

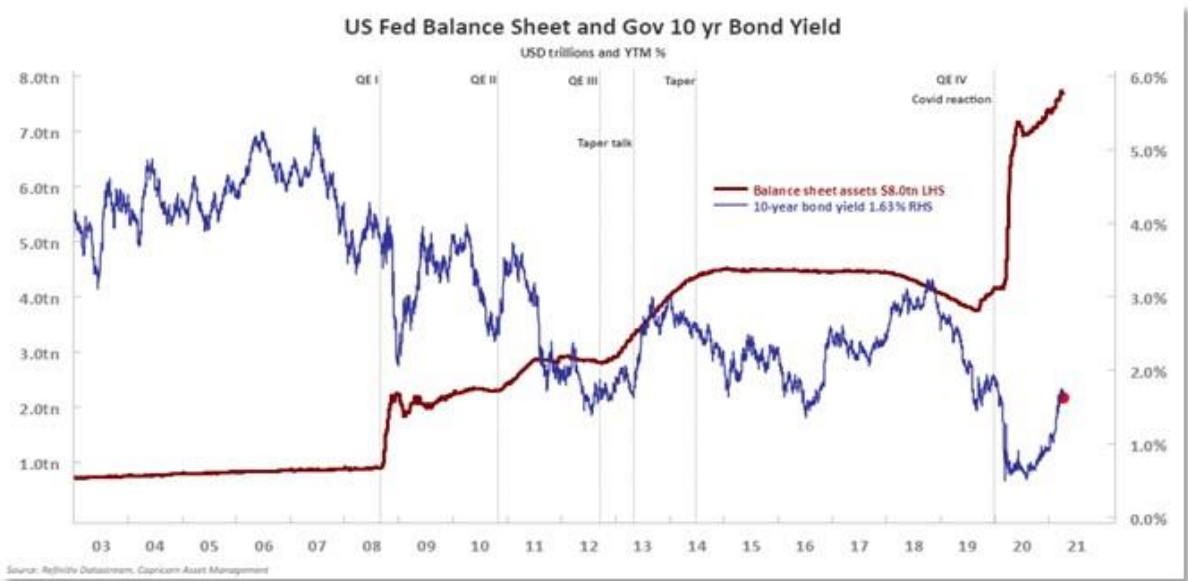


The Daily Brief

Capricorn Asset Management

Market Update

Friday, 09 April 2021



Global Markets

Global stocks held firm near record highs on Friday as receding inflation fears in the United States pushed down bond yields and lifted Wall Street, though softness in Chinese shares capped gains in Asia.

MSCI's broadest gauge of world stocks set a record high earlier in the Asian session and last stood almost flat. Japan's Topix gained 0.6% and Australian stocks hovered near a more than one-year top, while South Korea's Kospi touched the highest intraday level since mid-February. Chinese shares were an outlier, with the CSI 300 sliding 1.3%, pushing down MSCI's ex-Japan Asia index 0.4%, not helped by worries about further tension between Washington and Beijing.

Benchmark 10-year Treasury yields held close to Thursday's two-week trough near 1.6%, which had lifted U.S. tech shares and powered the S&P 500 to a record close. Yields had surged to the highest since January of last year at 1.776% at the end of March as a string of strong U.S. economic data stoked concern for a spike in inflation that could force the Federal Reserve to raise interest rates sooner than policymakers had so far signalled.

However, an unexpected rise in the number of Americans filing new claims for unemployment benefits coupled with Fed Chair Jerome Powell's reiteration on Thursday that inflation was not a worry helped calm bond market jitters. "Markets appear to have taken some comfort that they may have overdone the concerns around inflation, and therefore around rising interest rates," said Michael McCarthy, chief markets strategist at CMC Markets. "At the moment, there's no doubt that sentiment is wildly positive, and I'm not going to stand in the way of this train."

