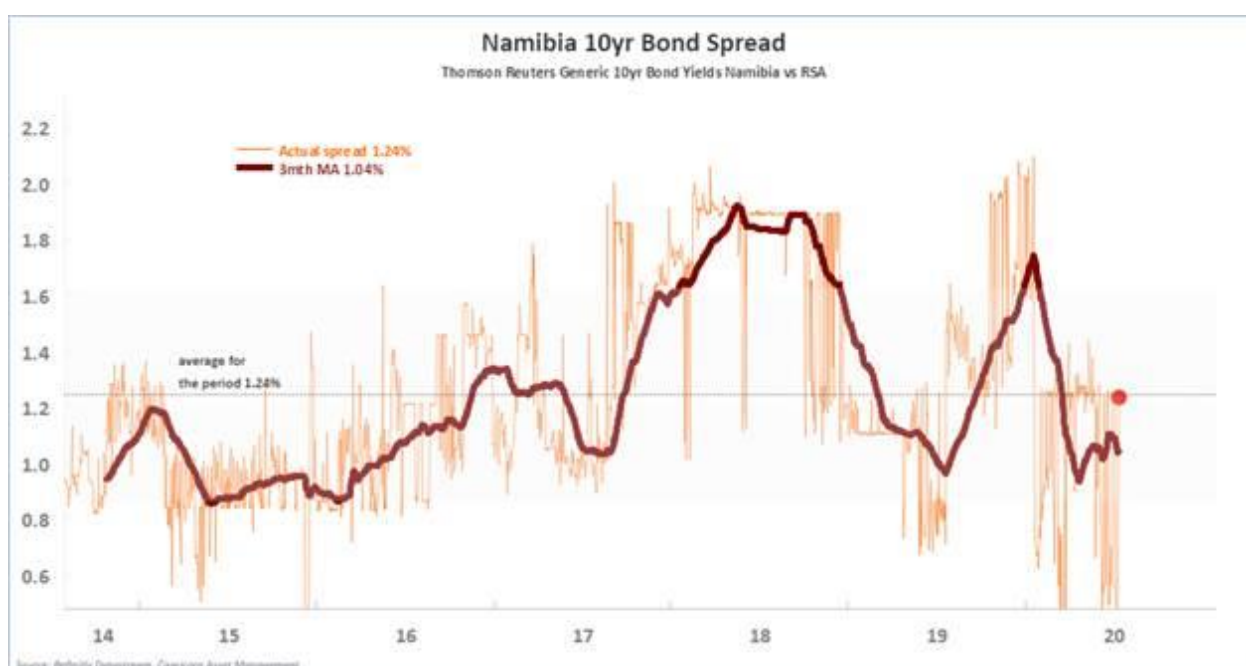




## Market Update

Monday, 13 July 2020



## Global Markets

Asian shares crept toward five-month peaks on Monday as investors wagered the U.S. earnings season would see most companies beat forecasts given expectations had been lowered so far by coronavirus lockdowns.

MSCI's broadest index of Asia-Pacific shares outside Japan added 0.15%, having climbed sharply last week on the back of surging Chinese stocks, which added another 1% on Monday. Japan's Nikkei gained 1.7% and South Korea 1.2%. E-Mini futures for the S&P 500 rose 0.5% even as some U.S. states reported record new cases of COVID-19, a divergence that shows no sign of stopping. EUROSTOXX 50 futures added 1.1% and FTSE futures 0.8%.

"Ongoing grim U.S. COVID-19 infection news continues to be summarily ignored in favour of ongoing optimism regarding the time-line for the discovery and rapid roll-out of an effective vaccine and/or more policy support for asset prices and the U.S. economy," said Ray Attrill, head of FX strategy at NAB. "JP Morgan, Citigroup, and Wells Fargo all report on Tuesday and there's a view that the bar has been set pretty low for them to report the almost obligatory 'better than expected' results - the

absence of forward guidance from many firms notwithstanding." Wednesday sees Goldman Sachs and Bank of NY report, while Thursday has Netflix and Morgan Stanley.

While bank shares rose sharply on Friday they have been badly lagging technology stocks, with analysts at Bank of America noting tech outperformance in the past six months was greatest since the 1999 tech bubble and the 2008 global financial crisis. If the S&P 500 was just "tech, health care, Amazon, Google" the index would now be 4,173, they wrote in a note, way above the current level of 3,185. If made up of everything else, it would be 2,924. "Central banks are crushing rate expectations, forcing risk-taking in credit markets," they added.

Yields on U.S. 10-year notes came close to record lows last week at 0.569% and were last at 0.63%. Super-low rates have in turn been a boon for non-yielding gold which hit a near nine-year high after five straight weeks of gains. The metal was last at \$1,803 an ounce, just off a \$1,817.17 top.

The hunt for yield has tended to benefit emerging market currencies and those leveraged to commodities such as the Australian dollar, while weighing on the U.S dollar. Against a basket of currencies, the dollar was off at 96.585 on Monday and not far from the June trough of 95.714. The dollar was a fraction softer on the yen at 106.88, while the euro held at \$1.1309.

Oil prices eased in early trade, although that followed a sharp rise on Friday when the International Energy Agency (IEA) bumped up its 2020 demand forecast. Brent crude futures dipped 41 cents to \$42.83 a barrel, while U.S. crude lost 40 cents to \$40.15.

## **Domestic Markets**

South Africa's rand recovered in afternoon trade on Friday, after sliding earlier due to concerns about rising COVID-19 cases both at home and abroad.

