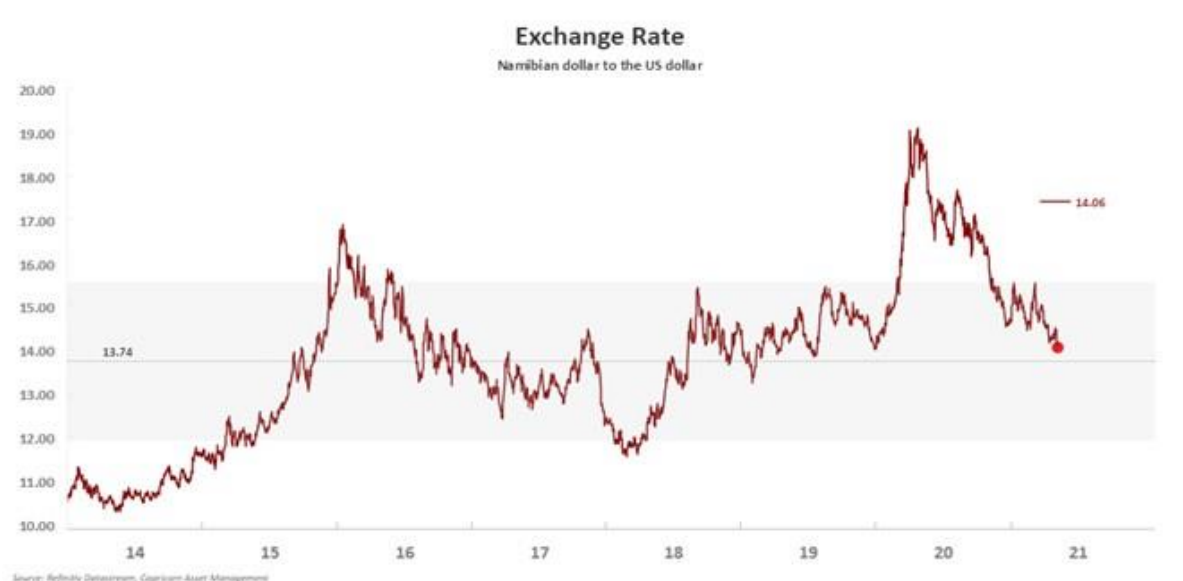




Market Update

Monday, 10 May 2021



Global Markets

Stocks rose on Monday amid speculation that interest rates will remain low due to receding inflationary pressure, while oil and gas prices jumped after a cyber-attack on a U.S. pipeline operator unnerved markets.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.3%, while U.S. stock futures rose 0.14%. Australian stocks hit their highest in more than a year, boosted by gains in miners, but shares in China fell 0.74%. Japanese shares gained 0.53%. Euro Stoxx 50 futures were up 0.42%, German DAX futures were up 0.32%, and FTSE futures rose 0.37%, pointing to a strong start to the European session.

U.S. nonfarm payrolls data on Friday showed jobs growth unexpectedly slowed in April, which gave equities a lift but put downward pressure on the dollar and U.S. Treasury yields. Oil and gasoline futures extended gains after a cyber-attack shut down a U.S. pipeline operator that provides nearly half of the U.S. east coast's fuel supply.

"It certainly pushes back the timetable for Fed tapering, perhaps to December from the prior expectations of the Jackson Hole Symposium in late August," Chris Weston, head of research at broker Pepperstone in Melbourne, wrote in a memo. "A softer payrolls is good for the reflation

trade; the dollar weakened across the FX spectrum. We've also seen a solid bid in equity indices and futures are up."

On Friday the Dow Jones Industrial Average and the S&P 500 rose to record closing highs after disappointing data on the U.S. jobs market eased concerns about a spike in consumer prices. In recent weeks, some investors had been placing bets that a robust U.S. economic recovery from the coronavirus pandemic would force the Federal Reserve to raise interest rates earlier than the central bank has outlined.

