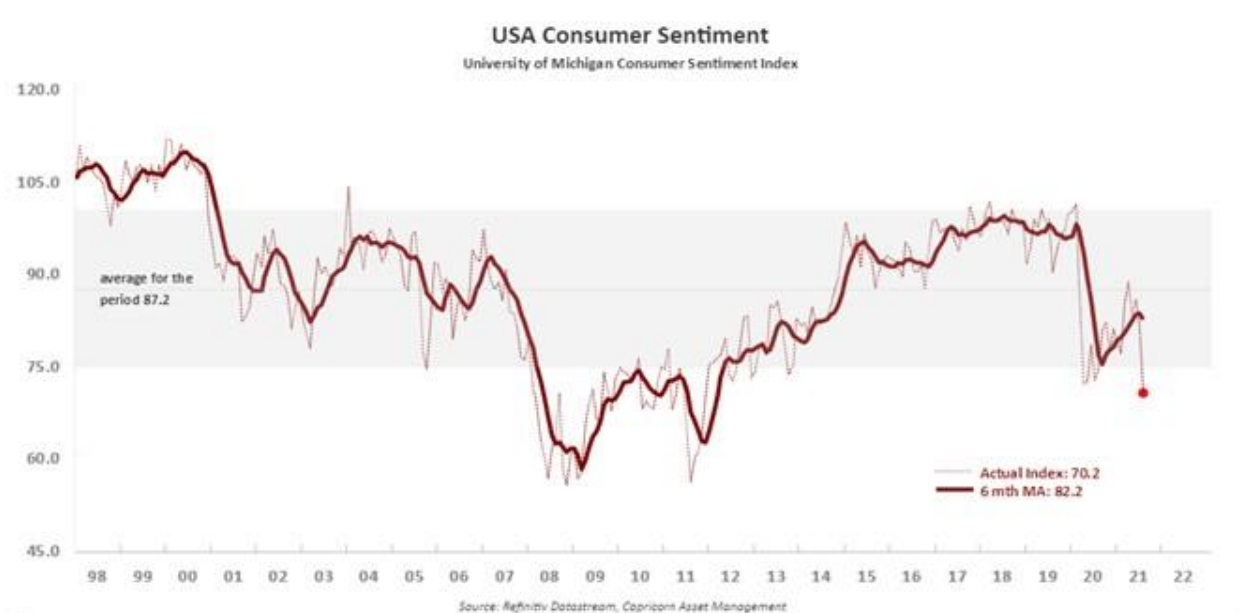




Market Update

Monday, 16 August 2021



Global Markets

Asian shares slid on Monday after a raft of Chinese data showed a surprisingly sharp slowdown in the engine of global growth, just as much of the world races to stem the spread of the Delta variant of COVID-19 with vaccinations. Figures on July retail sales, industrial production and urban investment all missed forecasts, a trend that is only likely to get worse given the recent tightening in coronavirus restrictions there.

"Asia's low vaccination rates and low tolerance for community spread suggest it is the region most at risk economically from the Delta variant," said JPMorgan economist Bruce Kasman. "China is in the midst of removing policy supports, which looks likely to restrain domestic demand growth and weigh on regional performance through the rest of this year," he added. "With these drags building in recent weeks we have been lowering 2H21 regional growth forecasts."

There was added uncertainty about the possible geopolitical implications of the sudden collapse of the Afghan government and what it means for political stability in the region. MSCI's broadest index of Asia-Pacific shares outside Japan eased 0.5%, nudging back toward the lows for the year touched

last month. Chinese blue chips were hanging onto gains of 0.2%, perhaps in anticipation of a more aggressive policy easing from Beijing.

