



## Market Update

Wednesday, 18 August 2021



## Global Markets

Asian shares edged off near year-to-date lows on Wednesday despite Wall Street's overnight declines, while New Zealand's central bank defied expectations by not raising interest rates as the country is in lockdown due to cases of the COVID-19 Delta variant.

The New Zealand dollar, fell to a nine-month low of \$0.6868 after the Reserve Bank of New Zealand's decision, however it soon recovered, climbing to back to \$0.6933, as investors absorbed projections showing policymakers still expect to raise rates over coming months. "They've said no, because you've got COVID and too much uncertainty. Give it a few weeks, let the smoke clear then the tightening cycle is still on the table," said Imre Speizer, head of NZ strategy at Westpac.

In equity markets MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.45%, snapping five successive sessions of declines, but still traded close to year-to-date lows touched in July. "A narrative around the peaking of economic growth in the second or third quarter is really hitting home," said Kerry Craig, global market strategist at JPMorgan Asset Management. "Investors are trying balance the reopening of economies as vaccination rates go up, but also seeing the effects of

the spreading Delta variant and that's being reflected in the slowing economic data most of which has been surprising on the downside in the last two weeks," Craig said.

China on Monday reported year-on-year GDP growth of 7.9% in the second quarter, below the 8.1% forecast in a Reuters poll of economists. But on Wednesday sentiment was more buoyant, helped by a decline in reported COVID cases in China. Chinese blue chips rose 0.66%, the Hong Kong benchmark gained 0.71%, and South Korean stocks rebounded from an eight-day losing streak to rise 0.82%. Japan's Nikkei rose 0.57%.

Overnight, Wall Street fell after retail sales came in below expectations and valuations had become increasingly stretched. The S&P 500 lost 0.71% after posting a new record high on Monday. "In today's market we find its very difficult to find undervalued stocks to recommend to investors," said Dave Sekera, chief U.S. market strategist at Morningstar Research Services. U.S. stock futures, the S&P 500 e-minis, were little changed in Asian hours, down 0.01%.

In currency markets the dollar hit a nine-month high against the euro and held near recent peaks against other major currencies as COVID-19 concerns meant investors cut exposure to riskier currencies. Oil edged up in Asian hours after falling for four sessions responding to the stronger dollar and worries about the rise in coronavirus cases. U.S. crude ticked up 0.11% to \$66.66 a barrel. The yield on benchmark 10-year Treasury notes was 1.2684% compared to its U.S. close of 1.258% on Tuesday.



## Domestic Markets

South Africa's rand weakened on Tuesday, as global risk appetite was dented by disappointing Chinese economic data, the spread of the Delta coronavirus variant and developments in Afghanistan. At 1525 GMT, the rand traded at 14.8875 against the dollar, down roughly 0.39% on its previous close. The South African currency is highly susceptible to changes in sentiment towards riskier assets such as those in emerging markets.

"Developments on the international front should be monitored closely as event risk is the primary concern at the moment... Chinese data disappointed with retail sales, industrial production, and urban investment all missing the mark," said Andre Cilliers, currency strategist at TreasuryONE. The data is a concern for the global growth engine and could affect risky assets such as those of South Africa, he added.

South Africa-focused investors' attention would now shift to local economic data when the statistics office publishes the consumer price index for July and retail sales for June on Wednesday.

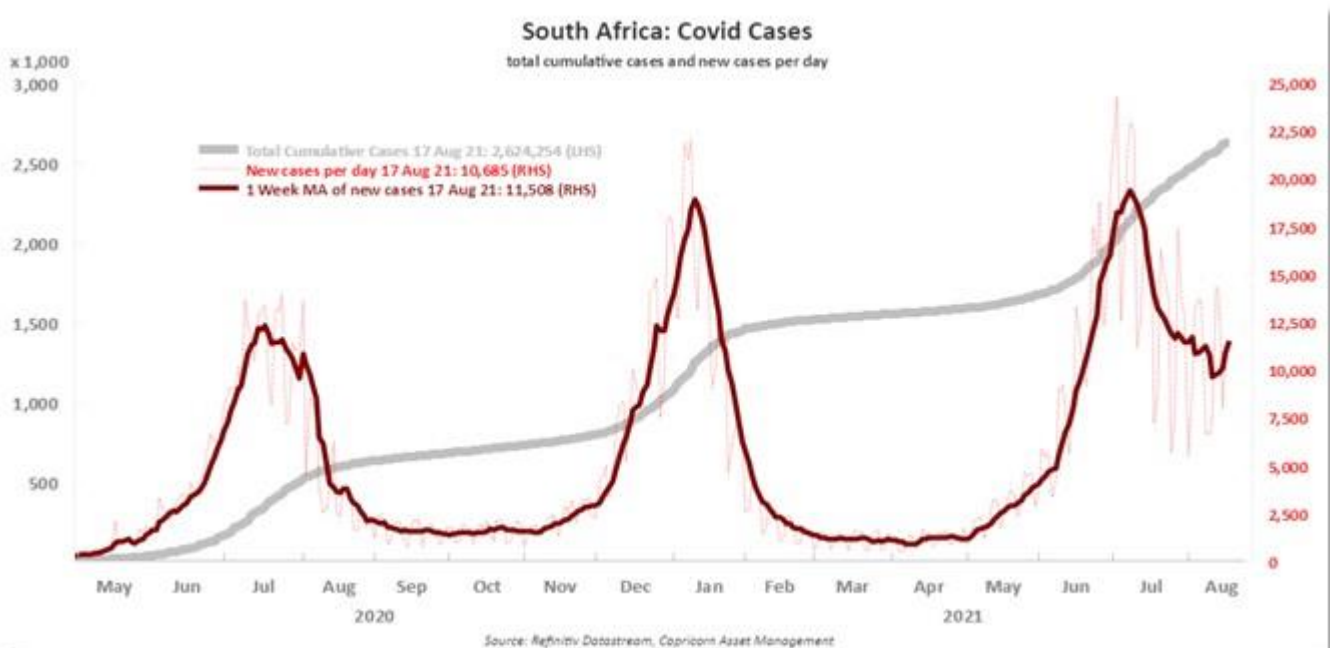
Mining continued to benefit main South African indexes which closed in the black led by the mining index which was up 2.61% at end of day. The benchmark all-share index closed 0.17% up to end at 68,940 points and the blue-chip index of top 40 companies ended at 62,657 points, up 0.08%.

