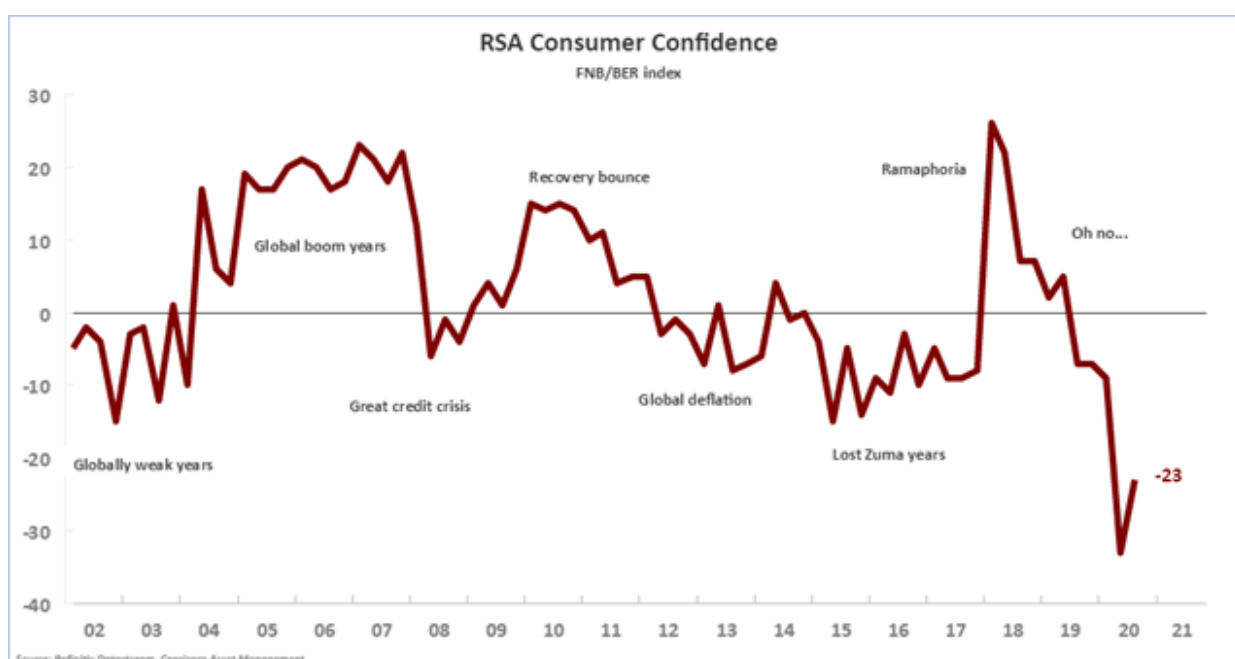




Market Update

Tuesday, 08 September 2020



Global Markets

Asian shares and U.S. stock futures regained some footing on Tuesday following a small bounce in European markets as investors looked to whether high-flying U.S. tech shares could recover from their recent rout.

Japan's Nikkei advanced 0.4% as revised data confirmed the nation had slumped into its worst post-war contraction, with business spending taking a bigger hit from the coronavirus than initially estimated. China's blue-chip index tacked on 0.2% while Hong Kong's Hang Seng gained 0.6%, even as President Donald Trump on Monday ramped up his anti-Chinese rhetoric by again raising the idea of de-coupling the U.S. and Chinese economies.

Elsewhere, Australian shares rose for a second straight session, up 0.8% as optimism around the development of potential COVID-19 vaccines underpinned investor sentiment, with miners and financials leading the charge. That left MSCI's broadest index of Asia-Pacific shares outside Japan up 0.37%. U.S. financial markets were shut on Monday for a public holiday while Europe's STOXX 600 index was 1.7% higher. Globally traded U.S. S&P500 futures erased their Monday losses to trade

0.5% higher. Tech shares remained more fragile, however, with Nasdaq futures dipping 0.1% after having lost more than 6% late last week.

While many market players were unable to pinpoint a single trigger for the Nasdaq's sudden plunge, valuations have been stretched given its sharp 75% gain from a bottom hit in March. "Those tech shares were becoming expensive so I would see their latest fall as a healthy correction," said Masahiro Ichikawa, senior strategist at Sumitomo Mitsui DS Asset Management.

Risk assets also face headwind from creeping doubts that U.S. policymakers may not be willing to compile massive stimulus as some traders had hoped for. "The headline figures from Friday's U.S. jobs data were pretty good, so that could lead to speculation policymakers may no longer be eager to dole out trillions of dollars to support the economy," said Masahiko Loo, portfolio manager at AllianceBernstein. "Markets may have gone too far in expecting the Federal Reserve to announce more easing steps this month," he said, adding receding expectations is one reason behind a rise in U.S. bond yields last week. The 10-year U.S. Treasuries yield stood at 0.716%, off a five-month low of 0.504% touched in August.

In currencies, sterling dropped after the European Union told Britain on Monday that there would be no trade deal if it tried to tinker with the Brexit divorce treaty. The warning came after British Prime Minister Boris Johnson's government was reported to be planning new legislation to override parts of the Brexit Withdrawal Agreement it signed in January. The pound last fetched \$1.3147, having lost 0.80% on Monday to \$1.3167, near its lowest levels in two weeks.

Other currencies barely moved with rises in U.S. yields helping to stem the dollar's recent weakness. The euro eased slightly overnight to \$1.1818 and was last trading at \$1.1804, while the dollar was little moved at 106.31 yen.

