



The Daily Brief

Capricorn Asset Management

Market Update

Tuesday, 13 April 2021



Global Markets

Share markets were cautious on Tuesday after U.S. markets weakened as investors anticipated the start of corporate earnings seasons and the release of key inflation data to indicate how the global recovery from the pandemic will emerge.

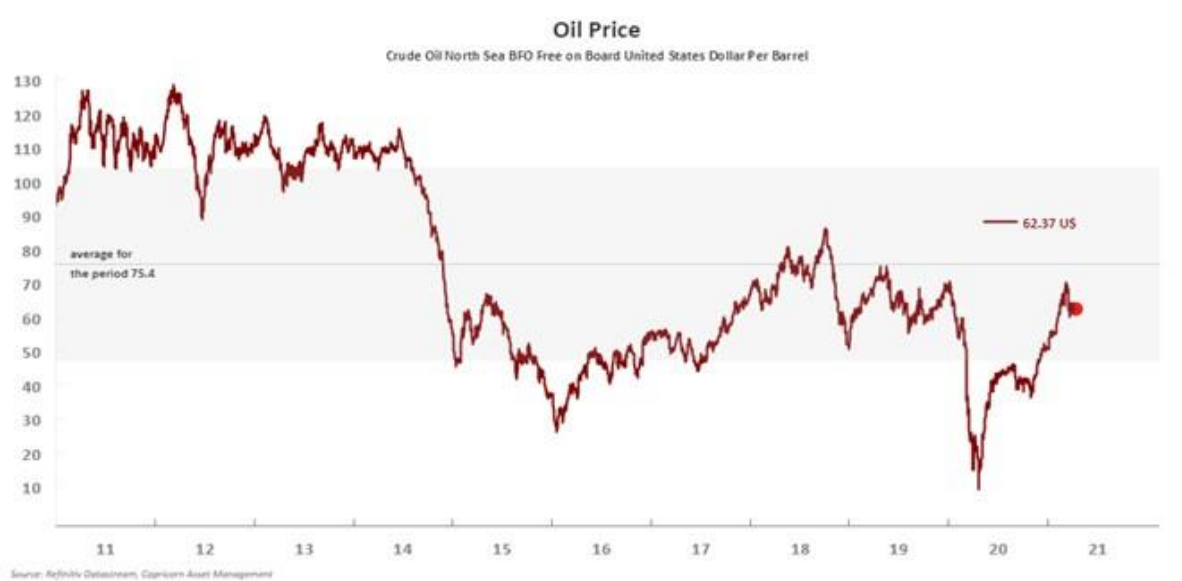
MSCI's broadest index of Asia-Pacific shares outside Japan was trading less than 0.1% higher early Tuesday. In Australia, the S&P/ASX200 gained 10 points to 6983.90 early in the session while Japan's Nikkei rose 0.9%. Tech stocks drove the gain in Australian stocks while the country's major miners showed signs of weakness. Hong Kong's Hang Seng Index added 0.6% in early trade while the mainland bluechip index CSI300 edged up 0.3% ahead of March trade figures due to be published Tuesday. South Korea's KOSPI 200 Index was 0.5% higher.

"Volatility has come off in U.S. markets as we see it trading flat ahead of reporting season," said James Rosenberg, a Baillieu Holst advisor in Sydney. "With markets at broadly record levels there's expectations it'll be very strong and that certainly does not leave much room for disappointment."

In the United States, the Dow Jones Industrial Average fell 55.2 points, or 0.16%, to 33,745.4, the S&P 500 lost 0.81 points, or 0.02%, to 4,127.99 and the Nasdaq Composite dipped 50.19 points, or 0.36%, to 13,850.00.

Boston Federal Reserve Bank President Eric Rosengren said Monday the U.S. economy could see a significant rebound this year due to looser money and fiscal policy but the country's job market still faced weakness. He said with inflation still below the central bank's 2% target rate the current "highly accommodative" monetary policy stance remained appropriate. U.S. inflation data for March is due to be published Tuesday.

