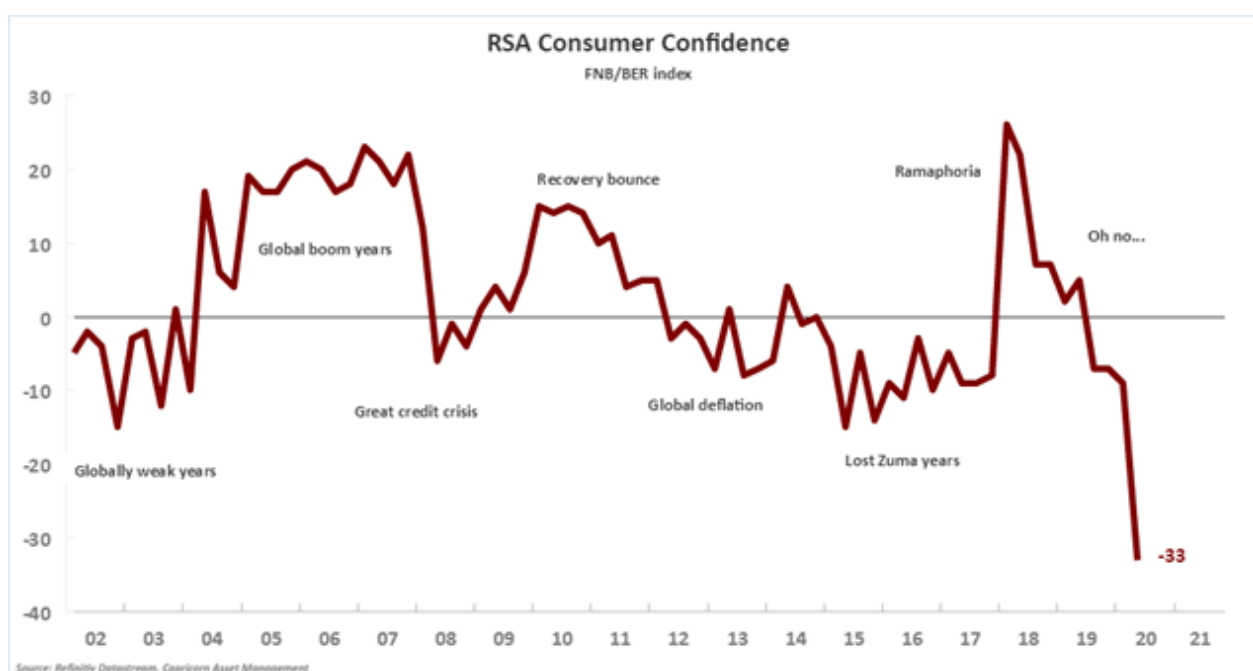




Market Update

Thursday, 09 July 2020



Global Markets

Asian equity markets ground higher as investors tried to look past gathering Sino-U.S. tension and renewed coronavirus lockdowns to upcoming company earnings, hoping that global stimulus efforts will yield upbeat outlooks.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.6% and touched a 20-week high as Chinese stocks extended their extraordinary rally. Japan's Nikkei edged ahead by 0.2%. The Chinese yuan rose to a four-month high of 6.9872 per dollar and the greenback sat near a one-month low against a basket of currencies.

China was hit first and so is emerging first from the COVID-19 pandemic. In addition, fiscal stimulus, heavy government borrowing driving up bond yields, and a state-media editorial extolling strong fundamentals has stoked euphoria. "The yuan has a perfect combination for a currency - relatively tight monetary policy; yield spreads moving in favour of the currency and equity prices also rising more than most," said Deutsche Bank's chief international strategist, Alan Ruskin. "Even before we think of COVID-19 virus divergence indicators, there are enough money and related financial indicators consistent with a dollar/yuan below 7," he said.

China's blue-chip index rose for an eighth straight session in early trade on Thursday, gaining 0.6% to touch a five-year high. The Shanghai Composite was up by the same margin and at its highest level since early 2018. Both have added about 15% this month, and the rally continued in spite of a more circumspect take in Chinese media, which carried a commentary reminding investors about the 2015 crash and suggesting a rational approach to risk-taking.

The mood lifted Australia's S&P/ASX 200 1%, though New Zealand's benchmark fell nearly 2% after a Rio Tinto plan to close an aluminium smelter hit energy stocks. Restraint was more evident in other asset classes as investors kept a wary eye on surging coronavirus cases and increasing tension between China and its trading partners, while waiting for U.S. jobs figures at 1230 GMT and next week's earnings.

U.S. stock futures eased 0.1%, following another session of gains on Wall Street overnight. The yield on benchmark U.S. 10-year Treasuries remained under pressure at 0.6562% and gold sat above \$1,800 an ounce.

The U.S. has posted its largest number of daily new infections since the outbreak began and global tensions are on the rise. Five million Australians are under strict stay-at-home rules in the country's second largest city of Melbourne. And - as the West mulls a tougher response to China's crackdown in Hong Kong - China's top diplomat said on Thursday that China-U.S. relations face the most serious challenges since diplomatic ties were established.

