



## Market Update

Wednesday, 14 April 2021



## Global Markets

Global equity markets rose to a fresh record high on Wednesday as bond yields eased after data showed U.S. inflation was not rising wildly.

Most Asia-Pacific share indexes followed Wall Street higher, with Hong Kong's Hang Seng leading gains in the region, while benchmark U.S. Treasury yields continued their decline, marking a fresh three-week low. Japan bucked the trend, with the Nikkei dipping 0.4% as rising coronavirus cases raised doubts about an economic reopening with 100 days to go until Tokyo is scheduled to host the Olympics.

The U.S. consumer price index rose 0.6% mom, the biggest increase since August 2012, as rising vaccinations and fiscal stimulus unleashed pent-up demand. But the data is unlikely to change Federal Reserve Chair Jerome Powell's view that higher inflation in coming months will be transitory. Powell is scheduled to speak later in the day at the Economic Club of Washington.

"The market clearly braced for higher CPI readings," Westpac strategists wrote in a client note. They said Tuesday's result was "clearly being interpreted within the context of the Fed's commitment to look through 'transitory' inflation impulses." For bond markets, the question is whether the

benchmark yield can break below 1.6% from as low as 1.611% on Wednesday, they wrote. "That has been an important technical level, which if broken could see a quick move to 1.5%."

The 10-year U.S. Treasury yield had surged from the start of the year to a 14-month high of 1.776% on March 30 on bets that massive fiscal stimulus would speed up a U.S. recovery, stoking faster inflation than Fed policymakers anticipate. But yields have eased this month, in part owing to the Fed's insistence that labour market slack will prevent the economy from overheating. A spate of strong auction results, including of 30-year bonds on Tuesday, has also helped to tame yields.

MSCI's broadest index of Asia-Pacific shares outside Japan gained 0.6%. Hong Kong's Hang Seng rallied 1.3%, while China's blue-chip index jumped 0.7%. MSCI's gauge of equity performance in 50 countries advanced 0.15%, extending its all-time peak.

The decline in bond yields lifted U.S. tech stocks overnight, including Apple Inc, Microsoft Corp and Amazon.com Inc, the top three holdings of the global benchmark. The S&P 500 gained 0.33% as it also set intra-day and record closing highs, while the Nasdaq Composite added 1.05%. The Dow Jones Industrial Average fell 0.2%.

Johnson & Johnson's shares slid 1.34% after U.S. federal health agencies recommended pausing the rollout of its COVID-19 vaccine for at least a few days, after six women developed rare blood clots. Setbacks to vaccination rollouts have raised concerns about the global economic recovery.

Earnings will be a focus on Wednesday, with JPMorgan Chase & Co. and Goldman Sachs Group Inc among the companies reporting.

The U.S. dollar eased along with Treasury yields, slipping to a three-week low to major peers. Gold, a traditional inflation hedge, extended its rise from the lowest in more than a week to trade around \$1,745 in the spot market. Bitcoin hit a record above \$63,860, extending its 2021 rally to new heights on the day Coinbase shares are due to list in the United States.

In oil markets, Brent crude futures rose 40 cents to \$64.07 a barrel. U.S. crude futures added 37 cents to \$60.55 a barrel.



## Domestic Markets

South Africa's rand reversed earlier losses on Tuesday, as traders digested news of strong gains in March U.S. inflation, though that was not expected to alter the Federal Reserve's commitment to keep interest rates at rock-bottom levels for years.

At 1505 GMT the rand was flat at 14.5600 per dollar, after hitting a session low of 14.6800. The U.S. dollar fell to three-week lows after inflation data.

Investors mainly focused on U.S. inflation data for further indications on the direction of lending rates in the world's biggest economy.

Accommodative U.S. monetary and fiscal policy has fuelled flows to riskier emerging market assets, but a steady rise in Treasury yields has raised fears of a quicker rise in rates.

Stocks rose on the Johannesburg Stock Exchange (JSE) on Tuesday as global markets recovered after Monday's heavy sell-off. The benchmark all-share index closed up 1.03% at 67,072 points while the blue-chip index ended up 1.17% to 61,383 points.

The gains were broad-based with most major indexes such as, resources and industrials ticking up on hopes that despite rising inflation, U.S. interest rates will not go up.

