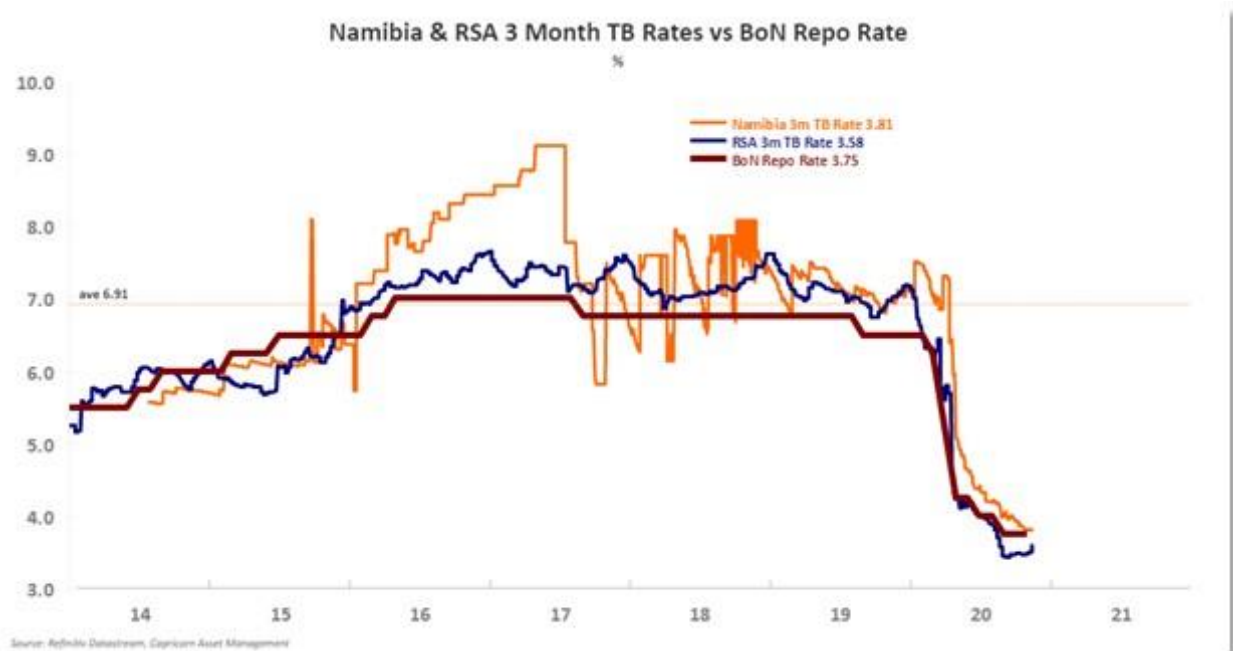




Market Update

Wednesday, 18 November 2020



Global Markets

Global shares stepped back on Wednesday as soft U.S. retail sales fuelled worries that rising coronavirus cases could stifle a still fragile economic recovery, dampening the euphoria from vaccine trial breakthroughs.

U.S. S&P500 futures shed 0.3% in Asian trade on Wednesday, a day after S&P500 index lost 0.48%, while Europe's Euro Stoxx 50 futures eased 0.2%. Japan's Nikkei dropped 0.76%, while MSCI's broadest index of Asia-Pacific shares outside Japan was little changed, drawing support from better handling of the pandemic in much of the region.

"Given the rapid gains over the last 10 days or so, a correction was inevitable," said Hirokazu Kabeya, chief global strategist at Daiwa Securities. Global stocks, measured by MSCI's broadest gauge of world equities, have risen more than 11% so far this month.

The retail sales report released by the U.S. Commerce Department showed spending decelerating as the holiday shopping season approaches, amid a lack of fresh fiscal relief from Washington. A skittish mood also swept investors as several U.S. states began restricting gatherings and mandating

face-coverings after more than 70,000 Americans were hospitalized for treatment of COVID-19 as of Monday, according to a Reuters tally of public health figures. The surge in new coronavirus cases comes as investors have hailed two promising vaccine trial results published earlier this month.

