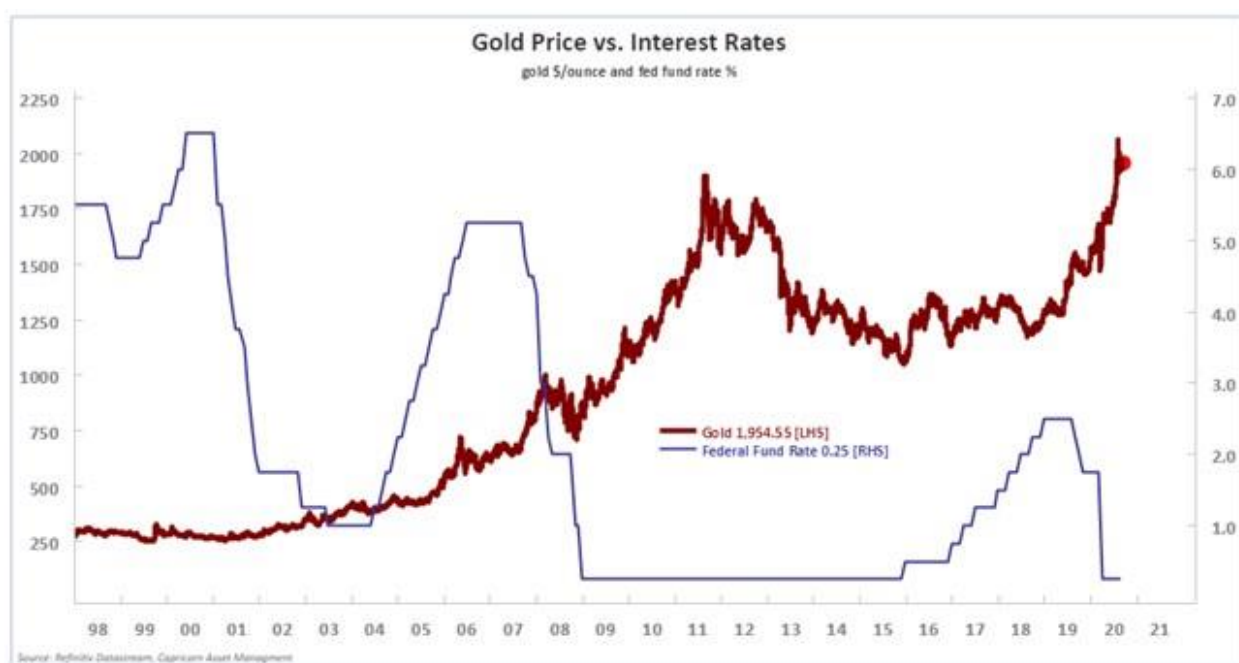




Market Update

Friday, 11 September 2020



Global Markets

Asian shares struggled to stem a bearish mood on Friday after U.S. big tech firm shares fell again overnight on growing doubts about U.S. stimulus and worries about their stretched valuations. MSCI's broadest index of Asia-Pacific shares outside Japan dipped 0.2%, hovering just above a one-month trough touched earlier this week. Japan's Nikkei rose 0.3%.

Soaring the mood, the U.S. Senate on Thursday killed a Republican bill that would have provided around \$300 billion in new coronavirus aid, as Democrats seeking far more funding prevented it from advancing. "The need for more fiscal support seems obvious, but the chances of imminent support have diminished significantly," wrote Rodrigo Catril, senior FX strategist at National Australia Bank in Sydney.

Data also showed the number of Americans filing new claims for unemployment benefits remained high last week, and the total number of people who are on unemployment benefits increased to 29.6 million. Diplomatic and military tensions between Washington and Beijing appeared to intensify as Taiwan denounced China on Thursday over large-scale air and naval drills off its southwestern coast.

U.S. tech shares, unquestionable leaders of the world's stock recovery since late March, failed to sustain a brief rebound. On Wall Street on Thursday, the S&P 500 lost 1.77% while the Nasdaq Composite dropped 1.99%, both on course for a second straight week of losses. The NYSE Fang+ index of big 10 tech companies lost 5.4% so far this week -- its biggest weekly loss since the market turmoil in March if sustained by the end of Friday. Still, the index is more than double its March through and investors have gathered that their high valuations are justifiable in light of near zero interest rates in much of the developed world and massive liquidity the world's central banks have created.

Many investors have said the selloff was a healthy correction. Yet, with the world's stocks still trading near the most expensive levels relative to profit outlook since the 2000 tech bubble, some analysts called for caution. "Global shares had rallied on expectations of economic recovery from lockdowns. But as the autumn begins (in the northern hemisphere), people wonder if the coronavirus infections could worsen," said Kozo Koide, chief economist at Asset Management One. "You never know if vaccine deployment is that easy nor if banks need to aside more provisions for struggling firms in hospitality sector. Considering all that, investors are likely to question the current valuations can be justified," he said.

In the currency market, the British pound wobbled near a 1 1/2-month low set on Thursday on fears that UK-EU trade negotiations may fall apart. The European Union told Britain it should urgently scrap a plan to break their divorce treaty, but Prime Minister Boris Johnson's government refused and pressed ahead with a draft law that could sink four years of Brexit talks. The pound traded at \$1.2815, having slipped to \$1.2773 overnight.

