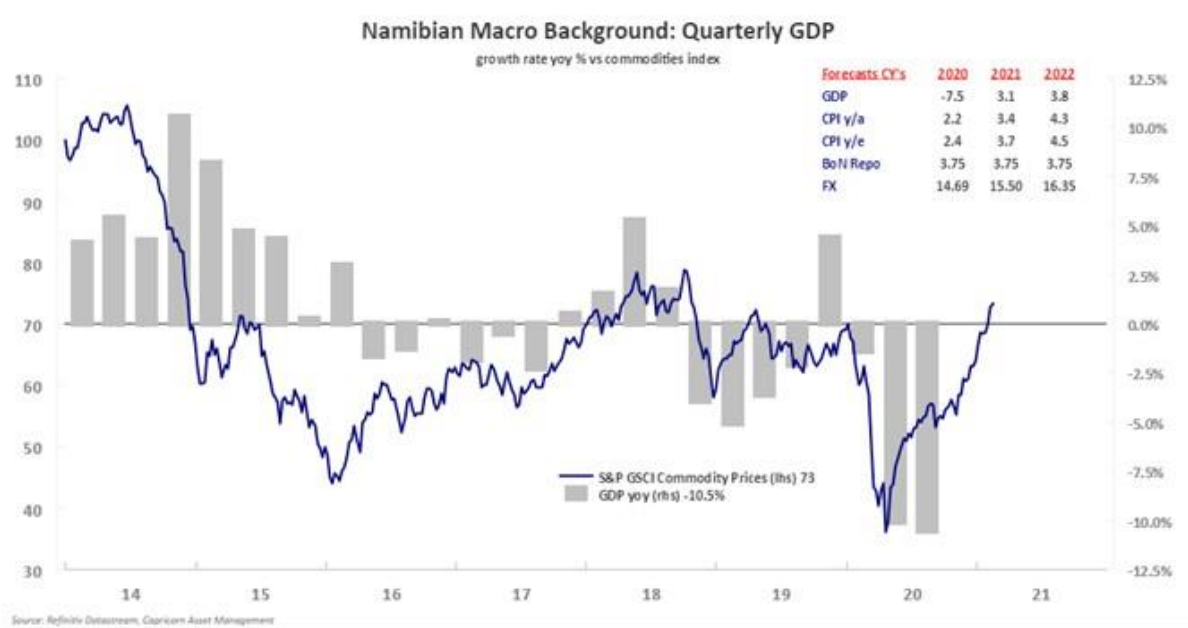




Market Update

Tuesday, 16 February 2021



Global Markets

Asian shares advanced on Tuesday, putting world equities on course to extend their bull run for a 12th consecutive session as optimism about the global economic recovery and expectations of low interest rates drive investments into riskier assets. Oil prices soared to a 13-month high as a deep freeze due to a severe snowstorm in the United States not only boosted power demand but also threatened oil production in Texas.

MSCI's broadest index of Asia-Pacific shares outside Japan ticked up 0.45% while Japan's Nikkei rose 0.4% to a 30-year high. In Hong Kong, the Hang Seng Index surged 1.79% to hit a 32-month high in its first trading session since Thursday following the Lunar New Year holidays. Mainland Chinese markets will remain closed for the holidays until Thursday while Wall Street was also shut on Monday.

Ord Minnett advisor John Milroy said while share markets were positive investors were becoming wary of the future risk of inflation due to central bank and government stimulus programmes in place around the world. "There is a clear sense with rates staying low for some time yet and investor appetite for equities staying strong we will likely see markets hold up for some time yet,"

Milroy told Reuters. "Gaining traction is the thought that inflation could rise much faster and sooner than the Fed is currently thinking. Then if they do raise rates to combat it what happens to equity markets and of course bond markets."

The bullish view on the economy lifted bond yields, with the 10-year U.S. Treasuries gaining 5 basis points to 1.245% in early Asian trade, its highest since late March. Investors are looking to the minutes from the U.S. Federal Reserve's January meeting, due to be published on Wednesday, for confirmation of its commitment to maintain its dovish policy stance over the near future. That in turn is set to keep a tab on bond yields. But some analysts say investors should keep a wary eye on bond yields. "If U.S. bond yields keep rising, that could start to unsettle stocks," said Masahiro Ichikawa, chief strategist at Sumitomo Mitsui DS Asset Management.

S&P500 futures traded 0.65% higher to a record level and MSCI's all country world index (ACWI), which has risen every single day so far this month, ticked up slightly. Successful rollouts of COVID-19 vaccines in many countries are raising hopes of further recovery in economic activities hampered by range of anti-virus curbs. U.S. President Joe Biden is pushing ahead with his plan to pump an extra \$1.9 trillion in stimulus into the economy, in a further boost to market sentiment.