Most of the sheen was taken off by heavy selling once again in the shares of index heavyweight Naspers Ltd, the technology investor which holds nearly a 29% stake in Chinese tech giant Tencent Holdings, through its cross holding in Prosus NV. Naspers closed down 8% on Tuesday, and has fallen by almost 20% in the last week on the back of increased Chinese scrutiny of tech firms and a complicated share exchange offer with Prosus which has been opposed by many investors.

Government bonds strengthened on Tuesday, as the yield on the 2030 bond dropped 3 basis points to 8.870%.

## Corona Tracker

GLOBAL CASES		18-Aug-2021	
SOURCE - REUTERS			
	Confirmed Cases	New Cases	Total Deaths
<b>GLOBAL</b>	208,477,902	348,103	4,553,473



Source: Thomson Reuters Refinitiv

Common sense is the collection of prejudices acquired by age eighteen.

**Albert Einstein**

## Market Overview

MARKET INDICATORS (Thomson Reuters)		18 August 2021			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	4.28	0.000	4.28	4.28
6 months	↑	4.63	0.140	4.49	4.63
9 months	↑	4.93	0.137	4.79	4.93
12 months	↑	5.04	0.094	4.95	5.04
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (Coupon 7.75%, BMK R208)	↓	4.37	-0.010	4.38	4.37
GC22 (Coupon 8.75%, BMK R2023)	↓	5.72	-0.010	5.73	5.71
GC23 (Coupon 8.85%, BMK R2023)	↓	5.62	-0.010	5.63	5.61
GC24 (Coupon 10.50%, BMK R186)	↓	7.64	-0.030	7.67	7.64
GC25 (Coupon 8.50%, BMK R186)	↓	7.65	-0.030	7.68	7.65
GC26 (Coupon 8.50%, BMK R186)	↓	7.65	-0.030	7.68	7.65
GC27 (Coupon 8.00%, BMK R186)	↓	7.94	-0.030	7.97	7.94
GC30 (Coupon 8.00%, BMK R2030)	↓	9.18	-0.025	9.20	9.18
GC32 (Coupon 9.00%, BMK R213)	↓	10.18	-0.020	10.20	10.18
GC35 (Coupon 9.50%, BMK R209)	↑	11.15	0.020	11.13	11.14
GC37 (Coupon 9.50%, BMK R2037)	⇒	11.63	0.000	11.63	11.63
GC40 (Coupon 9.80%, BMK R214)	⇒	12.47	0.000	12.47	12.47
GC43 (Coupon 10.00%, BMK R2044)	↓	12.71	-0.005	12.72	12.71
GC45 (Coupon 9.85%, BMK R2044)	↓	12.99	-0.005	13.00	12.99
GC48 (Coupon 10.00%, BMK R2048)	↑	13.08	0.010	13.07	13.07
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.02	0.010	13.01	13.01
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (Coupon 3.55%, BMK NCPI)	⇒	3.95	0.000	3.95	3.95
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.96	0.000	3.96	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
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,786	-0.07%	1,787	1,790
Platinum	↓	997	-2.46%	1,022	1,006
Brent Crude	↓	69.0	-0.69%	69.5	69.3
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,539	0.45%	1,532	1,539
JSE All Share	↑	68,940	0.17%	68,825	68,940
SP500	↓	4,448	-0.71%	4,480	4,448
FTSE 100	↑	7,181	0.38%	7,154	7,181
Hangseng	↓	25,746	-1.66%	26,181	25,950
DAX	↓	15,922	-0.02%	15,926	15,922
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	13,890	0.74%	13,788	13,890
Resources	↑	70,864	2.61%	69,063	70,864
Industrials	↓	85,225	-2.05%	87,006	85,225
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	14.90	0.51%	14.82	14.84
N\$/Pound	↓	20.47	-0.30%	20.53	20.39
N\$/Euro	↓	17.45	-0.07%	17.46	17.39
US dollar/ Euro	↓	1.171	-0.59%	1.178	1.172
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Jun 21</b>	<b>May 21</b>	<b>Jun 21</b>	<b>May 21</b>
Central Bank Rate	⇒	3.75	3.75	3.50	3.50
Prime Rate	⇒	7.50	7.50	7.00	7.00
		<b>Jul 21</b>	<b>Jun 21</b>	<b>Jun 21</b>	<b>May 21</b>
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

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**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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