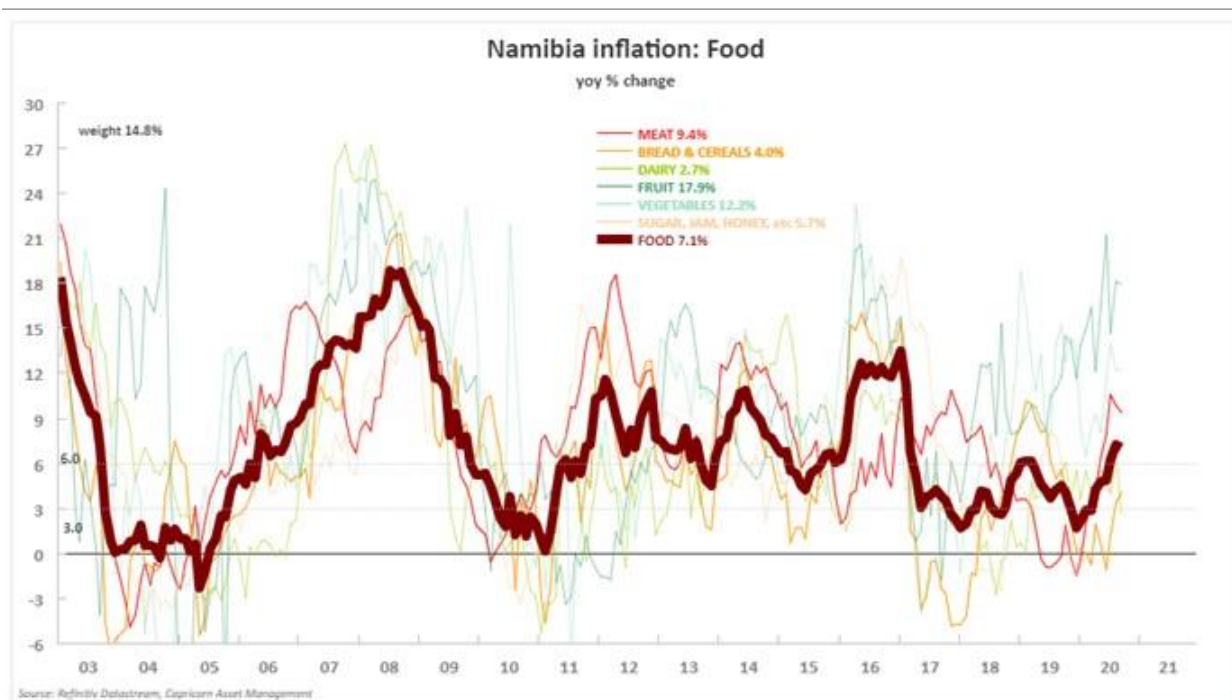




Market Update

Monday, 09 November 2020



Global Markets

Shares surged, oil prices jumped and the U.S. dollar remained weak on Monday as expectations of fewer regulatory reforms and more monetary stimulus under U.S. President-elect Joe Biden supported risk appetite. The Democratic candidate's election victory was already largely priced in by markets, which had been trading with the view of a Biden presidency and a Republican-controlled U.S. Senate since last week.

E-mini futures for the S&P 500 jumped more than 1.5% on Monday while Nasdaq futures rallied over 2%, signalling a positive start for U.S. markets. Eurostoxx 50 futures gained 1.7%, Germany's DAX futures climbed 1.8% and FTSE futures rose 1.4%. The mood was also upbeat in Asia, with all major indexes in the green. MSCI's broadest index of Asia Pacific shares outside of Japan jumped 1.4% to 614.73 points, the highest since January 2018. It climbed 6.2% last week to clock its best weekly performance since early June.

