



## Market Update

Wednesday, 10 February 2021



## Global Markets

Stocks hit a record high on Wednesday, as upbeat earnings, hopes of a large U.S. fiscal stimulus and progress in vaccinations fanned optimism about a global recovery from the pandemic.

MSCI's ex-Japan Asian shares index rose 0.8%, rising above its January peak to reach its highest level ever. In mainland China's CSI300 rose 1.3% to a 13-year high and the Shanghai Composite hit a five-year high on the last trading day before the week-long Lunar New Year holidays. Japan's Nikkei eked out gains of 0.1% while e-mini futures for the U.S. S&P 500 rose 0.35%.

Corporate earnings have been beating expectations in many places including the United States and Japan. In the latest example, shares of Lyft Inc rose as much as 11.8% while Twitter Inc climbed 3.5% in aftermarket trading on their latest quarterly results.

"Globally investors are raising weightings on stocks as the Biden administration looks set to spend pretty much close \$1.9 trillion on its stimulus," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley Securities. Although U.S. President Joe Biden's stimulus package

faces opposition from Republicans, his fellow Democrats last week approved a budget outline that will allow them to muscle the stimulus through in the coming weeks without Republican support.

On Wall Street, major stock indexes closed little changed on Tuesday, though the tech-heavy Nasdaq Composite eked out a record high on a gain of 0.14%. The S&P 500 lost 0.11%. The S&P had climbed the previous six sessions and is up 5.3% for the month, underpinned by the prospects of the large U.S. relief package.

The yield on the benchmark U.S. 10-year Treasury notes was last at 1.16%, not far off Monday's 10 1/2-month high of 1.20%. Higher bond yields also reflect rising inflation expectations, with break-even inflation calculated from inflation-protected Treasuries rising to 2.20 percent, the highest since 2014. The Fed has said it would tolerate inflation rising beyond 2% temporarily. U.S. inflation data, due later on Wednesday, is expected to show an annual rise of 1.5% in core CPI.

In the currency market, the dollar traded near two-week lows against a basket of currencies after sizable fall in the previous trade. The dollar traded at 104.55 yen after 0.64% fall on Tuesday, its biggest in three months, while the euro changed hands at \$1.2119, extending its rebound from a two-month low of \$1.1952 touched on Friday. The British pound held firm at \$1.3822, hitting its highest level since April 2018. The offshore Chinese yuan held firm at 6.4185 to the dollar, within sight of its 2 1/2-year high of 6.4119 set on Jan. 5.

Bitcoin, which gained 19.5% on Monday, stood little changed at \$46,292, not far off its record high of \$48,216 set on Tuesday. Ethereum, the second-most-popular cryptocurrency, hit a record high of \$1,826.

Spot gold added 0.3% to \$1,842.8 an ounce after rising to a one-week high on Tuesday. Brent oil held firm at \$61.03 per barrel, near 13-month highs after a seven-day winning streak as investors are betting that fuel demand will rise while OPEC and allied producers keep a lid on supply. "With Brent over \$60, it's been great psychologically," said John Kilduff, partner at Again Capital LLC in New York. "Everyone is feeling bullish about stronger demand and global inventories in further decline."

## **Domestic Markets**

South Africa's rand strengthened on Tuesday, recovering from a slip in the previous session, as optimism about the passing of a \$1.9 trillion stimulus programme in the United States boosted risk demand.

At 1500 GMT the rand was 0.71% firmer at 14.7750 against the dollar, in line with gains in most emerging market currencies.

U.S. lawmakers have a budget outline to help to push U.S. President Joe Biden's \$1.9 trillion COVID-19 relief package through Congress without Republican support and the legislation is predicted to pass before March 15.

Analysts see the fiscal spending, coupled with continued ultra-easy Federal Reserve monetary policy, dragging down the dollar in the longer term, feeding demand for risk assets.

"The much-awaited U.S. stimulus package has encouraged the rand," said DailyFX analyst Warren Venketas. "Should this come to fruition, the external financial environment would result in an extremely supportive climate for the local currency."

South Africa's main indexes hit another all-time peak, continuing their five-day winning streak, led primarily by hope a U.S. stimulus package will channel money into emerging market stocks.

But the upward move on Tuesday was marginal as investors worried about South Africa's inability to start its first phase of COVID-19 vaccinations and hence its prospect of a faster economic rebound.

