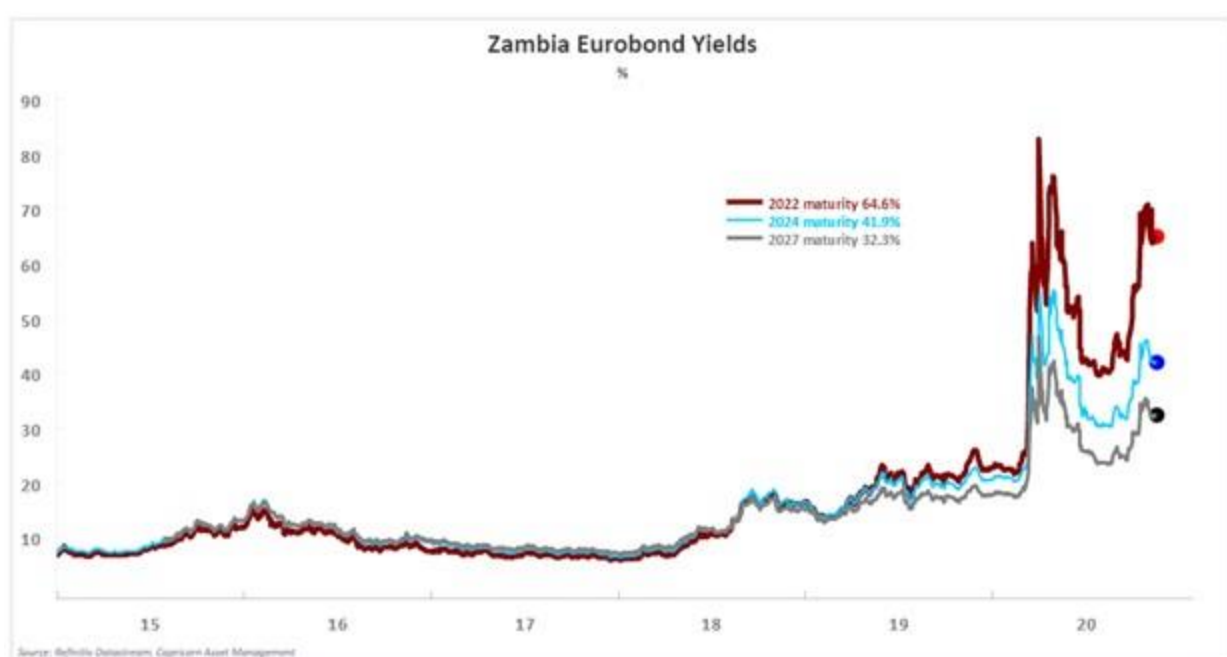




Market Update

Thursday, 12 November 2020



Global Markets

Asian shares rose toward a more than two-year peak on Thursday, buoyed by sustained global stimulus efforts and hopes of a coronavirus vaccine, but some analysts warned of the risk of a correction lower.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.44%, approaching the highest since January 2018. Chinese shares rose 0.37%. Stocks in Japan rose 0.62% to a 29-year high. Australian stocks bucked the regional trend and fell 0.31% as a decline in copper prices hurt shares in miners. S&P 500 stock futures slipped 0.15%. Oil futures rose toward two-month highs due to optimism about a vaccine and a larger-than-expected drawdown in U.S. crude inventories.

The gains in Asia came after a mixed performance for U.S. stocks as investors switched back to technology stocks and away from economically sensitive sectors as they weighed COVID-19 vaccine progress and the likely timing of an economic rebound. "The markets are waiting for more news about the virus, so it is difficult for investors to short equities," said Daiju Aoki, regional chief investment officer for Japan at UBS Securities. "These expectations can keep equities going for

another few weeks, but there are still questions about the effectiveness of a vaccine and about U.S. fiscal policy. We could see a correction early next year."

The Dow Jones Industrial Average dipped 0.08% on Wednesday, but the Nasdaq closed up 2%, and the S&P 500 gained 0.77%. Encouraging comments from European Central Bank chief Christine Lagarde on continued economic support boosted European shares for the third straight session.

Moderna Inc said on Wednesday it is preparing to submit data on its experimental COVID-19 vaccine to an independent safety board, which should help determine the vaccine's efficacy. Pfizer also said on Monday that its vaccine was more than 90% effective and it may release safety data later this month. Investors the world over are keenly awaiting details on both drugs, but some analysts warn it will still take a long time to distribute an effective vaccine.

In the currency market, the New Zealand dollar soared for a second straight session to a 19-month high as investors unwound bets on the introduction of negative interest rates. The kiwi got an added boost after Reserve Bank of New Zealand Assistant Governor Christian Hawkesby said the economy required less stimulus than it did in August. The U.S. dollar edged lower against the Japanese yen and the Chinese yuan as traders adjusted positions before U.S. President-elect Joe Biden takes office next year.

Global oil benchmark Brent rose 0.48% to \$44.01 a barrel, approaching a two-month high. U.S. crude futures also gained 0.55% to \$41.62 a barrel. "Crude markets remain torn by the bleak near-term picture with curfews, closures and shutdowns becoming more widespread across the U.S. and Europe; and the medium-term picture where vaccines may bring a return to more normal conditions," Westpac analysts for Australia and New Zealand wrote in a note Thursday. Spot gold edged up 0.22% to \$1,868.76 an ounce.

Benchmark 10-year Treasury yields fell slightly to 0.9406% and the yield curve flattened in Asian trade. The U.S. bond market was closed on Wednesday in observance of Veterans Day after the 10-year yield reached the highest level since March.

