



## Market Update

Friday, 12 June 2020

### Global Markets

Asian equities are set to fall sharply on Friday after Wall Street stocks and oil tumbled over growing concerns that a resurgence of coronavirus infections could stunt the pace of reopening economies. The three major U.S. stock indexes fell more than 5%, posting their worst day since mid-March, when markets were sent into freefall by the abrupt economic lockdowns put in place to contain the pandemic.

"All of a sudden the coronavirus, which has been an also-ran story for some days now, became more important as the virus began picking up in some states, and the market began thinking there may be delays to reopening," said Tim Ghriskey, chief investment strategist at Inverness Counsel in New York.

Australian S&P/ASX 200 futures were down 3.04% at 20:59 GMT, while Japan's Nikkei 225 index closed down 2.82% at 22,472.91 on Thursday. Hong Kong's Hang Seng index futures were down 2.06%.

Cases of the disease have jumped in several U.S. states in recent days, raising concern among experts who say authorities have loosened restrictions put in place to contain the spread too early. Cases in New Mexico, Utah and Arizona rose by 40% for the week ended Sunday, a Reuters tally shows. Florida and Arkansas are other hot spots.

The U.S. Federal Reserve released a gloomy economic outlook at the end of its two-day monetary policy meeting on Wednesday. Chair Jerome Powell warned of a "long road" to recovery. Economic data appeared to back up the Fed's projections, with jobless claims still more than double their peak during the Great Recession and continuing claims at an astoundingly high 20.9 million.

On Wall Street, the Dow Jones Industrial Average dropped 6.9%, the S&P 500 lost 5.89%, while the Nasdaq Composite shed 5.27%.

Oil prices tumbled on renewed concerns about demand, as new cases of the coronavirus disease rise globally, and a large build-up of U.S. crude inventories. Benchmark Brent crude futures settled 7.62% lower at \$38.55 a barrel in U.S. trading hours, before sliding further in Asia on Friday. U.S. crude oil futures settled at \$36.34 a barrel, down \$3.26, or 8.23%.

U.S. Treasury and euro zone government bonds rallied after the Fed on Wednesday signalled it plans years of extraordinary support to counter the economic fallout from the pandemic. Yields on 10-

year Treasury notes dropped sharply from last week's peak of 0.96%. The 10-year Treasury note fell 8.6 basis points to yield 0.6625%, while Germany's 10-year benchmark fell 10 basis points to a nine-day low of -0.43%.

Gold futures settled more than 1% higher and the dollar, yen and Swiss franc all benefited from safe-haven flows. The yen rose to a one-month high against the dollar, while the Swiss franc climbed to a three-month peak. The dollar also rose 0.4% to 96.556 against a basket of currencies. The euro fell 0.63% to \$1.1297, and the yen slid 0.22% to \$106.8500. U.S. gold futures settled up 1.1% at \$1,739.80 an ounce.

**Source: Thomson Reuters**

## Domestic Markets

South Africa's rand was on track for its biggest daily fall since November 2016 on Thursday, as global investors dumped riskier assets and dismal domestic data drove home the economic impact of the COVID-19 pandemic. The rand is seen by some as a proxy for emerging market risk, so it tends to swing wildly at times of market volatility.

And Thursday was a brutal day for global markets, after the U.S. Federal Reserve painted a bleak picture of the health of the world's biggest economy and investors worried about new coronavirus infections as lockdowns aimed at curbing the virus ease.

The rand's decline of more than 3% against the U.S. dollar was steeper than for other emerging market units like the Russian rouble or Turkish lira. "It is mostly to do with the overall risk-off move (in global markets), but it's combined also with the central bank's intentions to have lower rates and have potentially negative real rates," said Peter Kisler, North Asset Management emerging market portfolio manager.

The South African Reserve Bank has cut rates by 275 basis points so far this year, to 3.75%, bringing them below the level of annual inflation in March, the latest month for which data is available.

The rand's sharp move weaker, which took it above 17 per dollar, marked a relapse for a currency that had gained some 11% against the dollar from the start of May to Wednesday's close.

