



## Market Update

Thursday, 19 August 2021



## Global Markets

Asian stocks slumped to their lowest levels this year and the dollar hit 10-month highs on Thursday as a double-whammy of worries about global growth and an end to central bank support drove nervous investors toward safety. Commodities were also sold with oil down for a sixth straight session and at three-month lows, while growth bellwether copper fell to a two-month trough.

MSCI's broadest index of Asia-Pacific shares outside Japan dropped 1.5% to its lowest level since December. S&P 500 futures slipped 0.1% and Euro STOXX 50 futures were off 0.63% by midway through the Asia day. "You can't find a bull out there," said Kay Van-Petersen, a global macro strategist at Saxo Capital Markets in Singapore. He said "an accumulation of things," from the spread of the Delta virus variant to a tech crackdown in China and the impression from Federal Reserve minutes that a slowdown in asset purchases looms was enough to sink fragile sentiment in Asia.

The dollar rose 0.3% to \$1.1665 per euro, hitting its highest since November 2020 along with the dollar index as the greenback made 2021 peaks on the Australian and New Zealand dollars.

Selling pressure in stock markets extended from Chinese tech shares to semiconductors and miners. The Hang Seng tech index fell 1.8% to its lowest level since its launch last year. The broader Hang Seng dropped 1.6%. Alibaba's Hong Kong shares fell to a record low. Chip giant TSMC fell 2% and had Taiwan's benchmark on course for its worst session since May, while tumbling iron ore prices pushed shares in global miners BHP and Rio Tinto to their lowest in months. The two miners look set for their worst weekly drops since the height of pandemic panic in markets last year, even after BHP reported its best profit in almost a decade on Tuesday.

"The spreading Delta variant is pushing down economic growth," said Ayako Sera, market strategist at Sumitomo Mitsui Trust Bank. "But on the other hand, in the grand scheme of things, the Federal Reserve and some other central banks are starting to remove stimulus they began to deal with the pandemic ... so the balance is tilting in the direction of risk-aversion."

The CBOE Volatility index, also known as Wall Street's fear gauge, jumped 3.66 points to its highest level in about a month overnight and the S&P 500 index fell 1% to a two-week low.

Minutes from the Fed's July meeting published on Wednesday showed officials expect they could ease stimulus this year, though there was division over recovery in the labour market and the level of risk posed by new rises in cases. "The minutes show a Fed that is pretty split on most things, but recognises that we are getting much closer to the point of tapering," wrote ING analysts in a note. Focus now shifts to the Fed's annual research conference in Jackson Hole, Wyoming, next week for any read about the central bank's next steps.

U.S. Treasury yields held near recent lows in Asia. Benchmark 10-year notes were last at 1.2650% with growth wobbles driving demand for bonds. Oil extended losses into a sixth day on Thursday, falling to three-month lows. ANZ analysts said rising U.S. inventories had fuelled fears of weaker demand amid a spike in COVID-19 cases worldwide. Brent crude was last down 1% at \$67.54 a barrel, U.S. crude lost 1.2% to trade at \$64.42 a barrel. The stronger dollar also dragged on gold, with the spot price dropping 0.55% to \$1778.87.



## Domestic Markets

South Africa's rand fell against a strong dollar in afternoon trade on Wednesday as investors awaited minutes from the U.S. Federal Reserve's latest policy meeting, and as easing domestic inflation lowered expectations of a hike in interest rates soon.

At 1500 GMT, the rand traded at 14.9560 against the dollar, 0.4% weaker than its previous close and erasing gains made earlier in the session.

DailyFX analyst Warren Venketas said risk-off sentiment hurt the rand ahead of the release of the Fed's July meeting minutes later on Wednesday. "The ZAR has maintained a positive stance against the USD for much of 2021 but now prints in the red which may see further slippage should a hawkish Fed ensue," Venketas said in a note.

The Fed is due to release the minutes at 1800 GMT and they are likely to provide insight into the U.S. central bank's debate over when to end its pandemic-era emergency programs. Local focus was on inflation data that showed price increases slowed to 4.6% year on year in July from 4.9% in June. The South African Reserve Bank targets inflation of between 3% and 6%, and it regularly talks about where it is in relation to the midpoint of that band.