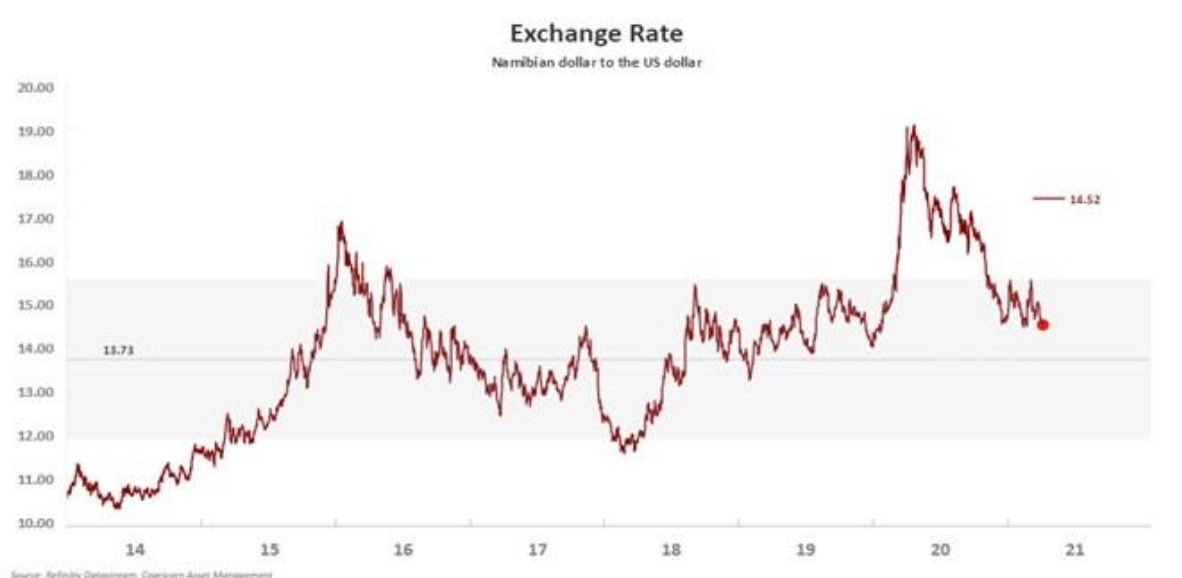
Powell signalled at an International Monetary Fund event that the central bank is nowhere near reducing support for the U.S. economy, saying that while economic reopening could result in higher prices temporarily, it will not constitute inflation.

Aided by the pullback in yields, traders piled into mega cap tech stocks such as Apple Inc, Microsoft Corp and Amazon.com Inc, which were the main drivers of the S&P 500. The S&P 500 gained 0.42% to a record high, while the Nasdaq Composite added 1.03%. E mini futures pointed to additional upside, rising 0.1% on Friday.

"The movement in the (stock) market was predicated on rates," said Thomas Hayes, chairman of Great Hill Capital. "As long as rates stay compressed there's a bid for long duration earnings power, which was embodied in the rally in tech."

The U.S. dollar index, which tracks the greenback against six rivals, held near Thursday's two-week low below 92, weighed down by lower Treasury yields. Spot gold eased to around \$1,752 an ounce after jumping to a more than one-month peak of \$1,758.45 on Thursday.

Crude oil prices were little changed as Wall Street's rally and the soft dollar offset concern over a big jump in U.S. gasoline stocks. U.S. crude rose 0.15% to \$59.69 a barrel, while Brent eased slightly to \$63.16 a barrel.



Domestic Markets

South Africa's rand rallied to its best level in six-weeks on Thursday, shaking off sluggish manufacturing data as global demand for high-yielding currencies was lifted by growing bets that lending rates in the United States will remain low.

At 1500 GMT the rand was 0.48% firmer at 14.5000 per dollar, its strongest level since Feb. 24 and poised to reach a one-year high as the bullish case gathered momentum.

The much-anticipated minutes of the Federal Reserve's March policy meeting, released on Wednesday, showed the bank's officials were still cautious about the risks of the pandemic and committed to providing monetary policy support.

Lower rates and continued liquidity provision in the world's largest economy, which recorded a surprise increase in new claims for unemployment benefits, typically leaves investors with funds to plough into riskier assets like the rand that offer juicier returns.

Bonds also rallied, with the yield on the government bond due in 2030 down 11 basis points to 9.22%.

Equities fell after local manufacturing output contracted 2.1% year on year in February, more than expected.

"This once again highlights the underlying weakness in the economy and continues to point towards a very soft start to the year," Pieter du Preez a senior economist at NKC African Economics said in a note. "Although we expect the sector to show some sort of recovery over the coming months, it still faces significant obstacles over the short term."