However, the weak nonfarm payrolls report caused a rapid reversal in some of these trades, which rippled through stocks, bonds, and major currencies. The focus now shifts to U.S. consumer price data due on Wednesday, which will help investors determine whether they need to scale back their inflation expectations even further. MSCI's broadest index of global stock markets hit a record high on expectations that low rates will continue to spur lending and economic growth.

The dollar index against a basket of six major currencies edged up to 90.237 but was still near its weakest since Feb. 25. The British pound jumped to the highest in more than two months against the greenback, but worries about Scottish independence could curb sterling's gains, traders said. China's onshore spot yuan strengthened to 6.4265 per dollar, the highest since Jan. 29. In the cryptocurrency market, ether rose to a record above \$4,000. Bigger rival bitcoin rose to \$58,920.

The yield on benchmark 10-year Treasury notes steadied at 1.5931% in Asia on Monday after having plunged to a two-month low of 1.4690% on Friday.

U.S. crude ticked up 0.51% to \$65.23 a barrel. Brent crude rose to 0.53% to \$68.64 per barrel in Asian trading as the disruption to U.S. supplies rattled energy markets. Gasoline futures on the New York Mercantile Exchange rose 1.43% to \$2.1574 a gallon, near a three-year high.

The White House is working closely with top U.S. fuel pipeline operator Colonial Pipeline on Sunday to help it recover from a ransomware attack that forced the company to shut its main fuel lines. "The major takeaway is the bad guys are very adept at finding new ways to penetrate infrastructure," Andrew Lipow, president of Lipow Oil Associates told Reuters. "Infrastructure has not developed defences that can offset all the different ways that malware can infect one's system."



Domestic Markets

The rand gained strongly on Friday, hitting its highest level against the dollar since January 2020, hours before Moody's was scheduled to publish a review of South Africa's credit rating. The main driver was worse-than-expected U.S. jobs data, which hurt the dollar.

The nonfarm payrolls miss cooled expectations that a U.S. economic recovery would lead to higher interest rates any time soon, boosting appetite for riskier assets including those in emerging markets.

At 1555 GMT, the rand stood at 14.0550 against the dollar, roughly 0.9% stronger on the day.

Moody's was due to issue its review South Africa's sovereign rating later on Friday, but analysts including those at Rand Merchant Bank expected it to keep the foreign-currency rating at 'Ba2', a sub-investment grade.

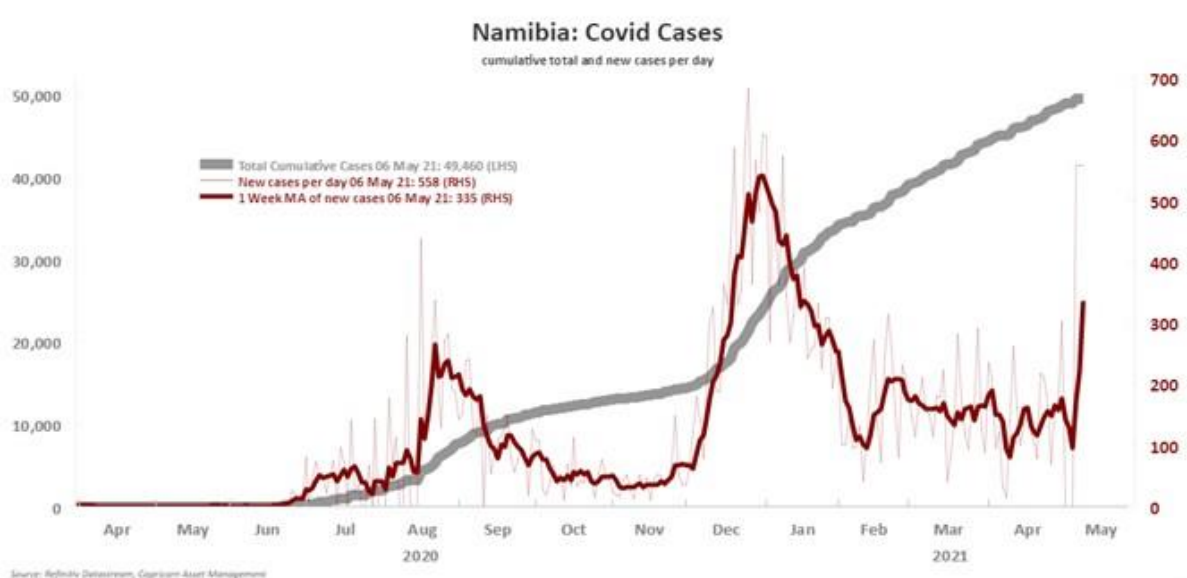
The country's public finances were in bad shape before the COVID-19 pandemic struck and have deteriorated since, but the National Treasury has tried to avoid a debt spiral by curbing the public sector wage bill.

