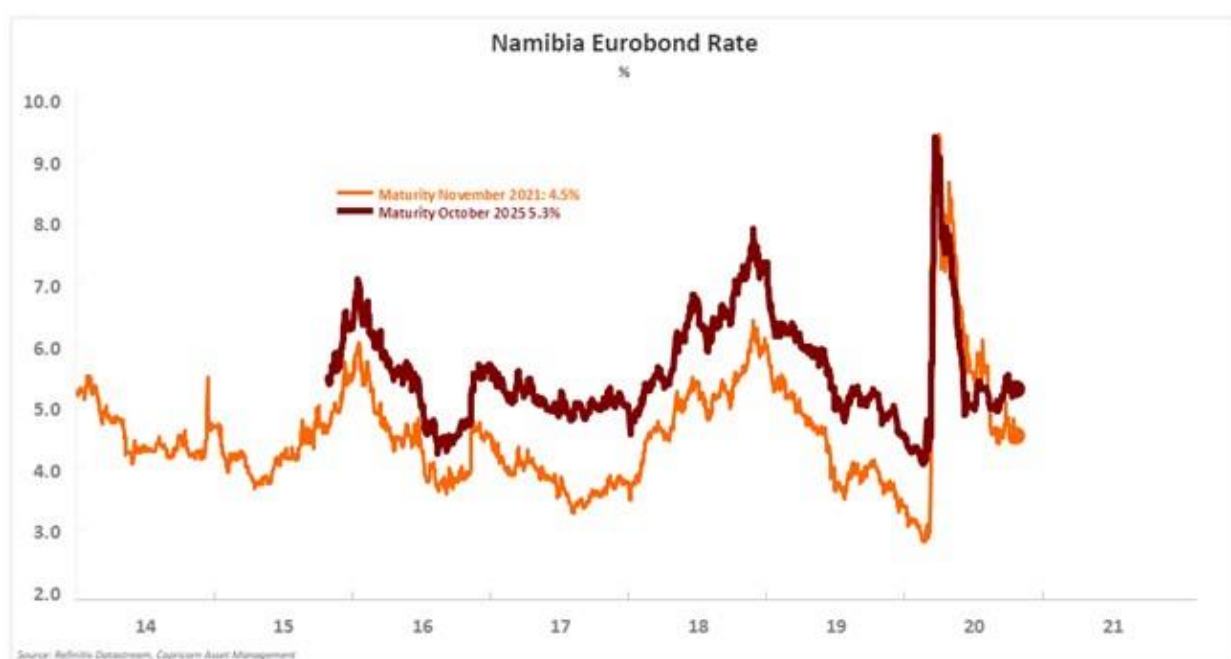




Market Update

Tuesday, 20 October 2020



Global Markets

Asian stocks slipped on Tuesday as investors adjusted risk exposure heading into the U.S. election and as a deadline for Washington to pass an economic stimulus bill approached while Europe reported record daily coronavirus infections.

MSCI's broadest index of Asia-Pacific shares outside Japan was 0.11% lower after U.S. stocks ended the previous session in the red. Australian and Japanese markets also dipped and MSCI's gauge of stocks across the globe was 0.09% lower.

Chris Weston, the head of research at Melbourne brokerage Pepperstone, said while there were worries about the U.S. stimulus package, recent declines were likely due to positioning ahead of the Nov. 3 presidential election. "Do you really want to hold those exposures into what could be a volatility event?" Weston said. "We're getting into the Wild West territory where it becomes more whippy." Caution among investors globally was also driven by rising concerns about the risk of a disputed U.S. election outcome. "Such an event would very likely upset global markets considerably until the U.S. reaches an accepted resolution," said American Century co-CIO Keith Creveling.

Japan's Nikkei slipped 0.34%. Hong Kong's Hang Seng index bucked the trend to rise 0.16%. Investors await key earnings results later in the week for companies including Netflix Inc and Tesla Inc. They were also waiting to see if the final debate between U.S. President Donald Trump and his Democratic challenger Joe Biden on Thursday shifts the trajectory of the election.

The number of new COVID-19 cases in the United States last week rose 13% to more than 393,000, approaching levels last seen during a summer peak, according to a Reuters analysis. The Dow Jones Industrial Average fell 1.44%, the S&P 500 was 1.63% lower and the Nasdaq Composite settled down 1.65%. European shares closed lower as surging COVID-19 cases raised investor concerns. Parts of the UK were put into lockdown and France imposed curfews.