Domestic Markets

South Africa's rand retreated against a stronger dollar on Wednesday as optimism around a potential COVID-19 vaccine waned and investors awaited an address by President Cyril Ramaphosa on developments in the country's COVID-19 response.

The rand traded at 15.6875 against the U.S. dollar at 1339 GMT, 0.43% weaker than its close in the previous session despite surpassing its eight-month peak on Monday after drugmaker Pfizer announced that its trial vaccine had been highly effective in preventing COVID-19.

The greenback gained on Wednesday as worries over logistical challenges over the mass rollout of a potential vaccine and a surge of new infections in the United States offset optimism over the breakthrough in the coronavirus vaccine. In response riskier currencies fell against the safe-haven dollar.

"There is a small pullback in the dollar today so we are seeing weakness in the rand," said Standard Bank senior trader Oliver Alwar. The rand slipped in the previous session on local political turmoil after South African police issued an arrest warrant on corruption charges for Ace Magashule, a top official of the governing African National Congress party.

Investors will be looking to a national address by Ramaphosa at 1900 GMT on Wednesday for indications of changes in coronavirus restrictions as infection in the country surpass 740,000.

In fixed income, the yield on the benchmark due in 2030 fell 3.5 basis points to 6.955%.

Stocks were weighed down by bourse heavyweight Naspers and the bullion sector, which weakened 5.68% as gold prices ease with a firmer dollar. The All-Share index closed down 0.26% to 52,784 points, while the benchmark Top-40 index dipped 0.11% to 57,607 points. "Gold and platinum shares have taken a hit, as the gold price is looking softer, while Naspers is further dragging the market down," said Ryan Woods, a trader with Independent Securities. Naspers fell 4.74%, while bullion producer Harmony Gold closed down 6.38%. Curbing further losses the banking index closed up 6.79% with Standard Bank 7.55% firmer and Absa up 5.34%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		11-Nov-2020		1:17
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	51,811,684	351,134	1,279,029	33,778,563

My mother said to me, 'If you are a soldier, you will become a general. If you are a monk, you will become the Pope.' Instead, I was a painter, and became Picasso.

Pablo Picasso

Market Overview

MARKET INDICATORS (Thomson Reuters)		12 November 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	3.85	0.000	3.85	3.85
6 months	→	3.92	0.000	3.92	3.92
9 months	↑	3.92	0.034	3.88	3.92
12 months	↑	3.87	0.042	3.83	3.87
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	→	4.02	0.000	4.02	4.02
GC22 (Coupon 8.75%, BMK R2023)	↑	4.69	0.010	4.68	4.69
GC23 (Coupon 8.85%, BMK R2023)	↑	4.59	0.010	4.58	4.59
GC24 (Coupon 10.50%, BMK R186)	↓	7.26	-0.010	7.27	7.26
GC25 (Coupon 8.50%, BMK R186)	↓	7.27	-0.010	7.28	7.27
GC26 (Coupon 8.50%, BMK R186)	↓	7.27	-0.010	7.28	7.27
GC27 (Coupon 8.00%, BMK R186)	↓	7.56	-0.010	7.57	7.56
GC30 (Coupon 8.00%, BMK R2030)	↓	9.13	-0.050	9.18	9.15
GC32 (Coupon 9.00%, BMK R213)	↓	10.31	-0.030	10.34	10.31
GC35 (Coupon 9.50%, BMK R209)	↓	11.23	-0.025	11.25	11.22
GC37 (Coupon 9.50%, BMK R2037)	↓	11.95	-0.025	11.97	11.95
GC40 (Coupon 9.80%, BMK R214)	↑	12.59	0.010	12.58	12.59
GC43 (Coupon 10.00%, BMK R2044)	↑	13.12	0.020	13.10	13.12
GC45 (Coupon 9.85%, BMK R2044)	↑	13.40	0.020	13.38	13.40
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.42	-0.015	13.43	13.43
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	→	4.49	0.000	4.49	4.49
GI25 (Coupon 3.80%, BMK NCPI)	→	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	→	4.38	0.000	4.38	4.38
GI33 (Coupon 4.50%, BMK NCPI)	→	6.76	0.000	6.76	6.76
GI36 (Coupon 4.80%, BMK NCPI)	→	7.02	0.000	7.02	7.02
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,865	-0.63%	1,877	1,870
Platinum	↓	865	-2.03%	883	866
Brent Crude	↑	43.8	0.44%	43.6	43.9
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,201	3.53%	1,160	1,201
JSE All Share	↓	57,607	-0.11%	57,672	57,607
SP500	↑	3,573	0.77%	3,546	3,573
FTSE 100	↑	6,382	1.35%	6,297	6,382
Hangseng	↓	26,227	-0.28%	26,301	26,123
DAX	↑	13,216	0.40%	13,163	13,216
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	11,999	5.46%	11,377	11,999
Resources	↓	52,323	-0.75%	52,719	52,323
Industrials	↓	78,985	-1.53%	80,216	78,985
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	→	15.62	0.00%	15.62	15.64
N\$/Pound	↓	20.65	-0.35%	20.73	20.65
N\$/Euro	↓	18.40	-0.31%	18.46	18.41
US dollar/ Euro	↓	1.178	-0.31%	1.181	1.177
Interest Rates & Inflation		Namibia		RSA	
		Oct 20	Sep 20	Oct 20	Sep 20
Central Bank Rate	→	3.75	3.75	3.50	3.50
Prime Rate	→	7.50	7.50	7.00	7.00
		Sep 20	Aug 20	Sep 20	Aug 20
Inflation	→	2.4	2.4	3.0	3.1

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

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer’s judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
