

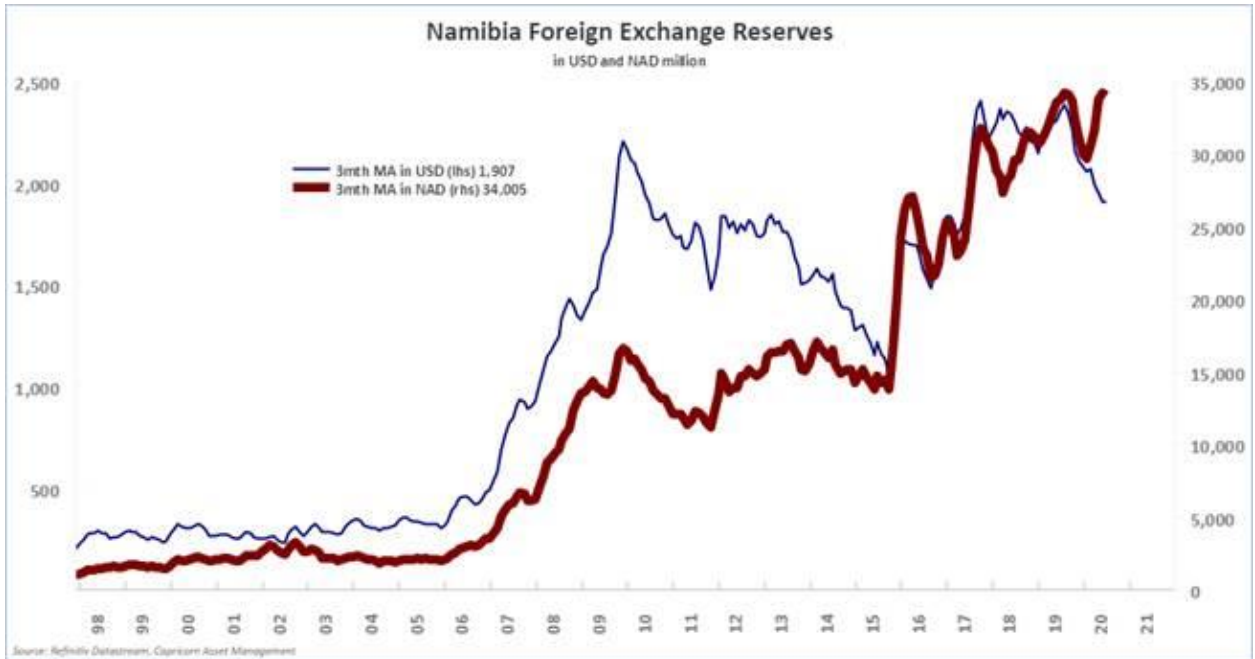


The Daily Brief

Capricorn Asset Management

Market Update

Tuesday, 18 August 2020



Global Markets

Asian stocks inched up on Tuesday as Sino-U.S. tensions weighed on optimism generated by Wall Street's tech-driven rally, while the dollar dropped against almost all major currencies.

The Trump administration announced on Monday it would further tighten restrictions on China's Huawei Technologies, aimed at cracking down on its access to commercially available chips.

MSCI's broadest index of Asia-Pacific shares outside Japan gained 0.19%, to sit not far short of its pre-pandemic late January high. Japan's Nikkei dipped 0.52%, while most markets traded in a narrow band with Chinese blue chips dropping 0.25%. The Australian benchmark index rose 0.12%. E-Mini futures for the S&P 500 were flat.

The Nasdaq surged to a record high close on Monday and the S&P 500 approached its own record level, with both indexes lifted by technology stocks.

"We saw some strength in tech again with semiconductors driving the boat," Thomas Hayes, chairman at Great Hill Capital said of the U.S. rally.

The U.S. dollar softened against most currencies after disappointing manufacturing and mortgage data, Commonwealth Bank of Australia analyst Joseph Capurso wrote in a note.

But moves were small ahead of Wednesday's release of the Federal Reserve minutes, with speculation that the Fed will adopt an average inflation target, which would seek to push inflation above 2% for some time.

Bitcoin hovered near the 13 month high it hit on Monday.

On the commodities front, oil prices edged lower on Tuesday, but still mostly held onto overnight gains after OPEC+ said the producer grouping was almost fully complying with output cuts. Brent crude was down 6 cents, or 0.1%, at \$45.31 a barrel, after gaining 1.3% on Monday. U.S. crude was down 0.2%, at \$42.81 a barrel, having risen 2.1% in the previous session.

Safe haven gold closed higher after Berkshire Hathaway also disclosed a stake in Toronto-based Barrick Gold Corp, one of the world's largest mining companies. Spot gold added 0.4% to \$1,995 an ounce.

Domestic Markets

The South African rand began the week stronger on Monday after President Cyril Ramaphosa announced a sweeping removal of lockdown restrictions over the weekend. Ramaphosa said that from midnight on Monday a ban on alcohol and tobacco sales would be lifted, inter-provincial travel would be allowed and restaurants and taverns could return to normal business subject to hygiene protocols.

By 0631 GMT the rand was trading at 17.3400 versus the dollar, roughly 0.3% firmer than its previous close. Dollar weakness on global markets also supported the rand.

Government bonds were little changed in early trade, with the yield on the 2030 bond at 9.16%.

Africa's most industrialised economy has been hit hard by one of the world's strictest lockdowns, imposed in late March to curb the spread of the coronavirus, but Ramaphosa said the indications were that the country had reached the peak of COVID-19 infections.