Oil prices soared to their highest in about 13 months as a U.S. winter storm added fuel to their rally on hopes of further demand recovery. U.S. crude futures traded up 1.1% at \$60.11 per barrel. Prices have rallied over recent weeks on tightening supplies, largely due to production cuts from the Organization of the Petroleum Exporting Countries (OPEC) and allied producers in the wider OPEC+ group of producers.

Rising oil prices supported commodity-linked currencies such as the Canadian dollar while safe-haven currencies including the U.S. dollar took a back seat. The British pound held firm at \$1.3910, staying at its highest levels since April 2018. The offshore Chinese yuan hit a 2-1/2-year high of 6.4010 per dollar overnight and last stood at 6.4030. MSCI's emerging market currency index hit a record high as well. The yen weakened to 105.36 per dollar, edging closer to its four-month low of 105.765 set on Feb. 5. while the euro was up 0.1% at \$1.2142.

In Asia, Bitcoin was trading at \$48,088.28, off its record high of \$49,715 hit on Sunday.

Domestic Markets

South Africa's rand firmed on Monday, hurdling the key technical level of 14.50 on its way to a one-year best as signs of a local economic rebound and continued stimulus in the United States lifted demand for the currency.

At 1500 GMT, the rand was 0.06% firmer at 14.4625 per dollar, a touch off the session best of 14.4625, which was its strongest since January 2020. Stocks hit an all-time high.

Crucially, it was the first time since early January the unit broke below the 14.50 technical resistance mark seen as a buy-target by traders. "The rand's path through least resistance has been a much-discussed topic over the past few months with flows by exporters dominating and international investors stuck with piles of free money, which needs to find a high-yielding home," said Standard Bank's chief trader Warrick Butler. "This is not going to change until we either get a diabolical budget from Mboweni (unlikely) or there is a global black swan event which throws us a curve ball."

Last week, South Africa recorded a better-than-expected expansion in industrial production, up 1.8% in December, while mining output also inched up, suggesting faster economic momentum in 2021 following the coronavirus-induced contraction in 2020.

Finance Minister Tito Mboweni is set to deliver the 2021 budget on Feb. 24, showing better-than-forecast revenue collection. South African assets often rally in the weeks ahead of the budget, falling thereafter, according to analysts.

Bonds were weaker, with the yield on benchmark 10-year government issue up 4 basis points to 8.550%

The stock market firmed, reaching all-time highs on Monday, as optimism about the rollout of COVID-19 vaccines boosted global market sentiment. The benchmark FTSE/JSE all-share index climbed 1.22% to end the day's trading at 67,125 points, reaching an all-time record, while the bluechip FTSE/JSE top-40 companies' index ended up 1.65% to an all-time peak of 61,675 points.

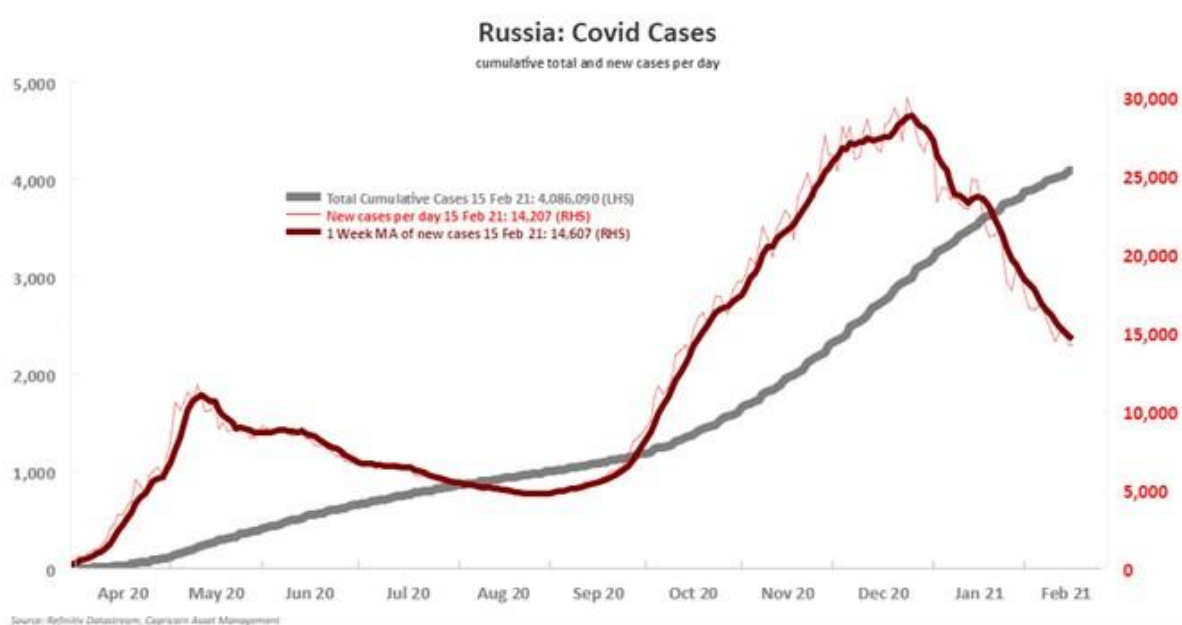
Among the gainers were Sasol, which rose 1.48% on the back of a higher oil price and Steinhoff, which jumped 22.87% after its former auditor Deloitte agreed to pay \$85 million to settle certain claimants as part of the retailer's proposed \$1 billion global lawsuit settlement plan.