Mining data on Thursday highlighted how South Africa's strict lockdown crippled output in April, and manufacturing data showed the sector was in bad shape even before the lockdown.

Africa's most industrialised economy could contract by 7% this year, according to a central bank prediction.

On the local bourse, stocks slid for a fourth session this week, mirroring falls in global equities markets. The benchmark All-share Index closed down 0.7% at 53,295 points, while the Top-40 Index decreased by 0.6% to 48,892 points. Banks led decliners, with the banking index down 2%.

**Source: Thomson Reuters**

## Corona Tracker

GLOBAL CASES SOURCE - REUTERS		12-Jun-2020		4:16
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	7,495,973	109,992	419,459	3,322,192

## Market Overview

MARKET INDICATORS (Thomson Reuters)					12 June 2020	
<b>Money Market TB's</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↓		4.46	-0.280	4.74	4.46
6 months	↓		4.78	-0.090	4.87	4.78
9 months	↓		4.89	-0.031	4.92	4.89
12 months	↓		4.97	-0.052	5.02	4.97
<b>Nominal Bonds</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (BMK: R208)	↑		4.13	0.035	4.10	4.13
GC22 (BMK: R2023)	↑		6.04	0.015	6.02	6.04
GC23 (BMK: R2023)	↑		6.02	0.015	6.00	6.02
GC24 (BMK: R186)	↑		8.02	0.025	8.00	8.02
GC25 (BMK: R186)	↑		8.07	0.025	8.05	8.07
GC27 (BMK: R186)	↑		8.15	0.025	8.13	8.15
GC30 (BMK: R2030)	↑		9.77	0.035	9.73	9.77
GC32 (BMK: R213)	↑		10.49	0.030	10.46	10.50
GC35 (BMK: R209)	↑		11.73	0.035	11.69	11.73
GC37 (BMK: R2037)	↑		12.18	0.020	12.16	12.18
GC40 (BMK: R214)	↑		12.61	0.025	12.59	12.61
GC43 (BMK: R2044)	↑		13.03	0.050	12.98	13.03
GC45 (BMK: R2044)	↑		13.20	0.050	13.15	13.20
GC50 (BMK: R2048)	↑		13.24	0.035	13.20	13.24
<b>Inflation-Linked Bonds</b>			<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (BMK: NCPI)	↑		4.49	0.090	4.40	4.49
GI25 (BMK: NCPI)	↓		4.49	-0.010	4.50	4.49
GI29 (BMK: NCPI)	→		5.98	0.000	5.98	5.98
GI33 (BMK: NCPI)	→		6.70	0.000	6.70	6.70
GI36 (BMK: NCPI)	→		6.99	0.000	6.99	6.99
<b>Commodities</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓		1,727	-0.52%	1,736	1,726
Platinum	↓		811	-2.59%	833	814
Brent Crude	↓		38.6	-7.62%	41.7	37.9
<b>Main Indices</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓		985	-8.61%	1,078	985
JSE All Share	↓		53,295	-0.70%	53,673	53,295
SP500	↓		3,002	-5.89%	3,190	3,002
FTSE 100	↓		6,077	-3.99%	6,329	6,077
Hangseng	↓		24,480	-2.27%	25,050	24,202
DAX	↓		11,970	-4.47%	12,530	11,970
<b>JSE Sectors</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↓		10,658	-2.18%	10,896	10,658
Resources	↑		49,175	0.17%	49,093	49,175
Industrials	↓		72,805	-0.77%	73,370	72,805
<b>Forex</b>			<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑		17.16	3.86%	16.52	17.20
N\$/Pound	↑		21.62	2.68%	21.05	21.61
N\$/Euro	↑		19.38	3.20%	18.78	19.42
US dollar/ Euro	↓		1.130	-0.63%	1.137	1.129
			<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>			<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Inflation	↓		1.6	2.4	4.1	4.6
Prime Rate	↓		8.00	9.00	7.75	8.75
Central Bank Rate	↓		4.25	5.25	4.25	5.25

**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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