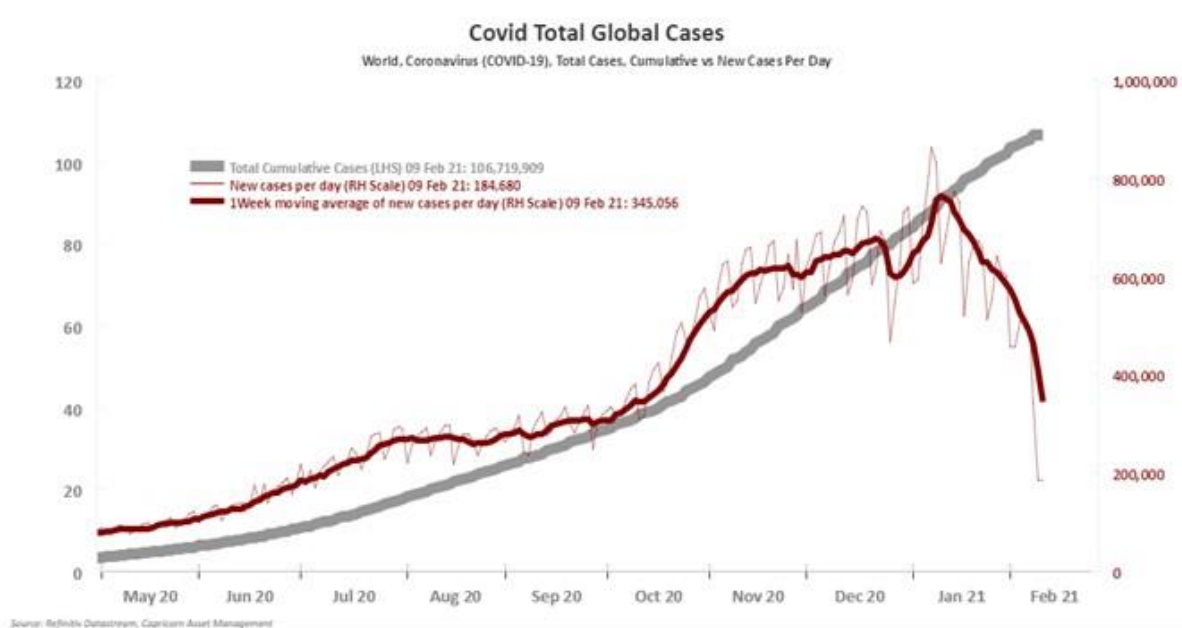
The benchmark all-share index was up by 0.16% to at the day's end to 65,163 points and the bluechip top-40 companies index ended 0.03% up to 59,664 points. The rally was driven by real estate and consumer retail companies, which helped offset a dampening mood. Bonds weakened, with the yield on the benchmark 2030 issue rising 7 basis points to 8.58%.

## Corona Tracker

| GLOBAL CASES     |                 | 2021-02-10 |              | 03:33:33.222Z   |
|------------------|-----------------|------------|--------------|-----------------|
| SOURCE - REUTERS |                 |            |              |                 |
|                  | Confirmed Cases | New Cases  | Total Deaths | Total Recovered |
| <b>GLOBAL</b>    | 106,719,909     | 184,680    | 2,332,349    | 69,532,378      |

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

Source: Thomson Reuters



I come from nothing. I come from sleeping in the kitchen with my family with the oven open to keep us warm during winter, you know? When you come from that background, all this extra stuff is just... extra stuff, you know?

