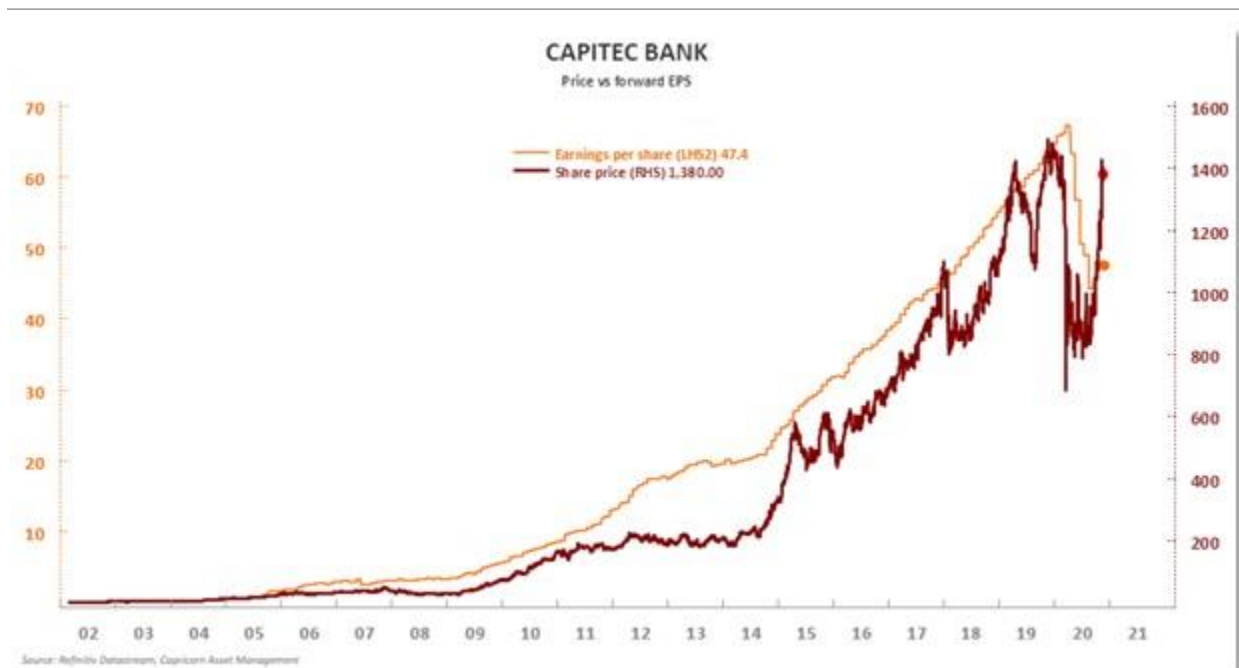




## Market Update

Friday, 20 November 2020



## Global Markets

World financial markets stalled on Friday as news U.S. Treasury was ending emergency loan programmes dealt a blow to economic recovery hopes just as California announced curfews to try and fight surging coronavirus infections.

S&P500 futures slipped 0.5% while Dow futures fell 0.6%, cancelling out a firmer lead from a strong Wall Street session overnight. The dollar was slightly weaker and the 10-year Treasury yield slipped to the lowest in 10 days at 0.818%. Eurostoxx futures started almost flat while London's FTSE futures was up 0.25%. In Asia, Japan's Nikkei stumbled 0.5% while Australian shares were flat. Chinese shares were little changed while South Korea's KOSPI index was a shade firmer. That left MSCI's broadest index of Asia-Pacific shares excluding Japan up 0.3%. It is up 1.5% so far this week.

In a letter to U.S. Federal Reserve Chair Jerome Powell, U.S. Treasury Secretary Steven Mnuchin said the \$455 billion allocated to Treasury under the CARES Act should be instead available for Congress to reallocate. "This divide between the Treasury and the Fed risks undermining the unwavering faith that investors have placed on continuous policy support to help the economy weather the pandemic," Singapore-based DBS wrote in a note.

