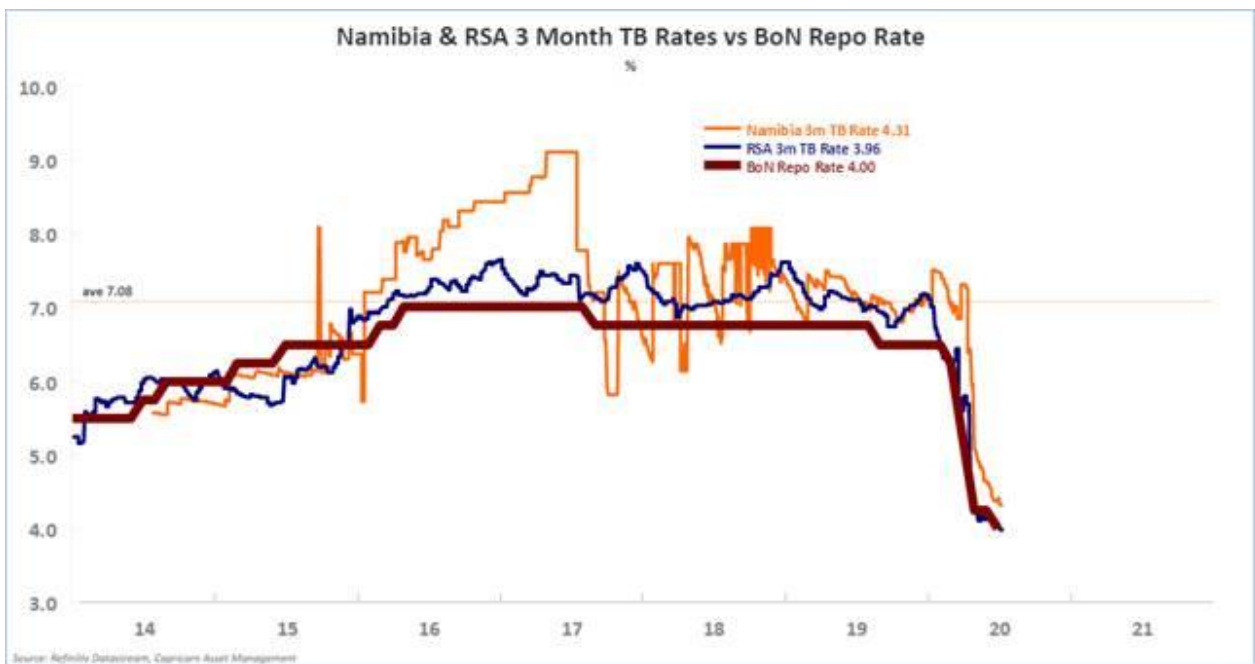




Market Update

Tuesday, 14 July 2020



Global Markets

Asian stock markets slipped on Tuesday, oil sagged and a safety bid supported the dollar as simmering Sino-U.S. tensions and fresh coronavirus restrictions in California kept a lid on investor optimism as earnings season gets underway.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 1.2%. Japan's Nikkei retreated from a one-month high touched on Monday, dropping 0.8%. A firm dollar put pressure on the Aussie and kiwi. The moves came after a selloff on Wall Street that followed reopening rollbacks in California, where Governor Gavin Newsom ordered bars closed and restaurants and movie theatres to cease indoor operations.

S&P 500 futures were flat in Asia after the index lost 0.9% on Monday.

Meanwhile tension grew between the United States and China. The United States on Monday rejected China's disputed claims to offshore resources in most of the South China Sea - a shift in tone which prompted a rebuke from Beijing. The Trump Administration also plans on scrapping a 2013

auditing agreement that could foreshadow a broader crackdown on U.S.-listed Chinese firms, as friction between the world's two largest economies generates heat on a broad front.

"It's not just the tempo which is picking up, but the aspect of so many areas being pulled in to the dispute," said Vishnu Varathan, head of economics at Mizuho Bank in Singapore. "Last time it was really about the bottom line," he said, but now what had been primarily a trade dispute ranges across political and strategic dimensions, making a resolution less likely and the next moves less predictable.

California's return to restrictions also has markets on edge about whether the virus can wreak more economic harm, as total infections surged by a million in five days and now top 13 million.

Oil prices, a proxy for global energy consumption and therefore growth expectations, reflected the growing worries. U.S crude futures fell 2% to \$39.23 per barrel and Brent futures 1.8% to \$41.94 per barrel.

The pullback in risk assets remains modest but has, at least temporarily, knocked the wind from the frothiest sections of the markets. The tech-heavy Nasdaq shed 2% on Monday and shares of Tesla ended down 3%, tapping the brakes on a rally that has boosted the electric car maker's stock by more than 40% in two weeks.

Along with the virus, there are also signs of an interruption to the steady flow of better-than-expected economic data. On Tuesday data showed Singapore entered recession last month, with the economy contracting 41.2% for the quarter, worse than the 37.4% analysts had forecast. Chinese customs data showed exports and imports rising last month, in yuan-denominated terms, from the same period a year earlier. Dollar denominated figures are due later on Tuesday.

