.57% with Nedbank 9.18% higher to 126.10 rand and Standard bank 6.22% stronger to 119.73 rand. "Financials and properties are holding up the market. The international markets are supporting our market from a directional perspective," said Nilan Morar head of trading at the Global Trader.

Bonds weakened, with the yield on the 10-year government issue adding 20.5 basis points to 8.945%.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES		08-Jun-2020		3:01
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
<b>GLOBAL</b>	6,987,649	81,917	402,818	3,002,015



## Market Overview

MARKET INDICATORS (Thomson Reuters)					08 June 2020	
<b>Money Market TB's</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↓		4.48	-0.305	4.78	4.48
6 months	↓		4.77	-0.132	4.91	4.77
9 months	↓		4.86	-0.057	4.92	4.86
12 months	↓		4.92	-0.085	5.01	4.92
<b>Nominal Bonds</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (BMK: R208)	↓		4.16	-0.070	4.23	4.16
GC22 (BMK: R2023)	↑		6.01	0.015	6.00	5.97
GC23 (BMK: R2023)	↑		6.10	0.015	6.09	6.06
GC24 (BMK: R186)	↑		7.90	0.110	7.79	7.85
GC25 (BMK: R186)	↑		7.90	0.110	7.79	7.85
GC27 (BMK: R186)	↑		8.11	0.110	8.00	8.06
GC30 (BMK: R2030)	↑		9.59	0.210	9.38	9.54
GC32 (BMK: R213)	↑		10.47	0.210	10.26	10.43
GC35 (BMK: R209)	↑		12.08	0.250	11.83	12.01
GC37 (BMK: R2037)	↑		12.12	0.250	11.87	12.05
GC40 (BMK: R214)	↑		12.42	0.250	12.17	12.37
GC43 (BMK: R2044)	↑		12.85	0.230	12.62	12.79
GC45 (BMK: R2044)	↑		13.00	0.230	12.77	12.94
GC50 (BMK: R2048)	↑		13.02	0.230	12.79	12.98
<b>Inflation-Linked Bonds</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (BMK: NCPI)	⇒		4.35	0.000	4.35	4.35
GI25 (BMK: NCPI)	⇒		4.50	0.000	4.50	4.50
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
<b>Commodities</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓		1,685	-1.48%	1,711	1,688
Platinum	↓		836	-0.11%	837	822
Brent Crude	↑		42.3	5.78%	40.0	42.5
<b>Main Indices</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑		1,115	3.75%	1,075	1,115
JSE All Share	⇒		54,722	0.00%	54,722	54,722
SP500	↑		3,194	2.62%	3,112	3,194
FTSE 100	↑		6,484	2.25%	6,341	6,484
Hangseng	↑		24,770	1.66%	24,366	24,903
DAX	↑		12,848	3.36%	12,431	12,848
<b>JSE Sectors</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⇒		11,468	0.00%	11,468	11,468
Resources	⇒		49,969	0.00%	49,969	49,969
Industrials	⇒		74,265	0.00%	74,265	74,265
<b>Forex</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓		16.82	-0.46%	16.90	16.87
N\$/Pound	↑		21.30	0.08%	21.28	21.43
N\$/Euro	↓		18.98	-0.92%	19.16	19.05
US dollar/ Euro	↓		1.128	-0.46%	1.134	1.129
			<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>			<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Inflation	↓		1.6	2.4	4.1	4.6
Prime Rate	↓		8.00	9.00	7.75	8.75
Central Bank Rate	↓		4.25	5.25	4.25	5.25

**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



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