**Michael B. Jordan**

## Market Overview

| MARKET INDICATORS (Thomson Reuters)   |   | 10 February 2021  |                   |                   |                     |
|---------------------------------------|---|-------------------|-------------------|-------------------|---------------------|
| <b>Money Market TB Rates %</b>        |   | <b>Last close</b> | <b>Difference</b> | <b>Prev close</b> | <b>Current Spot</b> |
| 3 months                              | ↔ | 4.16              | 0.000             | 4.16              | 4.16                |
| 6 months                              | ↔ | 4.52              | 0.000             | 4.52              | 4.52                |
| 9 months                              | ↑ | 4.58              | 0.005             | 4.58              | 4.58                |
| 12 months                             | ↑ | 4.61              | 0.009             | 4.60              | 4.61                |
| <b>Nominal Bond Yields %</b>          |   | <b>Last close</b> | <b>Difference</b> | <b>Prev close</b> | <b>Current Spot</b> |
| GC21 (Coupon 7.75%, BMK R208)         | ↑ | 4.37              | 0.020             | 4.35              | 4.37                |
| GC22 (Coupon 8.75%, BMK R2023)        | ↑ | 5.36              | 0.045             | 5.31              | 5.33                |
| GC23 (Coupon 8.85%, BMK R2023)        | ↑ | 5.26              | 0.045             | 5.21              | 5.23                |
| GC24 (Coupon 10.50%, BMK R186)        | ↑ | 7.04              | 0.055             | 6.98              | 7.03                |
| GC25 (Coupon 8.50%, BMK R186)         | ↑ | 7.05              | 0.055             | 6.99              | 7.04                |
| GC26 (Coupon 8.50%, BMK R186)         | ↑ | 7.05              | 0.055             | 6.99              | 7.04                |
| GC27 (Coupon 8.00%, BMK R186)         | ↑ | 7.34              | 0.055             | 7.28              | 7.33                |
| GC30 (Coupon 8.00%, BMK R2030)        | ↑ | 8.90              | 0.080             | 8.82              | 8.90                |
| GC32 (Coupon 9.00%, BMK R213)         | ↑ | 10.02             | 0.070             | 9.95              | 10.03               |
| GC35 (Coupon 9.50%, BMK R209)         | ↑ | 11.11             | 0.050             | 11.06             | 11.10               |
| GC37 (Coupon 9.50%, BMK R2037)        | ↑ | 11.71             | 0.105             | 11.61             | 11.64               |
| GC40 (Coupon 9.80%, BMK R214)         | ↑ | 12.44             | 0.060             | 12.38             | 12.43               |
| GC43 (Coupon 10.00%, BMK R2044)       | ↑ | 12.79             | 0.050             | 12.74             | 12.78               |
| GC45 (Coupon 9.85%, BMK R2044)        | ↑ | 13.07             | 0.050             | 13.02             | 13.06               |
| GC50 (Coupon 10.25%, BMK: R2048)      | ↑ | 13.04             | 0.005             | 13.04             | 13.08               |
| <b>Inflation-Linked Bond Yields %</b> |   | <b>Last close</b> | <b>Difference</b> | <b>Prev close</b> | <b>Current Spot</b> |
| GI22 (Coupon 3.55%, BMK NCPI)         | ↔ | 4.20              | 0.000             | 4.20              | 4.20                |
| GI25 (Coupon 3.80%, BMK NCPI)         | ↔ | 4.25              | 0.000             | 4.25              | 4.25                |
| GI29 (Coupon 4.50%, BMK NCPI)         | ↔ | 5.73              | 0.000             | 5.73              | 5.73                |
| GI33 (Coupon 4.50%, BMK NCPI)         | ↔ | 6.82              | 0.000             | 6.82              | 6.82                |
| GI36 (Coupon 4.80%, BMK NCPI)         | ↔ | 7.27              | 0.000             | 7.27              | 7.27                |
| <b>Commodities</b>                    |   | <b>Last close</b> | <b>Change</b>     | <b>Prev close</b> | <b>Current Spot</b> |
| Gold                                  | ↑ | 1,837             | 0.38%             | 1,830             | 1,842               |
| Platinum                              | ↑ | 1,175             | 1.57%             | 1,157             | 1,204               |
| Brent Crude                           | ↑ | 61.1              | 0.88%             | 60.6              | 61.1                |
| <b>Main Indices</b>                   |   | <b>Last close</b> | <b>Change</b>     | <b>Prev close</b> | <b>Current Spot</b> |
| NSX Overall Index                     | ↑ | 1,301             | 0.04%             | 1,300             | 1,301               |
| JSE All Share                         | ↑ | 65,163            | 0.16%             | 65,059            | 65,163              |
| SP500                                 | ↓ | 3,911             | -0.11%            | 3,916             | 3,911               |
| FTSE 100                              | ↑ | 6,532             | 0.12%             | 6,524             | 6,532               |
| Hangseng                              | ↑ | 29,476            | 0.53%             | 29,319            | 29,937              |
| DAX                                   | ↓ | 14,012            | -0.34%            | 14,060            | 14,012              |
| <b>JSE Sectors</b>                    |   | <b>Last close</b> | <b>Change</b>     | <b>Prev close</b> | <b>Current Spot</b> |
| Financials                            | ↑ | 12,450            | 0.51%             | 12,387            | 12,450              |
| Resources                             | ↓ | 62,164            | -1.04%            | 62,815            | 62,164              |
| Industrials                           | ↑ | 87,943            | 0.64%             | 87,381            | 87,943              |
| <b>Forex</b>                          |   | <b>Last close</b> | <b>Change</b>     | <b>Prev close</b> | <b>Current Spot</b> |
| N\$/US dollar                         | ↓ | 14.72             | -1.03%            | 14.87             | 14.72               |
| N\$/Pound                             | ↓ | 20.33             | -0.48%            | 20.43             | 20.33               |
| N\$/Euro                              | ↓ | 17.83             | -0.46%            | 17.92             | 17.84               |
| US dollar/ Euro                       | ↑ | 1.212             | 0.57%             | 1.205             | 1.212               |
|                                       |   | <b>Namibia</b>    |                   | <b>RSA</b>        |                     |
| <b>Interest Rates &amp; Inflation</b> |   | <b>Dec 20</b>     | <b>Nov 20</b>     | <b>Dec 20</b>     | <b>Nov 20</b>       |
| Central Bank Rate                     | ↔ | 3.75              | 3.75              | 3.50              | 3.50                |
| Prime Rate                            | ↔ | 7.50              | 7.50              | 7.00              | 7.00                |
|                                       |   | <b>Dec 20</b>     | <b>Nov 20</b>     | <b>Dec 20</b>     | <b>Nov 20</b>       |
| Inflation                             | ↑ | 2.4               | 2.2               | 3.1               | 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: Bloomberg



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