The euro changed hands at \$1.1833 having briefly hit a one-week high on Thursday after European Central Bank President Christine Lagarde said that while the ECB is watching the exchange rate, it is not a monetary policy tool. Traders took her comments to mean the ECB was unlikely to undertake measures to weaken the currency. The yen was little moved at 106.18 per dollar.

Oil prices were under pressure from a surprise rise in U.S. stockpiles and weak demand due to the coronavirus pandemic. Brent crude was down 0.2% at \$39.98 a barrel after falling nearly 2% on Thursday. U.S. crude was flat at \$37.30, having fallen 2% in the previous session.

Domestic Markets

South Africa's rand weakened on Thursday as data showing contractions in mining and manufacturing in July pointed to a slow recovery in the domestic economy. At 1540 GMT the rand was 1.59% weaker at 16.8800 per dollar.

Statistics South Africa agency figures showed on Thursday that mining output fell 9.1% in July while manufacturing was down 10.6%.

On the other hand, the central bank said that the current account balance swung to a deficit in the second quarter as the trade surplus more than halved due to the impact of the COVID-19 pandemic.

"South Africa's weakening economic fundamentals have dragged down the rand," Investec economist Annabel Bishop said in a research note. "Concerns over the future of domestic economic growth are also limiting the rand from gaining fully from positive global financial market sentiment."

Data on Tuesday showed that South Africa's economic output recorded its largest contraction ever in the second quarter as a strict lockdown shut down most activity.

Government bonds also weakened, with the yield on the instrument due in 2030 up 5.5 basis points to 9.335%.

Stocks rose along with global markets, with the bullion sector up 2.78% after spot gold rose to its highest level in over a week. Gold Fields rose 1.47% to 221.51 rand and AngloGold Ashanti closed up 3.82% to 493.35 rand. Further gains were seen by bourse heavyweight Naspers which rose 2% to 2,940.02 rand.

The Johannesburg Stock Exchange's All-Share Index rose 1.61% to 56,100 points, its highest level in more than a week, while the blue-chip Top-40 index gained 1.67% to 51,688 points.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES		11-Sep-2020		8:03
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	28,148,188	290,856	908,026	19,052,012

People, even more than things, have to be restored, renewed, revived, reclaimed, and redeemed; never throw out anyone.

Audrey Hepburn

Market Overview

MARKET INDICATORS (Thomson Reuters)		11 September 2020			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	3.90	-0.042	3.94	3.90
6 months	↓	3.98	-0.025	4.01	3.98
9 months	↓	4.01	-0.025	4.03	4.01
12 months	↓	4.00	-0.050	4.05	4.00
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↑	4.30	0.075	4.23	4.23
GC22 (BMK: R2023)	↑	5.14	0.060	5.08	5.12
GC23 (BMK: R2023)	↑	5.11	0.060	5.05	5.09
GC24 (BMK: R186)	↑	7.56	0.065	7.50	7.54
GC25 (BMK: R186)	↑	7.57	0.065	7.51	7.55
GC26 (BMK: R186)	↑	7.61	0.065	7.55	7.59
GC27 (BMK: R186)	↑	7.86	0.065	7.80	7.84
GC30 (BMK: R2030)	↑	9.64	0.045	9.59	9.62
GC32 (BMK: R213)	↑	10.45	0.060	10.39	10.45
GC35 (BMK: R209)	↑	11.81	0.060	11.75	11.79
GC37 (BMK: R2037)	↑	12.43	0.055	12.37	12.41
GC40 (BMK: R214)	↑	13.00	0.055	12.95	12.98
GC43 (BMK: R2044)	↑	13.30	0.055	13.24	13.28
GC45 (BMK: R2044)	↑	13.85	0.055	13.79	13.83
GC50 (BMK: R2048)	↑	13.89	0.040	13.85	13.89
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)	⇒	6.82	0.000	6.82	6.82
GI36 (BMK: NCPI)	⇒	7.15	0.000	7.15	7.15
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,954	0.38%	1,947	1,942
Platinum	↑	926	1.11%	916	926
Brent Crude	↓	40.1	-1.79%	40.8	40.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,101	0.78%	1,093	1,101
JSE All Share	↑	55,954	1.35%	55,211	55,954
SP500	↓	3,339	-1.76%	3,399	3,339
FTSE 100	↓	6,003	-0.16%	6,013	6,003
Hangseng	↓	24,314	-0.64%	24,469	24,473
DAX	↓	13,209	-0.21%	13,237	13,209
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	10,406	0.66%	10,338	10,406
Resources	↑	55,663	0.89%	55,170	55,663
Industrials	↑	74,549	1.91%	73,152	74,549
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	16.88	1.63%	16.61	16.82
N\$/Pound	↑	21.61	0.09%	21.59	21.57
N\$/Euro	↑	19.94	1.73%	19.60	19.91
US dollar/ Euro	↑	1.181	0.09%	1.180	1.184
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	⇒	2.1	2.1	3.2	2.2
Prime Rate	↓	7.50	8.00	7.00	7.25
Central Bank Rate	↓	3.75	4.00	3.50	3.75

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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