"We're coming out of a solid two weeks so the market being down half a percent isn't that bad with the prospect of COVID lockdowns," said Jamie Cox, Managing Partner for Harris Financial Group. U.S. Federal Reserve Chairman Jerome Powell noted the current surge in coronavirus cases is a big concern, and the economy will continue to need both fiscal and monetary policy support. "The soft U.S. retail data is showing the impact of dwindling fiscal support. But the inconvenient truth is that governments no longer have lots of money to spend like they did earlier this year," said a trader at a major Japanese bank. "That means investors will expect the Fed to do more and the U.S. yield curve will flatten."

Bond yields have come down with the 10-year U.S. Treasuries dropping to 0.851%, its lowest level since Nov. 9 and off 7 1/2-month high of 0.975% touched last week. Falling U.S. yields put pressure on the U.S. dollar, against the yen in particular. The dollar fell to 104.18 yen, erasing more than a half of its gains made on Monday last week following the news about COVID-19 vaccine development. The euro moved little at \$1.1864 while the Chinese yuan hit a 2 1/2-year high of 6.5455 per dollar in the offshore trade. Sterling held firm after UK tabloid the Sun reported that Britain could reach a post-Brexit trade agreement with the European Union by early next week. The pound changed hands at \$1.3252, not far from two-month peak of \$1.3322 hit a week ago.

Oil prices eased on a bigger-than-expected build in U.S. crude stockpiles, though hopes that OPEC and its allies will postpone a planned January increase to oil output braked losses. Brent crude futures fell 0.35% to \$43.60 per barrel.

Domestic Markets

South Africa's rand weakened on Tuesday, with investors opting to take profits on the currency's recent rally ahead of a lending rates decision later in the week.

At 1500 GMT the rand was 0.7% weaker at 15.4175 per dollar, compared with an overnight close of 15.3075 in New York, halting a three-session rally that carried the unit back near an eight-month best it hit last week.

The rand, along with other emerging market currencies, has benefited from the risk-on sentiment spurred by Joe Biden's win in the United States presidential election last week. Promising news of another COVID-19 vaccine has also boosted risk demand. But a rates decision due on Thursday and likely credit reviews by ratings agencies Standard & Poor's and Moody's have dampened enthusiasm.

The small chance of a rate cut, which would chip away at the returns investors earn on local assets, has prompted investors to pocket profits on the rand's 5% rally since the beginning of November. The South African Reserve Bank (SARB) is likely to leave the repo rate at a record low at its Nov. 19 meeting and over the coming year too, a Reuters poll of economists found. Of 22 economists surveyed, 17 expect Reserve Bank Governor Lesetja Kganyago to hold rates steady at 3.5%. The remaining five analysts forecast a 25-basis-point cut.

"While no change is forecast for Thursday's rates decision, the SARB is suggested to have some room to ease with recent firmness of the domestic currency and stable oil prices keeping inflation at the lower end of the Bank's targeted band," said senior trader at IG Shaun Murison.

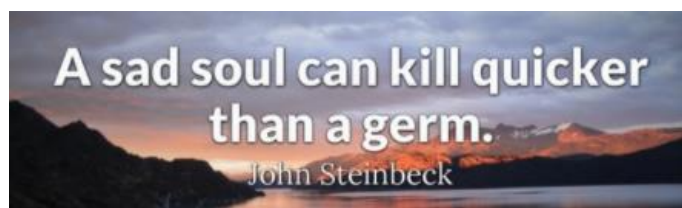
The stock market, which had been advancing with minor hiccups since November, lost steam as investors went for profit booking. The FTSE/JSE all share index closed down 0.37% to 57,053 points while the FTSE/JSE top 40 companies index lost 0.5% to end the day at 52,289 points. The profit booking largely occurred across the large cap companies except banks and real estate, both of which ended in the green on Tuesday.

