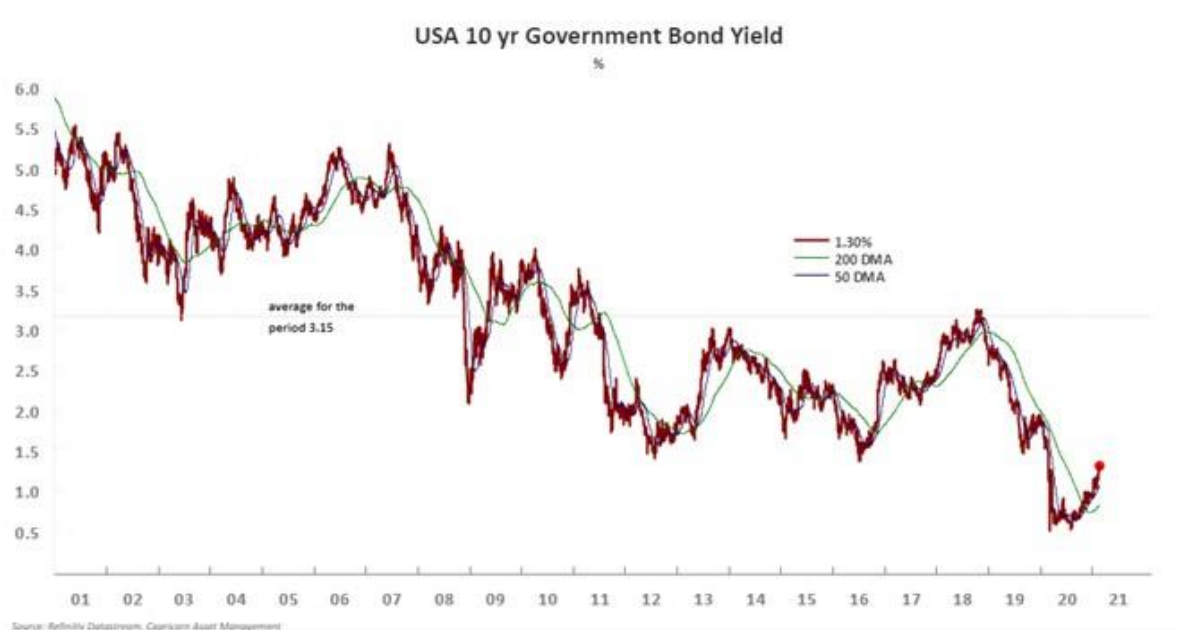




Market Update

Wednesday, 17 February 2021



Global Markets

U.S. Treasury yields hit one-year highs on Wednesday, lending support to the dollar but pressuring lofty valuations for stocks, as investors reckoned that a stimulus-fueled global recovery will eventually bring rising inflation.

Benchmark ten-year U.S. Treasury yields rose as far as 1.3330% in Asia, the highest since February 2020, although they later eased back to 1.2989%. The gap over two-year yields also opened to its widest in nearly three years, as traders figure that short-term monetary policy will stay accommodative, even as the world bounces back from the pandemic.

The prospect of better risk-free returns weighed on equities and MSCI's broadest index of Asia-Pacific shares outside Japan was stalled just shy of Tuesday's record peak. Japan's Nikkei fell 0.7% and S&P 500 futures slipped 0.3% after the index posted a small fall overnight.

"You're basically taking away a deflation worry," said Rob Carnell, chief economist in Asia at ING. "It's a general sense that things are moving back to normal, and probably the single biggest driver of that is the fall in COVID numbers in U.S., it's the re-opening that really delivers you the

growth," he said. New COVID-19 cases in the United States fell for a fifth consecutive week last week.

The bonds selloff, which was jump-started in January when Democrats won control of the U.S. Senate, has now added almost 40 basis points to U.S. 10-year yields this year as investors price in heavy government borrowing for stimulus spending.

Overnight on Wall Street, the Dow Jones was helped to a record closing high by gains from banks, which benefit from higher yields, while the S&P 500 slipped 0.06% and the Nasdaq dipped 0.3%.

Besides a cooling in stock-market exuberance, gold and the Japanese yen, have been other casualties of the rise in U.S. yields. Gold, which pays no income, tends to fall when yields rise and it touched a two-week low on Wednesday. The yen is sensitive to U.S. rates because Japanese yields are anchored and higher U.S. returns can attract investment flows out of yen and into dollars. The yen hit a five-month low against the dollar on Wednesday and has lost 2.7% this year.

