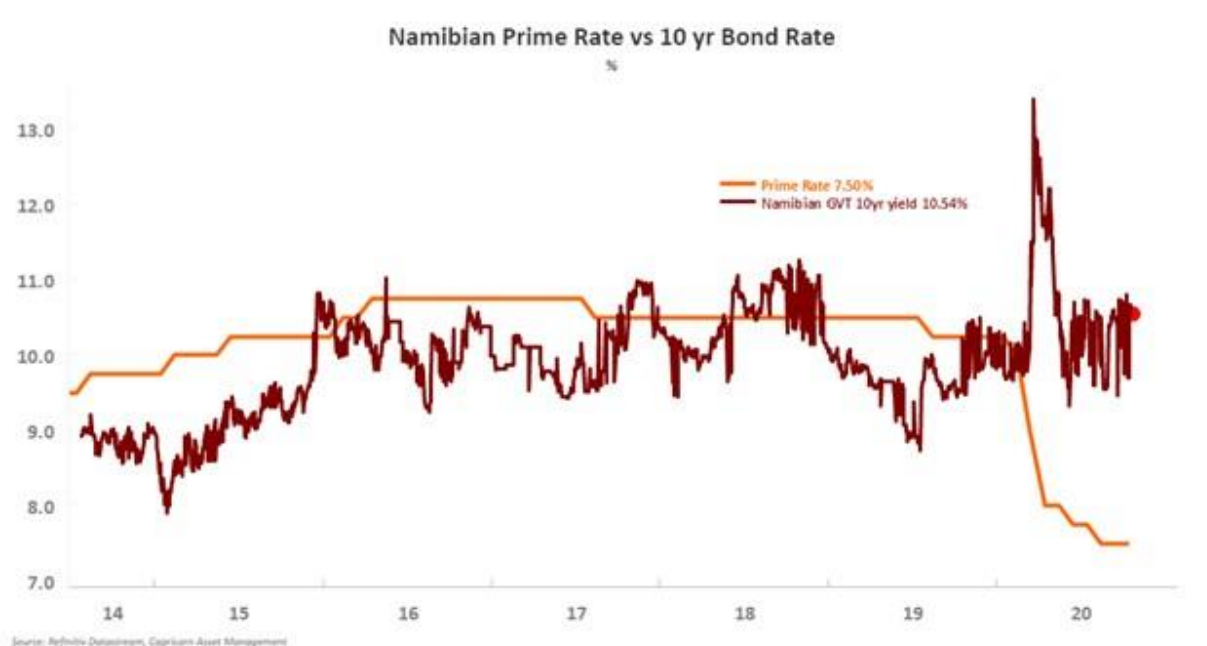




Market Update

Thursday, 22 October 2020



Global Markets

Asian shares fell on Thursday and U.S. Treasury yields ticked lower as investors fretted over the slow pace of U.S. stimulus talks and a surge in global cases of COVID-19. Global investor sentiment took a fresh hit over talks to boost the world's largest economy after U.S. President Donald Trump on Wednesday accused Democrats of being unwilling to craft an acceptable compromise on stimulus, following reports of progress earlier in the day. It remains unclear whether stimulus negotiations would continue ahead of the U.S. presidential and congressional elections on Nov. 3.

"We still think that this deal will remain elusive in the sense that this amount that we are talking about, \$1.88 trillion, that's about 9% of GDP, and 2.2 trillion which is Speaker Pelosi's package, is even higher at around 10% of GDP," said Anthony Chan, chief Asia investment strategist at Union Bancaire Privee (UBP) in Hong Kong. "Even if both sides do manage to reach an agreement, given the tight deadline ahead of the election it's unlikely that something like that would be able to go through the Senate smoothly."

In morning trade, MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.63%. Australian shares gave up 0.6%, Seoul's Kospi was off 0.59% and Chinese blue-chips dropped 1.1%. The Nikkei was 0.69% lower.

Uncertainty over the passage of a bill to stimulate a pandemic-ravaged economy comes as the United States faces a new wave of COVID-19 cases. Nearly two-thirds of U.S. states were in a danger zone of coronavirus spread and six, including election battleground Wisconsin, reported a record one-day increase in COVID-19 deaths on Wednesday.