The benchmark 10-year yield was at 1.6782%, holding below a 14-month high of 1.776% reached on March 30. It traded between a range of 1.6835% and 1.6427% during the US session.



Domestic Markets

South Africa's rand rallied to its best level in six-weeks on Thursday, shaking off sluggish manufacturing data as global demand for high-yielding currencies was lifted by growing bets that lending rates in the United States will remain low.

At 1500 GMT the rand was 0.48% firmer at 14.5000 per dollar, its strongest level since Feb. 24 and poised to reach a one-year high as the bullish case gathered momentum.

The much-anticipated minutes of the Federal Reserve's March policy meeting, released on Wednesday, showed the bank's officials were still cautious about the risks of the pandemic and committed to providing monetary policy support.

Lower rates and continued liquidity provision in the world's largest economy, which recorded a surprise increase in new claims for unemployment benefits, typically leaves investors with funds to plough into riskier assets like the rand that offer juicier returns.

Bonds also rallied, with the yield on the government bond due in 2030 down 11 basis points to 9.22%.

Equities fell after local manufacturing output contracted 2.1% year on year in February, more than expected.

"This once again highlights the underlying weakness in the economy and continues to point towards a very soft start to the year," Pieter du Preez a senior economist at NKC African Economics said in a note. "Although we expect the sector to show some sort of recovery over the coming months, it still faces significant obstacles over the short term."

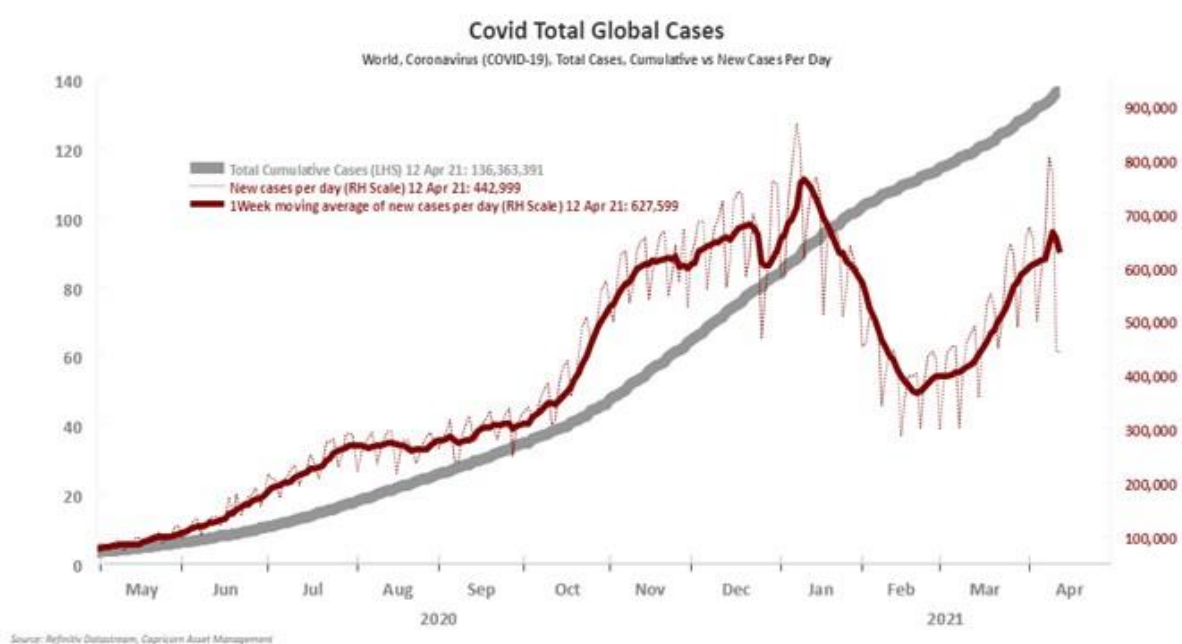
The Johannesburg All-Share index closed 0.16% lower at 67,053 points, while the Top-40 index fell 0.17% to 61,303 points. Grocery retailer Pick n Pay dipped 0.60% after it flagged an up to 25% drop in annual headline earnings per share due to COVID-19 lockdown restrictions and extra costs.