Although the programmes were not used extensively, Fed officials felt their presence reassured financial markets and investors that credit would remain available to help businesses, local agencies and even non-profits through the pandemic downturn. Mnuchin's decision added to market anxiety about broader economic growth as data shows the early fast recovery from a historic plunge in the U.S. economy is fading, with more than 10 million who had jobs in January still out of work.

"The Fed has been one of the only sources of stability in Washington and removing its latitude to offer support in a shaky recovery is simply nonsensical," said Isaac Boltansky, director of policy research at Washington-based Compass Point Research & Trading. "This is a distressing development that injects uncertainty and instability into markets completely unnecessarily. How many times will Washington trip on its shoelaces in response to this crisis?"

Investor sentiment was also hit by data that showed COVID-19 hospitalisations across the United States jumped by nearly 50% in the last two weeks, threatening the recovery of the world's largest economy as cities and states began to impose lockdowns. California on Thursday imposed a curfew on social gatherings and other non-essential activities in one of the most intrusive of the restrictions being ordered across the country to curb an alarming surge in infections.

All three major U.S. stock indexes, however, got a healthy boost overnight after Senate Democratic Minority Leader Chuck Schumer said Republican Majority Leader Mitch McConnell had agreed to revive talks to craft a new fiscal relief package. A senior Democratic aide told Reuters there had been a mid-afternoon meeting on Thursday among congressional aides that discussed coronavirus relief and efforts to pass a \$1.4 trillion bill to keep government agencies operating beyond Dec. 11 when current funding expires.

The Dow rose 0.15%, the S&P 500 gained 0.39% and the Nasdaq added 0.87%. In currencies, the dollar index was last at 92.232, edging closer to Thursday's low of 92.236. The euro was up at \$1.1881 while the yen weakened to 103.8 per dollar. The Australian dollar gained to be up 0.2% at \$0.7294.

In commodities, oil prices steadied after losses the previous day, when concerns about coronavirus lockdowns affecting fuel demand weighed on the market. West Texas Intermediate was flat \$41.74 a barrel. Brent crude was up 10 cents at \$44.30. Gold was flat with spot prices at 1,867.3 an ounce.

## **Domestic Markets**

South Africa's rand weakened on Thursday as the central bank's decision to hold rates gave scant support and as traders awaited a sovereign rating review on Friday. At 1530 GMT, the rand was trading 0.47% weaker at 15.5225 against the dollar, a tad below its morning opening level.

South Africa's central bank left its main lending rate unchanged at 3.50% on Thursday on moderate consumer inflation outlook and uncertainty over the trajectory of coronavirus infections, Governor Lesetja Kganyago said.

Traders and analysts expect Friday's ratings review by Moody's and S&P's to be a more important trigger for the rand. Both firms already rate the country's debt at sub investment, but S&P has the country on a stable outlook. Moody's and Fitch already have South Africa on negative outlooks. Should S&P bypass an outlook change and move straight to a downgrade, the rand could suffer some steep losses, analysts said. But research firm RMB Markets said in a report that there is likely to be no change to the ratings.

On the Johannesburg Stock Exchange (JSE), stocks across sectors fell, as the optimism stemming from progress with new coronavirus vaccines wavered. In what was a broad-based slump, the benchmark all-share index lost 0.99% to end at 56,753 points, losing all the gains of last eight sessions. The bluechip index of top 40 companies closed down 1.03% to 51,978 points.

The bank index, which has led most of the market rally this month and had gained almost 30% in November, lost 0.9%. It is down almost 4% in one week. The drop was led by Investec, whose shares nosedived 6% even as the company bucked a trend among rivals and declared dividend.

Bonds dipped with the yield on the benchmark 2030 government issue up 2 basis point to 8.840%.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES					
SOURCE - REUTERS					
	Confirmed Cases	New Cases	Total Deaths	Total Recovered	
GLOBAL	56,863,787	48,620	1,358,998	36,703,246	

The number of new cases might be misleading. It depends on actual "cut-off" times.