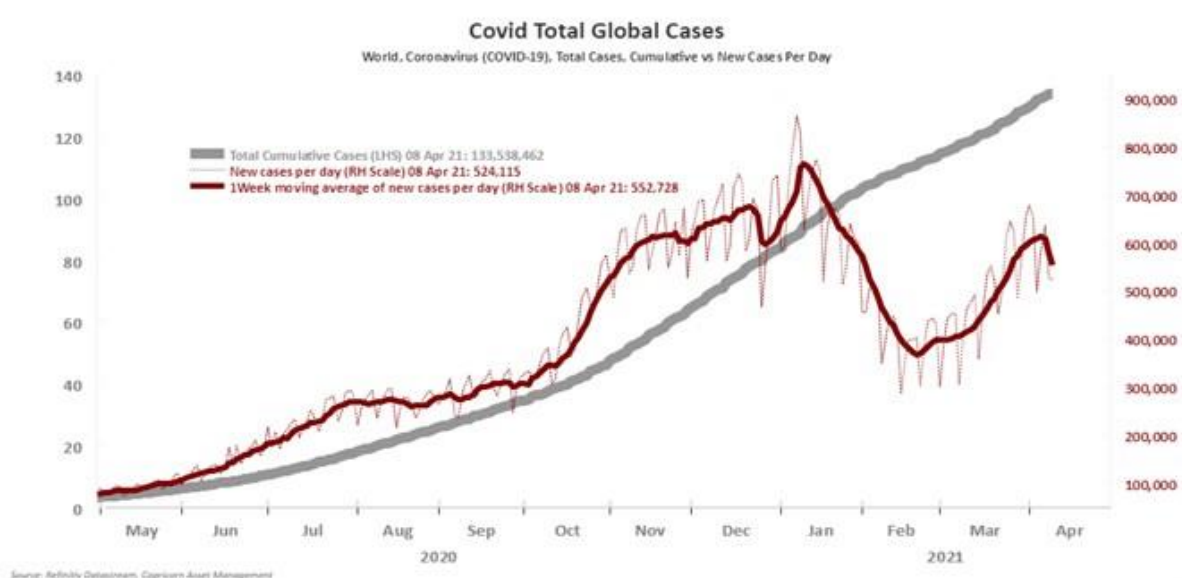
The Johannesburg All-Share index closed 0.16% lower at 67,053 points, while the Top-40 index fell 0.17% to 61,303 points. Grocery retailer Pick n Pay dipped 0.60% after it flagged an up to 25% drop in annual headline earnings per share due to COVID-19 lockdown restrictions and extra costs.

Corona Tracker

GLOBAL CASES		09-Apr-2021		5:49
SOURCE - REUTERS		Confirmed Cases	New Cases	Total Deaths
				Total Recovered
GLOBAL	133,538,462	524,115	3,031,357	88,164,247

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

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				09 April 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	4.19	0.000	4.19	4.19
6 months	⇒	4.42	0.000	4.42	4.42
9 months	⇒	4.76	0.000	4.76	4.76
12 months	↓	4.82	-0.026	4.84	4.82
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.24	-0.030	4.27	4.24
GC22 (Coupon 8.75%, BMK R2023)	↓	5.83	-0.030	5.86	5.83
GC23 (Coupon 8.85%, BMK R2023)	↓	5.73	-0.030	5.76	5.73
GC24 (Coupon 10.50%, BMK R186)	↓	7.65	-0.035	7.69	7.70
GC25 (Coupon 8.50%, BMK R186)	↓	7.66	-0.035	7.70	7.71
GC26 (Coupon 8.50%, BMK R186)	↓	7.66	-0.035	7.70	7.71
GC27 (Coupon 8.00%, BMK R186)	↓	7.95	-0.035	7.99	8.00
GC30 (Coupon 8.00%, BMK R2030)	↓	9.51	-0.110	9.62	9.58
GC32 (Coupon 9.00%, BMK R213)	↓	10.61	-0.095	10.71	10.68
GC35 (Coupon 9.50%, BMK R209)	↓	11.52	-0.170	11.69	11.61
GC37 (Coupon 9.50%, BMK R2037)	↓	12.03	-0.185	12.21	12.12
GC40 (Coupon 9.80%, BMK R214)	↓	12.78	-0.145	12.92	12.84
GC43 (Coupon 10.00%, BMK R2044)	↓	13.10	-0.150	13.25	13.16
GC45 (Coupon 9.85%, BMK R2044)	↓	13.38	-0.150	13.53	13.44
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.37	-0.180	13.55	13.46
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)	⇒	4.05	0.000	4.05	4.05
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.73	0.000	5.73	5.73
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.85	0.000	6.85	6.85
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.35	0.000	7.35	7.35
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,756	1.07%	1,737	1,750
Platinum	↑	1,230	0.36%	1,225	1,219
Brent Crude	↑	63.2	0.06%	63.2	63.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,355	0.20%	1,353	1,355
JSE All Share	↓	67,054	-0.16%	67,160	67,054
SP500	↑	4,097	0.42%	4,080	4,097
FTSE 100	↑	6,942	0.83%	6,885	6,942
Hangseng	↑	29,008	1.16%	28,675	28,756
DAX	↑	15,203	0.17%	15,176	15,203
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	12,027	-1.42%	12,200	12,027
Resources	↑	68,453	0.17%	68,336	68,453
Industrials	↓	87,440	-0.07%	87,501	87,440
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.50	-0.40%	14.56	14.56
N\$/Pound	↓	19.92	-0.41%	20.00	19.97
N\$/Euro	↓	17.28	-0.05%	17.29	17.32
US dollar/ Euro	↑	1.191	0.35%	1.187	1.190
		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
		Feb 21	Jan 21	Feb 21	Jan 21
Inflation	⇒	2.7	2.7	2.9	3.2

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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