"While lots of attention was given to Trump vs Biden, markets have reacted strongly to the (likely) split congress, which means more confidence that interest rates will be lower for longer," said Dave Wang, portfolio manager at Nuvest Capital in Singapore. "The best opportunities now lie within

segments of emerging markets, in particular China and North Asia. I believe earnings momentum and valuation put China in a very attractive risk/reward position." Chinese shares started higher with the blue-chip CSI300 index up 2.2% on hopes of better Sino-U.S. trade relations under Biden.

Japan rose 2.4% while the main indexes of Australia, Hong Kong and South Korea gained 1.5% each. Equities rallied hard last week, with the S&P500 up 7.3%, clocking the best gain in an election week since 1932, according to National Australia Bank analyst Tapas Strickland. Matt Sherwood of Australian fund manager Perpetual, however, said Biden's victory did not necessarily warrant a tweaking of his portfolio. "In the end, we think the U.S. economy is still fairly fragile and growth's slowing down," Sherwood said. "You could potentially gravitate your portfolio more towards higher-beta type markets, such as emerging markets, and there is potential for better prospects in the energy space than would have been the case with a Democrat clean sweep."

Oil prices jumped on Monday as investors cheered Biden's victory, shrugging off worries about lacklustre demand amid rising global coronavirus cases. Brent crude added \$1 to \$40.48. Analysts said the outlook might get tougher from here as investors focus on Biden's ability to expand fiscal stimulus and measures to reduce the spread of COVID-19. The United States saw a record number of new coronavirus infections last week, with the total number of cases nearing 10 million.

U.S.-based wealth manager Jim Wilding at Confluence Financial Partners in Pennsylvania added a word of caution considering the S&P 500 is not far from all-time highs and equity valuations are generally at heady levels. "While we remain positive over the intermediate term outlook and believe divided government reduces the chances of a bear case scenario playing out, we would refrain from unbridled enthusiasm at current levels," he noted.

A fiscal stimulus plan is still possible despite a divided government, analysts said, though a larger package is less likely. That puts the spotlight on the U.S. Federal Reserve to do more to bolster the world's largest economy. As a result, the dollar has weakened in recent days while growth proxies such as the Australian dollar have rallied with the Biden presidency seen less likely to be confrontational on trade.

The U.S. dollar was mostly flat against the yen at 103.36, after slipping about 1.3% last week. The Aussie scaled a 1-1/2 month high of \$0.7297, having jumped 3.3% last week as trade-exposed currencies got a fillip from Biden's predicted victory. Investor focus will also be on sterling and the euro this week with Brexit trade negotiations coming to a head with the EU summit on Nov. 15.

Later in the day, the Bank of England's chief economist will give a speech on 'The economic impact of coronavirus and long term implications for the UK'. The euro, which climbed 1.9% last week, was a shade higher on Monday at \$1.1891. Sterling rose 0.2% to \$1.3183.

Domestic Markets

The South African rand ended weaker in choppy trade on Friday but was still near its best level in eight months after a rally driven by indications that Democrat Joe Biden was edging closer to winning a tight U.S. presidential election.

At 1530 GMT, the rand was 0.16% weaker at 15.7050 per dollar from an opening level of 15.6800. Volatility since vote counting in the United States commenced has seen the currency hit extremes of 16.4250 and 15.5670, its best since early March.

It was a similar story for many emerging market and risk assets after voting officially closed on Tuesday, keeping investors already weary from COVID-19 on their toes. Local factors barely got a

look in, although upcoming ratings decisions on South Africa's already junk-rated debt and the monetary policy outlook at home and in the U.S. and Europe remained on the radar.

"The risk-taking mood in financial markets is seeing EM portfolio assets benefit, but particularly these rand assets, with the foreign net purchases of SA bonds ramping up yesterday as a Biden win became more secure," said Investec Chief Economist Annabel Bishop. Bonds continued to rally, with the yield on benchmark paper due in 2030 down .05 basis points to 8.965%.

The Johannesburg Stock Exchange (JSE) extended gains on Friday to post its biggest weekly rise in seven months, taking it to levels last seen in mid-September. The benchmark all share index ended the day 2.1% higher at 56,387 points and the bluechip top 40 companies index was up 2.19% to close the week at 51,876 points.