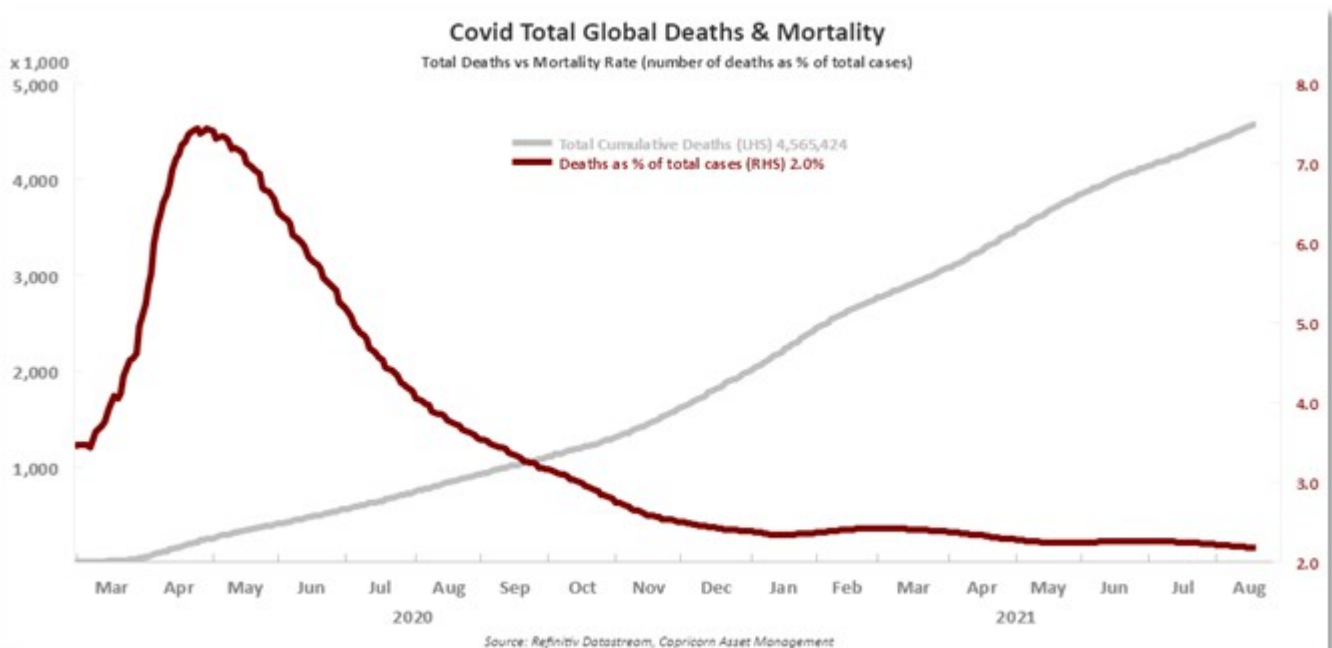
"Underlying price pressures remain soft and, against that backdrop, we think that interest rates will remain on hold for longer than investors currently anticipate," said Virág Fórizs, Africa Economist at Capital Economics. Stocks fell after a late start to trading on the Johannesburg Stock Exchange, which did not open until 1230 GMT after record-high trading on Tuesday crashed its systems.

The bourse's Top-40 Index closed 1.67% lower at 61,609 points, with the broader All-Share Index dropping 1.5% to 67,906 points. Gold miners dragged the blue-chip index down, hurt by a slight dip in the gold price.

Government bonds firmed, as the yield on the 2030 bond dipped 3.5 basis points to 8.865%.

## Corona Tracker

GLOBAL CASES		18-Aug-2021	
SOURCE - REUTERS			
	Confirmed Cases	New Cases	Total Deaths
GLOBAL	209,245,470	430,166	4,565,424



Source: Thomson Reuters Refinitiv

Nothing will ever be attempted if all possible objections must first be overcome.

Samuel Johnson

## Market Overview

MARKET INDICATORS (Thomson Reuters)				19 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	↓	4.25	-0.030	4.28	4.25
6 months	↑	4.73	0.100	4.63	4.73
9 months	↑	5.03	0.100	4.93	5.03
12 months	↑	5.14	0.100	5.04	5.14
<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)	↓	4.27	-0.100	4.37	4.27
GC22 (Coupon 8.75%, BMK R2023)	↓	5.69	-0.030	5.72	5.73
GC23 (Coupon 8.85%, BMK R2023)	↓	5.59	-0.030	5.62	5.63
GC24 (Coupon 10.50%, BMK R186)	↓	7.60	-0.040	7.64	7.64
GC25 (Coupon 8.50%, BMK R186)	↓	7.61	-0.040	7.65	7.65
GC26 (Coupon 8.50%, BMK R186)	↓	7.61	-0.040	7.65	7.65
GC27 (Coupon 8.00%, BMK R186)	↓	7.90	-0.040	7.94	7.94
GC30 (Coupon 8.00%, BMK R2030)	↓	9.16	-0.015	9.18	9.21
GC32 (Coupon 9.00%, BMK R213)	↓	10.17	-0.015	10.18	10.23
GC35 (Coupon 9.50%, BMK R209)	↓	11.14	-0.010	11.15	11.21
GC37 (Coupon 9.50%, BMK R2037)	↓	11.63	-0.005	11.63	11.68
GC40 (Coupon 9.80%, BMK R214)	↔	12.47	0.000	12.47	12.54
GC43 (Coupon 10.00%, BMK R2044)	↑	12.72	0.010	12.71	12.76
GC45 (Coupon 9.85%, BMK R2044)	↑	13.00	0.010	12.99	13.04
GC48 (Coupon 10.00%, BMK R2048)	↔	13.08	0.000	13.08	13.13
GC50 (Coupon 10.25%, BMK: R2048)	↔	13.02	0.000	13.02	13.07
<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	↑	1,788	0.09%	1,786	1,780
Platinum	↓	994	-0.28%	997	983
Brent Crude	↓	68.2	-1.16%	69.0	67.2
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓	1,501	-2.42%	1,539	1,501
JSE All Share	↓	67,906	-1.50%	68,940	67,906
SP500	↓	4,400	-1.07%	4,448	4,400
FTSE 100	↓	7,169	-0.16%	7,181	7,169
Hangseng	↑	25,867	0.47%	25,746	25,330
DAX	↑	15,966	0.28%	15,922	15,966
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	14,077	1.35%	13,890	14,077
Resources	↓	67,089	-5.33%	70,864	67,089
Industrials	↑	85,421	0.23%	85,225	85,421
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	14.97	0.46%	14.90	15.03
N\$/Pound	↑	20.59	0.58%	20.47	20.60
N\$/Euro	↑	17.53	0.47%	17.45	17.55
US dollar/ Euro	↑	1.171	0.02%	1.171	1.168
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Aug 21</b>	<b>Jul 21</b>	<b>Aug 21</b>	<b>Jul 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>Jul 21</b>	<b>Jun 21</b>
Inflation	↓	4.0	4.1	4.6	4.9

**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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