A Texas cold snap that has shut down about a fifth of U.S. oil production has also stoked inflation expectations by boosting oil prices to 13-month highs. Front-month gas futures also jumped as much as 10% to a more than three-month high, though a stronger U.S. dollar has since pared some of the rise. U.S. crude futures slipped 0.6% to \$59.71 a barrel on Wednesday after poking above \$60 on Tuesday, while Brent crude futures were also down 0.6% at \$62.95.

In currency markets, the dollar's strength was applying broad pressure. The euro dipped below its 20-day moving average to \$1.2083. The Australian and New Zealand dollars each slipped a fraction and the British pound, which has been surging as vaccinations roll out rapidly across the United Kingdom, was forced back below \$1.39 and last sat at \$1.3874.

Ahead on Wednesday investors will be eyeing inflation data releases in Britain and Canada for any signs of a jump. U.S. retail sales data is also due, as are newly published minutes from the Federal Reserve's January policy meeting. "Tonight's release of the ... minutes is likely to reinforce the notion that the Fed is committed to keeping rates low for a longer period of time," Sophia Ng, an analyst at MUFG Bank at Singapore, said in a note to clients.

Earnings reports this week from Hilton Worldwide Holdings Inc, Hyatt Hotels Corp and Marriott International Inc will also be scrutinized for signs of a pickup in global travel demand.

Domestic Markets

South Africa's rand fell on Tuesday, pulling back from a one-year high touched earlier in the session, as Citigroup Inc said it was booking profits from the currency.

At 1500 GMT, the rand was 0.83% weaker at 14.5950 per dollar, having earlier reached a one-year high of 14.4050, as renewed investor risk appetite and an upswing in commodity prices shielded the currency from fears of fiscal deterioration.

Citi said on Tuesday it was booking a profit in its three-month bet on the South African rand versus the U.S. dollar. "It has been an extraordinary performance in the ZAR, strongly supported by residual current account rebalancing forces, solid metal and mining terms of trade trends, and a sense of reflation and cyclically in global macro investment trends," Luis Costa, emerging markets strategist at Citi, wrote in a research note. "But not everything is rosy. There is a point at which the underlying very weak growth trend and its fiscal implications could start impacting the ZAR in a negative way."

South African Finance Minister Tito Mboweni will present his 2021 budget on Feb. 24. The budget is expected to crystallise the country's gaping budget deficit and debt burden. The economy was in recession even before the COVID-19 pandemic, which only exacerbated its problems.

Shares continued to build over their record highs on global economic recovery optimism, but a poor show by retailers and gold and platinum mining companies kept the gains subdued. The benchmark all-share index closed up 0.15% to 67,227 points while the blue-chip top-40 companies index closed up 0.16% to 61,775 points.

Shares in South African retailer SPAR fell by more than 7% after the group said its sales for the 18 weeks that ended Jan. 29 were hit by an alcohol ban from the end of December. Shares in other retailers followed suit and recorded a fall. Platinum and gold mining companies also shed gains as the price of both the commodities weakened through the day.

