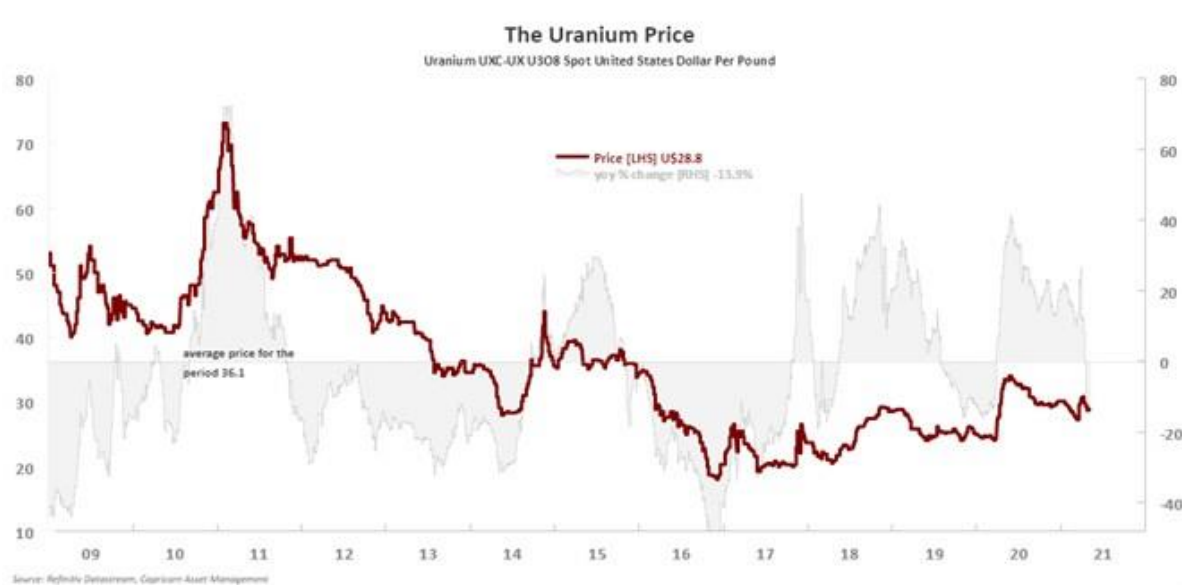




Market Update

Tuesday, 11 May 2021



Global Markets

Shares declined in early trade on Tuesday as Wall Street retreated on worries about accelerating inflation, prompting investors to cut back on their exposure to growth-focused stocks on bets of higher interest rates in the not-too-distant future.

A host of Federal Reserve speakers this week will likely give markets plenty to consider as policymakers assess how best to respond to receding risks posed by the coronavirus in some major economies. A test case on U.S. inflation will come this week when the Labour Department releases its latest consumer price index report on Wednesday.

"Markets reversed course overnight as inflation fears drove investors away from growth stocks, notably the tech stocks, to pick cyclicals," said Hong Hao, head of research at BoCom International. "The Asian markets today will follow the U.S. trend and several Chinese tech stocks will in particular be under big pressure due to the pending antitrust penalty," he said.

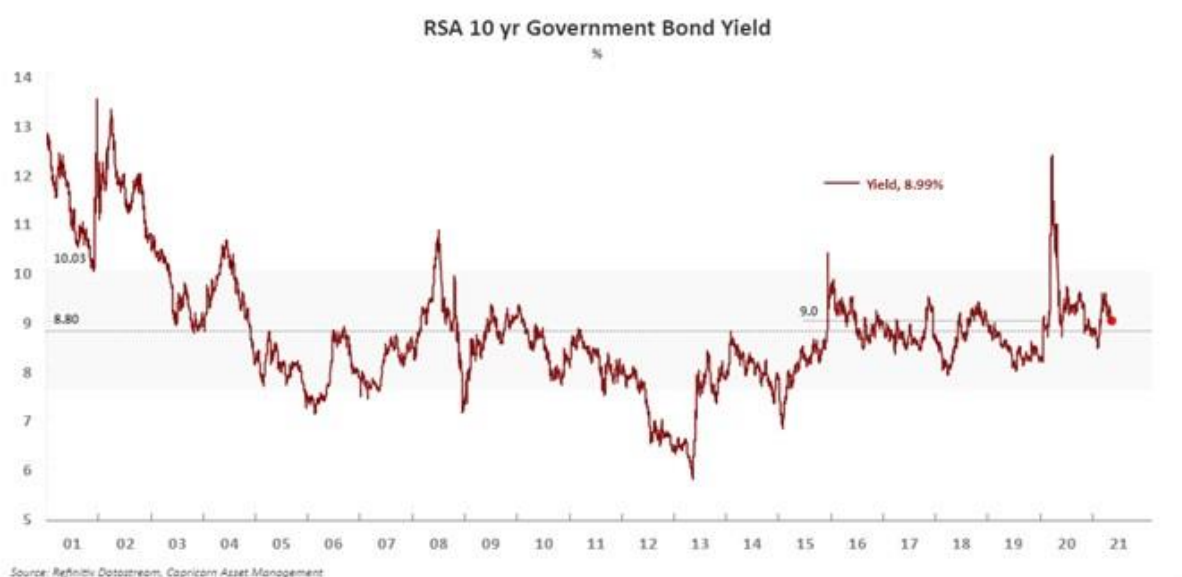
In early trade, MSCI's broadest index of Asia-Pacific shares outside Japan was down 1.7%, with Australian stocks off 1.2% and Tokyo's Nikkei 2.63% lower. China's blue-chip CSI300 index fell 0.77% in morning trade, while Hong Kong's Hang Seng index opened down 2%.