That has investors hoping to hear some good news about the outlook when U.S. earnings season begins next week. "Earnings season is upon us, and we really want to see what it looks like," said Jun Bei Liu, a portfolio manager at Australia's Tribeca Investment Partners. The focus will be on the outlook as well as on understanding how deeply stimulus efforts have flowed through the real economy, she said. J.P. Morgan, Citigroup and Wells Fargo report their results on Tuesday, and Microsoft and Netflix on Thursday.

Beyond the yuan, major currencies were mostly steady on Thursday, hanging on to overnight gains against the dollar. The Aussie held near the top of its recent range at \$0.6974 and the kiwi briefly made a one-month peak of \$0.6583.

Oil prices idled amid concerns about renewed U.S. lockdowns. Brent crude futures was 0.1% weaker at \$43.25 per barrel. U.S. crude fell 0.3% to \$40.79 per barrel.

Domestic Markets

South Africa's rand firmed on Wednesday as the dollar fell, although a resurgence of new coronavirus cases globally and fresh evidence of the weakness of the local economy kept sentiment cautious.

At 1500 GMT the rand was 0.97% firmer at 17.0125 per dollar.

With COVID-19 cases rising sharply in the United States, as well as in developing economies, such as India, Brazil and South Africa, investors were wary.

Domestically on Tuesday, a survey showed consumer confidence plunged to a 35-year low in the second quarter, while ratings firm Fitch warned about the country's ability to execute plans to slash spending, also hurting the rand.

"South Africa's economic fragilities have rendered the ZAR vulnerable to external shocks, meaning the currency will remain at the mercy of broader sentiment dynamics," said market economists at ETM Analytics in a note.

However, local sentiment and higher gold prices have bolstered the Johannesburg Stock Exchange (JSE). The FTSE/JSE Top 40 Companies' Index rose 1.25% to 51,559 points on Wednesday. The JSE's gold index, representing top five gold miners, was up 3.49%, strengthened by a robust gold market, which is seen by investors as a safe haven store of value. Banks also led gains, with the banking index up 4.21%.

In fixed income, the yield on the benchmark government issue due in 2030 was down 0.5 basis point to 9.685%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		09-Jul-2020		5:01
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	12,081,111	206,914	548,429	6,352,179

A person who doubts himself is like a man who would enlist in the ranks of his enemies and bear arms against himself. He makes his failure certain by himself being the first person to be convinced of it.

Ambrose Bierce

Market Overview

MARKET INDICATORS (Thomson Reuters)					09 July 2020
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	⇒	4.40	0.000	4.40	4.40
6 months	⇒	4.56	0.000	4.56	4.56
9 months	⇒	4.66	0.000	4.66	4.66
12 months	↑	4.71	0.009	4.70	4.71
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	⇒	4.07	0.000	4.07	4.07
GC22 (BMK: R2023)	↓	5.93	-0.035	5.97	5.93
GC23 (BMK: R2023)	↓	5.91	-0.035	5.95	5.91
GC24 (BMK: R186)	↑	8.31	0.015	8.29	8.31
GC25 (BMK: R186)	↑	8.36	0.015	8.34	8.36
GC27 (BMK: R186)	↑	8.44	0.015	8.42	8.44
GC30 (BMK: R2030)	↓	10.30	-0.005	10.30	10.30
GC32 (BMK: R213)	↑	11.03	0.010	11.02	11.03
GC35 (BMK: R209)	↑	12.29	0.005	12.29	12.29
GC37 (BMK: R2037)	↑	12.78	0.010	12.77	12.78
GC40 (BMK: R214)	↑	13.08	0.010	13.07	13.08
GC43 (BMK: R2044)	↑	13.72	0.045	13.67	13.72
GC45 (BMK: R2044)	↑	13.89	0.045	13.84	13.89
GC50 (BMK: R2048)	↑	13.88	0.030	13.85	13.88
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	↑	1,810	0.88%	1,794	1,811
Platinum	↑	844	0.98%	835	843
Brent Crude	↑	43.3	0.49%	43.1	43.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,076	2.05%	1,054	1,076
JSE All Share	↑	55,871	1.13%	55,244	55,871
SP500	↑	3,170	0.78%	3,145	3,170
FTSE 100	↓	6,156	-0.55%	6,190	6,156
Hangseng	↑	26,129	0.59%	25,976	26,252
DAX	↓	12,495	-0.97%	12,617	12,495
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	10,275	1.87%	10,087	10,275
Resources	↑	52,793	1.49%	52,017	52,793
Industrials	↑	77,503	0.84%	76,856	77,503
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.93	-1.36%	17.16	16.92
N\$/Pound	↓	21.34	-0.81%	21.52	21.37
N\$/Euro	↓	19.18	-0.85%	19.34	19.23
US dollar/ Euro	↑	1.133	0.52%	1.127	1.136
		Namibia		RSA	
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



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