Official forecasts are for gross domestic product to contract by at least 7% this year, with South Africa having recorded the fifth-highest number of COVID-19 infections worldwide.

Hospitality and gold mining firms led the South African stock market higher on Monday, maintaining last week's mostly winning streak after President Cyril Ramaphosa removed coronavirus lockdown restrictions over the weekend.

The benchmark FTSE/JSE all share index closed up 0.86% at 57,571 points, while the FTSE/JSE top 40 companies index ended up 1.01% at 53,270 points, approaching the all-time high above 55,000 points hit in November 2017.

Hospitality shares rallied, with hotels, gaming and entertainment giant Sun International Ltd up around 8% and City Lodge Hotels Ltd up 9% at the close. Analysts said Ramaphosa's announcement provided much-needed relief for South Africa.

"(Industries are) going to benefit from an uptick in turnover which is desperately needed," said Ryan Woods, a trader with Independent Securities.

South Africa's biggest cigarette seller British American Tobacco Plc was up 2.24%, while the gold mining index was up 5%. The gains in the market were limited by the banking index losing over 2%.

Petrochemicals major Sasol Ltd also shed 5% after it posted a \$5 billion loss for the year ended June 30.

Government bonds also weakened, with the yield on the 2030 bond up 11 basis points to 9.28%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	21,956,934	55,079	773,523	13,817,187

Market Overview

MARKET INDICATORS (Thomson Reuters)					18 August 2020	
Money Market TB's		Last close	Difference	Prev close	Current Spot	
3 months	➔	3.96	0.000	3.96	3.96	
6 months	➔	4.04	0.000	4.04	4.04	
9 months	⬆️	4.12	0.017	4.10	4.12	
12 months	⬆️	4.15	0.008	4.14	4.15	
Nominal Bonds		Last close	Difference	Prev close	Current Spot	
GC21 (BMK: R208)	➔	4.05	0.000	4.05	4.05	
GC22 (BMK: R2023)	⬆️	5.42	0.065	5.35	5.41	
GC23 (BMK: R2023)	⬆️	5.40	0.065	5.33	5.39	
GC24 (BMK: R186)	⬆️	7.82	0.115	7.70	7.81	
GC25 (BMK: R186)	⬆️	7.87	0.115	7.75	7.86	
GC26 (BMK: R186)	⬆️	7.92	0.115	7.80	7.91	
GC27 (BMK: R186)	⬆️	8.00	0.115	7.88	7.99	
GC30 (BMK: R2030)	⬆️	9.48	0.120	9.36	9.47	
GC32 (BMK: R213)	⬆️	10.64	0.110	10.53	10.64	
GC35 (BMK: R209)	⬆️	11.73	0.110	11.62	11.72	
GC37 (BMK: R2037)	⬆️	12.40	0.105	12.30	12.41	
GC40 (BMK: R214)	⬆️	12.99	0.095	12.89	12.98	
GC43 (BMK: R2044)	⬆️	13.32	0.095	13.22	13.31	
GC45 (BMK: R2044)	⬆️	13.82	0.095	13.72	13.81	
GC50 (BMK: R2048)	⬆️	14.00	0.090	13.91	14.00	
Inflation-Linked Bonds		Last close	Difference	Prev close	Current Spot	
GI22 (BMK: NCPI)	➔	4.49	0.000	4.49	4.49	
GI25 (BMK: NCPI)	➔	4.49	0.000	4.49	4.49	
GI29 (BMK: NCPI)	➔	5.98	0.000	5.98	5.98	
GI33 (BMK: NCPI)	➔	6.70	0.000	6.70	6.70	
GI36 (BMK: NCPI)	➔	6.99	0.000	6.99	6.99	
Commodities		Last close	Change	Prev close	Current Spot	
Gold	⬆️	1,986	2.15%	1,944	1,997	
Platinum	⬆️	950	1.45%	936	965	
Brent Crude	⬆️	45.4	1.27%	44.8	45.2	
Main Indices		Last close	Change	Prev close	Current Spot	
NSX Overall Index	⬆️	1,113	0.09%	1,112	1,113	
JSE All Share	⬆️	57,435	0.63%	57,077	57,435	
SP500	⬆️	3,382	0.27%	3,373	3,382	
FTSE 100	⬆️	6,127	0.61%	6,090	6,127	
Hangseng	⬆️	25,347	0.65%	25,183	25,354	
DAX	⬆️	12,921	0.15%	12,901	12,921	
JSE Sectors		Last close	Change	Prev close	Current Spot	
Financials	⬇️	9,968	-1.85%	10,156	9,968	
Resources	⬆️	60,227	2.21%	58,927	60,227	
Industrials	⬆️	75,291	0.24%	75,107	75,291	
Forex		Last close	Change	Prev close	Current Spot	
N\$/US dollar	⬆️	17.48	0.67%	17.36	17.49	
N\$/Pound	⬆️	22.90	0.81%	22.72	22.98	
N\$/Euro	⬆️	20.74	0.91%	20.56	20.80	
US dollar/ Euro	⬆️	1.187	0.24%	1.184	1.189	
		Namibia		RSA		
Economic data		Latest	Previous	Latest	Previous	
Inflation	➔	2.1	2.1	2.2	2.1	
Prime Rate	⬇️	7.75	8.00	7.25	7.75	
Central Bank Rate	⬇️	4.00	4.25	3.50	3.75	

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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