Expectations of a more stable regime under the Democrats tempered by a Republican Senate kept stocks soaring, analysts said. Gold prices were set to post their best week since July, lifting gold mining companies, with the gold index closing up 3.59%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		09-Nov-2020		7:02
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	50,197,828	45,903	1,253,120	33,023,555

In my heart, I'm confident I could make a good president.

Joe Biden

Market Overview

MARKET INDICATORS (Thomson Reuters)		09 November 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	3.85	0.000	3.85	3.85
6 months	↓	3.92	-0.009	3.93	3.92
9 months	↓	3.88	-0.025	3.91	3.88
12 months	↓	3.83	-0.025	3.85	3.83
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.10	0.200	3.90	4.10
GC22 (Coupon 8.75%, BMK R2023)	↑	4.88	0.020	4.86	4.88
GC23 (Coupon 8.85%, BMK R2023)	↑	4.78	0.020	4.76	4.78
GC24 (Coupon 10.50%, BMK R186)	↑	7.16	0.095	7.07	7.16
GC25 (Coupon 8.50%, BMK R186)	↑	7.17	0.095	7.08	7.17
GC26 (Coupon 8.50%, BMK R186)	↑	7.17	0.095	7.08	7.17
GC27 (Coupon 8.00%, BMK R186)	↑	7.46	0.095	7.37	7.46
GC30 (Coupon 8.00%, BMK R2030)	↓	9.25	-0.030	9.28	9.25
GC32 (Coupon 9.00%, BMK R213)	↓	10.44	-0.025	10.46	10.44
GC35 (Coupon 9.50%, BMK R209)	↓	11.45	-0.145	11.59	11.44
GC37 (Coupon 9.50%, BMK R2037)	↓	12.21	-0.155	12.36	12.20
GC40 (Coupon 9.80%, BMK R214)	↓	12.84	-0.180	13.02	12.84
GC43 (Coupon 10.00%, BMK R2044)	↓	13.35	-0.180	13.53	13.35
GC45 (Coupon 9.85%, BMK R2044)	↓	13.63	-0.180	13.81	13.63
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.70	-0.170	13.87	13.69
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	→	4.49	0.000	4.49	4.49
GI25 (Coupon 3.80%, BMK NCPI)	→	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	→	4.38	0.000	4.38	4.38
GI33 (Coupon 4.50%, BMK NCPI)	→	6.76	0.000	6.76	6.76
GI36 (Coupon 4.80%, BMK NCPI)	→	7.02	0.000	7.02	7.02
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,952	0.15%	1,949	1,964
Platinum	↓	889	-0.42%	893	903
Brent Crude	↓	39.5	-3.62%	40.9	40.4
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,062	1.41%	1,047	1,062
JSE All Share	↑	56,387	2.10%	55,225	56,387
SP500	↓	3,509	-0.03%	3,510	3,509
FTSE 100	↑	5,910	0.07%	5,906	5,910
Hangseng	↑	25,713	0.07%	25,696	26,157
DAX	↓	12,480	-0.70%	12,568	12,480
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	10,148	0.08%	10,139	10,148
Resources	↑	51,617	1.82%	50,695	51,617
Industrials	↑	80,572	2.97%	78,248	80,572
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	15.58	-0.64%	15.68	15.52
N\$/Pound	↓	20.50	-0.55%	20.61	20.47
N\$/Euro	↓	18.50	-0.26%	18.55	18.45
US dollar/ Euro	↑	1.187	0.43%	1.182	1.189
		Namibia		RSA	
Interest Rates & Inflation		Latest	Previous	Latest	Previous
Central Bank Rate	↓	3.75	4.00	3.50	3.75
Prime Rate	↓	7.50	7.75	7.00	7.25
		Sep 20	Aug 20	Sep 20	Aug 20
Inflation	→	2.4	2.4	3.0	3.1

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



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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