Against the backdrop of stimulus talks and the spread of the novel coronavirus, Wall Street's three major averages closed lower on Wednesday after a choppy trading session. The Dow Jones Industrial Average inched lower by 0.35%, while the S&P 500 lost 0.22%. The tech-heavy Nasdaq Composite dropped 0.28%.

On Thursday, the dollar was 0.11% higher against the yen at 104.67, while the euro notched down 0.19% to \$1.1839. But against a basket of major peers, the dollar appeared relatively unaffected by setbacks to stimulus talks, trading only slightly higher at 92.784.

"Markets are now pricing in a strong likelihood of a Biden Presidency perhaps even clean sweep of Congress, and this is weighing on the USD, as they view a less confrontational trade environment. They will also probably be factoring in a large fiscal stimulus early next year, with none of the holdup that is currently preventing a deal," Rob Carnell, chief economist at ING in Singapore said in a note.

The yield on benchmark U.S. 10-year Treasury notes ticked down to 0.8108% from a U.S. close of 0.816% on Wednesday. In commodity markets, oil prices dropped, adding to sharp losses overnight, after higher U.S. gasoline inventories pointed to a deteriorating outlook for fuel demand as coronavirus cases soar. U.S. West Texas Intermediate (WTI) crude futures fell 0.6% to \$39.79 a barrel and Brent crude futures were 0.48% lower at \$41.358 a barrel.

Domestic Markets

South Africa's rand rallied to its firmest in more than a month on Wednesday as risk-taking globally was further boosted by hopes of a breakthrough in stimulus talks in the United States.

At 1515 GMT the rand was 1.09% firmer at 16.3050 per dollar from an opening level of 16.4750. The unit touched a session-best of 16.2575, its best level since Sept. 17, bringing gains since last Wednesday to nearly 3%.

"Movements are more a matter of dollar weakness rather than rand strength as markets look to the prospect of U.S. stimulus for short-term guidance. Around \$2 trillion in COVID-19 relief funds now seem more a matter of 'when' rather than 'if'," said Shaun Murison, senior analyst at IG Markets.

The White House and Democrats in the U.S. Congress edged closer to agreement on a new coronavirus-related relief package on Tuesday with President Donald Trump saying he was willing to accept a large aid bill despite opposition within his own Republican Party.

The main index of the Johannesburg Stock Exchange slipped sharply after opening but gained all the lost ground to close in the green as hopes of the U.S. economic aid package and higher commodity prices gave strength. The benchmark all-share index was marginally up by 0.13% to 55,345 points, while the blue chip top 40 companies index closed up 0.11% to 50,905 points.

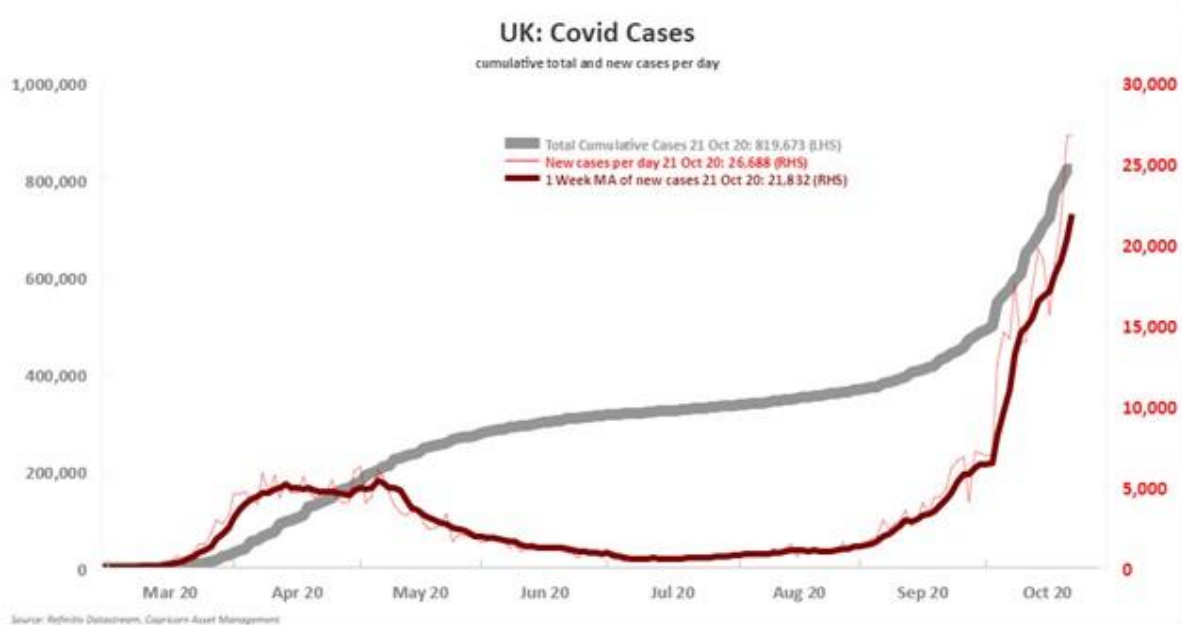
Banks and gold mining companies lent support to the indices with the bank index closing up 3.3% and the gold mining index 2.5% on a boost to gold prices. Diversified miner Sibanye Stillwater Ltd

