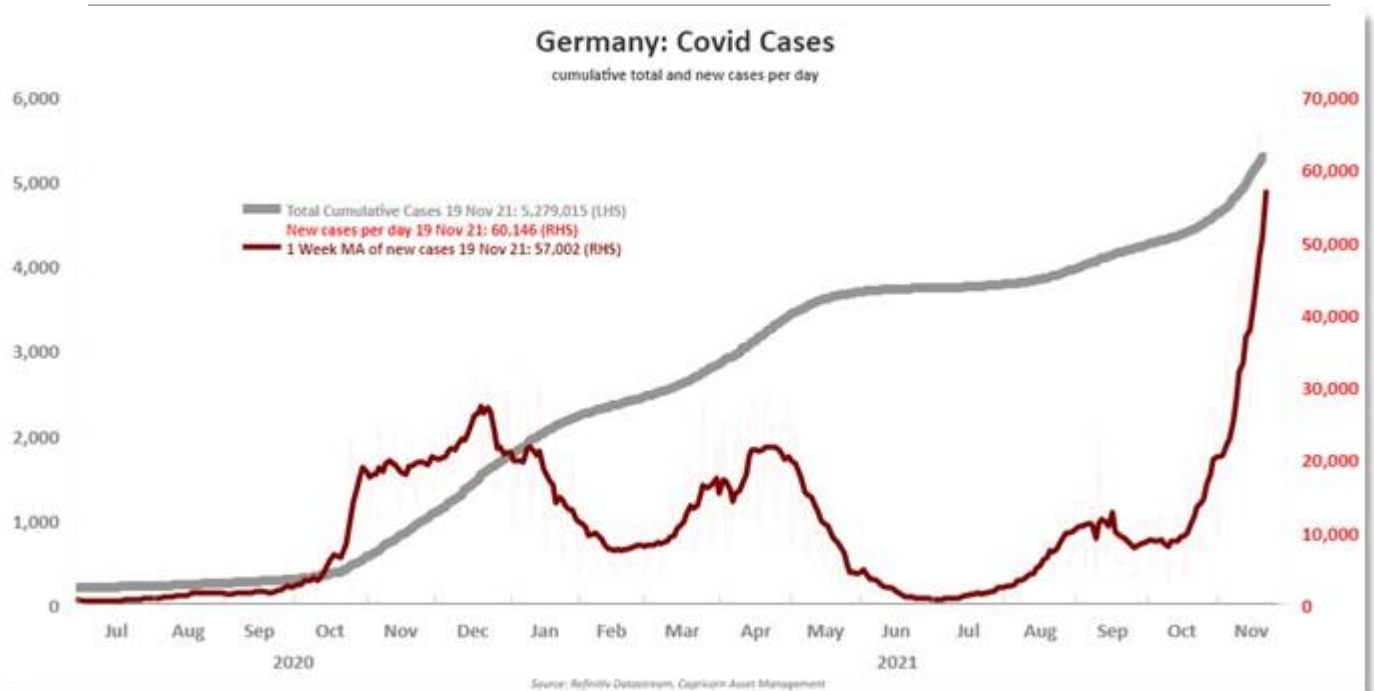




Market Update

Monday, 22 November 2021



Global Markets

Stocks made a soft start to the week on Monday while oil and the euro were under pressure, as the return of COVID-19 restrictions in Europe and talk about hastened tapering from the U.S. Federal Reserve put investors on guard. Oil futures skidded about 1% at the open, sending Brent crude and U.S. crude to seven-week lows of \$78.05 and \$74.76 respectively amid oversupply concerns.

Australian shares slipped 0.4%, led by bank stock losses. Japan's Nikkei was down 0.3% and MSCI's broadest index of Asia-Pacific shares was flat. "There are question marks over the resilience of Europe and the European economy, exacerbated by protests and infection rates seen over the weekend," said Rodrigo Catril, a strategist at National Australia Bank in Sydney. "It's hard to see the U.S. dollar coming to any harm against that backdrop," he said, a view further underlined by recent strong U.S. data and hawkish remarks from Fed officials.

The euro slipped 0.2% to \$1.1280, close to a 16-month low. The common currency has been the prime mover in markets over recent sessions as investors wager on Europe's economy lagging well

behind the U.S. recovery. Safe-haven assets such as bonds, gold and the yen have also benefited from the recent cautious tone in financial markets. On Monday, the yield on benchmark 10-year U.S. Treasuries was steady at 1.5634%. Gold found support at \$1,845 an ounce. The yen hovered at 114.09 per dollar.