Overnight, Wall Street closed lower as inflation jitters drove investors away from market-leading growth stocks in favour of cyclicals, which stand to benefit most as the economy gathers momentum. The Dow Jones Industrial Average pulled back from record highs hit earlier in the U.S. day. The S&P 500 extended losses to 1%, and the tech-heavy Nasdaq Composite fell 2.55%.

Speculation that growing price pressure would erode the dollar's value kept the U.S. currency near a 2-1/2-month low. By early Tuesday, the dollar index, which measures the greenback against six major currencies, had pared losses to stand at 90.333. A sluggish dollar helped sterling rally to \$1.412, the highest since Feb. 25, despite Scotland's leader saying another referendum on independence was inevitable after her party's resounding election victory.

Rising inflation expectations lifted longer-dated U.S. Treasury yields. The yield on benchmark 10-year Treasury notes rose to 1.5914% after plunging to a two-month low of 1.469% on Friday. Treasuries and the dollar have swung back and forth as investors adjust their expectations for when the U.S. Federal Reserve will start tapering bond purchases and raising interest rates as the U.S. economy gains momentum. The two-year yield, which rises with traders' expectations of higher Fed fund rates, touched 0.1528% compared with a U.S. close of 0.153%.

Oil prices gave up earlier gains as concerns that rising COVID-19 cases in Asia will dampen demand outweighed expectations that a major U.S. fuel pipeline could restart within the week following a cyber-attack. U.S. heating oil futures, which reflects prices for jet fuel and diesel, stood at 2.0074 a gallon. U.S. crude dipped 0.63% to \$64.51 a barrel. Brent crude fell to \$67.83 per barrel. Gold was slightly lower. Spot gold was traded at \$1834.36 per ounce.



Domestic Markets

South Africa's rand rose to a 16-month peak against the dollar on Monday after Moody's left its sovereign ratings unchanged, while an improving local political environment and the global market risk-on sentiment provided further support.

At 1603 GMT, the rand rose by 0.36% to 14.0000 against the dollar, its highest level since early January 2020, from its previous close on Friday of 14.0500.

"With Moody's leaving South Africa's rating and outlook unchanged as expected, the rand received a further boost," Annabel Bishop, chief economist at Investec, said in a note. "The perceived

improved political environment is also aiding the domestic currency as the clean-up in government and the ruling party continues."

South Africa's governing African National Congress (ANC) suspended its Secretary General Ace Magashule last week in line with tougher rules for members charged with corruption and other serious crimes, who were told to "step aside" or vacate their positions within 30 days or face suspension. On Monday President Cyril Ramaphosa said the party will further discipline Magashule, if he does not apologise for a letter he wrote resisting his suspension.

The rand was also boosted by bets that U.S. interest rates will remain low for some time. Lower U.S. interest rates boost the appeal of riskier but high-yielding currencies and weigh on the dollar. The United States created a little more than a quarter of the jobs that economists had forecast last month and the unemployment rate unexpectedly ticked higher, curbing speculation about runaway inflation.

On the Johannesburg bourse, shares dropped, however, after the health ministry said on Saturday it had detected the first four cases of a new coronavirus variant that emerged in India and was responsible for a surge of infections and deaths in the Asian country. South Africa's second wave was driven by its own variant that quickly dominated infections countrywide and closed certain parts of the economy, affecting tourism and retail-facing stocks.

