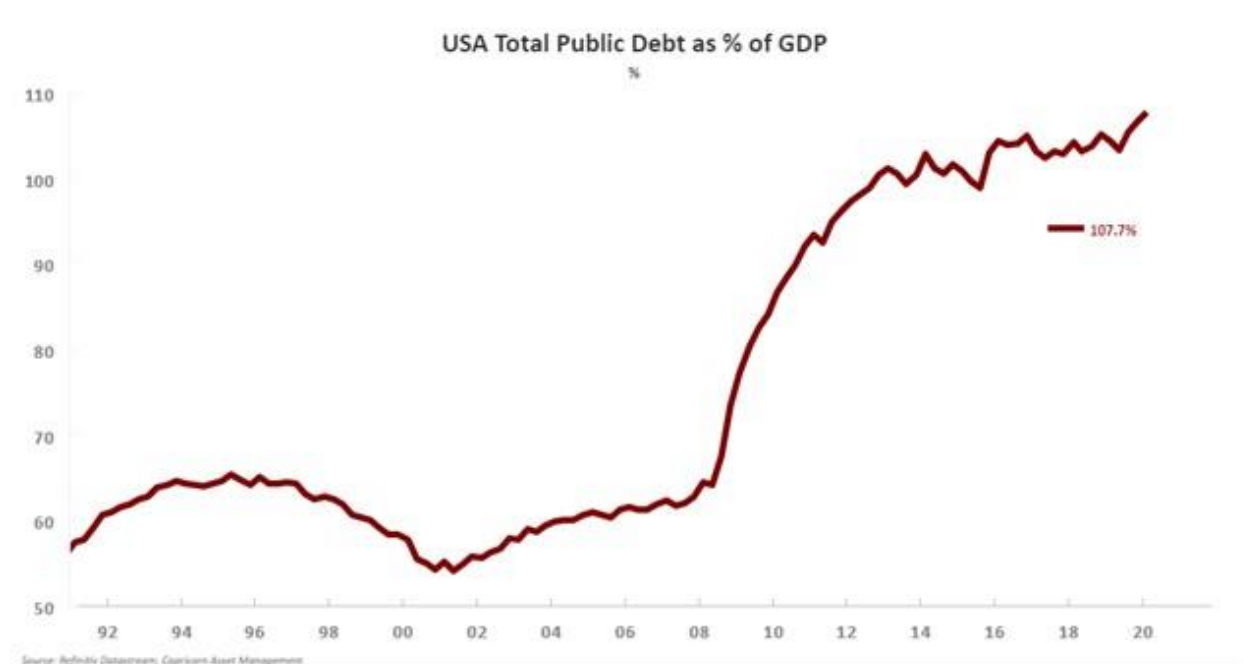




Market Update

Wednesday, 16 September 2020



Global Markets

Most Asian shares rose on Wednesday, extending a rally driven by upbeat Chinese and U.S. economic data, but the dollar, U.S. yields and gold held steady as investors awaited the Federal Reserve's view on the economy at its policy meeting. Following robust industrial output and retail sales data from China and higher U.S. factory production investors are focusing on the Fed's policy statement due Wednesday, the first since Chair Jerome Powell announced an increased tolerance for higher inflation.

"The risk is if we see no new developments since his Jackson Hole shoutout, this could have near-term pressure on yields ticking up, gold and precious metals complex lower, dollar higher and general risk-off in U.S. equities," said Kay Van-Petersen, global macro strategist at Saxo Capital Markets. "If we do get a surprise on the accommodative side - we've gotten this a few times from smooth Jay (Powell) - then we could get the inverse of all that, including the next big structural break higher in gold." The Fed is due to announce its decision at 1800 GMT Wednesday, followed by a news conference from Powell.

MSCI's broadest index of Asia-Pacific shares outside Japan was 0.5% higher. Australian shares gained 0.74% and Taiwan's tech-heavy board added 1.16%. However, Chinese blue-chips pulled back 0.1% as investors booked profits after three days of gains. Investors also await Japan's parliamentary approval of Yoshihide Suga as the country's next prime minister on Wednesday. Suga will then form a new cabinet. Japan's Nikkei erased early losses and was last up 0.14%.

The Fed meeting comes as U.S. lawmakers remain at an impasse over a new stimulus package amid lingering concerns about the recovery of the world's largest economy from the coronavirus pandemic. "There is some expectation that with the U.S. Congress unwilling/unable to agree to a new fiscal package, monetary policy may need to step in to fill the void," NAB analyst Tapas Strickland said in a note. "Accordingly, markets will be focused on any changes to forward guidance and to any balance sheet adjustments." The Bank of Japan and the Bank of England announce their respective policy decisions on Thursday.

E-mini futures for the S&P 500 were up 0.1% on Wednesday after U.S. stocks ended off their session highs, with the Dow industrials closing little changed. The S&P 500 gained 0.5% while the tech-heavy Nasdaq Composite rose 1.2%. U.S. retail sales figures from August will also be in focus on Wednesday. Separately, the World Trade Organization found on Tuesday that the United States had breached global trading rules by imposing multi-billion dollar tariffs in President Donald Trump's trade war with China, a ruling that drew anger from Washington.

In the currency market, the yen touched a two-week high of 105.26 per dollar as traders bet that the Fed acting on a more accommodative approach to inflation could weaken the greenback. The euro was down less than 0.1% to buy \$1.1838, while the dollar index, which tracks the greenback against a basket of six major rivals, was trading water at 93.092.