Corona Tracker

GLOBAL CASES		16-Feb-2021		5:48
SOURCE - REUTERS		Confirmed Cases	New Cases	Total Deaths
				Total Recovered
GLOBAL	109,132,434	216,180	2,511,428	71,751,835

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

Source: Thomson Reuters



I do not feel obliged to believe that the same God who has endowed us with sense, reason, and intellect has intended us to forgo their use.

Galileo Galilei

Market Overview

MARKET INDICATORS (Thomson Reuters)		16 February 2021			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↔	4.16	0.000	4.16	4.16
6 months	↔	4.52	0.000	4.52	4.52
9 months	↓	4.58	-0.005	4.58	4.58
12 months	↔	4.66	0.000	4.66	4.66
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.38	0.010	4.37	4.38
GC22 (Coupon 8.75%, BMK R2023)	↑	5.36	0.020	5.34	5.38
GC23 (Coupon 8.85%, BMK R2023)	↑	5.26	0.020	5.24	5.28
GC24 (Coupon 10.50%, BMK R186)	↑	7.08	0.075	7.01	7.09
GC25 (Coupon 8.50%, BMK R186)	↑	7.09	0.075	7.02	7.10
GC26 (Coupon 8.50%, BMK R186)	↑	7.09	0.075	7.02	7.10
GC27 (Coupon 8.00%, BMK R186)	↑	7.38	0.075	7.31	7.39
GC30 (Coupon 8.00%, BMK R2030)	↑	8.85	0.040	8.81	8.85
GC32 (Coupon 9.00%, BMK R213)	↑	9.94	0.025	9.92	9.94
GC35 (Coupon 9.50%, BMK R209)	↓	10.97	-0.010	10.98	10.97
GC37 (Coupon 9.50%, BMK R2037)	↓	11.52	-0.015	11.53	11.51
GC40 (Coupon 9.80%, BMK R214)	↑	12.32	0.015	12.30	12.32
GC43 (Coupon 10.00%, BMK R2044)	↔	12.67	0.000	12.67	12.67
GC45 (Coupon 9.85%, BMK R2044)	↔	12.95	0.000	12.95	12.95
GC50 (Coupon 10.25%, BMK: R2048)	↔	12.96	0.000	12.96	12.95
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	↔	4.20	0.000	4.20	4.20
GI25 (Coupon 3.80%, BMK NCPI)	↔	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	↔	5.73	0.000	5.73	5.73
GI33 (Coupon 4.50%, BMK NCPI)	↔	6.82	0.000	6.82	6.82
GI36 (Coupon 4.80%, BMK NCPI)	↔	7.27	0.000	7.27	7.27
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,819	-0.27%	1,823	1,821
Platinum	↑	1,303	4.01%	1,253	1,307
Brent Crude	↑	63.3	1.39%	62.4	63.4
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	5,964	351.89%	1,320	5,964
JSE All Share	↑	67,125	1.50%	66,132	67,125
SP500	↔	3,935	0.00%	3,935	3,935
FTSE 100	↑	6,756	2.52%	6,590	6,756
Hangseng	↔	30,174	0.00%	30,174	30,556
DAX	↑	14,109	0.42%	14,050	14,109
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	12,743	-0.02%	12,747	12,743
Resources	↑	65,469	3.95%	62,979	65,469
Industrials	↑	89,672	0.53%	89,201	89,672
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.44	-0.69%	14.54	14.42
N\$/Pound	↓	20.08	-0.25%	20.13	20.09
N\$/Euro	↓	17.52	-0.61%	17.62	17.50
US dollar/ Euro	↑	1.213	0.07%	1.212	1.214
		Namibia		RSA	
Interest Rates & Inflation		Dec 20	Nov 20	Dec 20	Nov 20
Central Bank Rate	↔	3.75	3.75	3.50	3.50
Prime Rate	↔	7.50	7.50	7.00	7.00
		Jan 21	Dec 20	Dec 20	Nov 20
Inflation	↑	2.7	2.4	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



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