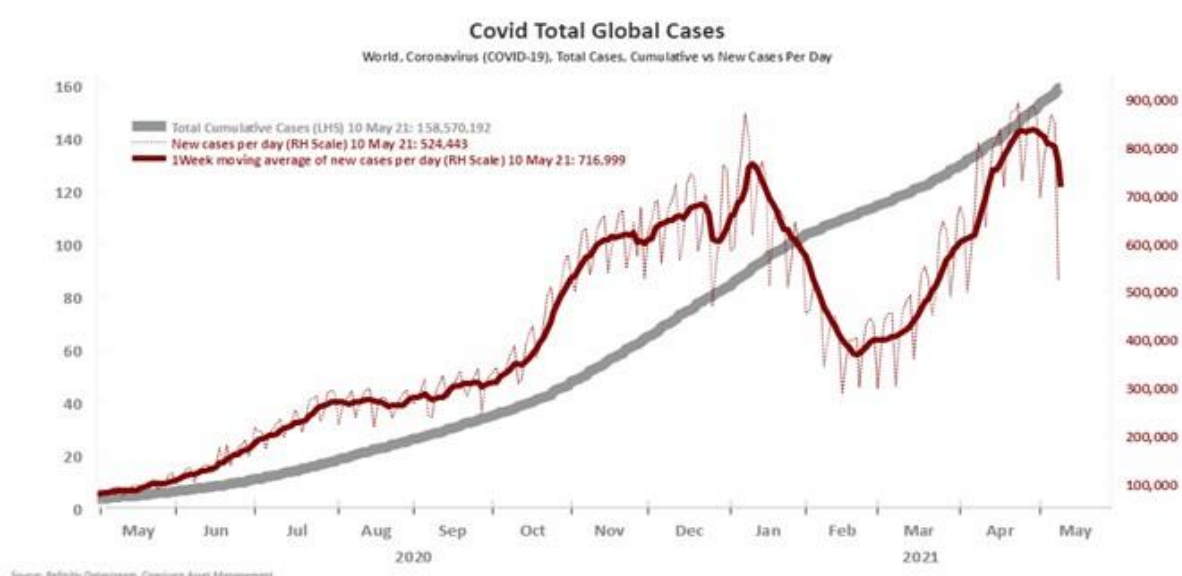
The Johannesburg Stock Exchange's all-share index closed down 0.21% at 68,377 points, and the blue-chip index dropped 0.29% to 62,389 points.

Corona Tracker

GLOBAL CASES		11-May-2021		4:50
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	158,570,192	524,443	3,437,188	107,804,438

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

Source: Thomson Reuters



Source: Refinitiv Datastream, Capgemini Asset Management

Market Overview

MARKET INDICATORS (Thomson Reuters)				11 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	⬇	4.41	-0.008	4.42	4.41
9 months	⬇	4.72	-0.008	4.73	4.72
12 months	⬇	4.78	-0.008	4.78	4.78
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⬇	4.36	-0.010	4.37	4.36
GC22 (Coupon 8.75%, BMK R2023)	⬇	5.31	-0.015	5.32	5.29
GC23 (Coupon 8.85%, BMK R2023)	⬇	5.21	-0.015	5.22	5.19
GC24 (Coupon 10.50%, BMK R186)	⬇	7.56	-0.015	7.57	7.51
GC25 (Coupon 8.50%, BMK R186)	⬇	7.57	-0.015	7.58	7.52
GC26 (Coupon 8.50%, BMK R186)	⬇	7.57	-0.015	7.58	7.52
GC27 (Coupon 8.00%, BMK R186)	⬇	7.86	-0.015	7.87	7.81
GC30 (Coupon 8.00%, BMK R2030)	⬇	9.27	-0.075	9.35	9.20
GC32 (Coupon 9.00%, BMK R213)	⬇	10.33	-0.070	10.40	10.27
GC35 (Coupon 9.50%, BMK R209)	⬇	11.36	-0.050	11.41	11.32
GC37 (Coupon 9.50%, BMK R2037)	⬇	11.84	-0.035	11.87	11.80
GC40 (Coupon 9.80%, BMK R214)	⬇	12.61	-0.035	12.64	12.57
GC43 (Coupon 10.00%, BMK R2044)	⬇	12.91	-0.035	12.94	12.88
GC45 (Coupon 9.85%, BMK R2044)	⬇	13.19	-0.035	13.22	13.16
GC50 (Coupon 10.25%, BMK: R2048)	⬇	13.20	-0.045	13.24	13.17
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	⬆	1,835	0.27%	1,830	1,833
Platinum	⬇	1,247	-0.17%	1,249	1,245
Brent Crude	⬆	68.3	0.06%	68.3	67.9
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,457	0.64%	1,448	1,457
JSE All Share	⬇	68,377	-0.21%	68,520	68,377
SP500	⬇	4,188	-1.04%	4,233	4,188
FTSE 100	⬇	7,124	-0.08%	7,130	7,124
Hangseng	⬇	28,596	-0.05%	28,611	28,032
DAX	⬆	15,400	0.00%	15,400	15,400
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆	12,740	0.23%	12,711	12,740
Resources	⬆	72,112	0.89%	71,474	72,112
Industrials	⬇	85,665	-1.37%	86,856	85,665
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	14.04	-0.11%	14.05	14.04
N\$/Pound	⬆	19.82	0.95%	19.64	19.82
N\$/Euro	⬇	17.03	-0.39%	17.09	17.04
US dollar/ Euro	⬇	1.213	-0.28%	1.216	1.213
		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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