The risk-sensitive Australian dollar also fell to a seven-week low of \$0.7227. South Korean stocks were an outlier as chipmakers followed U.S. peers higher with a brightening outlook for memory chip demand. S&P 500 futures rose 0.2% after Wall Street indexes had slipped on Friday.

Trade is likely to be thinned this week by Thanksgiving in the United States, but the cautious tone has traders once again monitoring COVID-19 cases in Europe as well as keeping an eye on central bank speakers, particularly in Britain and Europe.

Austria began its fourth lockdown on Monday - with neighbouring Germany warning it may follow suit - as protests against restrictions occurred across the continent. Surveys due in Europe and Britain through the week are expected to show a downward trend in output and sentiment.

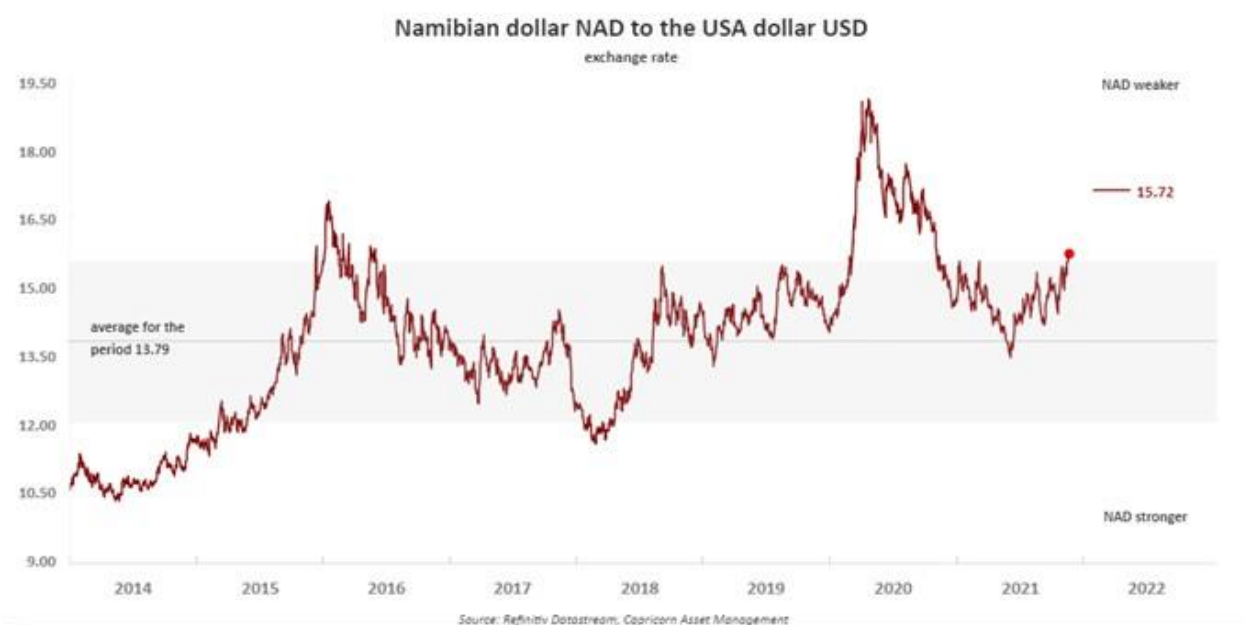
"The combination of COVID, growth and geopolitical concerns in the euro zone is supportive of safe-haven plays," said Rabobank's head of FX strategy Jane Foley. "The recent break below the EUR/USD \$1.15 level and the lurch downwards that followed has forced us to lower our forecasts for the currency pair further," she added, expecting it to sit around \$1.12 by mid next year.

Meanwhile the U.S. economy has been surprising analysts with stronger-than-expected retail sales data and hot inflation in recent weeks. The focus this week is on prices and the labour market and on what the Fed might do about their strength. Fed Vice Chair Richard Clarida said last week that quickening the pace of tapering might be worth discussing at December's meeting. Fed minutes are due on Wednesday.

China stood pat on its benchmark lending rates for corporate and household loans for a 19th month on Monday, as expected. Central banks in South Korea and New Zealand are expected to hike rates this week, with swaps markets priced for about a 40% chance of a 50 basis point rate hike in New Zealand.

