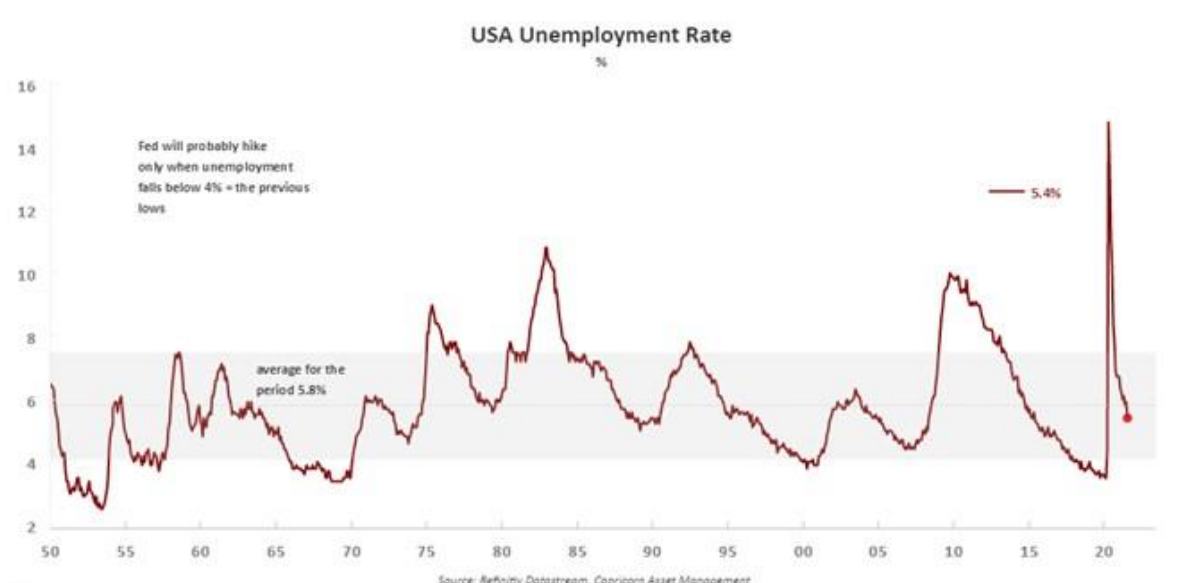




## Market Update

Monday, 09 August 2021



## Global Markets

Shares fought back from early losses on Monday as sharp falls in gold and oil prices briefly spooked sentiment, while the dollar reached four-month highs on the euro after an upbeat U.S. jobs report lifted bond yields. Markets were shaken early by a sudden dive in gold as a break of \$1,750 triggered stop loss sales to take it as low as \$1,684 an ounce. It was last down 1.3% at \$1,740. Brent also sank 2% on concerns the spread of the Delta variant of the coronavirus would temper travel demand.

Holidays in Tokyo and Singapore made for thin trading conditions, adding to the volatility. Yet after an initial fall, MSCI's broadest index of Asia-Pacific shares outside Japan recovered to be up 0.1%. They were helped by China's blue chips index which added 1.3%. Japan's Nikkei was shut but futures were trading a modest 20 points below Friday's close. Nasdaq futures slipped 0.3% and S&P 500 futures 0.2%. EUROSTOXX 50 futures and FTSE futures both dipped 0.2%.

Chinese trade data out over the weekend undershot forecasts, while figures out Monday showed inflation slowed to 1% in July offering no barrier to more policy stimulus. The U.S. Senate came closer to passing a \$1 trillion infrastructure package, though it still has to go through the House. Investors were still assessing whether Friday's strong U.S. payrolls report would take the Federal Reserve a step nearer to winding back its stimulus.

