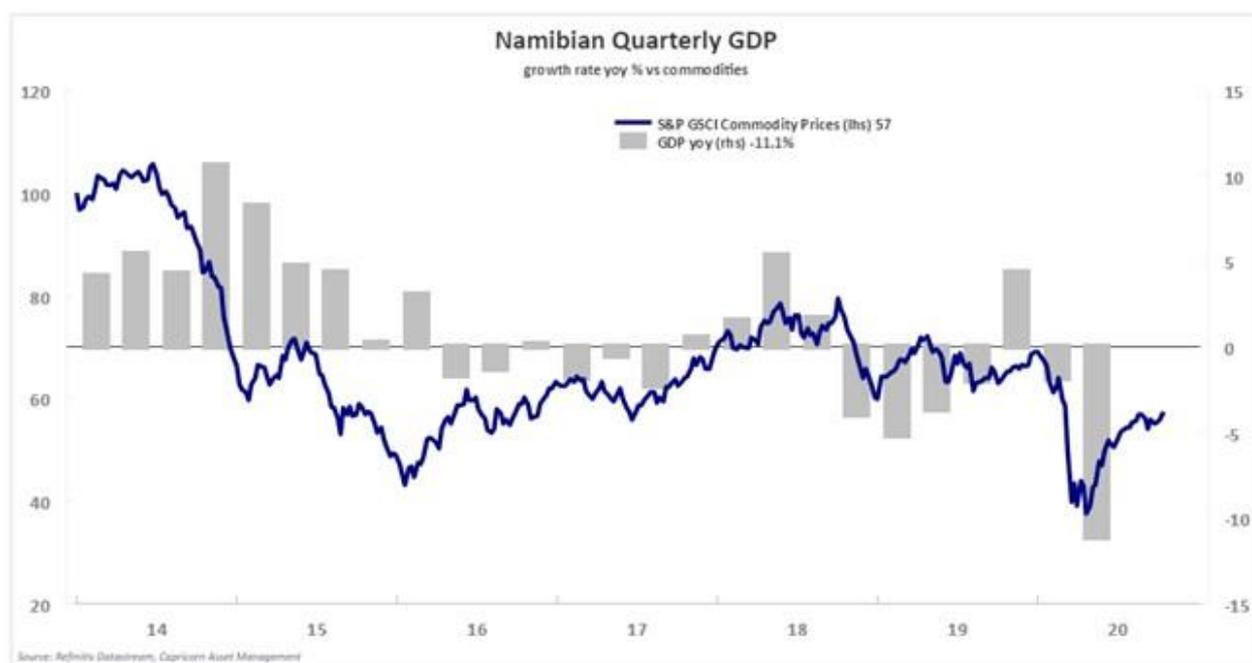




Market Update

Thursday, 15 October 2020



Global Markets

Global shares slipped on Thursday as investors locked in recent gains amid rising concerns about resurgent COVID-19 infections and after U.S. Treasury Secretary dashed any remaining hopes of a stimulus package before the Nov. 3 election.

MSCI's broadest index of Asia-Pacific shares outside Japan lost 0.5% while Japan's Nikkei dropped 0.5%. U.S. S&P 500 futures sagged 0.27% in Asia after major U.S. stock indexes ended the previous session lower, with the S&P 500 closing down 0.7% and the Nasdaq Composite Index shedding 0.8%. Disappointing quarterly results from Bank of America and Wells Fargo led the S&P 500 banks index 2.4% lower.

Concerns that a resurgence in the COVID-19 pandemic could lead governments to again shut down economies spurred profit-taking, particularly after the recent stock rally. With COVID-19 cases surging, some European nations are closing schools, cancelling surgery and enlisting student medics as overwhelmed authorities braced for a repeat of the nightmare scenario seen earlier this year. That helped push the German 10-year Bunds yield to as low as minus 0.586%, a rate last seen in May.

Tensions between Beijing and Washington remain in view after the U.S. State Department submitted a proposal for the Trump administration to add China's Ant Group to a trade blacklist, according to two people familiar with the matter, before the financial technology arm of e-commerce giant Alibaba is slated to go public.

Downbeat comments from U.S. Treasury Secretary Steven Mnuchin that a stimulus deal was unlikely to be made before the Nov. 3 vote also provided another excuse for profit-taking. Still, many investors expect large stimulus after the election, which Democratic presidential candidate Joe Biden is increasingly expected to win. Although Biden has been seen as more likely to raise taxes on corporate profits and capital gains, investors are also pointing to other potential benefits of a Biden presidency, such as less global trade uncertainty.

"It smacks of opportunism when markets were saying just a few months ago stocks would crash if Trump would lose and now they say Biden victory would be good for stocks," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley Securities. "What this suggests is that markets are flush with cash after massive monetary easings by global central banks."

