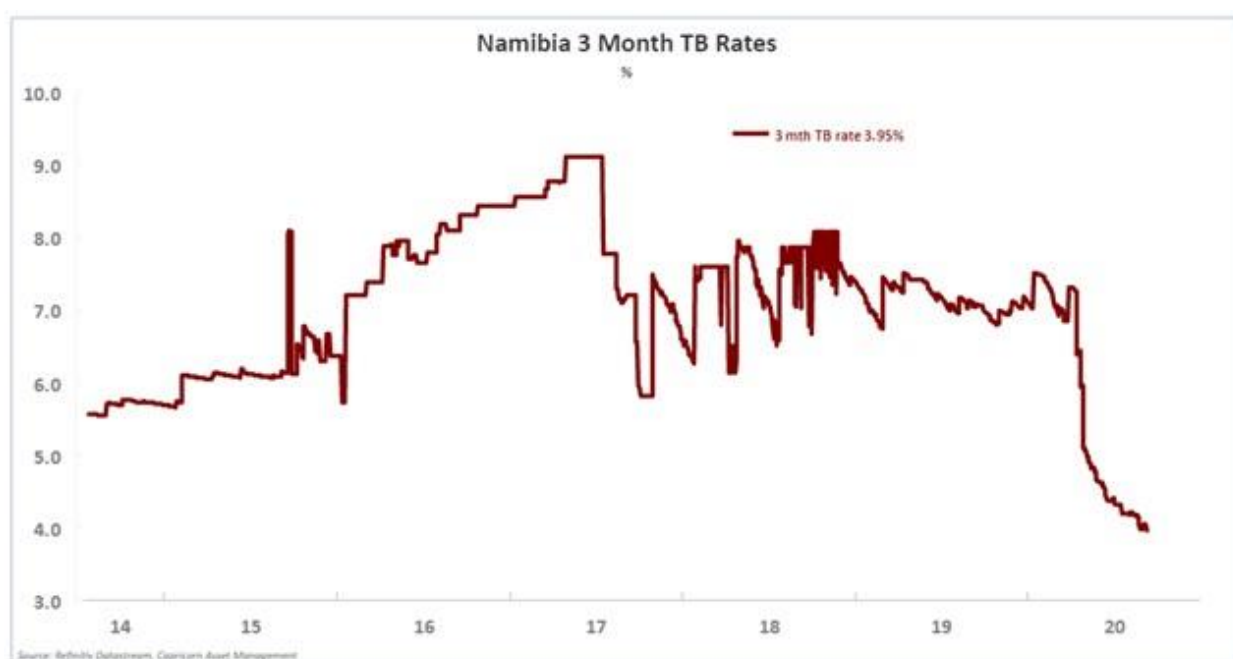




## Market Update

Monday, 14 September 2020



## Global Markets

Asian shares firmed on Monday on renewed hopes for a coronavirus vaccine after AstraZeneca resumed its phase-3 trial though sentiment was still cautious ahead of a big week of central bank meetings in UK, Japan and the United States.

MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.7%, poised for its second straight session of gains. Australian shares climbed 0.6% while Japan's Nikkei added 0.7%. Chinese shares started firm with the blue-chip index rising 0.6%. U.S. stock futures, the S&P 500 e-minis, jumped more than 1% after a mixed session on Wall Street last week.

Friday marked six months since the World Health Organization (WHO) declared the coronavirus a pandemic on March 11. Since then, major global economies have slipped into recession and millions have lost their jobs, prompting central banks around the world to launch unprecedented stimulus. The policy bazooka has buoyed financial markets, with the S&P500 up 22%, 10-year Treasury yields diving 20.4 basis points and the greenback sliding 3.3%. The best performing major currency has by far been the Australian dollar, up 11.9%, thanks to sound risk appetite.

"A wild ride indeed and one that is likely to continue as phase 3 vaccine results starts to roll through over the coming weeks," NAB analyst Tapas Strickland said in a note on Monday. AstraZeneca said on the weekend it has resumed British clinical trials of its COVID-19 vaccine, one of the most advanced in development, after getting the green light from safety watchdogs. The late-stage trials of the experimental vaccine, developed with researchers from the University of Oxford, were suspended last week after an illness in a study subject in Britain, casting doubts on an early rollout. A vaccine has long been awaited to help pull the world out of a coronavirus-induced lockdown.

"The reopening of the global economy is enticing us to recommend a trade going long a basket of 14 laggard 'back to work' stocks versus a basket of 14 high-flying 'COVID-19 winners'," BCA Research wrote in a note. "While we maintain a cyclical and secular bullish outlook on the broad market, a short-term correction due to technical and (geo) political reasons is likely on the cards," it said. "A playable short-term pullback is in order."

Later this week, the U.S. Federal Reserve will hold its two-day policy meeting where it is expected to hold rates while elaborating on the already-announced shift to inflation targeting. Also, "the Fed is set to be less pre-emptive in tightening policy than in the past," NAB's Strickland noted. The Bank of Japan and the Bank of England will announce their respective policy decisions on Thursday. Asia's focus will be on the election of Japan's new Prime Minister with a party room vote expected to begin at 0500 GMT.