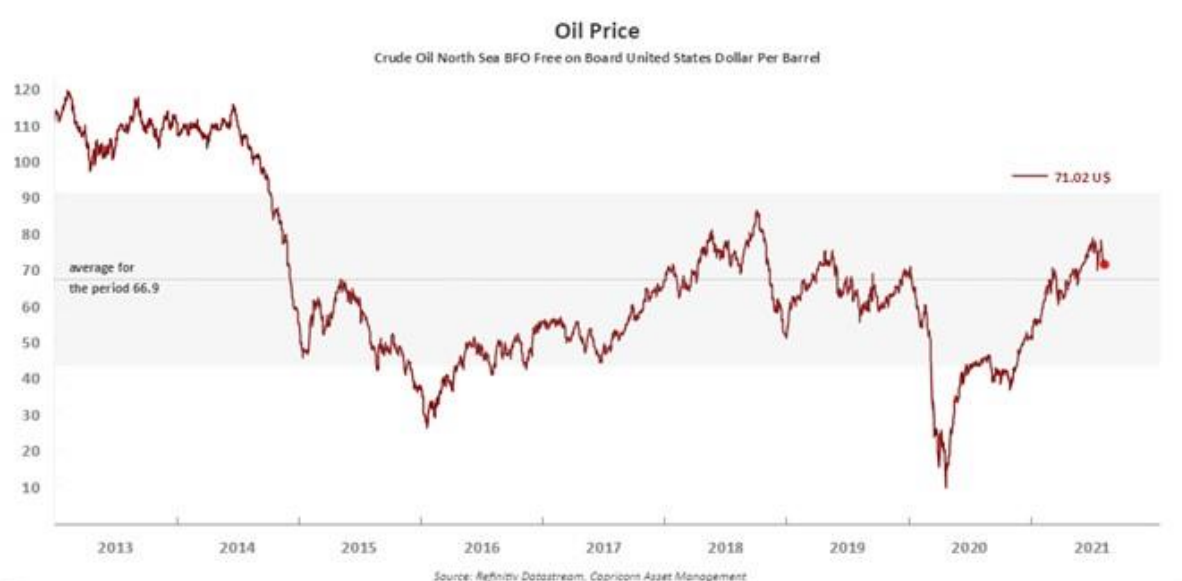
"There is not a lot of disagreement on a taper announcement coming sometime between September-December followed by actual tapering sometime between November and January," said Rodrigo Catril, a senior FX strategist at NAB. However, the pace of tapering was still up in the air and would decide when an actual rate hike came, he said. The Fed is currently buying \$120 billion of assets a month, so a \$20 billion taper would end the programme in six months whilst a \$10 billion tapering approach would take a year.

The spread of the Delta variant could argue for a longer taper with U.S. cases back to levels seen in last winter's surge with more than 66,000 people hospitalised. Figures for July CPI due this week are also expected to confirm inflation has peaked, with prices for second hand vehicles finally easing back after huge gains. There are four Fed officials speaking this week and will no doubt offer enough grist for markets looking for clues on the timing of tapering.

In the meantime, stocks have been mostly underpinned by a robust U.S. earnings season. BofA analysts noted S&P 500 companies were tracking a 15% beat on second quarter earnings with 90% having reported. "However, companies with earnings beats have seen muted reactions on their stock price the day following earnings releases, and misses have been penalized," they wrote in a note. "Guidance is stronger than average but consensus estimates for two-year growth suggest a slowdown amid macro concerns."

Financials firmed on Friday as a steeper yield curve is seen benefiting bank earnings, while also penalising the tech sector where valuations are sky high. Yields on U.S. 10-year notes were up at 1.30% in the wake of the jobs report, having hit their lowest since February last week at 1.177%. That jump gave the dollar a broad lift and knocked the euro back to \$1.1760, and briefly to its lowest since April at \$1.1740. The dollar likewise climbed to 110.22 yen and away from last week's trough of 108.71. That took the U.S. currency index up to 92.882 and nearer to the July peak of 93.194.

Oil prices eased further after suffering their largest weekly drop in four months amid worries coronavirus travel restrictions would threaten bullish expectations for demand. Brent fell \$1.29 to \$69.41 a barrel, while U.S. crude lost \$1.34 to \$66.94.