In contrast to equity markets, currency markets were less pessimistic about the prospect of a stimulus breakthrough with the safe-haven dollar edging slightly lower amid expectations that U.S. lawmakers might still agree on a fiscal stimulus package at the 11th hour. Greenback moves, however, were modest with the dollar index 0.015% lower on Tuesday. The dollar rose 0.03% against the yen to 105.46 while the euro was up 0.03% to \$1.1772. The Australian dollar fell 0.2% versus the greenback at \$0.7045, hurt by expectations that the central bank would soon cut rates and expand its massive bond buying campaign to lower borrowing costs.

In oil markets, U.S. West Texas Intermediate (WTI) crude futures fell 0.3% to \$40.69 a barrel while Brent crude futures dipped 0.6% to \$42.36 a barrel.

Domestic Markets

South Africa's rand was firmer on Monday, extending gains of the previous week to levels reached a month ago as investors searching for yield were spurred by hopes of a U.S. fiscal package and data showing China's economy rebounding.

At 1550 GMT the rand was 0.5% firmer at 16.4700 per dollar, having opened the session at 16.5300.

House Speaker in the United States Nancy Pelosi said that, while differences remained with President Donald Trump's administration on a wide-ranging coronavirus relief package, she believed legislation could be pushed through before Election Day.

A rally in risk assets was also buoyed by hopes of a coronavirus vaccine after drug maker Pfizer Inc said on Friday it could have a coronavirus vaccine ready in the United States by the end of this year.

China's rebound from the COVID-19 pandemic stayed on course last quarter as gross domestic product (GDP) grew 4.9%, although the weaker-than-expected headline growth suggested risks persisted.

"The local unit requires a firm push in either direction, which is only probable once the much talked about MTBPS (medium term budget), S.A. sovereign ratings decisions and U.S. elections come to pass," said Nema Ramkhelawan-Bhana, an analyst at Rand Merchant Bank.

Government bonds were also firmer, with the yield on the instrument due in 2030 down 7 basis points to 9.275%. Equity investors were also looking at global economies for direction, pinning hopes on steady growth in China. "Despite the miss, China remains the only major economy to post growth for the first nine months of 2020," Hussein Sayed, chief market strategist at FXTM, said. China is South Africa's largest trading partner.

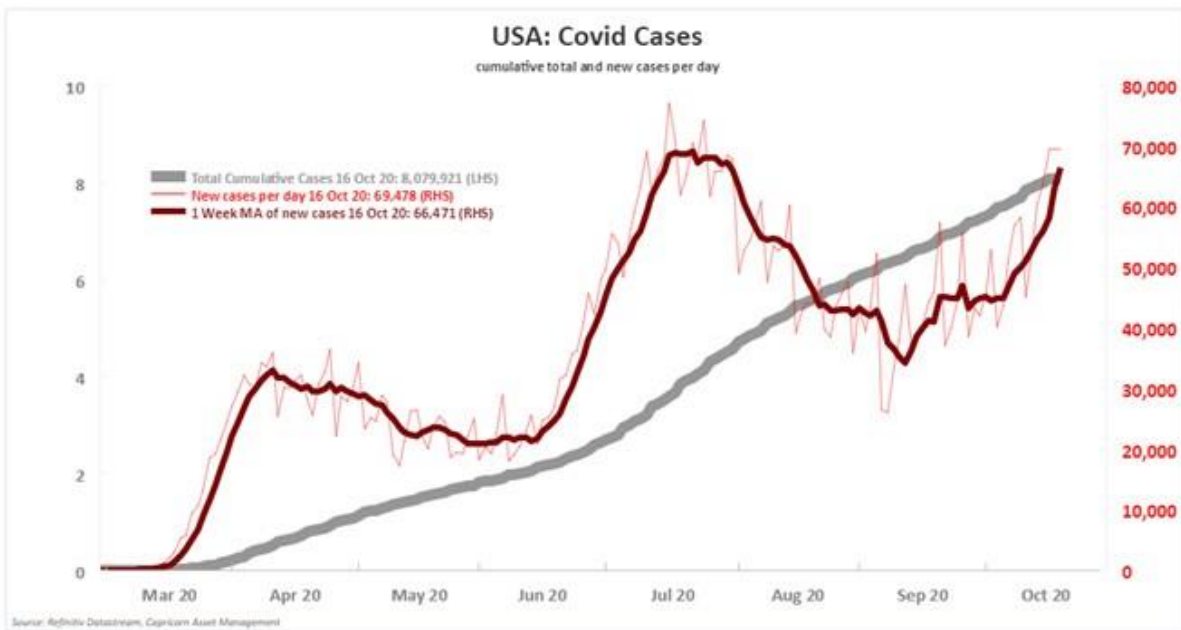
Topping the gainers, industrial gas supplier African Oxygen (Afrox) surged 36.49% to a 11-month high after it said on Friday Linde Plc, which owns 50.47% of Afrox, has made an offer to buy all the shares in Afrox not already owned by the group. Banks also rose, with the sector up 4.22%.