was the biggest gainer and ended the day up over 10%. Bonds were slightly weaker, with the yield on the benchmark 2030 government issue up 1 basis point to 9.295%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	41,105,665	55,839	1,127,913	28,550,529



**If you do not conquer self, you
will be conquered by self.**

Napoleon Hill

Market Overview

MARKET INDICATORS (Thomson Reuters)		22 October 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	3.85	0.000	3.85	3.85
6 months	→	3.90	0.000	3.90	3.90
9 months	↓	3.89	-0.008	3.90	3.89
12 months	→	3.83	0.000	3.83	3.83
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.04	0.035	4.00	4.04
GC22 (Coupon 8.75%, BMK R2023)	↓	4.99	-0.030	5.02	4.98
GC23 (Coupon 8.85%, BMK R2023)	↓	4.89	-0.030	4.92	4.88
GC24 (Coupon 10.50%, BMK R186)	↓	7.34	-0.015	7.36	7.32
GC25 (Coupon 8.50%, BMK R186)	↓	7.35	-0.015	7.37	7.33
GC26 (Coupon 8.50%, BMK R186)	↓	7.35	-0.015	7.37	7.33
GC27 (Coupon 8.00%, BMK R186)	↓	7.64	-0.015	7.66	7.62
GC30 (Coupon 8.00%, BMK R2030)	↑	9.60	0.005	9.59	9.57
GC32 (Coupon 9.00%, BMK R213)	↓	10.73	-0.025	10.76	10.71
GC35 (Coupon 9.50%, BMK R209)	↓	11.85	-0.015	11.86	11.83
GC37 (Coupon 9.50%, BMK R2037)	↓	12.61	-0.020	12.63	12.58
GC40 (Coupon 9.80%, BMK R214)	↓	13.17	-0.040	13.21	13.15
GC43 (Coupon 10.00%, BMK R2044)	↓	13.71	-0.040	13.75	13.69
GC45 (Coupon 9.85%, BMK R2044)	↓	13.99	-0.040	14.03	13.97
GC50 (Coupon 10.25%, BMK: R2048)	↓	14.05	-0.030	14.08	14.03
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	↑	1,924	0.95%	1,906	1,914
Platinum	↑	886	1.75%	871	885
Brent Crude	↓	41.7	-3.31%	43.2	41.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,094	0.75%	1,085	1,094
JSE All Share	↑	55,345	0.13%	55,272	55,345
SP500	↓	3,436	-0.22%	3,443	3,436
FTSE 100	↓	5,777	-1.91%	5,889	5,777
Hangseng	↑	24,754	0.75%	24,570	24,788
DAX	↓	12,558	-1.41%	12,737	12,558
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	10,139	1.83%	9,956	10,139
Resources	↑	54,448	1.23%	53,788	54,448
Industrials	↓	74,578	-1.31%	75,567	74,578
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.32	-0.97%	16.48	16.35
N\$/Pound	↑	21.45	0.61%	21.32	21.47
N\$/Euro	↓	19.35	-0.64%	19.47	19.37
US dollar/ Euro	↑	1.186	0.34%	1.182	1.185
		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



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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