Corona Tracker

GLOBAL CASES		13-Apr-2021		5:33
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	136,363,391	442,999	3,080,701	89,937,471

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

Source: Thomson Reuters



You don't have to be great to start, but you have to start to be great.

Zig Ziglar

Market Overview

MARKET INDICATORS (Thomson Reuters)				13 April 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↔	4.19	0.000	4.19	4.19
6 months	↓	4.41	-0.008	4.42	4.41
9 months	↓	4.75	-0.008	4.76	4.75
12 months	↓	4.78	-0.035	4.82	4.78
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.23	-0.015	4.24	4.23
GC22 (Coupon 8.75%, BMK R2023)	↓	5.81	-0.010	5.82	5.81
GC23 (Coupon 8.85%, BMK R2023)	↓	5.71	-0.010	5.72	5.71
GC24 (Coupon 10.50%, BMK R186)	↑	7.85	0.115	7.74	7.85
GC25 (Coupon 8.50%, BMK R186)	↑	7.86	0.115	7.75	7.86
GC26 (Coupon 8.50%, BMK R186)	↑	7.86	0.115	7.75	7.86
GC27 (Coupon 8.00%, BMK R186)	↑	8.15	0.115	8.04	8.15
GC30 (Coupon 8.00%, BMK R2030)	↑	9.66	0.055	9.60	9.65
GC32 (Coupon 9.00%, BMK R213)	↑	10.74	0.050	10.69	10.74
GC35 (Coupon 9.50%, BMK R209)	↑	11.62	0.025	11.59	11.62
GC37 (Coupon 9.50%, BMK R2037)	↑	12.10	0.025	12.08	12.10
GC40 (Coupon 9.80%, BMK R214)	↑	12.82	0.020	12.80	12.82
GC43 (Coupon 10.00%, BMK R2044)	↑	13.15	0.015	13.13	13.15
GC45 (Coupon 9.85%, BMK R2044)	↑	13.43	0.015	13.41	13.43
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.44	0.015	13.42	13.44
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)	↔	4.05	0.000	4.05	4.05
GI29 (Coupon 4.50%, BMK NCPI)	↔	5.73	0.000	5.73	5.73
GI33 (Coupon 4.50%, BMK NCPI)	↔	6.85	0.000	6.85	6.85
GI36 (Coupon 4.80%, BMK NCPI)	↔	7.35	0.000	7.35	7.35
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,733	-0.61%	1,743	1,730
Platinum	↓	1,170	-2.38%	1,199	1,166
Brent Crude	↑	63.3	0.52%	63.0	63.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,359	-0.80%	1,370	1,359
JSE All Share	↓	66,390	-1.19%	67,191	66,390
SP500	↓	4,128	-0.02%	4,129	4,128
FTSE 100	↓	6,889	-0.39%	6,916	6,889
Hangseng	↓	28,453	-0.86%	28,699	28,640
DAX	↓	15,215	-0.13%	15,234	15,215
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	12,144	0.17%	12,123	12,144
Resources	↓	67,175	-2.09%	68,608	67,175
Industrials	↓	86,617	-1.06%	87,544	86,617
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.57	-0.20%	14.59	14.59
N\$/Pound	↑	20.01	0.03%	20.01	20.03
N\$/Euro	↓	17.35	-0.14%	17.37	17.35
US dollar/ Euro	↑	1.191	0.11%	1.190	1.189
		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
		Feb 21	Jan 21	Feb 21	Jan 21
Inflation	↔	2.7	2.7	2.9	3.2

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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