In currencies, sterling was well-bid at \$1.3017, having climbed 0.6% on Wednesday on hopes of progress in talks between Britain and the European Union. But some of the enthusiasm was lost after British Prime Minister Boris Johnson told the head of the European Commission, Ursula von der Leyen, that he was disappointed there had not been more progress in the talks. The Australian dollar shed 0.5% to \$0.7128 after the country's central bank stoked speculation of a near-term cut in interest rates and more longer-dated government debt purchases. The need for further Australian stimulus was underlined by data showing 29,500 jobs were lost in October while the unemployment rate rose a tick to 6.9%. The euro moved little at \$1.1725 while the dollar changed hands at 105.20 yen.

Oil prices rose slightly in early trade on Thursday after U.S. crude stockpiles fell last week, adding to 2% gains overnight, as OPEC and its allies were seen fully complying in September with their pact to curb output. U.S. West Texas Intermediate (WTI) crude futures picked up 0.1% to \$41.07 a barrel while Brent crude futures rose 0.2% to \$43.39 a barrel.

Domestic Markets

South Africa's rand inched lower on Wednesday as the postponement of the country's budget and the stalemate over a United State stimulus package kept bids subdued.

At 1500 GMT the rand was 0.17% weaker at 16.5000 per dollar, having slipped to a session-low of 16.5825 after the late-night news that Finance Minister Tito Mboweni had asked for the tabling of the Medium Term Budget Policy Statement (MTBPS) to be delayed by a week.

Mboweni pointed to "implications of the time frames for the finalisation of the government's Economic Reconstruction and Recovery plan on the budget process as reasons necessitating the proposed rescheduling".

The postponement comes after advisors to President Cyril Ramaphosa said government plans to curb rising debt were too ambitious, and ahead of his announcement of a much-anticipated economic recovery plan in parliament on Thursday.

"It's likely budget allocations and debt projections are the sticking point, both for negotiations pre-MTBPS with stakeholders, and also the consideration of the likely impact on markets, with recent reports that debt could elevate to 100% before peaking," said Investec's Annabel Bishop.

Fading hopes of U.S. Republicans and Democrats reaching a compromise on a new round of fiscal stimulus also cooled risk demand.

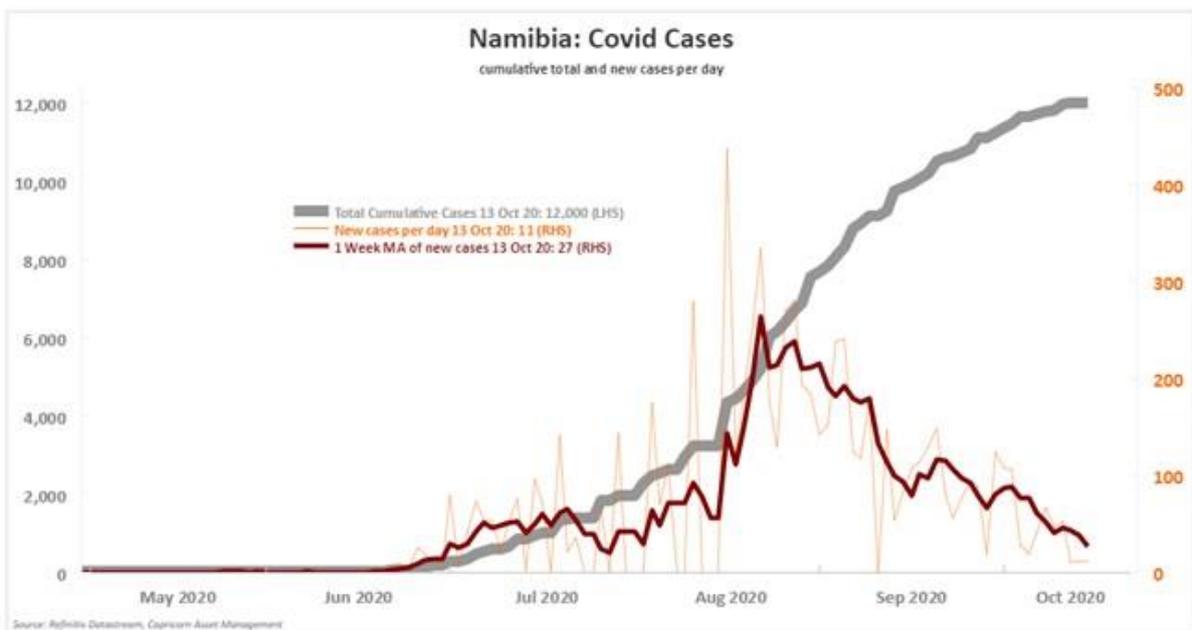
Bonds weakened, with the yield on benchmark government paper due in 2030 up 0.2 basis point to 9.435%.