Bonds were weaker. The yield on the government benchmark 2030 government paper rose 2 basis points to 8.845%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES		2020-11-17		
SOURCE - REUTERS		20:03:27.872Z		
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	55,304,543	302,572	1,332,354	35,728,339



Market Overview

MARKET INDICATORS (Thomson Reuters)		18 November 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	➡	3.85	0.000	3.85	3.85
6 months	⬇	3.94	-0.017	3.96	3.94
9 months	⬇	3.96	-0.017	3.98	3.96
12 months	⬇	3.95	-0.033	3.98	3.95
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	➡	4.00	0.000	4.00	4.00
GC22 (Coupon 8.75%, BMK R2023)	⬇	4.81	-0.025	4.84	4.83
GC23 (Coupon 8.85%, BMK R2023)	⬇	4.71	-0.025	4.74	4.73
GC24 (Coupon 10.50%, BMK R186)	⬆	7.26	0.005	7.26	7.27
GC25 (Coupon 8.50%, BMK R186)	⬆	7.27	0.005	7.27	7.28
GC26 (Coupon 8.50%, BMK R186)	⬆	7.27	0.005	7.27	7.28
GC27 (Coupon 8.00%, BMK R186)	⬆	7.56	0.005	7.56	7.57
GC30 (Coupon 8.00%, BMK R2030)	➡	9.14	0.000	9.14	9.15
GC32 (Coupon 9.00%, BMK R213)	⬆	10.29	0.015	10.27	10.31
GC35 (Coupon 9.50%, BMK R209)	⬆	11.34	0.045	11.30	11.36
GC37 (Coupon 9.50%, BMK R2037)	⬆	12.14	0.105	12.04	12.10
GC40 (Coupon 9.80%, BMK R214)	⬆	12.80	0.065	12.74	12.82
GC43 (Coupon 10.00%, BMK R2044)	⬆	13.32	0.045	13.28	13.33
GC45 (Coupon 9.85%, BMK R2044)	⬆	13.60	0.045	13.56	13.61
GC50 (Coupon 10.25%, BMK: R2048)	⬆	13.63	0.040	13.59	13.63
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)	➡	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	➡	4.38	0.000	4.38	4.38
GI33 (Coupon 4.50%, BMK NCPI)	➡	6.76	0.000	6.76	6.76
GI36 (Coupon 4.80%, BMK NCPI)	➡	7.02	0.000	7.02	7.02
Commodities		Last close	Change	Prev close	Current Spot
Gold	⬇	1,879	-0.52%	1,889	1,879
Platinum	⬇	925	0.00%	925	927
Brent Crude	⬇	43.8	-0.16%	43.8	43.8
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,175	0.00%	1,175	1,175
JSE All Share	⬇	57,053	-0.37%	57,267	57,053
SP500	⬇	3,610	-0.48%	3,627	3,610
FTSE 100	⬇	6,365	-0.87%	6,421	6,365
Hangseng	⬆	26,415	0.13%	26,382	26,573
DAX	⬇	13,133	-0.04%	13,139	13,133
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆	11,641	0.90%	11,537	11,641
Resources	⬇	51,668	-1.36%	52,381	51,668
Industrials	⬇	78,871	-0.28%	79,089	78,871
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬆	15.37	0.31%	15.33	15.38
N\$/Pound	⬆	20.36	0.69%	20.22	20.40
N\$/Euro	⬆	18.24	0.38%	18.17	18.25
US dollar/ Euro	⬆	1.186	0.07%	1.185	1.187
Interest Rates & Inflation		Namibia		RSA	
		Oct 20	Sep 20	Oct 20	Sep 20
Central Bank Rate	➡	3.75	3.75	3.50	3.50
Prime Rate	➡	7.50	7.50	7.00	7.00
		Oct 20	Sep 20	Sep 20	Aug 20
Inflation	⬇	2.3	2.4	3.0	3.1

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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