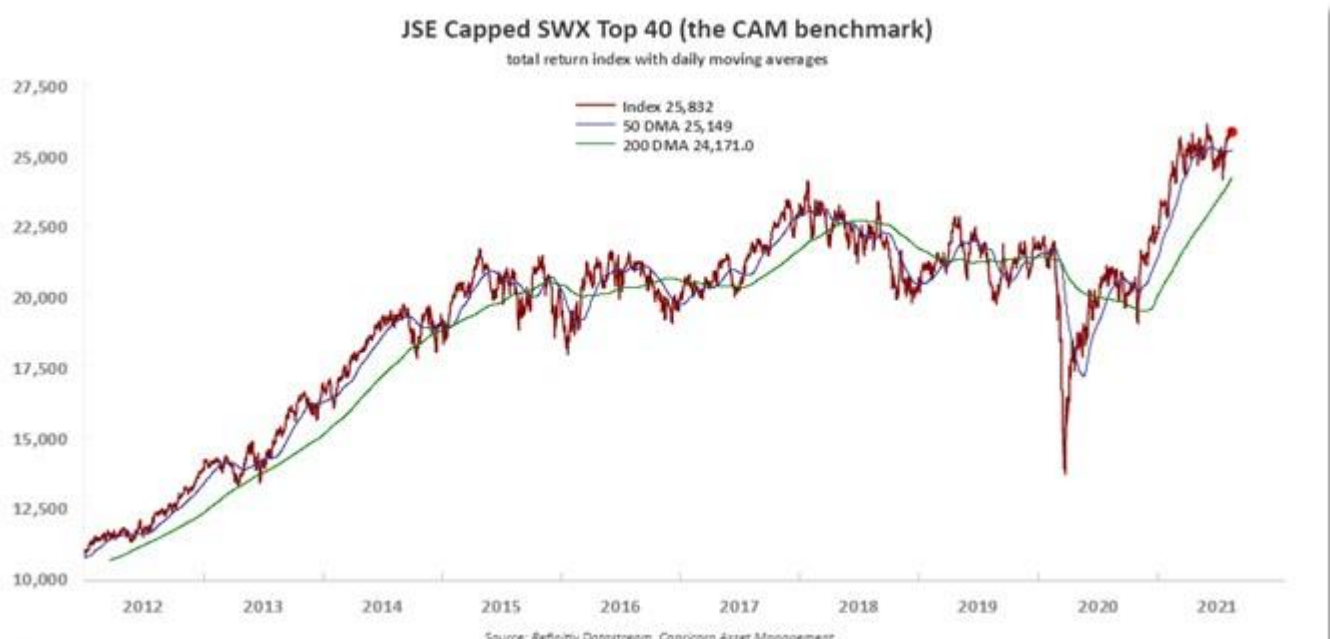
"The data will likely intensify speculation of further reserve requirement cuts in the weeks ahead and be positive for bonds," wrote analysts at TD Securities in a note. "The central bank is also unlikely to welcome appreciation of the CNY on a trade weighted basis, while limiting CNY appreciation vs USD." Japan's Nikkei fell 1.7%, though economic growth topped forecasts for the June quarter.

Nasdaq futures and S&P 500 futures were both down 0.2%. EUROSTOXX 50 futures fell 0.5% and FTSE futures 0.6%. Wall Street had managed fresh records last week even as a survey showed a shock slump in U.S. consumer sentiment to the lowest since 2011 amid Delta fears. The dismal report and China's slowdown combined to pull 10-year Treasury yields down to 1.25%, a drop of 11 basis points in just two sessions.

That also wiped out a week of gains for the dollar, sending it back to 92.517 against a basket of currencies from a near five-month top of 93.195. The euro climbed to \$1.1791 and away from major chart support at \$1.1740, while the dollar recoiled to 109.39 yen leaving behind last week's peak of 110.79.

Kim Mundy, a senior currency strategist at CBA, argued the dollar could rally this week if minutes of the Federal Reserve's last policy meeting confirm a hawkish shift on tapering. The minutes are out on Wednesday while Fed chair Jerome Powell is speaking on Tuesday. "We expect the FOMC to announce it will taper its monthly asset purchases in September if the August payrolls is strong," said Mundy. "We judge a tapering announcement next month is not widely expected, so if the minutes show the FOMC discussed the possibility of announcing a taper as soon as September, we expect the dollar to jump."

In commodity markets, gold extended its bounce to \$1,778 in the wake of a sudden stop-loss tumble to \$1,684 at the start of last week. Oil prices eased partly on concerns coronavirus travel restrictions would hurt demand, particularly in China. Brent fell 78 cents to \$69.81 a barrel, while U.S. crude lost 80 cents to \$67.64.