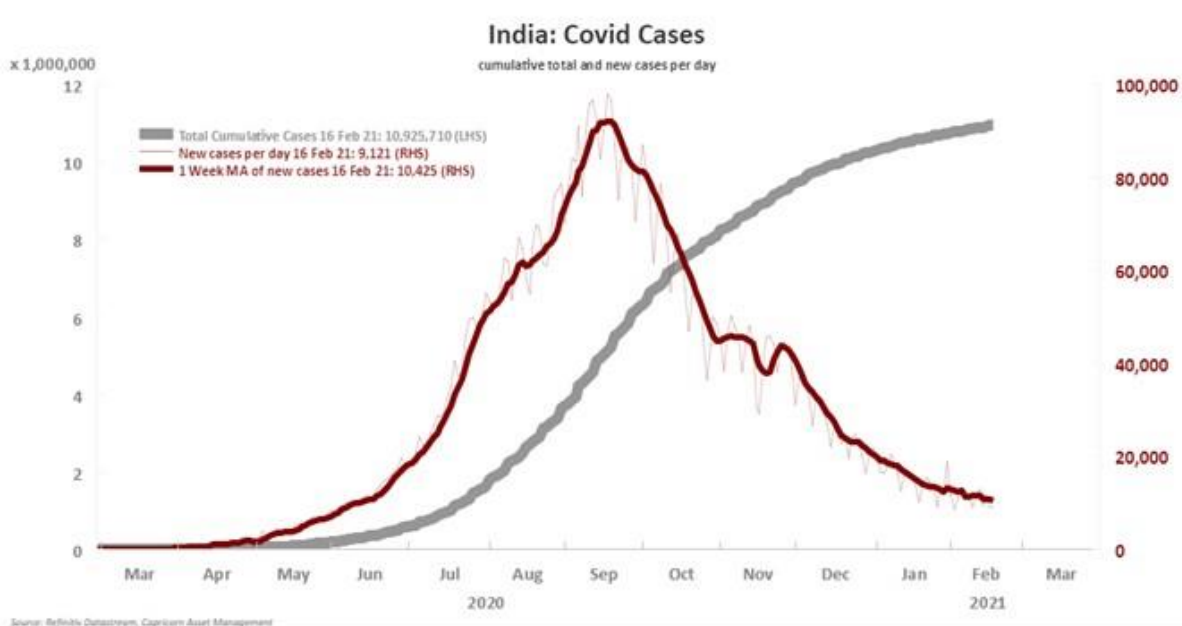
Bonds weakened, with the yield on the benchmark 2030 government issue up 5.5 basis point to 8.625%.

Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	109,461,216	621	2,521,308	72,077,973

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

Source: Thomson Reuters



Now this is not the end. It is not even the beginning of the end. But it is, perhaps, the end of the beginning.

Winston Churchill

Market Overview

MARKET INDICATORS (Thomson Reuters)		17 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	0.008	4.58	4.58
12 months	↑	4.68	0.016	4.66	4.68
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⇒	4.38	0.000	4.38	4.38
GC22 (Coupon 8.75%, BMK R2023)	↑	5.44	0.080	5.36	5.44
GC23 (Coupon 8.85%, BMK R2023)	↑	5.34	0.080	5.26	5.34
GC24 (Coupon 10.50%, BMK R186)	↑	7.20	0.120	7.08	7.20
GC25 (Coupon 8.50%, BMK R186)	↑	7.21	0.120	7.09	7.21
GC26 (Coupon 8.50%, BMK R186)	↑	7.21	0.120	7.09	7.21
GC27 (Coupon 8.00%, BMK R186)	↑	7.50	0.120	7.38	7.50
GC30 (Coupon 8.00%, BMK R2030)	↑	8.93	0.075	8.85	8.93
GC32 (Coupon 9.00%, BMK R213)	↑	10.02	0.075	9.94	10.02
GC35 (Coupon 9.50%, BMK R209)	↑	11.03	0.060	10.97	11.03
GC37 (Coupon 9.50%, BMK R2037)	↑	11.58	0.060	11.52	11.58
GC40 (Coupon 9.80%, BMK R214)	↑	12.39	0.075	12.32	12.39
GC43 (Coupon 10.00%, BMK R2044)	↑	12.74	0.065	12.67	12.74
GC45 (Coupon 9.85%, BMK R2044)	↑	13.02	0.065	12.95	13.02
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.02	0.065	12.96	13.02
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	↓	1,794	-1.33%	1,819	1,793
Platinum	↓	1,261	-3.18%	1,303	1,262
Brent Crude	↑	63.4	0.08%	63.3	63.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,354	-77.29%	5,964	1,354
JSE All Share	↑	67,227	0.15%	67,125	67,227
SP500	↓	3,933	-0.06%	3,935	3,933
FTSE 100	↓	6,749	-0.11%	6,756	6,749
Hangseng	↑	30,747	1.90%	30,174	31,016
DAX	↓	14,065	-0.32%	14,109	14,065
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	12,697	-0.37%	12,743	12,697
Resources	↑	66,213	1.14%	65,469	66,213
Industrials	↓	89,325	-0.39%	89,672	89,325
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.65	1.44%	14.44	14.68
N\$/Pound	↑	20.36	1.42%	20.08	20.39
N\$/Euro	↑	17.74	1.25%	17.52	17.75
US dollar/ Euro	↓	1.210	-0.19%	1.213	1.209
		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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