



## Market Update

Friday, 19 June 2020

### Global Markets

Asian shares and U.S. stock futures wobbled in choppy trade on Friday as lingering concerns about a fresh spike in coronavirus cases offset growing hopes for a quick economic recovery.

MSCI's broadest index of Asia-Pacific shares outside Japan eased 0.06%. U.S. S&P 500 e-minis moved in and out of the red and were last up 0.23%. Shares in China rose 0.61%, led by gains in financials and the health care sector, but South Korean stocks fell 0.81% due to concern about diplomatic tension with North Korea. Australia's S&P/ASX 200 jumped 1.0%, with the energy sector leading the charge, as oil futures rose in Asia on hopes that output cuts will put a floor under prices.

On the whole, markets have been sideswiped this week on fresh contagion concerns, prompting some investors to temper their optimism about how quickly the global economy can recover for the pandemic. On Thursday around 400 workers at a slaughterhouse in northern Germany tested positive for the virus. At the same time, investors are nervously following a cluster of cases in Beijing and rising cases in several U.S. states.

All three major U.S. stock indexes were range-bound and oscillated through much of the day as investors struggled to interpret the impact of U.S. employment data without any guidance from corporations on their earnings. Data on Thursday showed the number of U.S. unemployed remains stubbornly high amid signs of a second wave of corporate layoffs as companies grappled with large declines in revenue because of the coronavirus outbreak.

"The market is looking for its next big impulse," said Chuck Carlson, chief executive officer at Horizon Investment Services in Hammond, Indiana. "There are a lot of impulses in the market for investors to weigh, sift through and take into account to figure out the next direction."

The Dow Jones Industrial Average ticked down 0.15% on Thursday, but the S&P 500 added 0.06%. The Nasdaq Composite rose 0.33% after spending much of the session lower.

Cleveland Federal Reserve Bank President Loretta Mester said it could take a year or two for the U.S. economy to return to pre-pandemic levels, with the gross domestic product declining by 6% in 2020 and the unemployment rate still around 9% by year's end.

Oil futures extended gains from the previous session after OPEC producers and allies promised to meet their supply cut commitments and two major oil traders said demand is recovering. U.S. crude ticked up 0.57% to \$39.06 a barrel, while Brent crude rose 0.43% to \$41.69 per barrel.

In foreign exchange markets, the dollar headed for its best week in a month against a basket of major currencies as a resurgence in coronavirus cases knocked confidence in a rapid economic recovery and drove investors to the safety of the world's reserve currency. The British pound was mired near a two-week low at \$1.2403 due to concerns that the Bank of England's bond purchases may not be enough to support an economic revival. Sterling could stage a mild recovery if retail sales data due later on Friday point to a rebound in consumer spending.

Benchmark 10-year U.S. Treasury notes edged up to 0.7035%, but further gains could be capped due to worries about the U.S. labour market.

**Source: Thomson Reuters**

## Domestic Markets

South Africa's rand tumbled on Thursday despite the country loosening coronavirus restrictions as global risk sentiment was hurt again by fears of a second wave of infections. At 1530 GMT the rand was 1.59% weaker at 17.4625 per dollar, a two-week low after opening at 17.1900, with losses coming during the New York session after low volumes in the local session as most traders awaited next week's emergency budget.

President Cyril Ramaphosa said on Wednesday casinos, cinemas, personal care services and certain forms of accommodation would be allowed to operate as the country further eases coronavirus lockdown restrictions.

But a surge in new coronavirus infections in several U.S. states and the imposition of travel curbs in Beijing to stop a new outbreak there have served as a reminder of the risks of reopening economic activity before a vaccine has been developed.

That triggered an investor march to safe havens such as the dollar and the Japanese yen, although the move was not unanimous as declining jobless claims in the United States on Thursday kept some investors bullish on the global economic recovery.

That sentiment was reflected in local bonds, with the yield on the government issue due in 2030 falling 18 basis points to 9.33%.

