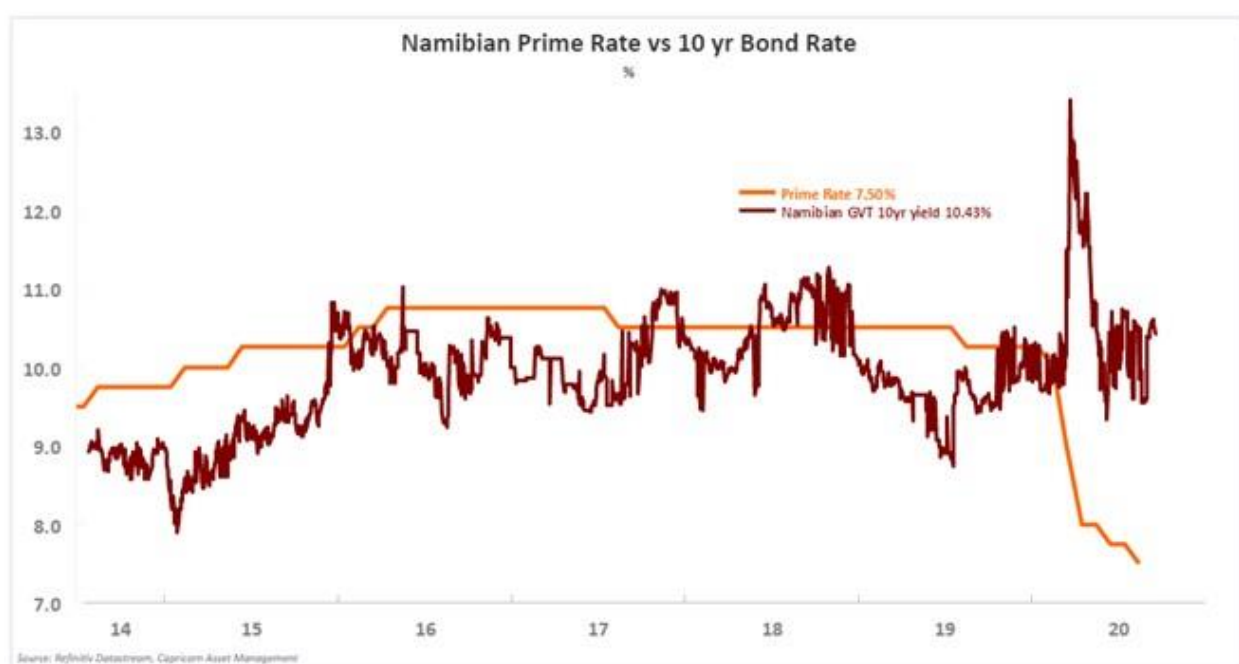




Market Update

Monday, 21 September 2020



Global Markets

Asian shares and most currencies held tight ranges on Monday, as investors awaited developments on U.S. fiscal stimulus and coronavirus vaccines amid a resurgence of infections in Europe.

MSCI's broadest index of Asia-Pacific shares outside Japan was 0.1% weaker, though it was not too far from a June 2018 peak at 568.84. Australia's benchmark index slipped 0.5% while New Zealand's stumbled 0.6%. Chinese shares opened in the red with the blue-chip index down 0.3%.

"While the economic recovery continues, momentum is clearly slowing," Kathy Bostjancic, chief U.S. financial economist at Oxford Economics wrote in a note. "The second phase of the recovery will likely be bumpy and fraught with pitfalls," Bostjancic added. "The development of the pandemic remains the overriding factor driving the economy, discussions on the fiscal policy, and ultra-loose policy by the Fed."

On Friday, U.S. stocks declined with the Dow down 0.9%, the S&P 500 losing 1.1% and Nasdaq Composite dropping 1.07%. The signal from futures was not very optimistic, with the S&P 500 e-

minis falling 0.1% and pointing to a weak start for Wall Street on Monday. Japanese markets were closed for a public holiday.

Coronavirus cases have now surpassed 30 million, casting a gloomy pall over prospects of a V-shaped economic recovery. The biggest threat to global growth is a resurgent pandemic, with analysts fearing growth and inflation could surprise on the downside in the coming year. A lack of material development on U.S. stimulus package is also an overhang, they said. Adding to worries, European countries from Denmark to Greece announced new restrictions on Friday to curb surging coronavirus infections in some of their largest cities, while Britain was reported to be considering a new national lockdown.

"Where is the inspiration for the equity bulls, I ask? We have diminishing prospects of fiscal stimulus, crazy valuations and a firm focus on an ugly U.S. election and COVID shutdowns, which suggest short-term risks for equities," said Pepperstone strategist Chris Weston. "Of course, the lack of early movement may be a red herring as the news, perhaps the Oracle/TikTok deal aside, can hardly be perceived as positive, but there has been no risk aversion expressed in FX, through this illiquid period."

The dollar slipped 0.1% against a basket of major currencies to 92.855. Against the safe haven yen, the greenback eased 0.2% to 104.35 to drift closer to a recent 3-1/2 month trough. The euro was up 0.25% at \$1.2946 while the risk-sensitive Australian dollar was also slightly higher at \$0.7304. The British pound was up 0.25% at \$1.2947. Currency strategists said the dollar weakness may signal more volatility ahead of the Nov. 3 U.S. elections where Republican President Donald Trump will face off against Democratic challenger Joe Biden.