Rising COVID-19 cases across Europe however capped gains as investors were concerned over a second wave of the virus, said Cratos Capital equities trader, Greg Davies. The benchmark Top-40 index was mostly flat at 50,741 points and the All-Share index rose 0.21% to 55,161 points.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES		19-Oct-2020		14:04
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	40,064,699	59,706	1,113,218	27,890,525



Faith is the strength by which a shattered world shall emerge into the light.

Helen Keller

Market Overview

MARKET INDICATORS (Thomson Reuters)		20 October 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	3.86	-0.008	3.87	3.86
6 months	↓	3.90	-0.034	3.93	3.90
9 months	↓	3.91	-0.017	3.93	3.91
12 months	↓	3.85	-0.017	3.86	3.85
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	3.90	-0.050	3.95	3.90
GC22 (Coupon 8.75%, BMK R2023)	⇒	4.98	0.000	4.98	4.98
GC23 (Coupon 8.85%, BMK R2023)	⇒	4.88	0.000	4.88	4.88
GC24 (Coupon 10.50%, BMK R186)	↓	7.32	-0.070	7.39	7.32
GC25 (Coupon 8.50%, BMK R186)	↓	7.33	-0.070	7.40	7.33
GC26 (Coupon 8.50%, BMK R186)	↓	7.33	-0.070	7.40	7.33
GC27 (Coupon 8.00%, BMK R186)	↓	7.62	-0.070	7.69	7.62
GC30 (Coupon 8.00%, BMK R2030)	↓	9.58	-0.070	9.65	9.57
GC32 (Coupon 9.00%, BMK R213)	↓	10.72	-0.055	10.78	10.72
GC35 (Coupon 9.50%, BMK R209)	↓	11.85	-0.055	11.90	11.84
GC37 (Coupon 9.50%, BMK R2037)	↓	12.61	-0.040	12.65	12.60
GC40 (Coupon 9.80%, BMK R214)	↓	13.17	-0.040	13.21	13.17
GC43 (Coupon 10.00%, BMK R2044)	↓	13.72	-0.040	13.76	13.72
GC45 (Coupon 9.85%, BMK R2044)	↓	14.00	-0.040	14.04	14.00
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.06	-0.030	14.09	14.06
Inflation-Linked Bond Yields %		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)	↓	4.49	0.000	4.49	4.49
GI29 (Coupon 4.50%, BMK NCPI)	⇒	5.91	0.000	5.91	5.91
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.82	0.000	6.82	6.82
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.09	0.000	7.09	7.09
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,904	0.28%	1,899	1,900
Platinum	↓	856	-0.43%	860	855
Brent Crude	↓	42.6	-0.72%	42.9	42.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,090	1.36%	1,075	1,090
JSE All Share	↑	55,161	0.21%	55,047	55,161
SP500	↓	3,427	-1.63%	3,484	3,427
FTSE 100	↓	5,885	-0.59%	5,920	5,885
Hangseng	↑	24,542	0.64%	24,387	24,533
DAX	↓	12,855	-0.42%	12,909	12,855
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	9,978	3.10%	9,678	9,978
Resources	↓	54,130	-0.07%	54,169	54,130
Industrials	↓	74,763	-0.61%	75,222	74,763
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.51	-0.25%	16.55	16.54
N\$/Pound	↑	21.38	0.04%	21.37	21.40
N\$/Euro	↑	19.43	0.19%	19.39	19.48
US dollar/ Euro	↑	1.177	0.41%	1.172	1.177
		Namibia		RSA	
Interest Rates & Inflation		Latest	Previous	Latest	Previous
Central Bank Rate	↓	3.75	4.00	3.50	3.75
Prime Rate	↓	7.50	7.75	7.00	7.25
		Sep 20	Aug 20	Aug 20	Jul 20
Inflation	⇒	2.4	2.4	3.1	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: Bloomberg



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