



Market Update

Monday, 19 April 2021



Global Markets

Shares hovered near 1-1/2 week highs on Monday helped by expectations monetary policy will remain accommodative the world over, while COVID-19 vaccine rollouts help ease fears of another dangerous wave of coronavirus infections.

MSCI's broadest index of Asia-Pacific shares outside Japan was last at 695.59, within striking distance of Friday's high of 696.48 - a level not seen since Apr. 7. The index jumped 1.2% last week and is up 5% so far this year, on track for its third straight yearly gain.

"The extremely supportive monetary and fiscal policy setting continues to provide a fertile environment for risk assets," said Rodrigo Catril, senior forex strategist at National Australia Bank. Australian shares were 0.25% higher while New Zealand's benchmark index and South Korea's KOSPI added 0.4% each. Japan's Nikkei eased 0.4%.

On Friday, the S&P 500 gained 0.4% to close at a new record high while clocking its sixth straight weekly gain. The Dow finished 0.5%, also at a record high while the Nasdaq climbed 0.1%. E-mini futures for the S&P 500 were down 0.3% in early Asian trading. This week is off to a quiet start with no major data releases slated on Monday.

Investors will keep their eyes peeled for earnings from IBM and Coca-Cola later in the day. Netflix reports on Tuesday while later in the week American Airlines and Southwest will be the first major post-COVID cyclicals to post results.

The European Central Bank (ECB) meets on Thursday with no changes to rates or guidance expected while preliminary data on factory activity around the globe for April is due on Friday.

Elsewhere, Bitcoin, the world's biggest cryptocurrency, recouped most of its losses after plunging as much as 14% on Sunday following speculation the U.S. Treasury may be looking at cracking down on money-laundering activity within digital assets, NAB's Catril said. Data website CoinMarketCap cited a blackout in China's Xinjiang region, which reportedly powers a lot of bitcoin mining, for the selloff. The retreat in Bitcoin also comes after Turkey's central bank banned the use of cryptocurrencies for purchases on Friday. Bitcoin is up more than 90% year to date, driven by its mainstream acceptance as an investment and a means of payment, accompanied by the rush of retail cash into stocks, exchange-traded funds and other risky assets.

In currencies, the U.S. dollar loitered near a four-week low against a basket of currencies as investors increasingly bought into the Federal Reserve's insistence it would keep an accommodative policy stance for a while longer. The dollar index measuring the greenback against a basket of six currencies was unchanged at 91.612, not far from its lowest since March 18 touched on Friday. Against the Japanese yen, the greenback was off a touch at 108.72. The euro was a tad lower at \$1.1966 while the British pound eased 0.07% to \$1.3820. The risk-sensitive Aussie dollar slipped for a second straight day to be down 0.2% at \$0.7715.

In commodities, oil prices were down with the Brent slipping 34 cents to \$66.43 a barrel and U.S. crude falling 29 cents to \$62.84. Gold was up 0.2% at \$1,779.3 an ounce.



Domestic Markets

South Africa's rand fell on Friday, but looked set for weekly gains after a rally the day before that took it to its best level in 15 months as falling yields in the United States drove global demand for risk assets. At 1500 GMT, the rand was 1.06% weaker at 14.3225 against the U.S. dollar. On Thursday, it broke through a number of technical levels on its way to 14.1550, its strongest since January 2020. The currency was up 1.6% since Monday.

"The current EM-friendly market environment with ample liquidity, in which economic optimism and risk-on sentiment prevail, offers the rand further appreciation potential," Elisabeth Andreae, FX analyst at Commerzbank, wrote in a note. "But the global environment and risk sentiment can change quickly, for example in the wake of recurring (U.S. Federal Reserve) tapering expectations. In our view, this limits the ZAR appreciation potential as well as domestic risks."

The dollar has been on the back foot this month as Treasury yields stabilize below one-year highs reached last month. Yields have fallen as the Fed reiterates its commitment to holding interest rates near zero for years to come, and on some concerns that a recent uptick in inflation will be temporary.

Lower U.S. rate expectations boost investors' appetite for emerging markets assets such as the rand, which offer higher returns but carry more risk.

In the equities market, stocks joined a global rally, as upbeat U.S. retail sales and manufacturing data as well as record first-quarter economic growth in China were offset by worries over rising coronavirus infections.

The Johannesburg All-Share index closed 1.29% firmer at 68,699 points, its highest level since March 12, while the Top-40 blue chip index climbed 1.32% to 62,898 points, also posting its highest level since March 12. "China's stellar economic prints, coupled with Thursday's better-than-expected data out of the U.S., shows the global economic recovery is indeed gathering momentum and such prospects appear to justify the bullish prospects for risk assets moving forward," Han Tan, market analyst at FXTM said in a note.