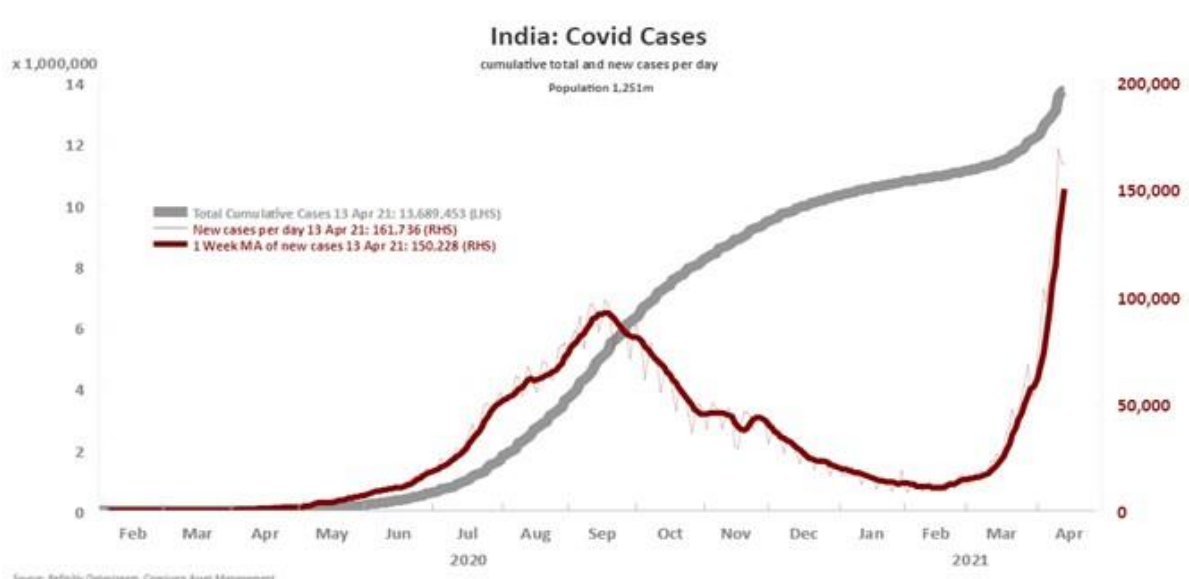
In fixed income, the yield on the benchmark 2030 government issue was down 1.5 basis points at 9.34%.

## Corona Tracker

GLOBAL CASES		14-Apr-2021		4:22
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	137,028,990	464,102	3,090,728	90,431,059

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

Source: Thomson Reuters



We can't help everyone, but everyone can help someone.

Ronald Reagan

## Market Overview

MARKET INDICATORS (Thomson Reuters)				14 April 2021	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	➡	4.19	0.000	4.19	4.19
6 months	➡	4.41	0.000	4.41	4.41
9 months	➡	4.75	0.000	4.75	4.75
12 months	⬇	4.78	-0.010	4.79	4.78
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (Coupon 7.75%, BMK R208)	⬇	4.22	-0.005	4.23	4.75
GC22 (Coupon 8.75%, BMK R2023)	⬇	5.81	-0.005	5.81	5.81
GC23 (Coupon 8.85%, BMK R2023)	⬇	5.71	-0.005	5.71	5.71
GC24 (Coupon 10.50%, BMK R186)	⬇	7.78	-0.070	7.85	7.79
GC25 (Coupon 8.50%, BMK R186)	⬇	7.79	-0.070	7.86	7.80
GC26 (Coupon 8.50%, BMK R186)	⬇	7.79	-0.070	7.86	7.80
GC27 (Coupon 8.00%, BMK R186)	⬇	8.08	-0.070	8.15	8.09
GC30 (Coupon 8.00%, BMK R2030)	⬆	9.67	0.015	9.66	9.66
GC32 (Coupon 9.00%, BMK R213)	⬇	10.71	-0.025	10.74	10.74
GC35 (Coupon 9.50%, BMK R209)	➡	11.62	0.000	11.62	11.62
GC37 (Coupon 9.50%, BMK R2037)	⬇	12.10	-0.005	12.10	12.11
GC40 (Coupon 9.80%, BMK R214)	⬆	12.83	0.015	12.82	12.83
GC43 (Coupon 10.00%, BMK R2044)	⬆	13.16	0.010	13.15	13.16
GC45 (Coupon 9.85%, BMK R2044)	⬆	13.44	0.010	13.43	13.44
GC50 (Coupon 10.25%, BMK: R2048)	⬆	13.46	0.025	13.44	13.45
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
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
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	⬆	1,744	0.65%	1,733	1,743
Platinum	⬇	1,156	-1.20%	1,170	1,166
Brent Crude	⬆	63.7	0.62%	63.3	64.3
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	⬆	1,362	0.23%	1,359	1,362
JSE All Share	⬆	67,072	1.03%	66,390	67,072
SP500	⬆	4,142	0.33%	4,128	4,142
FTSE 100	⬆	6,890	0.02%	6,889	6,890
Hangseng	⬆	28,497	0.15%	28,453	28,909
DAX	⬆	15,234	0.13%	15,215	15,234
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⬆	12,155	0.09%	12,144	12,155
Resources	⬆	67,823	0.97%	67,175	67,823
Industrials	⬆	87,974	1.57%	86,617	87,974
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	⬇	14.50	-0.43%	14.57	14.48
N\$/Pound	⬇	19.93	-0.39%	20.01	19.94
N\$/Euro	⬇	17.32	-0.12%	17.35	17.32
US dollar/ Euro	⬆	1.195	0.31%	1.191	1.196
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Apr 21</b>	<b>Mar 21</b>	<b>Apr 21</b>	<b>Mar 21</b>
Central Bank Rate	➡	3.75	3.75	3.50	3.50
Prime Rate	➡	7.50	7.50	7.00	7.00
		<b>Feb 21</b>	<b>Jan 21</b>	<b>Feb 21</b>	<b>Jan 21</b>
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



---

**For enquiries concerning the Daily Brief please contact us at**

**[Daily.Brief@capricorn.com.na](mailto: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**

---