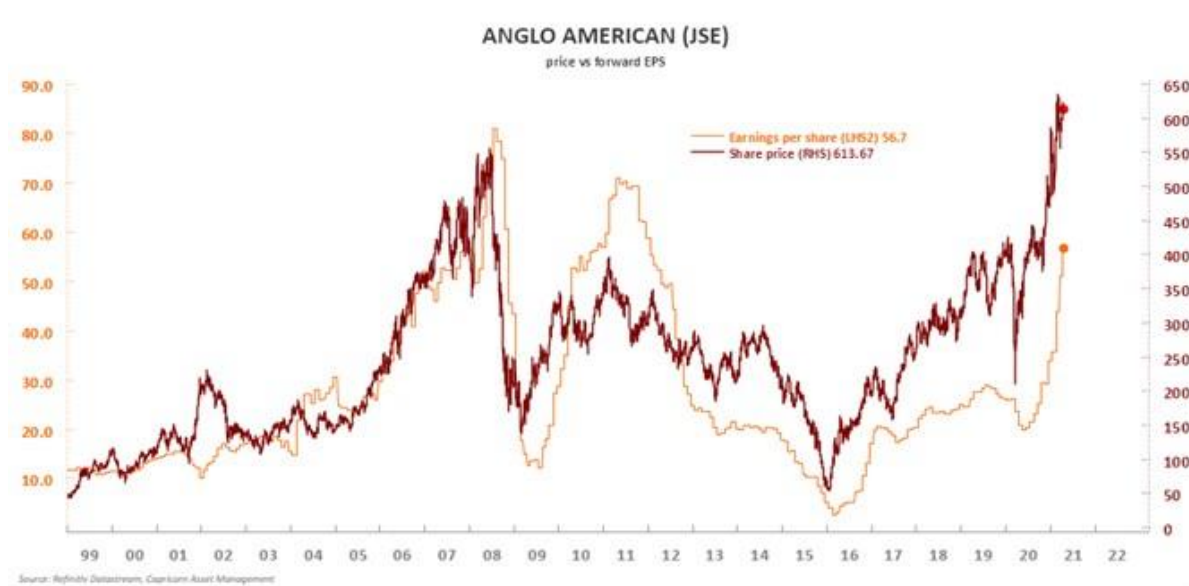




Market Update

Friday, 16 April 2021



Global Markets

A batch of Chinese and U.S. economic data helped underpin global stocks near record highs on Friday, as investors priced in a solid global recovery from the coronavirus-induced slump.

In Asia, markets were largely steady after China reported a sharp acceleration in first quarter growth, though the reading slightly undershot expectations while retail sales bounced strongly last month. Shanghai shares dipped 0.2% while the Chinese yuan eased.

Analysts said the China data did little to change expectations of a strong recovery and further policy tightening to curb any excesses in property investments. "Property investments were weaker but that's no surprise given policy makers have been tightening loans to the sector while consumption is continuing a normalisation," said Ei Kaku, senior strategist at Nomura. "On the whole the data is unlikely to have a big impact."

MSCI's broadest index of Asia-Pacific shares outside Japan was off 0.2% while Japan's Nikkei was almost flat. MSCI's broadest gauge of world stocks ticked down 0.05% by mid-Asian trade following 0.89 percent gains the previous day to a record high.

"U.S. economic data released yesterday was all strong, confirming the U.S. economy is firmly on a recovery track," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley

Securities. U.S. retail sales rebounded 9.8% in March, the largest increase since May 2020, in a gain that pushed the level of sales 17.1% above its pre-pandemic level to a record high. The brightening economic prospects were underscored by other data, including first-time claims for unemployment benefits tumbling last week to the lowest level since March 2020.

