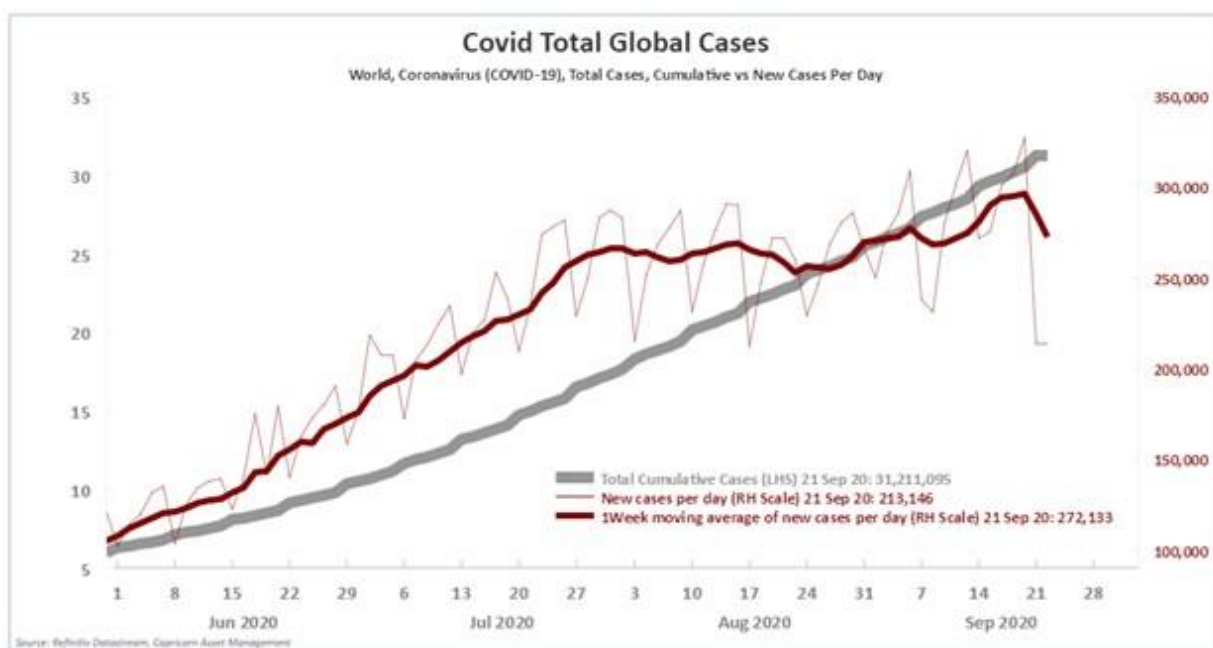




Market Update

Tuesday, 22 September 2020



Global Markets

Asian shares extended losses for the second day on Tuesday while the dollar rose, as possible delays in expanded U.S. stimulus and concerns about fresh pandemic lockdowns in Europe knocked investor sentiment.

Hong Kong shares of HSBC and Standard Chartered fell more than 2% each, as global banking stocks remained under intense pressure on reports about financial institutions allegedly moving illicit funds. British lenders HSBC and StanChart were among global lenders named as having transferred more than \$2 trillion in suspect funds over nearly two decades.

MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.5%. Australia's S&P/ASX 200 dropped 0.7% pressured by miners and energy stocks, while China's blue-chip index shed 0.1% and Hong Kong's Hang Seng index was down 0.5%. Japanese markets were closed for a public holiday. After-hours trade pointed to further selling pressure on Wall Street on Tuesday, with S&P 500 futures down 0.2% in early Asia and Nasdaq 100 futures off 0.4%.

"We can't see any positive news on the horizon in the near-term for the markets to rebound," said Steven Leung, executive director for institutional sales at Hong Kong brokerage UOB Kay Hian. Overnight on Wall Street, the Dow Jones Industrial Average fell 1.84%, the S&P 500 lost 1.16%, and the Nasdaq Composite dropped 0.13%. U.S. stocks have tumbled over the past three weeks as investors dumped heavyweight technology-related shares following a stunning rally that lifted the S&P 500 and the Nasdaq to new highs. JPMorgan Chase & Co and Bank of New York Mellon Corp fell 3.1% and 4.0%, respectively, on Monday.

"The question is whether or not the residue of that impacts the performance of regional financials," said CommSec market analyst Tom Piotrowski in Sydney. The coronavirus also remains front and centre of investor concerns. New pandemic measures in the UK set off declines in airline, hotel and cruise companies in both European and U.S. markets, spurring fears about further restrictions. The Telegraph newspaper reported Prime Minister Boris Johnson will encourage Britons on Tuesday to go back to working from home. Any fresh coronavirus restrictions would threaten a nascent recovery and further pressure equity markets.

Concerns are also growing about a delay in stimulus measures after the U.S. Congress has remained deadlocked for weeks over the size and shape of another coronavirus-response bill, on top of the roughly \$3 trillion already enacted into law. The death of U.S. Supreme Court Justice Ruth Bader Ginsburg appeared to make the passage of another stimulus package in Congress less likely before the Nov. 3 presidential election, sparking large declines in the healthcare sector. U.S. President Donald Trump said he would put forward his nominee on Friday or Saturday and called upon the Senate, controlled by his fellow Republicans, to vote on confirmation ahead of the election.