In fixed income, the yield on the benchmark 2030 government bond was little changed at 9.05%.

On the Johannesburg bourse, stocks rose, with the Top-40 Index rising 1.41% to 62,573 points and the All-Share Index climbing 1.35% to 68,520 points. The stronger rand was the main driver behind many increases, with companies that tend to benefit from a stronger local currency, such as banks and insurers, leading the market.

Corona Tracker

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				10 May 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	4.20	0.000	4.20	4.20
6 months	⇒	4.42	0.000	4.42	4.42
9 months	⇒	4.73	0.000	4.73	4.73
12 months	⇒	4.78	0.000	4.78	4.78
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.37	-0.035	4.41	4.37
GC22 (Coupon 8.75%, BMK R2023)	↓	5.32	-0.030	5.35	5.32
GC23 (Coupon 8.85%, BMK R2023)	↓	5.22	-0.030	5.25	5.22
GC24 (Coupon 10.50%, BMK R186)	↓	7.57	-0.035	7.61	7.57
GC25 (Coupon 8.50%, BMK R186)	↓	7.58	-0.035	7.62	7.58
GC26 (Coupon 8.50%, BMK R186)	↓	7.58	-0.035	7.62	7.58
GC27 (Coupon 8.00%, BMK R186)	↓	7.87	-0.035	7.91	7.87
GC30 (Coupon 8.00%, BMK R2030)	↓	9.35	-0.035	9.38	9.35
GC32 (Coupon 9.00%, BMK R213)	↓	10.40	-0.035	10.44	10.40
GC35 (Coupon 9.50%, BMK R209)	↓	11.41	-0.035	11.45	11.41
GC37 (Coupon 9.50%, BMK R2037)	↓	11.87	-0.075	11.95	11.87
GC40 (Coupon 9.80%, BMK R214)	↓	12.64	-0.030	12.67	12.64
GC43 (Coupon 10.00%, BMK R2044)	↓	12.94	-0.040	12.98	12.94
GC45 (Coupon 9.85%, BMK R2044)	↓	13.22	-0.040	13.26	13.22
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.24	-0.035	13.28	13.24
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)	⇒	4.00	0.000	4.00	4.00
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.65	0.000	5.65	5.65
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.80	0.000	6.80	6.80
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.35	0.000	7.35	7.35
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,830	0.84%	1,815	1,838
Platinum	↓	1,249	-0.29%	1,253	1,259
Brent Crude	↑	68.3	0.28%	68.1	68.8
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,448	2.29%	1,415	1,448
JSE All Share	↑	68,520	1.35%	67,609	68,520
SP500	↑	4,233	0.74%	4,202	4,233
FTSE 100	↑	7,130	0.76%	7,076	7,130
Hangseng	↓	28,611	-0.09%	28,637	28,523
DAX	↑	15,400	1.34%	15,197	15,400
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	12,711	1.14%	12,567	12,711
Resources	↑	71,474	2.13%	69,984	71,474
Industrials	↑	86,856	0.87%	86,103	86,856
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.05	-0.98%	14.19	14.05
N\$/Pound	↓	19.64	-0.37%	19.71	19.74
N\$/Euro	↓	17.09	-0.17%	17.12	17.08
US dollar/ Euro	↑	1.216	0.82%	1.206	1.215
		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
		Mar 21	Feb 21	Mar 21	Feb 21
Inflation	↑	3.1	2.7	3.2	2.9

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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