Domestic Markets

South Africa's rand strengthened against the dollar on Friday, after a survey showed U.S. consumer sentiment earlier this month dropped sharply to its lowest level in a decade. Riskier currencies such as the rand thrive on U.S. interest rates staying low because they benefit from the rate differential that increases their appeal for so-called carry trade, in which investors borrow in a low-yielding currency to invest in higher-yielding assets.

At 1508 GMT, the rand traded at 14.7040 against the dollar, 0.5% stronger than its previous close. The U.S. dollar weakened to a one-week low against a basket of currencies on Friday.

"We are unlikely to trade much below R14.70. Emerging markets, in general, are trading sideways as traders look for clues to any change in the U.S. Fed's stance," Andre Cilliers, currency strategist at TreasuryONE said in a note.

Minutes of the U.S. Federal Reserve's July meeting will be in focus next week for cues on the central bank's stimulus tapering. Speculation about its timing weighed on riskier currencies this week.

Government bonds firmed, with the yield on the benchmark instrument due in 2030 down 5 basis points to 8.885%.

Among equities, South African stocks followed their emerging market peers lower as investors pulled out of highly valued tech stocks in Asia, spooked by regulatory crackdowns and rising COVID-19 cases in China.

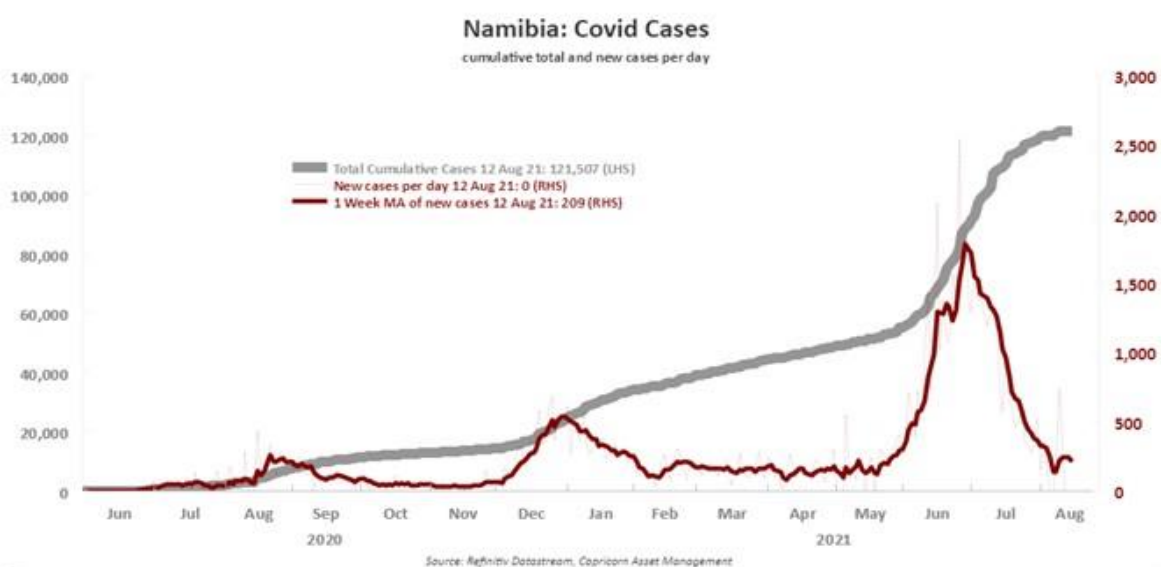
Congestion off China's top two container ports in Shanghai and Ningbo worsened following the shutdown of a container terminal in Ningbo where a COVID-19 case was detected this week.

"The fear is that this could place a further strain on shipping, which will lead to increased prices, fueling the flames of inflation and denting economic recoveries. This could signal a little bit of "risk-off" in the market," TreasuryONE's Cilliers said.

The Johannesburg Stock Exchange's broader All-Share Index dipped 0.02% to 69,384 points and the Top-40 Index was little changed at 63,269 points. Leading the decliners was retail group Massmart, majority owned by Walmart Inc, which fell 9.14% after reporting an impairment of the carrying value of assets in Game store chains of approximately 570 million rand (\$38.80 million). The Asia tech rout dragged down e-commerce giant Naspers and its subsidiary Prosus, whose main listing is in Amsterdam. Prosus, which holds a 28.9% stake in Chinese internet behemoth Tencent, fell 2.50%, while Naspers declined 1.02%.