The yield on benchmark 10-year Treasury notes was unchanged from Tuesday's close at 0.6789%, and spot gold held steady at \$1,955.48 per ounce. In contrast to the muted activity elsewhere, oil prices jumped as a hurricane disrupted U.S. offshore oil and gas production and as U.S. stockpiles fell. Global benchmark Brent crude rose 0.79% to \$40.85 per barrel and U.S. West Texas Intermediate crude ticked up 1.02% to \$38.67 a barrel.

Domestic Markets

South Africa's rand climbed to a six-week best on Tuesday as demand for risk assets was lifted by renewed hopes for a COVID-19 vaccine and solid industrial and retail data from China. At 1500 GMT the rand was 1.44% firmer at 16.4375 per dollar, its best level since July 27, having closed overnight at 16.6775.

"This seems to be a purely technical washout below the 200 day MA support level," said a trader at IG Warren Venketas. The rand has struggled for weeks to break the 200 daily moving average (DMA) around 16.5600 in volatile but range bound trade driven mostly by external events, although further signs of an ailing local economy spooked skittish investors.

"Chinese industrial output data initiated the initial risk appetite but technicals sourced further rand strength," the trader added. China's industrial output accelerated and retail sales grew for the first time this year, beating analysts' forecasts, signaling a recovery in the world's no.1 economy.

Vaccine hopes have also crept back into markets. On Tuesday South African health officials said AstraZeneca had resumed COVID-19 vaccine trials in the country, more than a week after tests were paused due to serious side effects in a participant in Britain.

Bonds were firmer, with the yield on the 2030 issue down 5 basis points to 9.23%.

In the equities market, stocks gave back the previous session's gains as investors focused on negative company results and earnings forecasts. The Johannesburg All-Share index was down 0.35% to 56,130 points and the Top 40 index fell 0.35% to 51,795 points.

TFG closed 4.80% weaker after the fashion retailer said it expects its half-year profit to fall by 20% as sales declined due to store closures during COVID-19 lockdown restrictions. The weak earnings forecast and sales numbers even as restrictions eased also pushed its rivals Woolworths Holdings and Truworths down 2.50% and 3.29%, respectively. Leading the decliners was PPC down 13.51% after the cement maker said it will do a capital raise and sell assets as part of restructuring agreements with its South African lenders.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		16-Sep-2020			3:47
	Confirmed Cases	New Cases	Total Deaths	Total Recovered	
GLOBAL	29,516,203	250,673	931,954	20,137,314	

Only the supernatural love of God through changed lives can solve the problems that we face in our world.

Billy Graham

Market Overview

MARKET INDICATORS (Thomson Reuters)		16 September 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	3.88	-0.017	3.90	3.88
6 months	↔	3.94	0.000	3.94	3.94
9 months	↔	3.96	0.000	3.96	3.96
12 months	↓	3.95	-0.008	3.95	3.95
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.16	0.060	4.10	4.16
GC22 (Coupon 8.75%, BMK R2023)	↑	5.10	0.005	5.09	5.10
GC23 (Coupon 8.85%, BMK R2023)	↑	5.07	0.005	5.06	5.07
GC24 (Coupon 10.50%, BMK R186)	↑	7.46	0.025	7.44	7.46
GC25 (Coupon 8.50%, BMK R186)	↑	7.47	0.025	7.45	7.47
GC26 (Coupon 8.50%, BMK R186)	↑	7.51	0.025	7.49	7.51
GC27 (Coupon 8.00%, BMK R186)	↑	7.76	0.025	7.74	7.76
GC30 (Coupon 8.00%, BMK R2030)	↓	9.53	-0.050	9.58	9.55
GC32 (Coupon 9.00%, BMK R213)	↓	10.35	-0.050	10.40	10.35
GC35 (Coupon 9.50%, BMK R209)	↓	11.72	-0.065	11.79	11.72
GC37 (Coupon 9.50%, BMK R2037)	↓	12.36	-0.060	12.42	12.37
GC40 (Coupon 9.80%, BMK R214)	↓	12.92	-0.045	12.96	12.92
GC43 (Coupon 10.00%, BMK R2044)	↓	13.21	-0.045	13.25	13.21
GC45 (Coupon 9.85%, BMK R2044)	↓	13.76	-0.045	13.80	13.76
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.82	-0.050	13.87	13.82
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)	↔	5.98	0.000	5.98	5.98
GI33 (Coupon 4.50%, BMK NCPI)	↔	6.82	0.000	6.82	6.82
GI36 (Coupon 4.80%, BMK NCPI)	↔	7.15	0.000	7.15	7.15
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,956	-0.04%	1,956	1,962
Platinum	↑	978	2.52%	954	972
Brent Crude	↑	40.5	2.32%	39.6	41.2
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,101	-0.09%	1,102	1,101
JSE All Share	↓	56,131	-0.35%	56,327	56,131
SP500	↑	3,401	0.52%	3,384	3,401
FTSE 100	↑	6,106	1.32%	6,026	6,106
Hangseng	↑	24,733	0.38%	24,640	24,714
DAX	↑	13,218	0.18%	13,194	13,218
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	10,075	-0.87%	10,163	10,075
Resources	↓	56,708	-0.07%	56,747	56,708
Industrials	↓	74,890	-0.41%	75,196	74,890
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.43	-1.25%	16.64	16.39
N\$/Pound	↓	21.17	-0.93%	21.37	21.13
N\$/Euro	↓	19.46	-1.42%	19.74	19.42
US dollar/ Euro	↓	1.185	-0.19%	1.187	1.185
		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	Jul 20	Jun 20
Inflation	↑	2.4	2.1	3.2	2.2

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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