Pepperstone's Weston expects the safe-haven yen to remain well bid. "In a world where real rate differentials increasingly drive capital flows, in developed market, FX Japan has the highest and positive real yields, and even more so when adjusting for hedging costs," Weston said. "This makes the JPY very attractive, especially against the GBP and USD, where real rates are not just negative but in the case of the Fed, they are actively seeking lower rates out."

In commodities, U.S. crude slipped 2 cents to \$43.13 a barrel. Brent crude dipped 1 cent to \$41.1. Gold was slightly lower, with spot prices at \$1,951.3 an ounce.

Domestic Markets

South Africa's rand was steady in early trading on Friday, after racing to its best in six months overnight after the central bank kept lending rates unchanged and as the dollar fell following downbeat U.S. data.

At 0629 GMT, the rand traded at 16.1525 per dollar, unchanged from its previous close -- its strongest since March 16, before the imposition of a COVID-19 lockdown.

The South African Reserve Bank (SARB) left its main lending rate unchanged at 3.50% on Thursday, saying risks to economic growth and consumer inflation were balanced.

The U.S. dollar fell overnight as a stream of poor U.S. data cast a shadow over the economic outlook in the world's largest economy. The Federal Reserve said on Wednesday it expected the U.S. economy to shrink by far less than previously forecast in 2020 and promised to keep rates ultra-low for a prolonged period.

"The rand continues to test a leg stronger following a dovish Fed, with U.S. jobless claims adding to the rally yesterday afternoon," said Bianca Botes, executive director at Peregrine Treasury Solutions. "We will keep an eye on the rand to sustain the recent break below R16.25 to confirm another move stronger, opening the door towards the R16.00 mark in the short term."

Government bonds firmed in early trade, with the yield on the benchmark instrument due in 2030 falling 3 basis points to 9.16%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	30,967,008	86,961	958,109	21,310,905

Our true nationality is mankind.

H. G. Wells

Market Overview

MARKET INDICATORS (Thomson Reuters)		21 September 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	3.89	0.009	3.88	3.89
6 months	↑	3.97	0.025	3.94	3.97
9 months	↑	3.99	0.034	3.96	3.99
12 months	↑	4.00	0.050	3.95	4.00
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.11	-0.105	4.22	4.20
GC22 (Coupon 8.75%, BMK R2023)	↓	5.23	-0.020	5.25	5.21
GC23 (Coupon 8.85%, BMK R2023)	↓	5.13	-0.020	5.15	5.11
GC24 (Coupon 10.50%, BMK R186)	↑	7.48	0.005	7.47	7.54
GC25 (Coupon 8.50%, BMK R186)	↑	7.49	0.005	7.48	7.55
GC26 (Coupon 8.50%, BMK R186)	↑	7.49	0.005	7.48	7.55
GC27 (Coupon 8.00%, BMK R186)	↑	7.78	0.005	7.77	7.84
GC30 (Coupon 8.00%, BMK R2030)	↓	9.48	-0.010	9.49	9.52
GC32 (Coupon 9.00%, BMK R213)	↑	10.59	0.010	10.58	10.63
GC35 (Coupon 9.50%, BMK R209)	↑	11.66	0.020	11.64	11.69
GC37 (Coupon 9.50%, BMK R2037)	↑	12.29	0.015	12.28	12.33
GC40 (Coupon 9.80%, BMK R214)	↑	12.84	0.005	12.84	12.89
GC43 (Coupon 10.00%, BMK R2044)	⇒	13.39	0.000	13.39	13.44
GC45 (Coupon 9.85%, BMK R2044)	⇒	13.67	0.000	13.67	13.72
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.73	-0.010	13.74	13.78
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)	⇒	5.98	0.000	5.98	5.98
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.82	0.000	6.82	6.82
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.15	0.000	7.15	7.15
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,950	0.37%	1,943	1,951
Platinum	↓	928	-1.33%	940	937
Brent Crude	↓	43.2	-0.35%	43.3	43.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,083	-0.83%	1,092	1,083
JSE All Share	↓	54,674	-0.66%	55,036	54,674
SP500	↓	3,319	-1.12%	3,357	3,319
FTSE 100	↓	6,007	-0.71%	6,050	6,007
Hangseng	↑	24,455	0.47%	24,341	24,054
DAX	↓	13,116	-0.70%	13,208	13,116
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	9,841	-2.14%	10,056	9,841
Resources	↑	55,438	0.58%	55,119	55,438
Industrials	↓	72,558	-1.08%	73,349	72,558
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	16.30	0.93%	16.15	16.32
N\$/Pound	↑	21.06	0.50%	20.95	21.13
N\$/Euro	↑	19.30	0.85%	19.14	19.36
US dollar/ Euro	↓	1.184	-0.08%	1.185	1.186
		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
		Aug 20	Jul 20	Jul 20	Jun 20
Inflation	↑	2.4	2.1	3.2	2.2

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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