Bitcoin was under pressure after posting its worst week in two months last week, and last sat at \$58,180.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand slumped to its worst ever in a year against the dollar on Friday as contagion effects of the meltdown of Turkish lira on emerging market currencies played alongside concerns of rising coronavirus cases and lockdowns in Europe. The local currency seemed to have bypassed the entire effect of Thursday's 25-basis-point rise in lending rate by the South African Reserve Bank and will continue to keep focus on global factors, analysts said.

At 1522 GMT, the rand was trading at 15.7000 to the dollar, down 0.32% since its previous close. In intra-day trade, rand had fallen to 15.7889 against the dollar, its weakest in 2021 so far. The rand lost more than 1% on Thursday, when investors dumped emerging market assets after Turkey's central bank cut rates by another 100 basis points, under pressure from President Tayyip Erdogan.

The 25-basis-point rate hike by South Africa's central bank, also on Thursday, offered little support. Traders instead focused on the monetary policy committee's apparent preference for gradual policy tightening, as opposed to the steeper rate hikes some in the markets had expected.

"Today, it is just risk aversion. Investors are moving to safe haven currencies as resurgence of coronavirus in Europe is adding to the fears of a contagion from the fall in Turkish lira," said Warren Venketas, analyst at DailyFX. If the cases continue to rise in Europe, the rand may open even further down on Monday, he said.

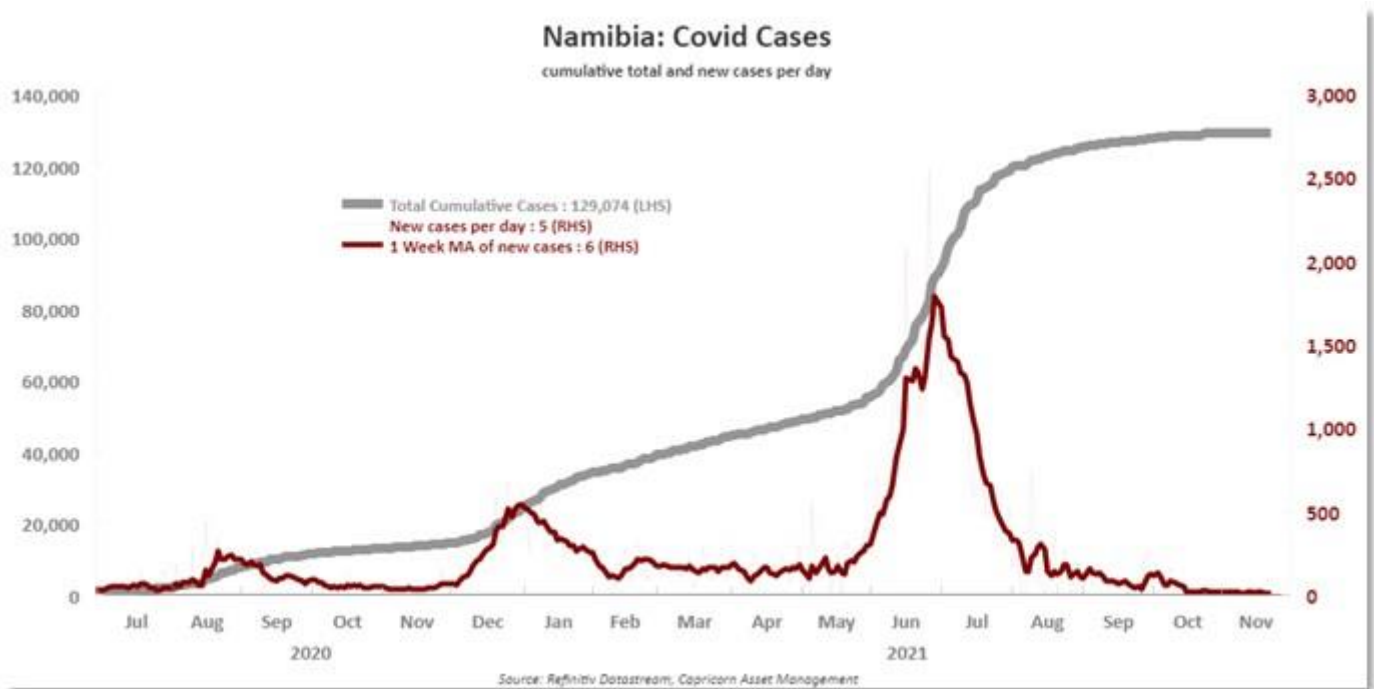
Late on Friday, ratings agencies S&P Global and Moody's are scheduled to review South Africa's sovereign credit rating. Bonds were unchanged with the yield on the government's benchmark 2030 bond 2.5 basis points higher at 9.48%, reflecting a slightly weaker price than the day before.