Currency markets hemmed the dollar in a tight range, with the kiwi stalling its grind higher at \$0.6532 and the Aussie sat at \$0.6941. The euro hung on to overnight gains at \$1.1346 though awaits German sentiment data at 0900 GMT for the next read on Europe's recovery.

Focus then shifts to U.S. earnings, with JP Morgan, Citigroup and Wells Fargo as well as Delta Air Lines due to report on Tuesday to a market already looking ahead to 2021 and beyond. "It's really about 2021 - 2020 is over," said fund manager Hugh Dive, chief investment officer at Atlas Funds Management in Sydney, where earnings season properly begins next month. "The outlook statements are what the market will look at," he said. "If a company surprises on the upside with their 2020 earnings, but has shaky commentary for 2021, well they're not going to be rewarded for that."

Spot gold sat below recent peaks at \$1,797.30 per ounce and U.S. Treasuries were firm. The yield on benchmark 10-year U.S. government debt was 0.6168%.

Domestic Markets

South Africa's rand firmed on Monday, helped by increased risk appetite as investors bet again on a global economic recovery.

The rand was 0.42% stronger at 16.7000 against the dollar at 1530 GMT, its best level since June 11, having gained steadily since opening above the 17.00 mark last Monday.

The gains have been driven mainly by global sentiment rather than domestic factors, with investors searching for high yields on hopes for a quick economic recovery despite a global surge in COVID-19 infections.

"While the rand is likely to make further gains on global data showing a lessening in the weakness of Q2.2020's economic performance, this does not mean there will be a steady recovery, and the domestic currency will remain volatile," Investec chief economist Annabel Bishop said in a note.

Emerging market currencies rose in unison, taking advantage of a dollar weighed down by the United States' battle to contain the spread of the coronavirus as well as some investor caution ahead of data releases due in the world's biggest economy.

Traders, however, expect the rand to face some selling pressure later in the week, with power utility Eskom announcing that nationwide controlled blackouts would continue on Monday. "The rand juggled cautious sentiment - as coronavirus infections are surging across the globe and frustration hit as South African power utility Eskom switched off the lights - against a soft U.S. PPI (producer price index) release," analysts at NKC African Economics said in a note.

The Johannesburg Stock Exchange (JSE) started the week with a big jump with the FTSE/JSE All Share Index closing up 1.41% to 56,199 points while the FTSE/JSE Top 40 Companies' Index up 1.41% to end at 51,875 points.

Bonds firmed, with the yield on the benchmark 2030 government issue down 4.5 basis points at 9.45%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		14-Jul-2020		4:46
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	13,142,079	189,462	571,854	7,013,655

No matter where I'm at in life, whether I'm in the music industry, rich, poor, everybody need love in their life. Gangsta or not, everybody need love in their life. You can't act too hard about that.

A Boogie wit da Hoodie

Market Overview

MARKET INDICATORS (Thomson Reuters)					14 July 2020
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	→	4.40	0.000	4.40	4.40
6 months	↑	4.57	0.008	4.57	4.57
9 months	↑	4.68	0.008	4.68	4.68
12 months	→	4.75	0.000	4.75	4.75
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	→	4.00	0.000	4.00	3.99
GC22 (BMK: R2023)	→	5.86	0.000	5.86	5.85
GC23 (BMK: R2023)	→	5.84	0.000	5.84	5.83
GC24 (BMK: R186)	↓	8.12	-0.020	8.14	8.11
GC25 (BMK: R186)	↓	8.17	-0.020	8.19	8.16
GC27 (BMK: R186)	↓	8.25	-0.020	8.27	8.24
GC30 (BMK: R2030)	↓	10.06	-0.045	10.11	10.06
GC32 (BMK: R213)	↓	10.78	-0.030	10.81	10.77
GC35 (BMK: R209)	↓	11.94	-0.055	11.99	11.93
GC37 (BMK: R2037)	↓	12.43	-0.060	12.49	12.44
GC40 (BMK: R214)	↓	12.74	-0.025	12.76	12.73
GC43 (BMK: R2044)	→	13.41	0.000	13.41	13.40
GC45 (BMK: R2044)	→	13.58	0.000	13.58	13.57
GC50 (BMK: R2048)	↓	13.58	-0.025	13.61	13.57
Inflation-Linked Bonds		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
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,803	0.24%	1,798	1,797
Platinum	↑	828	1.69%	815	833
Brent Crude	↓	42.7	-1.20%	43.2	42.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,116	1.82%	1,096	1,116
JSE All Share	↑	56,199	1.41%	55,418	56,199
SP500	↓	3,155	-0.94%	3,185	3,155
FTSE 100	↑	6,176	1.33%	6,095	6,176
Hangseng	↑	25,772	0.17%	25,727	25,359
DAX	↑	12,800	1.32%	12,634	12,800
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	10,704	2.21%	10,472	10,704
Resources	↑	53,328	1.61%	52,484	53,328
Industrials	↑	76,911	1.02%	76,135	76,911
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	16.85	0.49%	16.77	16.84
N\$/Pound	↓	21.15	-0.04%	21.16	21.14
N\$/Euro	↑	19.11	0.87%	18.94	19.10
US dollar/ Euro	↑	1.134	0.37%	1.130	1.134
		Namibia		RSA	
Economic data		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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