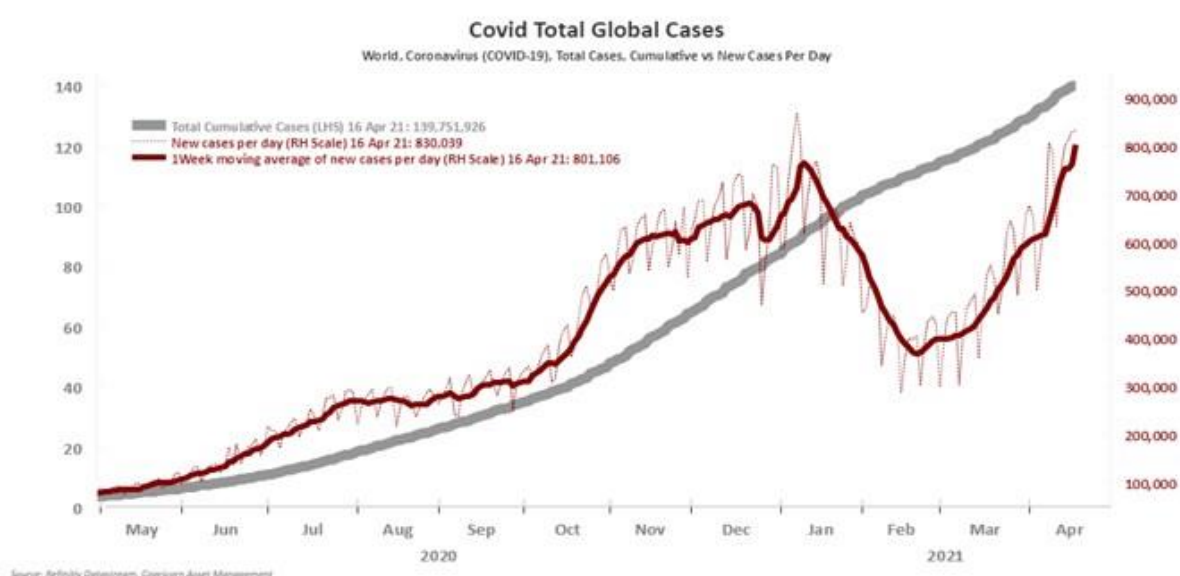
Notable sector moves were mining stocks, with the index up 3.25% as gold hit a seven-week peak with retreating U.S. yields boosting appeal. Palladium and platinum also rose. Bonds firmed, with the yield on the benchmark 2030 government issue down 4.5 basis points to 9.060%.

Corona Tracker

GLOBAL CASES		19-Apr-2021		5:48
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	141,019,951	525,473	3,154,450	93,033,652

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

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				19 April 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	4.20	0.008	4.19	4.20
6 months	↔	4.41	0.000	4.41	4.41
9 months	↔	4.73	0.000	4.73	4.73
12 months	↓	4.75	-0.010	4.76	4.75
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	3.98	-0.085	4.06	3.98
GC22 (Coupon 8.75%, BMK R2023)	↓	5.56	-0.085	5.65	5.56
GC23 (Coupon 8.85%, BMK R2023)	↓	5.46	-0.085	5.55	5.46
GC24 (Coupon 10.50%, BMK R186)	↓	7.48	-0.090	7.57	7.47
GC25 (Coupon 8.50%, BMK R186)	↓	7.49	-0.090	7.58	7.48
GC26 (Coupon 8.50%, BMK R186)	↓	7.49	-0.090	7.58	7.48
GC27 (Coupon 8.00%, BMK R186)	↓	7.78	-0.090	7.87	7.77
GC30 (Coupon 8.00%, BMK R2030)	↓	9.37	-0.035	9.41	9.36
GC32 (Coupon 9.00%, BMK R213)	↓	10.45	-0.035	10.48	10.44
GC35 (Coupon 9.50%, BMK R209)	↑	11.40	0.035	11.37	11.39
GC37 (Coupon 9.50%, BMK R2037)	↑	11.88	0.030	11.85	11.87
GC40 (Coupon 9.80%, BMK R214)	↑	12.63	0.035	12.60	12.63
GC43 (Coupon 10.00%, BMK R2044)	↑	12.97	0.050	12.92	12.96
GC45 (Coupon 9.85%, BMK R2044)	↑	13.25	0.050	13.20	13.24
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.26	0.045	13.21	13.25
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	↔	3.89	0.000	3.89	3.89
GI25 (Coupon 3.80%, BMK NCPI)	↓	4.00	-0.050	4.05	4.00
GI29 (Coupon 4.50%, BMK NCPI)	↔	5.73	0.000	5.73	5.73
GI33 (Coupon 4.50%, BMK NCPI)	↔	6.85	0.000	6.85	6.85
GI36 (Coupon 4.80%, BMK NCPI)	↔	7.35	0.000	7.35	7.35
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,776	0.74%	1,763	1,777
Platinum	↑	1,203	0.85%	1,193	1,205
Brent Crude	↓	66.8	-0.25%	66.9	66.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,402	1.78%	1,378	1,402
JSE All Share	↑	68,699	1.29%	67,823	68,699
SP500	↑	4,185	0.36%	4,170	4,185
FTSE 100	↑	7,020	0.52%	6,984	7,020
Hangseng	↑	28,970	0.61%	28,793	29,143
DAX	↑	15,460	1.34%	15,255	15,460
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	12,446	0.84%	12,342	12,446
Resources	↑	70,350	2.21%	68,827	70,350
Industrials	↑	89,364	0.81%	88,642	89,364
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.30	1.02%	14.16	14.26
N\$/Pound	↑	19.78	1.38%	19.51	19.75
N\$/Euro	↑	17.14	1.18%	16.94	17.06
US dollar/ Euro	↑	1.198	0.15%	1.197	1.196
		Namibia		RSA	
Interest Rates & Inflation		Apr 21	Mar 21	Apr 21	Mar 21
Central Bank Rate	↔	3.75	3.75	3.50	3.50
Prime Rate	↔	7.50	7.50	7.00	7.00
		Mar 21	Feb 21	Feb 21	Jan 21
Inflation	↑	3.1	2.7	2.9	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: Thomson Reuters



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer’s judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