The dollar held on to sharp gains made on Tuesday, with moves in Asia modest owing to a public holiday in Japan. The euro was steady at \$1.1764 and the yen, which backed off a six-month high as the dollar gained, crept higher to 104.56 per dollar. The Australian dollar slipped a fraction to \$0.7218 after a senior central banker flagged the prospect of policy options including currency market intervention and negative interest rates to support the economy.

Gold fell against the rising dollar, and last traded at \$1,908.76 per ounce. In oil markets, U.S. crude rose 0.66% to \$39.57 per barrel while Brent gained 0.31% to \$41.95.

Domestic Markets

South African stocks latched on to a global market sell-off on Monday spurred by rising coronavirus cases in Europe and dwindling prospects for another economic aid package in the United States.

The pressure also weighed on the rand, weakening it by over 3% as investors fled riskier assets globally.

The benchmark FTSE/JSE all share index nosedived 2.48% to end the day at 53,319 points, a level last seen a quarter ago. It is now down 8% from highs seen in August after the mid-March global crash. The FTSE/JSE top 40 companies index plunged 2.47% to 49,153 points on the day's close. It was the fifth consecutive fall in the index of blue chip companies.

"Investors are becoming increasingly worried about the momentum in the economic recovery given the resurgent numbers of global COVID-19 cases and lack of progress on a new U.S. stimulus package," Hussein Sayed, chief market strategist at FXTM said in a note.

European countries including Denmark, Greece and Spain have introduced new restrictions on activity.

Banks in South Africa, said to reflect the real mood of the economy, led the rout with the banking index down 3.11%.

In the currency market, the rand moved off the six-month best mark of 16.0950 it had hit after the local central bank on Thursday kept lending rates unchanged. A global selloff in riskier currencies saw the rand weakened by 3.26% to 16.8675 for a dollar at 1555 GMT compared to a close of 16.3350 on Friday in New York.

"Today's move shows how our domestic currency remains at mercy of sudden bouts of global market volatility, despite the suggestion that the rand may be undervalued on a longer term basis," IG senior market analyst Shaun Murison said.

Government bonds fell with the yield on the 2030 bond rising by 13.5 basis points to 9.315%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES		22-Sep-2020		5:18
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	31,211,095	213,146	962,705	21,569,044

I've never seen a monument erected to a pessimist.

Paul Harvey

Market Overview

MARKET INDICATORS (Thomson Reuters)		22 September 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	3.89	0.000	3.89	3.89
6 months	→	3.97	0.000	3.97	3.97
9 months	↑	4.00	0.008	3.99	4.00
12 months	→	4.00	0.000	4.00	4.00
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	→	4.11	0.000	4.11	4.11
GC22 (Coupon 8.75%, BMK R2023)	↑	5.29	0.060	5.23	5.30
GC23 (Coupon 8.85%, BMK R2023)	↑	5.19	0.060	5.13	5.20
GC24 (Coupon 10.50%, BMK R186)	↑	7.57	0.095	7.48	7.59
GC25 (Coupon 8.50%, BMK R186)	↑	7.58	0.095	7.49	7.60
GC26 (Coupon 8.50%, BMK R186)	↑	7.58	0.095	7.49	7.60
GC27 (Coupon 8.00%, BMK R186)	↑	7.87	0.095	7.78	7.89
GC30 (Coupon 8.00%, BMK R2030)	↑	9.62	0.135	9.48	9.64
GC32 (Coupon 9.00%, BMK R213)	↑	10.74	0.150	10.59	10.77
GC35 (Coupon 9.50%, BMK R209)	↑	11.82	0.160	11.66	11.83
GC37 (Coupon 9.50%, BMK R2037)	↑	12.47	0.180	12.29	12.47
GC40 (Coupon 9.80%, BMK R214)	↑	12.99	0.150	12.84	13.02
GC43 (Coupon 10.00%, BMK R2044)	↑	13.54	0.145	13.39	13.57
GC45 (Coupon 9.85%, BMK R2044)	↑	13.82	0.145	13.67	13.85
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.90	0.170	13.73	13.90
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	↓	1,911	-1.97%	1,950	1,914
Platinum	↓	881	-5.00%	928	889
Brent Crude	↓	41.8	-3.22%	43.2	41.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,051	-2.99%	1,083	1,051
JSE All Share	↓	53,319	-2.48%	54,674	53,319
SP500	↓	3,281	-1.16%	3,319	3,281
FTSE 100	↓	5,804	-3.38%	6,007	5,804
Hangseng	↓	23,951	-2.06%	24,455	23,887
DAX	↓	12,542	-4.37%	13,116	12,542
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	9,519	-3.27%	9,841	9,519
Resources	↓	53,932	-2.72%	55,438	53,932
Industrials	↓	71,015	-2.13%	72,558	71,015
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	16.77	2.88%	16.30	16.75
N\$/Pound	↑	21.49	2.05%	21.06	21.46
N\$/Euro	↑	19.74	2.27%	19.30	19.70
US dollar/ Euro	↓	1.177	-0.61%	1.184	1.176
		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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