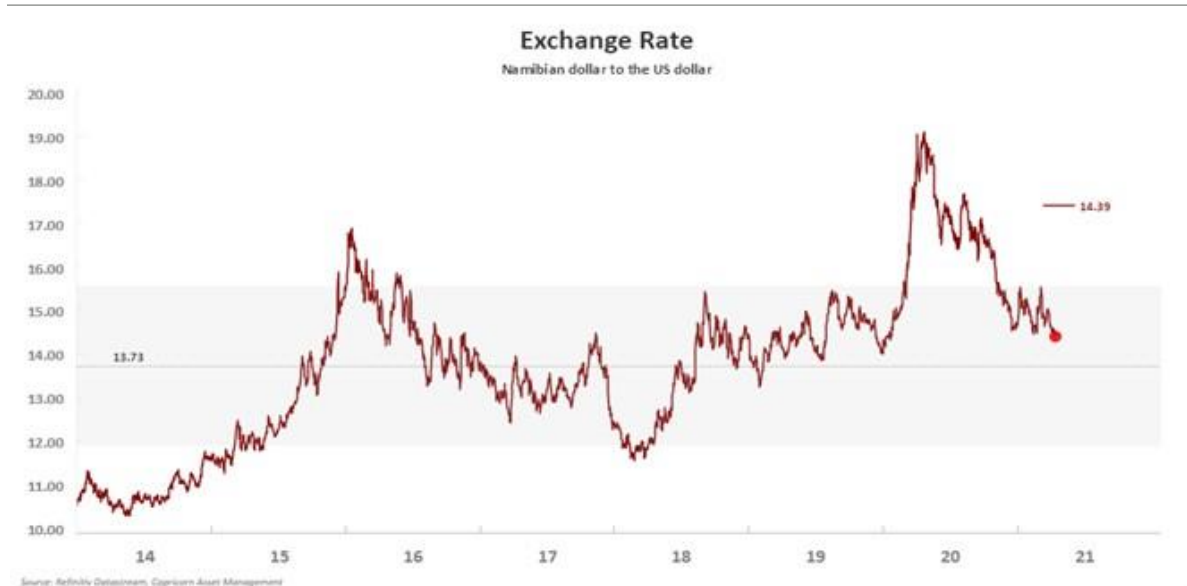




Market Update

Thursday, 15 April 2021



Global Markets

Asian shares were on the backfoot on Thursday following mixed cues from Wall Street where a sharp sell-off in the largest bitcoin exchange Coinbase hit tech shares while the dollar index struggled near one-month lows.

MSCI's broadest index of Asia-Pacific shares outside Japan paused after two straight days of gains. It was last at 690.53, a long way from a record high of 745.89 touched in February. Japan's Nikkei rose 0.2% while South Korea's KOSPI index was up a tad. Australia's benchmark index slipped 0.4% as miners were dented by weaker prices for iron ore and coal.

Global shares have surged in recent weeks led by successful rollouts of COVID-19 vaccines around the world, U.S. stimulus packages and higher U.S. inflation expectations. "However, the back up in treasury yields has begun to exert a valuation test on some parts of the global equity markets with value outperforming growth," Jefferies analysts wrote in a note. "Equally, there are fewer stocks offering decent yields and higher capital gains."

JPMorgan Asset Management was trimming its overall Emerging Markets (EM) exposure "mostly driven by a less sanguine outlook on EM Asia," its global multi-asset strategist Patrik Schowitz wrote in a note. "China has now recovered enough that policymakers can afford to be more conservative and worry more about containing debt and property market risks. That will be a headwind to China

equities, despite the solid economy," Schowitz added. Chinese shares started in the red on Thursday with the blue-chip CSI300 index down 0.2%.

JPMorgan Asset Management is less keen on tech shares, which Schowitz said, should have less upside to earnings expectations in the near-term and are "very expensive" relative to value.

Overnight, Wall Street ended mixed with the tech sector the biggest underperformer after Coinbase was sold off on its listing day, dragging the Nasdaq lower. Coinbase's listing coincided with a record price for Bitcoin, which rose to just under \$65,000 but the euphoria proved to be short-lived as the stock fell nearly 20% from its opening level to trade at \$328. "That would be a bit painful if you bought the stock at its intraday peak of \$429.54," said NAB strategist Rodrigo Catril.