Stocks rose, led by gold index shares which were up 3.32% as the bullion price rose amid uncertainties surrounding the U.S. election and global economic recovery. The benchmark All-Share index rose 0.67% to end at 55,425 points, while the FTSE/JSE Top-40 companies index closed 0.63% higher at 51,042 points. Gold Fields gained 3.84% to 214.37 rand, while Harmony Gold climbed 3.36% to 98.50 rand.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	38,473,530	67,708	1,090,837	26,971,513



I would not look to the U.S. Constitution if I were drafting a constitution in 2012.

Ruth Bader Ginsburg

Market Overview

MARKET INDICATORS (Thomson Reuters)		15 October 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	➡	3.88	0.000	3.88	3.88
6 months	➡	3.95	0.000	3.95	3.95
9 months	⬇	3.97	-0.016	3.98	3.97
12 months	⬇	3.92	-0.025	3.95	3.92
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⬇	4.05	-0.140	4.19	4.05
GC22 (Coupon 8.75%, BMK R2023)	⬇	5.14	-0.020	5.16	5.15
GC23 (Coupon 8.85%, BMK R2023)	⬇	5.04	-0.020	5.06	5.05
GC24 (Coupon 10.50%, BMK R186)	➡	7.47	0.000	7.47	7.47
GC25 (Coupon 8.50%, BMK R186)	➡	7.48	0.000	7.48	7.48
GC26 (Coupon 8.50%, BMK R186)	➡	7.48	0.000	7.48	7.48
GC27 (Coupon 8.00%, BMK R186)	➡	7.77	0.000	7.77	7.77
GC30 (Coupon 8.00%, BMK R2030)	⬆	9.73	0.015	9.72	9.74
GC32 (Coupon 9.00%, BMK R213)	➡	10.86	0.000	10.86	10.86
GC35 (Coupon 9.50%, BMK R209)	⬇	11.98	-0.005	11.98	11.98
GC37 (Coupon 9.50%, BMK R2037)	⬆	12.68	0.005	12.67	12.69
GC40 (Coupon 9.80%, BMK R214)	⬆	13.25	0.015	13.23	13.26
GC43 (Coupon 10.00%, BMK R2044)	⬆	13.79	0.010	13.78	13.80
GC45 (Coupon 9.85%, BMK R2044)	⬆	14.07	0.010	14.06	14.08
GC50 (Coupon 10.25%, BMK: R2048)	⬆	14.13	0.010	14.12	14.14
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	➡	4.49	0.000	4.49	4.49
GI25 (Coupon 3.80%, BMK NCPI)	➡	4.49	0.000	4.49	4.49
GI29 (Coupon 4.50%, BMK NCPI)	➡	5.91	0.000	5.91	5.91
GI33 (Coupon 4.50%, BMK NCPI)	➡	6.82	0.000	6.82	6.82
GI36 (Coupon 4.80%, BMK NCPI)	➡	7.09	0.000	7.09	7.09
Commodities		Last close	Change	Prev close	Current Spot
Gold	⬆	1,901	0.53%	1,891	1,901
Platinum	⬇	857	-0.92%	865	862
Brent Crude	⬆	43.3	2.05%	42.5	43.4
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,072	0.03%	1,071	1,072
JSE All Share	⬆	55,394	0.62%	55,055	55,394
SP500	⬇	3,489	-0.66%	3,512	3,489
FTSE 100	⬇	5,935	-0.58%	5,970	5,935
Hangseng	⬆	24,667	0.07%	24,650	24,350
DAX	⬆	13,028	0.07%	13,019	13,028
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬇	9,733	-0.42%	9,775	9,733
Resources	⬆	54,782	1.35%	54,051	54,782
Industrials	⬆	75,515	0.26%	75,319	75,515
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬆	16.53	0.36%	16.47	16.53
N\$/Pound	⬆	21.51	0.96%	21.30	21.53
N\$/Euro	⬆	19.42	0.38%	19.34	19.42
US dollar/ Euro	⬆	1.175	0.02%	1.174	1.175
		Namibia		RSA	
Interest Rates & Inflation		Latest	Previous	Latest	Previous
Central Bank Rate	⬇	3.75	4.00	3.50	3.75
Prime Rate	⬇	7.50	7.75	7.00	7.25
		Aug 20	Jul 20	Aug 20	Jul 20
Inflation	⬆	2.4	2.1	3.1	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: Bloomberg



Capricorn Asset Management



Bank Windhoek

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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