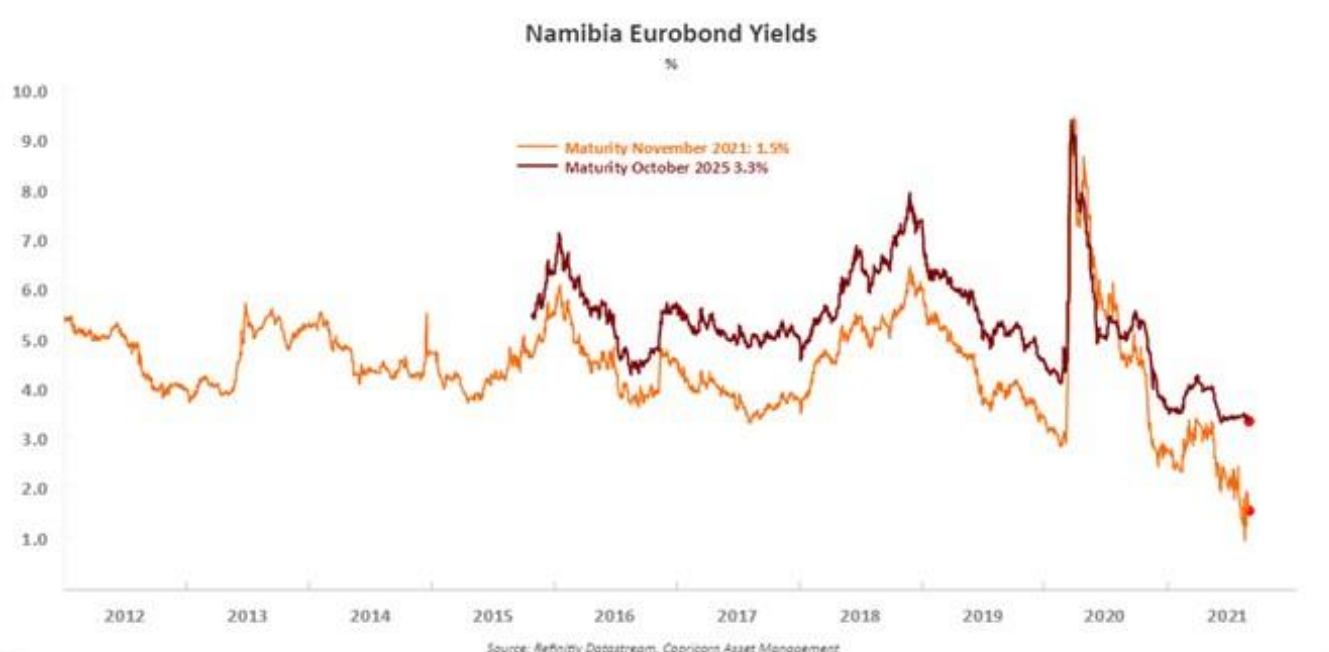




## Market Update

Thursday, 2 August 2021



## Global Markets

Share markets were in a cautious mood on Thursday as concerns grew over the Chinese economy after a run of soft data, while the risk of a sub-par U.S. payrolls report kept the dollar on the defensive. A raft of manufacturing surveys suggested supply bottlenecks were tightening again with eight of nine Asian countries reporting longer delivery times.

"The spread of the Delta variant amid still-low vaccination rates in many ASEAN economies and China's zero-tolerance Covid-19 strategy have prompted governments to impose restrictions and order factory/port closures," warned analysts at Nomura. "Input shortages and low inventories will likely lead to production cuts and delayed shipments in Q3."

The uncertainty kept Chinese blue chips flat, though speculation of more fiscal stimulus offered some support. MSCI's broadest index of Asia-Pacific shares outside Japan eased 0.2% from a five-

week high. Japan's Nikkei added 0.2%, while South Korea fell 0.9%. Nasdaq futures and S&P 500 futures were barely changed, while EUROSTOXX 50 futures and FTSE futures both dipped 0.1%.

Wall Street has been preoccupied with second guessing U.S. August payrolls, due out on Friday, with the task made all the more uncertain by a disappointing reading on ADP private payrolls but a solid ISM survey of manufacturing. Median forecasts are for a strong rise of 750,000 jobs, but they range from 375,000 to 1.02 million with the ADP report prompting speculation the risks are to the downside. Yet a soft number could be positive for risk assets since it would lessen pressure for an early tapering from the Federal Reserve.

"A print closer to 400k rather than 800k effectively means that the Fed's condition of "further substantial progress" in the labour market will take longer to materialise, thus delaying the tapering decision from September to November," said Rodrigo Catril, a senior FX strategist at NAB. "Bad news in the labour market are good news for risk assets given the punchbowl will remain well liquefied for a bit longer."