U.S. bank earnings were the other big focus with Goldman Sachs, JP Morgan and Wells Fargo reporting strong results.

In currencies, the U.S. dollar was on track for a fourth consecutive day of fall against its major counterparts. Forex investors are keeping an eye on Treasury yields for direction with a potential market panic about accelerating inflation seen as the biggest risk to sentiment.

Major policymakers, including the U.S. Federal Reserve, have repeatedly said there is still plenty of labour market slack to keep inflation in check for a several years though there might be temporary spikes which they are willing to overlook.

Against the Japanese yen, the dollar slipped for a fourth day to 108.93. The euro rose to \$1.195 and sterling was a shade higher at \$1.3790. The Australian dollar hovered near three-week highs at \$0.7736 after posting its biggest one-day percentage gain since Feb. 19 on Wednesday. Its New Zealand peer was upbeat at \$0.7160, a level not seen since March 23.

In commodities, oil gave back some of the gains from Wednesday when it climbed nearly 5% on signs of increasing crude demand. Brent crude was off 40 cents at \$66.18 a barrel. Light crude slipped to \$62.75. Gold was 0.1% higher at \$1,738.8 an ounce.



Domestic Markets

South Africa's rand rallied to its highest in more than 14 months on Wednesday, as improved risk appetite globally and positive local retail sales data supported demand for the currency. At 1451 GMT the rand was 0.76% firmer at 14.3900 per dollar, trading at its strongest since Jan. 24,

2020. Falling global bond yields helped lift emerging market currencies, with risk appetite denting demand for the dollar.

"The South African rand appreciated against most G10 currencies today as the risk-on mood sweetened appetite for emerging market currencies," said FXTM senior research analyst Lukman Otunuga. "Buying sentiment towards the local currency was boosted by the encouraging retail sales report."

"Should the risk-on remain the name of the game for the rest of the trading week and the dollar extends losses, this may push the rand higher," he added. South Africa's retail sales rose for the first time in 11 months in February, defying forecasts of another downturn as purchases of furniture, household appliances and food jumped.

This comes after data on Tuesday showed mining output rose in February, signalling the economy may have turned a corner in the first quarter after a sharp contraction last year.

Bonds also firmed, with the yield on the benchmark 2030 government issue dropping 13 basis points to 9.23%.

South African stocks rose on Wednesday for the second consecutive day after a sell-off on Monday as strong results from two of the biggest U.S. banks instilled hopes of a quicker recovery. Investors in South African equities shrugged off concerns of inflation, which eats into the value of return on investments, took a backseat on the back of strong start to the U.S. earnings season, analysts said.

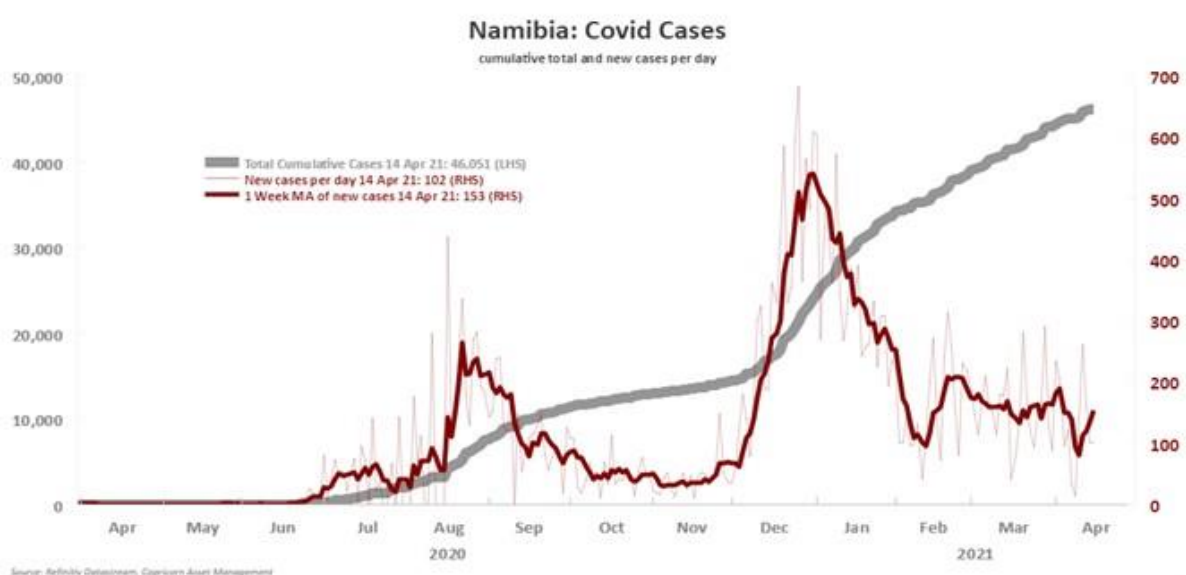
The benchmark index ended up 1.1% to close the day at 67,812 points while the blue-chip index closed up 1.14% at 62,084 points. However, local banks, whose shares often reflect prospects of domestic economic recovery, closed down with the bank index down around 0.2% on concerns of a delay in the rollout in South Africa of Johnson & Johnson's COVID-19 vaccine.

Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	138,025,571	200,739	3,105,572	90,949,922

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

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				15 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	0.000	4.41	4.41
9 months	➡	4.75	0.000	4.75	4.75
12 months	⬇	4.78	-0.010	4.79	4.78
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⬇	4.12	-0.100	4.22	4.12
GC22 (Coupon 8.75%, BMK R2023)	⬇	5.66	-0.145	5.81	5.66
GC23 (Coupon 8.85%, BMK R2023)	⬇	5.56	-0.145	5.71	5.56
GC24 (Coupon 10.50%, BMK R186)	⬇	7.68	-0.105	7.78	7.68
GC25 (Coupon 8.50%, BMK R186)	⬇	7.69	-0.105	7.79	7.69
GC26 (Coupon 8.50%, BMK R186)	⬇	7.69	-0.105	7.79	7.69
GC27 (Coupon 8.00%, BMK R186)	⬇	7.98	-0.105	8.08	7.98
GC30 (Coupon 8.00%, BMK R2030)	⬇	9.53	-0.140	9.67	9.52
GC32 (Coupon 9.00%, BMK R213)	⬇	10.61	-0.100	10.71	10.59
GC35 (Coupon 9.50%, BMK R209)	⬇	11.48	-0.140	11.62	11.46
GC37 (Coupon 9.50%, BMK R2037)	⬇	11.96	-0.135	12.10	11.96
GC40 (Coupon 9.80%, BMK R214)	⬇	12.67	-0.160	12.83	12.66
GC43 (Coupon 10.00%, BMK R2044)	⬇	13.01	-0.150	13.16	12.99
GC45 (Coupon 9.85%, BMK R2044)	⬇	13.29	-0.150	13.44	13.27
GC50 (Coupon 10.25%, BMK: R2048)	⬇	13.29	-0.170	13.46	13.27
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	⬇	1,736	-0.45%	1,744	1,742
Platinum	⬆	1,171	1.25%	1,156	1,173
Brent Crude	⬆	66.6	4.57%	63.7	66.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,380	1.32%	1,362	1,380
JSE All Share	⬆	67,812	1.10%	67,072	67,812
SP500	⬇	4,125	-0.41%	4,142	4,125
FTSE 100	⬆	6,940	0.71%	6,890	6,940
Hangseng	⬆	28,901	1.42%	28,497	28,627
DAX	⬇	15,209	-0.17%	15,234	15,209
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆	12,163	0.07%	12,155	12,163
Resources	⬆	69,024	1.77%	67,823	69,024
Industrials	⬆	88,847	0.99%	87,974	88,847
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	14.39	-0.79%	14.50	14.42
N\$/Pound	⬇	19.82	-0.56%	19.93	19.86
N\$/Euro	⬇	17.23	-0.53%	17.32	17.27
US dollar/ Euro	⬆	1.198	0.27%	1.195	1.198
		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



For enquiries concerning the Daily Brief please contact us at

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**