## Domestic Markets

South Africa's rand gave up its earlier gains on Friday when it was supported by positive sentiment surrounding the appointment of a new finance minister. The dollar doubled an earlier gain after U.S. jobs data added to arguments for faster tightening of monetary policy.

At 1509 GMT, the rand traded at 14.6531 against the dollar, 1.04% weaker than its previous close.

The increased U.S. nonfarm payrolls rekindled dollar momentum from midweek when Federal Reserve Vice Chair Richard Clarida suggested that conditions for hiking interest rates might be met as soon as late 2022. Higher U.S. interest rates subdue the appeal of riskier but high-yielding currencies such as the rand.

In the equities market, stocks rose on the positive sentiment on the appointment of Development Bank of Southern Africa's chair, Enoch Godongwana, as finance minister in a Cabinet reshuffle, replacing Tito Mboweni, who had asked to be excused from his position.

Sanisha Packirisamy, Economist at Momentum Investments, said Godongwana's popular standing and influential position on the National Executive Committee could provide him with enough political clout to push back on unaffordable fiscal demands.

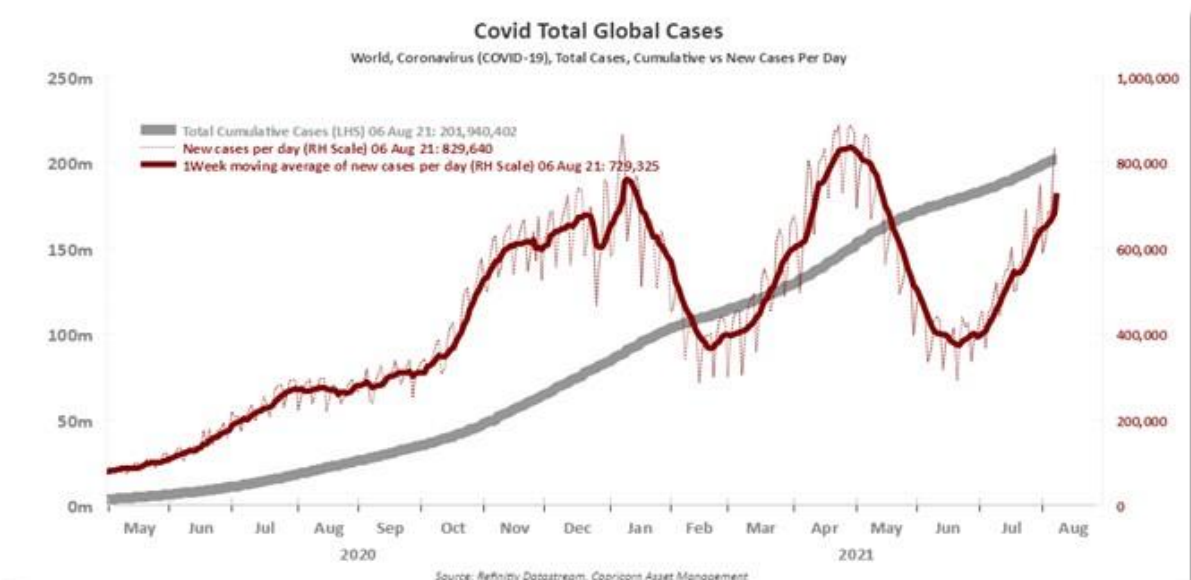
"His previous position as Head of the Economic Transformation Committee of the ruling party ensures that he has had his finger on the economic development pulse for several years," she said. "He is well known in financial markets and is generally viewed to have a more market-friendly approach to economic reform."

The Johannesburg All-Share index rose 0.44% while the Top 40 index climbed 0.50%. Petrochemical firm Sasol Ltd, Standard Bank and rival Absa Group rose 1.15%, 1.11% and 0.61% respectively on stronger profit forecasts.