## Market Overview

MARKET INDICATORS (Thomson Reuters)		20 November 2020			
<b>Money Market TB Rates %</b>		Last close	Difference	Prev close	Current Spot
3 months	➡	3.86	0.000	3.86	3.86
6 months	➡	3.95	0.000	3.95	3.95
9 months	➡	3.97	0.000	3.97	3.97
12 months	⬆	3.95	0.008	3.95	3.95
<b>Nominal Bond Yields %</b>		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⬆	4.01	0.010	4.00	4.01
GC22 (Coupon 8.75%, BMK R2023)	➡	4.84	0.000	4.84	4.87
GC23 (Coupon 8.85%, BMK R2023)	➡	4.74	0.000	4.74	4.77
GC24 (Coupon 10.50%, BMK R186)	⬆	7.28	0.035	7.24	7.26
GC25 (Coupon 8.50%, BMK R186)	⬆	7.29	0.035	7.25	7.27
GC26 (Coupon 8.50%, BMK R186)	⬆	7.29	0.035	7.25	7.27
GC27 (Coupon 8.00%, BMK R186)	⬆	7.58	0.035	7.54	7.56
GC30 (Coupon 8.00%, BMK R2030)	⬆	9.14	0.025	9.12	9.12
GC32 (Coupon 9.00%, BMK R213)	⬆	10.29	0.015	10.28	10.27
GC35 (Coupon 9.50%, BMK R209)	⬇	11.30	-0.025	11.33	11.28
GC37 (Coupon 9.50%, BMK R2037)	⬇	12.04	-0.030	12.07	12.01
GC40 (Coupon 9.80%, BMK R214)	⬇	12.73	-0.055	12.79	12.71
GC43 (Coupon 10.00%, BMK R2044)	⬇	13.23	-0.065	13.30	13.21
GC45 (Coupon 9.85%, BMK R2044)	⬇	13.51	-0.065	13.58	13.49
GC50 (Coupon 10.25%, BMK: R2048)	⬇	13.53	-0.070	13.60	13.51
<b>Inflation-Linked Bond Yields %</b>		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)	⬆	4.41	0.025	4.38	4.41
GI33 (Coupon 4.50%, BMK NCPI)	⬇	6.66	-0.103	6.76	6.66
GI36 (Coupon 4.80%, BMK NCPI)	➡	7.02	0.000	7.02	7.02
<b>Commodities</b>		Last close	Change	Prev close	Current Spot
Gold	⬇	1,867	-0.22%	1,871	1,868
Platinum	⬆	951	0.95%	942	955
Brent Crude	⬇	44.2	-0.32%	44.3	44.2
<b>Main Indices</b>		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬇	1,166	-1.44%	1,183	1,166
JSE All Share	⬇	56,753	-0.99%	57,324	56,753
SP500	⬆	3,582	0.39%	3,568	3,582
FTSE 100	⬇	6,334	-0.80%	6,385	6,334
Hangseng	⬇	26,357	-0.71%	26,544	26,460
DAX	⬇	13,086	-0.88%	13,202	13,086
<b>JSE Sectors</b>		Last close	Change	Prev close	Current Spot
Financials	⬇	11,525	-1.28%	11,674	11,525
Resources	⬇	51,451	-0.79%	51,858	51,451
Industrials	⬇	78,491	-1.09%	79,353	78,491
<b>Forex</b>		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	15.41	-0.22%	15.44	15.40
N\$/Pound	⬇	20.44	-0.28%	20.49	20.45
N\$/Euro	⬇	18.30	-0.04%	18.30	18.30
US dollar/ Euro	⬆	1.187	0.18%	1.185	1.189
		Namibia		RSA	
<b>Interest Rates &amp; Inflation</b>		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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