Gold prices eased on Tuesday, although rising doubts over the economic recovery from the COVID-19 slump limited losses. Spot gold was down 0.1% at \$1,925.96 per ounce. Oil prices dropped to five-week lows after Saudi Arabia made its deepest monthly price cuts to supply for Asia in five months and as uncertainty over Chinese demand clouds the market's recovery. U.S. WTI futures fell 1.6% to \$39.13 per barrel.

Domestic Markets

The South African rand fell on Monday, as investors dumped the currency a day before gross domestic product data expected to show a massive contraction during the country's strict coronavirus lockdown.

At 1600 GMT the rand was around 0.93% weaker than its previous close at 16.7500 per dollar.

Second-quarter GDP data will be released around 0930 GMT on Tuesday, and analysts polled by Reuters are forecasting a quarter-on-quarter contraction of well over 40%, extending a recession that pre-dated the COVID-19 crisis.

Adding to the downbeat mood were power cuts by state utility Eskom, which has long struggled to meet electricity demand because of faults at its ailing coal-fired power stations.

The rand had been on a strengthening trend since mid-August, helped by a healthy investor appetite for riskier emerging market assets and a weak dollar, but those gains are now coming to a halt as the state of the domestic economy comes back into sharper focus.

"The single biggest threat to the ZAR over the longer term is the state of SA's fiscal position. It is unsustainable," analysts at ETM Analytics said in a note. "The GDP figure could well be the worst print in a century."

The broader stock market index moved up again after seven straight sessions of losses, boosted by precious metal companies that gained on the Johannesburg Stock Exchange (JSE) on higher commodity prices. An index of 10 mining companies was up 2.25% and the gold mining index was up 2.94% at the end of day's trading.

The benchmark FTSE/JSE all share index was up 0.97% to 54,400 points, while the top 40 companies index inched up 0.94% to 50,185 points at close of trading hours.

Bonds were marginally firmer as well, with the yield on the benchmark 2030 government issue falling 4 basis points to 9.19%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		08-Sep-2020		5:46
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	27,342,991	228,017	891,281	18,339,785

Happiness is a choice that requires effort at times.
Aeschylus

Market Overview

MARKET INDICATORS (Thomson Reuters)				08 September 2020	
Money Market TB's					
		Last close	Difference	Prev close	Current Spot
3 months	➡	3.96	0.000	3.96	3.96
6 months	⬇	4.05	-0.017	4.07	4.05
9 months	⬇	4.10	-0.025	4.13	4.10
12 months	⬇	4.14	-0.033	4.17	4.14
Nominal Bonds					
		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	⬆	4.16	0.050	4.11	4.16
GC22 (BMK: R2023)	⬇	5.14	-0.085	5.22	5.20
GC23 (BMK: R2023)	⬇	5.11	-0.085	5.19	5.17
GC24 (BMK: R186)	⬇	7.58	-0.035	7.61	7.62
GC25 (BMK: R186)	⬇	7.59	-0.035	7.62	7.63
GC26 (BMK: R186)	⬇	7.63	-0.035	7.66	7.67
GC27 (BMK: R186)	⬇	7.88	-0.035	7.91	7.92
GC30 (BMK: R2030)	⬆	9.49	0.005	9.49	9.52
GC32 (BMK: R213)	⬇	10.31	-0.005	10.32	10.35
GC35 (BMK: R209)	⬆	11.67	0.010	11.66	11.70
GC37 (BMK: R2037)	⬆	12.29	0.040	12.25	12.30
GC40 (BMK: R214)	⬆	12.86	0.015	12.85	12.88
GC43 (BMK: R2044)	⬆	13.17	0.020	13.15	13.18
GC45 (BMK: R2044)	⬆	13.72	0.020	13.70	13.73
GC50 (BMK: R2048)	⬇	13.78	-0.005	13.78	13.81
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)	➡	6.82	0.000	6.82	6.82
GI36 (BMK: NCPI)	➡	7.15	0.000	7.15	7.15
Commodities					
		Last close	Change	Prev close	Current Spot
Gold	⬇	1,929	-0.19%	1,932	1,926
Platinum	⬆	908	1.51%	895	908
Brent Crude	⬇	42.0	-1.52%	42.7	41.9
Main Indices					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,041	0.65%	1,034	1,041
JSE All Share	⬆	54,400	0.97%	53,879	54,400
SP500	➡	3,427	0.00%	3,427	3,427
FTSE 100	⬆	5,937	2.39%	5,799	5,937
Hangseng	⬇	24,590	-0.43%	24,695	24,450
DAX	⬆	13,100	2.01%	12,843	13,100
JSE Sectors					
		Last close	Change	Prev close	Current Spot
Financials	⬆	9,507	0.33%	9,476	9,507
Resources	⬆	55,525	2.25%	54,301	55,525
Industrials	⬆	72,401	0.11%	72,322	72,401
Forex					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬆	16.73	0.70%	16.62	16.73
N\$/Pound	⬇	22.03	-0.17%	22.07	21.98
N\$/Euro	⬆	19.77	0.54%	19.67	19.75
US dollar/ Euro	⬇	1.182	-0.18%	1.184	1.181
Namibia					
RSA					
Economic data					
		Latest	Previous	Latest	Previous
Inflation	➡	2.1	2.1	3.2	2.2
Prime Rate	⬇	7.50	8.00	7.00	7.25
Central Bank Rate	⬇	3.75	4.00	3.50	3.75

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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