Major currencies were trading water on Monday. The dollar was mostly steady against the yen at 106.11, a long distance from its low this year of 101.2. The euro was flat at \$1.1849. The Aussie was barely changed at \$0.7285 while Sterling was a tad higher at \$1.2823. In commodities, U.S. crude gained 0.7% to \$37.58 a barrel. Brent crude climbed 0.5% to \$40 per barrel. Gold was firm, with spot prices at \$1,949.7 per ounce.

## Domestic Markets

South Africa's rand gained on Friday, shaking-off negative news on the domestic economy from earlier in the week, with yield-hungry investors supporting demand for the currency.

At 1510 GMT, the rand was 1.15% firmer at 16.7300 per dollar.

Data in the week showed the economy shrank 51% in the second quarter due to coronavirus restrictions, the current account had swung into deficit, and the mining and manufacturing sectors continued to contract in July, albeit at a slower pace.

The net result was turbulent trading for the rand, but dealers said the still-high yield, or carry, offered by the currency was sustaining demand.

"The effects of local statistics and data have been short lived of recent, but this cannot be overlooked forever. Market conditions will eventually change and this could prove detrimental for the ZAR (rand)," Warren Venketas, market analyst at IG, said in a note. "For now, the ZAR is riding a global risk seeking wave which keeps pushing through domestic hurdles."

In fixed income, the yield on the benchmark 2030 government issue was up 2.5 basis points to 9.36%.

Stocks were firmer, with the Johannesburg all share index up 0.24% to 56,088 points, while the Top 40 index closed 0.36% firmer at 51,715 points. "All the bad news is out," said Independent Securities

trader Ryan Woods, referring to the economic data. "And the talks that we may go into level 1 (eased lockdown restrictions) next week has also helped us somewhat."

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES SOURCE - REUTERS		14-Sep-2020		6:16
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	28,984,560	224,108	922,346	19,664,462

How is it that little children are so intelligent and men so stupid? It must be education that does it.

**Alexandre Dumas**

## Market Overview

MARKET INDICATORS (Thomson Reuters)		14 September 2020			
<b>Money Market TB's</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	3.90	0.000	3.90	3.90
6 months	↓	3.94	-0.042	3.98	3.94
9 months	↓	3.96	-0.050	4.01	3.96
12 months	↓	3.95	-0.042	4.00	3.95
<b>Nominal Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (BMK: R208)	⇒	4.30	0.000	4.30	4.30
GC22 (BMK: R2023)	↑	5.15	0.015	5.14	5.14
GC23 (BMK: R2023)	↑	5.12	0.015	5.11	5.11
GC24 (BMK: R186)	↓	7.56	-0.005	7.56	7.54
GC25 (BMK: R186)	↓	7.57	-0.005	7.57	7.55
GC26 (BMK: R186)	↓	7.61	-0.005	7.61	7.59
GC27 (BMK: R186)	↓	7.86	-0.005	7.86	7.84
GC30 (BMK: R2030)	↑	9.68	0.040	9.64	9.66
GC32 (BMK: R213)	↑	10.48	0.030	10.45	10.48
GC35 (BMK: R209)	↑	11.85	0.040	11.81	11.83
GC37 (BMK: R2037)	↑	12.47	0.040	12.43	12.45
GC40 (BMK: R214)	↑	13.04	0.040	13.00	13.03
GC43 (BMK: R2044)	↑	13.33	0.035	13.30	13.32
GC45 (BMK: R2044)	↑	13.88	0.035	13.85	13.87
GC50 (BMK: R2048)	↑	13.95	0.055	13.89	13.93
<b>Inflation-Linked Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
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)	⇒	6.82	0.000	6.82	6.82
GI36 (BMK: NCPI)	⇒	7.15	0.000	7.15	7.15
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,942	-0.64%	1,954	1,946
Platinum	↓	925	-0.12%	926	937
Brent Crude	↓	39.8	-0.57%	40.1	39.9
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,103	0.18%	1,101	1,103
JSE All Share	↑	56,088	0.24%	55,954	56,088
SP500	↑	3,341	0.05%	3,339	3,341
FTSE 100	↑	6,032	0.48%	6,003	6,032
Hangseng	↑	24,503	0.78%	24,314	24,659
DAX	↓	13,203	-0.05%	13,209	13,203
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↓	10,204	-1.94%	10,406	10,204
Resources	↑	56,295	1.13%	55,663	56,295
Industrials	↑	74,819	0.36%	74,549	74,819
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	16.75	-0.75%	16.88	16.67
N\$/Pound	↓	21.43	-0.83%	21.61	21.37
N\$/Euro	↓	19.84	-0.48%	19.94	19.75
US dollar/ Euro	↑	1.185	0.27%	1.181	1.185
		<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Inflation	⇒	2.1	2.1	3.2	2.2
Prime Rate	↓	7.50	8.00	7.00	7.25
Central Bank Rate	↓	3.75	4.00	3.50	3.75

**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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