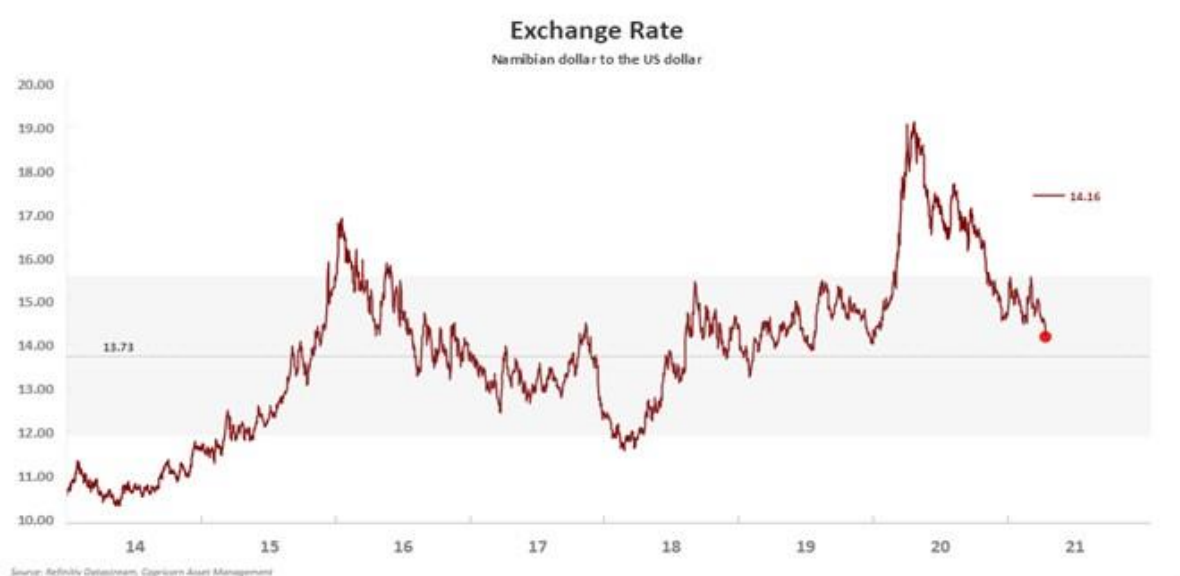
Despite strong data, U.S. bond yields dropped, in part driven by Japanese buying, as they have begun a new financial year this month. The 10-year U.S. Treasuries yield dropped to 1.529%, a five-week low, on Thursday and last stood at 1.578%, off its 14-month high of 1.776% set at the end of March.

"The market has already fully priced in an U.S. economic recovery in the near term. And if the Federal Reserve will keep interest rates on hold for the next two to three years, no doubt the carry of U.S. bonds would be very attractive compared with Japanese or euro zone bonds," said Chotaro Morita, chief fixed income strategist at SMBC Nikko Securities.

The fall in long-term bond yields benefited stocks, and particularly tech shares, given the idea that their historically expensive valuations can be justified because investors would have no choice but to buy shares to make up for low returns from bonds. On Wall Street, the S&P 500 advanced 1.11% while the tech-heavy Nasdaq Composite added 1.31%, nearing its record peak set in February.

In the currency market, lower U.S. yields were a drag on the U.S. dollar. The euro stood at \$1.1951, having hit a six-week high of \$1.19935 overnight while the U.S. currency slipped to a three-week low of 108.61 yen and last traded at 108.89.

Oil prices held firm after hitting a four-week high on Thursday following positive U.S. economic data and higher demand forecasts from the International Energy Agency (IEA) and OPEC. Brent futures stood flat at \$66.89 per barrel, while U.S. crude was also little changed at \$63.36 per barrel, both on course for their first substantial weekly gains in six.



Domestic Markets

South Africa's rand rallied to its best in 15 months on Thursday, extending gains from the previous session supported by strong risk appetite and positive local retail sales data. At 1505 GMT the rand was 1.56% firmer at 14.1650 against the U.S. dollar, trading at its highest level since early January 2020.

The dollar has been on the back foot this month as Treasury yields stabilize below one-year highs reached last month. Yields have fallen as the U.S. Federal Reserve reiterates its commitment to holding rates near zero for years to come, and on some concerns that a recent uptick in inflation will be temporary.

"For the greenback to resume this year's uptrend, it requires strong positive surprises on the economic front that convince investors again of increasing inflationary pressures," said FXTM chief market strategist Hussein Sayed. Lower U.S. interest rate expectations boost investors' appetite for emerging markets assets such as the rand, which offer higher returns but carry more risk.

Locally, retail sales rose for the first time in 11 months in February, defying forecasts of another downturn. That helped set the stage for the rand's rally. Bonds also firmed, with the yield on the benchmark 2030 government issue down 10.5 basis points to 9.105%.

Stocks on the Johannesburg Stock Exchange (JSE) were largely unchanged as strong earnings from the U.S. market were offset by South Africa pausing the use of Johnson & Johnson's COVID-19 vaccines to investigate a potential link to rare blood clots.