## Corona Tracker

GLOBAL CASES		09-Aug-2021	
SOURCE - REUTERS			
	Confirmed Cases	New Cases	Total Deaths
<b>GLOBAL</b>	202,734,064	264,242	4,454,172

Source: Thomson Reuters



## Market Overview

MARKET INDICATORS (Thomson Reuters)				09 August 2021	
<b>Money Market TB Rates %</b>					
		Last close	Difference	Prev close	Current Spot
3 months	⇒	4.28	0.000	4.28	4.28
6 months	⇒	4.51	0.000	4.51	4.51
9 months	⇒	4.78	0.000	4.78	4.78
12 months	↑	4.92	0.009	4.91	4.92
<b>Nominal Bond Yields %</b>					
		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.49	-0.010	4.50	4.49
GC22 (Coupon 8.75%, BMK R2023)	↓	5.70	-0.010	5.71	5.70
GC23 (Coupon 8.85%, BMK R2023)	↓	5.60	-0.010	5.61	5.60
GC24 (Coupon 10.50%, BMK R186)	↑	7.73	0.075	7.66	7.73
GC25 (Coupon 8.50%, BMK R186)	↑	7.74	0.075	7.67	7.74
GC26 (Coupon 8.50%, BMK R186)	↑	7.74	0.075	7.67	7.74
GC27 (Coupon 8.00%, BMK R186)	↑	8.03	0.075	7.96	8.03
GC30 (Coupon 8.00%, BMK R2030)	↑	9.26	0.085	9.18	9.26
GC32 (Coupon 9.00%, BMK R213)	↑	10.27	0.095	10.18	10.27
GC35 (Coupon 9.50%, BMK R209)	↑	11.24	0.085	11.16	11.24
GC37 (Coupon 9.50%, BMK R2037)	↑	11.73	0.085	11.65	11.73
GC40 (Coupon 9.80%, BMK R214)	↑	12.60	0.095	12.51	12.60
GC43 (Coupon 10.00%, BMK R2044)	↑	12.85	0.095	12.75	12.85
GC45 (Coupon 9.85%, BMK R2044)	↑	13.13	0.095	13.03	13.13
GC48 (Coupon 10.00%, BMK R2048)	↑	13.21	0.095	13.12	13.21
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.15	0.095	13.06	13.15
<b>Inflation-Linked Bond Yields %</b>					
		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	3.95	0.000	3.95	3.95
GI25 (Coupon 3.80%, BMK NCPI)	⇒	4.00	0.000	4.00	4.00
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	6.19	0.000	6.19	6.19
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.01	0.000	7.01	7.01
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.61	0.000	7.61	7.61
<b>Commodities</b>					
		Last close	Change	Prev close	Current Spot
Gold	↓	1,763	-2.29%	1,804	1,745
Platinum	↓	980	-2.50%	1,005	979
Brent Crude	↓	70.7	-0.83%	71.3	69.1
<b>Main Indices</b>					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,509	0.80%	1,497	1,509
JSE All Share	↑	68,674	0.44%	68,371	68,674
SP500	↑	4,437	0.17%	4,429	4,437
FTSE 100	↑	7,123	0.04%	7,120	7,123
Hangseng	↓	26,179	-0.10%	26,205	26,353
DAX	↑	15,761	0.11%	15,745	15,761
<b>JSE Sectors</b>					
		Last close	Change	Prev close	Current Spot
Financials	↑	13,570	0.08%	13,559	13,570
Resources	↑	69,329	0.26%	69,148	69,329
Industrials	↑	86,830	0.73%	86,202	86,830
<b>Forex</b>					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.62	0.85%	14.49	14.67
N\$/Pound	↑	20.27	0.42%	20.19	20.36
N\$/Euro	↑	17.19	0.24%	17.15	17.25
US dollar/ Euro	↓	1.176	-0.61%	1.183	1.176
<b>Interest Rates &amp; Inflation</b>					
		Namibia		RSA	
		Jun 21	May 21	Jun 21	May 21
Central Bank Rate	⇒	3.75	3.75	3.50	3.50
Prime Rate	⇒	7.50	7.50	7.00	7.00
		Jun 21	May 21	Jun 21	May 21
Inflation	↑	4.1	3.8	4.9	5.2

**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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