Amid the jobs chatter, 10-year Treasury yields eased back to 1.30% and away from the recent top of 1.375%, while the U.S. dollar index touched a one-month low. The euro also reached its highest since early August at \$1.1856 and was last holding steady at \$1.1840. The single currency was aided by hawkish comments from Bundesbank President Jens Weidmann who cautioned against inflation risks and called for a slowdown in bond buying by the European Central Bank.

In contrast, the Bank of Japan shows no sign of tapering its massive purchases as the country remains mired in a decades-long battle with deflation. That kept the dollar firm at 110.00 yen and comfortably within the tight 108.71 to 110.79 range that has lasted for the past two months.

Commodities would likely benefit from any delay in Fed tapering, helping underpin gold at \$1,812 an ounce but short of resistance around \$1,823. Oil prices eased after OPEC+ agreed to stick to a policy of adding 400,000 barrels per day a month to the market, though it also defied pressure for an even larger increase. "Ignoring calls from the White House for further barrel increases, we think that OPEC+ will stay on this current course unless there is a clear deterioration in the demand outlook," said analysts at RBC Capital Markets in a note. "Moreover, we reiterate that if there is a price bias for the majority of the OPEC+ membership, it is to the upside given the high fiscal breakevens of member states." Brent slipped 20 cents to \$71.39 a barrel, while U.S. crude lost 27 cents to \$68.32.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

South Africa's rand extended recent gains on Wednesday, continuing to track the dollar and signals about when the U.S. Federal Reserve might begin paring back its massive pandemic-era stimulus. At 1446 GMT, the rand traded at 14.3950 against the dollar, almost 1% firmer than its previous close as the dollar remained on the defensive.

The rand has notched up gains of more than 3% against the greenback since the start of Friday, when Fed Chair Jerome Powell gave a dovish speech that suggested the U.S. central bank was in no rush to raise interest rates. Along with other risk-sensitive currencies, the rand has been supported by the Fed's ultra-loose policy. It moves regularly on shifts in expectations about when the Fed could start rolling back asset purchases or lifting rates.

"The currency continues to take direction from global developments and where the U.S. Fed goes the rand is sure to follow. We continue to expect a little volatility as the tapering of bond purchases becomes real," Anchor Capital said in a note.

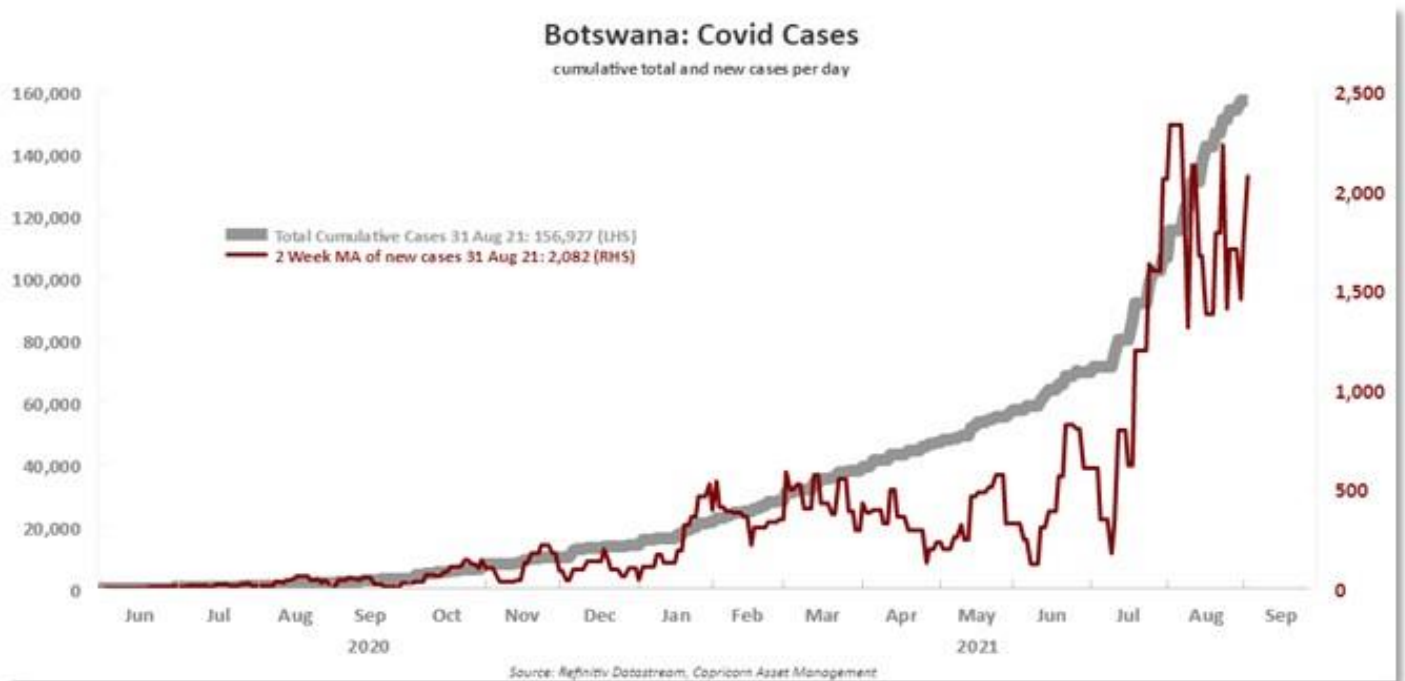
Globally the focus for currency traders was on a key U.S. jobs report on Friday. Locally, the rand was bolstered by a 24% rise in new vehicle sales, and investors will also scrutinise PMI surveys expected later this week for clues about the pace of an economic recovery from the pandemic. So far, the recovery has been uneven and halting, with riots in July linked to the jailing of former president Jacob Zuma detracting from a strong first quarter. Second-quarter gross domestic product figures are due next week.