Corona Tracker

GLOBAL CASES		16-Aug-2021	
SOURCE - REUTERS			
	Confirmed Cases	New Cases	Total Deaths
GLOBAL	207,312,312	304,315	4,537,497



Source: Thomson Reuters Refinitiv

If you can force your heart and nerve and sinew to serve your turn long after they are gone, and so hold on when there is nothing in you except the will which says to them: 'Hold on!'

Rudyard Kipling

Market Overview

MARKET INDICATORS (Thomson Reuters)		16 August 2021			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	4.28	0.000	4.28	4.28
6 months	⇒	4.49	0.000	4.49	4.49
9 months	↑	4.79	0.008	4.78	4.79
12 months	↑	4.95	0.017	4.93	4.95
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.34	0.030	4.31	4.34
GC22 (Coupon 8.75%, BMK R2023)	↑	5.69	0.030	5.66	5.69
GC23 (Coupon 8.85%, BMK R2023)	↑	5.59	0.030	5.56	5.59
GC24 (Coupon 10.50%, BMK R186)	↓	7.69	-0.040	7.73	7.69
GC25 (Coupon 8.50%, BMK R186)	↓	7.70	-0.040	7.74	7.70
GC26 (Coupon 8.50%, BMK R186)	↓	7.70	-0.040	7.74	7.70
GC27 (Coupon 8.00%, BMK R186)	↓	7.99	-0.040	8.03	7.99
GC30 (Coupon 8.00%, BMK R2030)	↓	9.19	-0.050	9.24	9.20
GC32 (Coupon 9.00%, BMK R213)	↓	10.19	-0.060	10.25	10.19
GC35 (Coupon 9.50%, BMK R209)	↓	11.12	-0.055	11.17	11.12
GC37 (Coupon 9.50%, BMK R2037)	↓	11.60	-0.060	11.66	11.61
GC40 (Coupon 9.80%, BMK R214)	↓	12.44	-0.070	12.51	12.44
GC43 (Coupon 10.00%, BMK R2044)	↓	12.69	-0.070	12.76	12.69
GC45 (Coupon 9.85%, BMK R2044)	↓	12.97	-0.070	13.04	12.97
GC48 (Coupon 10.00%, BMK R2048)	↓	13.05	-0.070	13.12	13.05
GC50 (Coupon 10.25%, BMK: R2048)	↓	12.99	-0.070	13.06	12.99
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	3.95	0.000	3.95	3.95
GI25 (Coupon 3.80%, BMK NCPI)	↓	3.96	-0.037	4.00	3.96
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	6.19	0.000	6.19	6.19
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.01	0.000	7.01	7.01
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.61	0.000	7.61	7.61
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,779	1.52%	1,752	1,774
Platinum	↑	1,027	0.82%	1,018	1,008
Brent Crude	↓	70.6	-1.01%	71.3	69.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,524	0.01%	1,524	1,524
JSE All Share	↓	69,385	-0.02%	69,402	69,385
SP500	↑	4,468	0.16%	4,461	4,468
FTSE 100	↑	7,219	0.35%	7,193	7,219
Hangseng	↓	26,392	-0.48%	26,518	26,112
DAX	↑	15,977	0.25%	15,938	15,977
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	13,471	0.15%	13,451	13,471
Resources	↑	69,898	0.32%	69,676	69,898
Industrials	↓	88,700	-0.30%	88,971	88,700
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.77	-0.04%	14.78	14.75
N\$/Pound	↑	20.47	0.38%	20.40	20.43
N\$/Euro	↑	17.41	0.49%	17.33	17.39
US dollar/ Euro	↑	1.179	0.55%	1.173	1.179
		Namibia		RSA	
Interest Rates & Inflation		Jun 21	May 21	Jun 21	May 21
Central Bank Rate	⇒	3.75	3.75	3.50	3.50
Prime Rate	⇒	7.50	7.50	7.00	7.00
		Jul 21	Jun 21	Jun 21	May 21
Inflation	↓	4.0	4.1	4.9	5.2

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 the Overall Index, including dual listed

Source: Thomson Reuters Refinitiv

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.



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