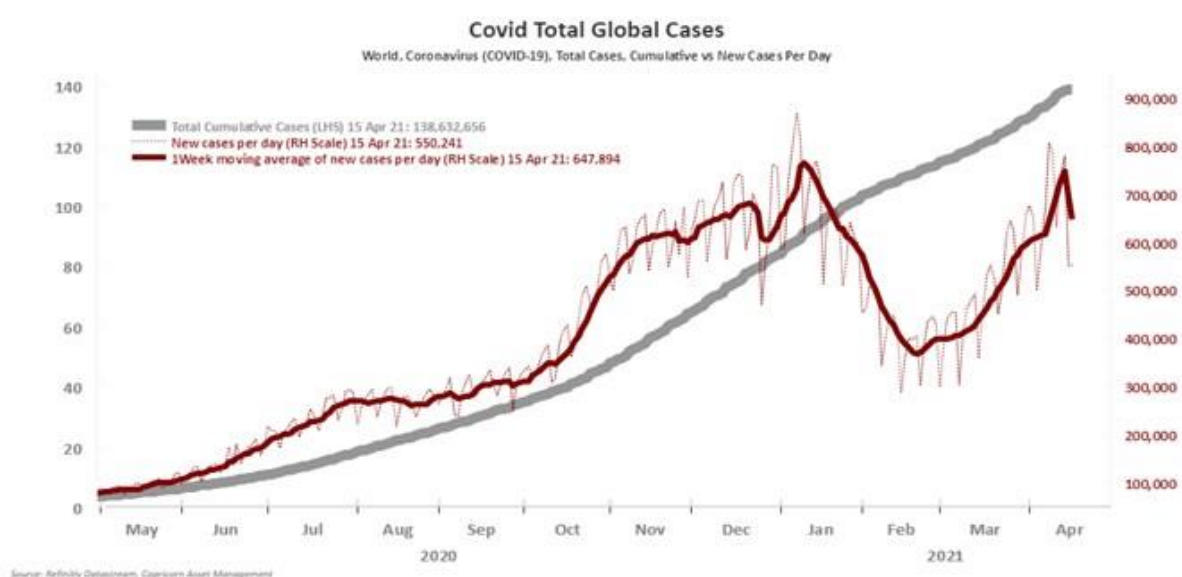
The FTSE/JSE all-share index closed 0.02% higher at 67,823 points. The JSE's bluechip index slipped 0.01% to end at 72,080 points. However, the bank index, which largely depends on local economic growth prospects, shot up well beyond 2% but was offset by the mining index and industrials which were down by 0.3% and 0.2%, respectively.

Corona Tracker

GLOBAL CASES		16-Apr-2021		5:48
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	138,632,656	550,241	3,117,672	91,439,459

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

Source: Thomson Reuters



For us in Russia, communism is a dead dog, while, for many people in the West, it is still a living lion.

Aleksandr Solzhenitsyn

Market Overview

MARKET INDICATORS (Thomson Reuters)				16 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	⬇	4.73	-0.025	4.75	4.73
12 months	⬇	4.75	-0.043	4.79	4.75
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⬇	4.06	-0.060	4.12	4.06
GC22 (Coupon 8.75%, BMK R2023)	⬇	5.65	-0.015	5.66	5.65
GC23 (Coupon 8.85%, BMK R2023)	⬇	5.55	-0.015	5.56	5.55
GC24 (Coupon 10.50%, BMK R186)	⬇	7.57	-0.110	7.68	7.57
GC25 (Coupon 8.50%, BMK R186)	⬇	7.58	-0.110	7.69	7.58
GC26 (Coupon 8.50%, BMK R186)	⬇	7.58	-0.110	7.69	7.58
GC27 (Coupon 8.00%, BMK R186)	⬇	7.87	-0.110	7.98	7.87
GC30 (Coupon 8.00%, BMK R2030)	⬇	9.41	-0.125	9.53	9.41
GC32 (Coupon 9.00%, BMK R213)	⬇	10.48	-0.130	10.61	10.49
GC35 (Coupon 9.50%, BMK R209)	⬇	11.37	-0.110	11.48	11.38
GC37 (Coupon 9.50%, BMK R2037)	⬇	11.85	-0.115	11.96	11.85
GC40 (Coupon 9.80%, BMK R214)	⬇	12.60	-0.075	12.67	12.61
GC43 (Coupon 10.00%, BMK R2044)	⬇	12.92	-0.090	13.01	12.93
GC45 (Coupon 9.85%, BMK R2044)	⬇	13.20	-0.090	13.29	13.21
GC50 (Coupon 10.25%, BMK: R2048)	⬇	13.21	-0.080	13.29	13.22
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	⬆	1,763	1.57%	1,736	1,765
Platinum	⬆	1,193	1.91%	1,171	1,199
Brent Crude	⬆	66.9	0.54%	66.6	67.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬇	1,378	-0.17%	1,380	1,378
JSE All Share	⬆	67,823	0.02%	67,812	67,823
SP500	⬆	4,170	1.11%	4,125	4,170
FTSE 100	⬆	6,984	0.63%	6,940	6,984
Hangseng	⬇	28,793	-0.37%	28,901	28,843
DAX	⬆	15,255	0.30%	15,209	15,255
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆	12,342	1.47%	12,163	12,342
Resources	⬇	68,827	-0.29%	69,024	68,827
Industrials	⬇	88,642	-0.23%	88,847	88,642
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	14.16	-1.61%	14.39	14.19
N\$/Pound	⬇	19.51	-1.58%	19.82	19.53
N\$/Euro	⬇	16.94	-1.71%	17.23	16.98
US dollar/ Euro	⬇	1.197	-0.11%	1.198	1.196
		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
		Mar 21	Feb 21	Feb 21	Jan 21
Inflation	⬆	3.1	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

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