The Johannesburg Stock Exchange's Top-40 index closed 0.7% lower at 60,613 points, and the broader All-Share Index slipped by almost the same amount to 66,976 points. Miner BHP Group, also listed in London, dragged the blue-chip index lower, falling over 8.6%. It was among the companies forced to evacuate workers ahead of Hurricane Ida in Louisiana, where energy companies are now struggling to get staff back on site amid infrastructure damage.

Bonds were also a touch weaker, with the yield on the 2030 instrument rising 0.5 basis points to 8.78%.

## Corona Tracker

GLOBAL CASES		02-Sep-2021	
SOURCE - REUTERS			
	Confirmed Cases	New Cases	Total Deaths
<b>GLOBAL</b>	218,358,260	398,923	4,705,235



Source: Thomson Reuters Refinitiv

We all want progress, but if you're on the wrong road, progress means doing an about-turn and walking back to the right road; in that case, the man who turns back soonest is the most progressive.

C. S. Lewis

## Market Overview

MARKET INDICATORS (Thomson Reuters)		02 September 2021			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↑	4.62	0.474	4.14	4.62
6 months	↑	5.03	0.196	4.83	5.03
9 months	↑	5.24	0.060	5.18	5.24
12 months	↑	5.31	0.044	5.27	5.31
<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)	↑	4.17	0.030	4.14	4.16
GC22 (Coupon 8.75%, BMK R2023)	↓	5.55	-0.005	5.56	5.51
GC23 (Coupon 8.85%, BMK R2023)	↓	5.61	-0.005	5.62	5.57
GC24 (Coupon 10.50%, BMK R186)	↑	6.93	0.005	6.92	6.91
GC25 (Coupon 8.50%, BMK R186)	↑	7.12	0.005	7.11	7.10
GC26 (Coupon 8.50%, BMK R186)	↑	7.78	0.005	7.77	7.76
GC27 (Coupon 8.00%, BMK R186)	↑	8.05	0.005	8.04	8.03
GC30 (Coupon 8.00%, BMK R2030)	↑	9.66	0.005	9.66	9.66
GC32 (Coupon 9.00%, BMK R213)	↑	10.21	0.020	10.19	10.20
GC35 (Coupon 9.50%, BMK R209)	↑	11.34	0.045	11.30	11.34
GC37 (Coupon 9.50%, BMK R2037)	↑	12.05	0.050	12.00	12.05
GC40 (Coupon 9.80%, BMK R214)	↑	12.88	0.060	12.82	12.86
GC43 (Coupon 10.00%, BMK R2044)	↑	13.05	0.060	12.99	13.04
GC45 (Coupon 9.85%, BMK R2044)	↑	13.02	0.060	12.96	13.01
GC48 (Coupon 10.00%, BMK R2048)	↑	13.05	0.065	12.99	13.04
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.13	0.065	13.07	13.12
<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)	⇒	6.12	0.000	6.12	6.12
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.32	0.000	7.32	7.32
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.60	0.000	7.60	7.60
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	1,814	0.01%	1,813	1,814
Platinum	↓	1,002	-0.98%	1,012	994
Brent Crude	↓	71.6	-1.92%	73.0	71.4
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓	1,517	-0.53%	1,525	1,517
JSE All Share	↓	66,976	-0.67%	67,428	66,976
SP500	↑	4,524	0.03%	4,523	4,524
FTSE 100	↑	7,150	0.42%	7,120	7,150
Hangseng	↑	26,028	0.58%	25,879	26,020
DAX	↓	15,824	-0.07%	15,835	15,824
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↓	14,472	-0.27%	14,511	14,472
Resources	↓	63,793	-3.88%	66,370	63,793
Industrials	↑	84,755	1.55%	83,462	84,755
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	14.39	-0.85%	14.52	14.40
N\$/Pound	↓	19.82	-0.75%	19.97	19.84
N\$/Euro	↓	17.04	-0.59%	17.14	17.05
US dollar/ Euro	↑	1.184	0.25%	1.181	1.184
		<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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