At 1505 GMT the rand was 0.42% firmer at 16.7800 per dollar, bouncing back from a session low of 16.9725 hit earlier.

"Given all the uncertainty surrounding the coronavirus pandemic and global economic recovery prospects, market sentiment continues to switch between risk-on and risk-off in a matter of seconds," said market economists at ETM Analytics. "If the market really bought into the economic growth optimism and recovery narrative, it wouldn't be hedging its bets with gold purchases. Markets may well be positioning for additional monetary and fiscal stimulus measures in the months ahead."

The United States on Thursday reported the largest one-day increase in coronavirus cases by any country since the start of the pandemic, while cases have jumped in major cities such as Melbourne, Tokyo and Hong Kong. Locally, confirmed COVID-19 cases are also on the rise.

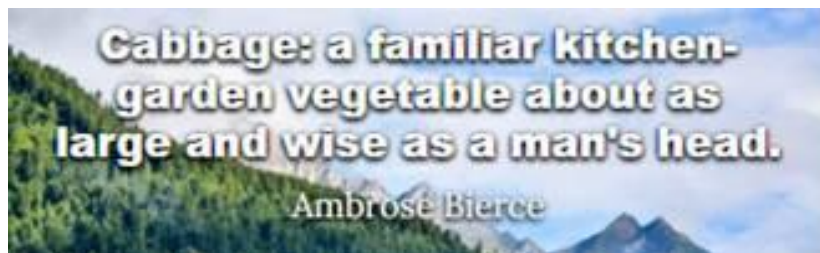
The Johannesburg Stock Exchange (JSE) slipped as investor optimism about a market recovery was overshadowed by continued worry over coronavirus.

The benchmark FTSE/JSE All Share Index dropped by 0.64% to close the week at 55,431 points while the FTSE/JSE Top 40 Companies' Index closed down 0.74% to 51,154 points. The benchmark index rose 1.67% this week. Bonds firmed, with the yield on the benchmark 2030 government issue dropping 15.5 basis points to 9.495%.

**Source: Thomson Reuters**

## Corona Tracker

GLOBAL CASES		13-Jul-2020		4:46
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
<b>GLOBAL</b>	12,939,196	179,379	567,357	6,864,055



## Market Overview

MARKET INDICATORS (Thomson Reuters)					13 July 2020
<b>Money Market TB's</b>		Last close	Difference	Prev close	Current Spot
3 months	➔	4.40	0.000	4.40	4.40
6 months	➔	4.57	0.000	4.57	4.57
9 months	➔	4.68	0.000	4.68	4.68
12 months	➔	4.75	0.000	4.75	4.75
<b>Nominal Bonds</b>		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↓	4.00	-0.080	4.08	4.00
GC22 (BMK: R2023)	↓	5.86	-0.050	5.91	5.88
GC23 (BMK: R2023)	↓	5.84	-0.050	5.89	5.86
GC24 (BMK: R186)	↓	8.14	-0.130	8.27	8.16
GC25 (BMK: R186)	↓	8.19	-0.130	8.32	8.21
GC27 (BMK: R186)	↓	8.27	-0.130	8.40	8.29
GC30 (BMK: R2030)	↓	10.11	-0.155	10.26	10.11
GC32 (BMK: R213)	↓	10.81	-0.180	10.99	10.83
GC35 (BMK: R209)	↓	11.99	-0.200	12.19	11.98
GC37 (BMK: R2037)	↓	12.49	-0.205	12.70	12.48
GC40 (BMK: R214)	↓	12.76	-0.220	12.98	12.77
GC43 (BMK: R2044)	↓	13.41	-0.220	13.63	13.42
GC45 (BMK: R2044)	↓	13.58	-0.220	13.80	13.59
GC50 (BMK: R2048)	↓	13.61	-0.205	13.81	13.60
<b>Inflation-Linked Bonds</b>		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)	➔	6.70	0.000	6.70	6.70
GI36 (BMK: NCPI)	➔	6.99	0.000	6.99	6.99
<b>Commodities</b>		Last close	Change	Prev close	Current Spot
Gold	↓	1,798	-0.25%	1,803	1,805
Platinum	↓	815	-2.25%	833	837
Brent Crude	↑	43.2	2.10%	42.4	42.9
<b>Main Indices</b>		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,096	1.10%	1,084	1,096
JSE All Share	↓	55,418	-0.66%	55,788	55,418
SP500	↑	3,185	1.05%	3,152	3,185
FTSE 100	↑	6,095	0.76%	6,050	6,095
Hangseng	↓	25,727	-1.84%	26,210	25,963
DAX	↑	12,634	1.15%	12,489	12,634
<b>JSE Sectors</b>		Last close	Change	Prev close	Current Spot
Financials	↑	10,472	1.28%	10,340	10,472
Resources	↓	52,484	-0.20%	52,587	52,484
Industrials	↓	76,135	-1.67%	77,428	76,135
<b>Forex</b>		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.77	-0.33%	16.82	16.77
N\$/Pound	↓	21.16	-0.20%	21.20	21.22
N\$/Euro	↓	18.94	-0.20%	18.98	18.99
US dollar/ Euro	↑	1.130	0.15%	1.128	1.133
		<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>		Latest	Previous	Latest	Previous
Inflation	↑	2.1	1.6	3.0	4.1
Prime Rate	↓	7.75	8.00	7.25	7.75
Central Bank Rate	↓	4.00	4.25	3.75	4.25

**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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