The stock market was also down despite the new rules allowing the opening up restaurants, casinos and theatres. The Top-40 companies index closed down 0.25% to 49,535 points while the All-Share index was down 0.27% to end the day at 53,881 points.

Shares of casinos and hotel companies such as Tsogo Sun Gaming Ltd, Tsogo Sun Hotels Ltd and Sun International Ltd rallied, but financials led the slide with the banking index down 3%. South Africa's banking association said bad debts could go up to 10% this year due to coronavirus, up from 6% seen during the 2008/09 financial crisis.

**Source: Thomson Reuters**

## Corona Tracker

GLOBAL CASES SOURCE - REUTERS		19-Jun-2020		4:31
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	8,496,054	135,874	452,992	4,075,150

## Market Overview

MARKET INDICATORS (Thomson Reuters)					19 June 2020
<b>Money Market TB's</b>		Last close	Difference	Prev close	Current Spot
3 months	↓	4.46	-0.280	4.74	4.46
6 months	↓	4.74	-0.115	4.86	4.74
9 months	↓	4.88	-0.048	4.92	4.88
12 months	↓	4.96	-0.068	5.03	4.96
<b>Nominal Bonds</b>		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↓	4.16	-0.040	4.20	4.18
GC22 (BMK: R2023)	↓	5.96	-0.090	6.05	5.97
GC23 (BMK: R2023)	↓	5.94	-0.090	6.03	5.95
GC24 (BMK: R186)	↓	8.12	-0.170	8.29	8.13
GC25 (BMK: R186)	↓	8.17	-0.170	8.34	8.18
GC27 (BMK: R186)	↓	8.25	-0.170	8.42	8.26
GC30 (BMK: R2030)	↓	9.94	-0.125	10.06	9.94
GC32 (BMK: R213)	↓	10.63	-0.120	10.75	10.65
GC35 (BMK: R209)	↓	11.98	-0.015	11.99	11.97
GC37 (BMK: R2037)	↓	12.44	-0.010	12.45	12.43
GC40 (BMK: R214)	↓	12.88	-0.010	12.89	12.87
GC43 (BMK: R2044)	↑	13.32	0.010	13.31	13.31
GC45 (BMK: R2044)	↑	13.49	0.010	13.48	13.48
GC50 (BMK: R2048)	⇒	13.53	0.000	13.53	13.52
<b>Inflation-Linked Bonds</b>		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
<b>Commodities</b>		Last close	Change	Prev close	Current Spot
Gold	↓	1,723	-0.21%	1,726	1,725
Platinum	↓	804	-1.77%	819	807
Brent Crude	↑	41.5	1.97%	40.7	41.9
<b>Main Indices</b>		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,055	-1.86%	1,075	1,055
JSE All Share	↓	53,941	-0.16%	54,027	53,941
SP500	↑	3,115	0.06%	3,113	3,115
FTSE 100	↓	6,224	-0.47%	6,253	6,224
Hangseng	↓	24,465	-0.07%	24,481	24,448
DAX	↓	12,282	-0.81%	12,382	12,282
<b>JSE Sectors</b>		Last close	Change	Prev close	Current Spot
Financials	↓	10,492	-2.57%	10,768	10,492
Resources	↓	48,978	-0.55%	49,247	48,978
Industrials	↑	75,291	0.85%	74,654	75,291
<b>Forex</b>		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.45	2.06%	17.10	17.45
N\$/Pound	↑	21.68	0.99%	21.46	21.69
N\$/Euro	↑	19.55	1.69%	19.22	19.56
US dollar/ Euro	↓	1.120	-0.36%	1.124	1.121
		<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>		Latest	Previous	Latest	Previous
Inflation	↑	2.1	1.6	4.1	4.6
Prime Rate	↓	7.75	8.00	7.25	7.75
Central Bank Rate	↓	4.00	4.25	3.75	4.25

**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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