Shares on the Johannesburg Stock Exchange (JSE) mirrored most emerging and developed markets and closed down for the second consecutive day after a six-day winning streak. Global markets shed most of their weekly gains as renewed fears of fresh lockdown in Germany, often considered the gold standard in Europe among investors, and other European markets cast a pall over prospects of economic recovery.

The benchmark all-share index lost 0.69% to end at 70,376 points and the blue-chip index of top 40 companies ended down 65% at 63,871 points.

Corona Tracker

GLOBAL CASES		22-Nov-2021		6:24	
SOURCE - REUTERS					
		Confirmed Cases	New Cases	Total Deaths	
GLOBAL		257,181,364	337,424	5,406,945	



Source: Thomson Reuters Refinitiv

Most of my advances were by mistake. You uncover what is when you get rid of what isn't.

R. Buckminster Fuller

Market Overview

MARKET INDICATORS (Thomson Reuters)				22 November 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↑	4.38	0.167	4.21	4.38
6 months	↑	5.04	0.067	4.97	5.04
9 months	↑	5.41	0.084	5.33	5.41
12 months	↑	5.53	0.108	5.43	5.53
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC22 (Coupon 8.75%, BMK R2023)	↑	4.55	0.005	4.55	4.67
GC23 (Coupon 8.85%, BMK R2023)	↑	6.43	0.005	6.43	6.55
GC24 (Coupon 10.50%, BMK R186)	↑	7.55	0.020	7.53	7.59
GC25 (Coupon 8.50%, BMK R186)	↑	7.78	0.020	7.76	7.82
GC26 (Coupon 8.50%, BMK R186)	↑	8.75	0.020	8.73	8.79
GC27 (Coupon 8.00%, BMK R186)	↑	8.99	0.020	8.97	9.03
GC30 (Coupon 8.00%, BMK R2030)	↑	10.38	0.025	10.35	10.30
GC32 (Coupon 9.00%, BMK R213)	↑	11.13	0.005	11.13	11.06
GC35 (Coupon 9.50%, BMK R209)	⇒	11.68	0.000	11.68	11.68
GC37 (Coupon 9.50%, BMK R2037)	↑	12.33	0.005	12.32	12.33
GC40 (Coupon 9.80%, BMK R214)	↑	13.11	0.005	13.10	13.00
GC43 (Coupon 10.00%, BMK R2044)	↓	13.33	-0.020	13.35	13.24
GC45 (Coupon 9.85%, BMK R2044)	↓	13.30	-0.020	13.32	13.21
GC48 (Coupon 10.00%, BMK R2048)	↓	13.33	-0.025	13.35	13.24
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.56	-0.025	13.58	13.47
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	3.95	0.000	3.95	3.95
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.94	0.000	3.94	3.94
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	6.20	0.000	6.20	6.20
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.96	0.000	7.96	7.96
GI36 (Coupon 4.80%, BMK NCPI)	⇒	8.18	0.000	8.18	8.18
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,845	-0.75%	1,858	1,846
Platinum	↓	1,031	-1.60%	1,048	1,030
Brent Crude	↓	78.9	-2.89%	81.2	78.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,485	-0.45%	1,492	1,485
JSE All Share	↓	70,376	-0.69%	70,867	70,376
SP500	↓	4,698	-0.14%	4,705	4,698
FTSE 100	↓	7,224	-0.45%	7,256	7,224
Hangseng	↓	25,050	-1.07%	25,320	24,938
DAX	↓	16,160	-0.38%	16,222	16,160
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	13,953	-1.79%	14,208	13,953
Resources	↑	64,797	0.20%	64,665	64,797
Industrials	↓	94,561	-0.87%	95,390	94,561
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	15.70	0.06%	15.69	15.73
N\$/Pound	↓	21.12	-0.25%	21.18	21.15
N\$/Euro	↓	17.73	-0.66%	17.84	17.73
US dollar/ Euro	↓	1.129	-0.71%	1.137	1.127
		Namibia		RSA	
Interest Rates & Inflation		Nov 21	Oct 21	Nov 21	Oct 21
Central Bank Rate	⇒	3.75	3.75	3.75	3.50
Prime Rate	⇒	7.50	7.50	7.25	7.00
		Oct 21	Sep 21	Oct 21	Sep 21
Inflation	↑	3.6	3.5	5.0	5.0

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

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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer’s judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
