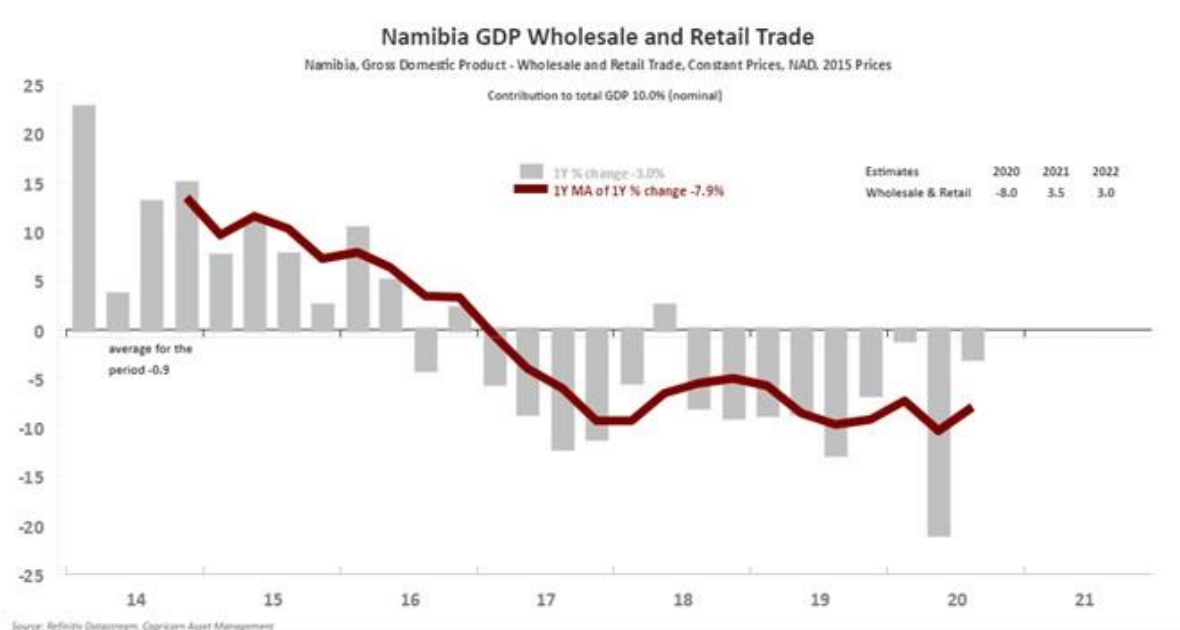




## Market Update

Tuesday, 23 February 2021



## Global Markets

Stocks rebounded from two-week lows struck on Tuesday as rising commodity prices boosted market expectations of an improved growth outlook, a day after rising U.S. Treasury yields and inflation prospects hit U.S. tech shares.

MSCI's broadest index of Asia-Pacific shares outside Japan ticked up 0.2% after dipping to 719.8, the lowest level in two weeks. The gauge has eased from last week's record top but is still up just over 9% so far this year. The Australian S&P/ASX 200 and Singapore's Straits Times index both gained 0.6% and Hong Kong advanced 1.1%. The tech-laden South Korea's Kospi was a prominent loser, down 0.3% and Taiwan eased 0.05%. Japanese markets were closed for a public holiday.

"A higher interest rate environment forces investors to consider the opportunity costs of investments. Stocks that have significant borrowing, or produce no income for investors, may be particularly vulnerable," said Michael McCarthy, chief market strategist at broker CMC Markets in Sydney.

On Wall Street, high-growth stocks such as Apple, Microsoft and Tesla weighed on the Nasdaq Composite, which shed 2.5% on Monday.

Commodity prices again strengthened on Tuesday. Oil prices rose on a tight global supply outlook after U.S. production was hammered by frigid weather and an approaching meeting of top crude producers is expected to keep output largely in check. Brent crude was up 2.2% at \$66.7, a one-year high. Spot gold rose to a one-week high to \$1,815.3 an ounce as inflation worries boosted the bullion's appeal as a hedge. The strength in commodities kept the Australian dollar steady at \$0.79 against the U.S. dollar, just near a three-year high.

Bond yields have risen sharply this month as prospects of more U.S. fiscal stimulus boosted hopes for a faster economic recovery globally. However, that is also fuelling inflation worries, prompting investors to sell growth stocks that have rallied in recent months. "Real U.S. interest rates are now in positive territory, which has created some concern around the consequences for equities markets," Cesar Perez Ruiz, chief investment officer at Pictet Wealth Management said in a report.

The dollar index was steady at 90.028, with the euro up 0.090% at \$1.2165. The Japanese yen was little changed versus the greenback at 105.01 per dollar. Cash Treasuries were not traded in Asia with Tokyo shut for holidays, but futures firmed slightly and showed an implied ten-year Treasury yield of 1.34%.

Markets will turn their focus to Federal Reserve Chair Jerome Powell who is delivering his semi-annual testimony on Tuesday. Powell is likely to reiterate a commitment to keeping policy super easy for as long as needed to drive inflation higher, analysts said. "In addition to the ever-present question of what it may take for the Fed to consider tapering, the most pressing investor interest is at what point the Fed could respond to the level or volatility of interest rates after the recent increases," foreign exchange strategist at Citi said in a note.

## **Domestic Markets**

South Africa's rand weakened on Monday with demand for risk assets dampened by rising yields in the United States and some investor caution ahead of the South African government budget this week.

At 1530 GMT the rand was 0.66% weaker at 14.7925 per dollar from a close of 14.6950 on Friday. The unit had managed a one year high of 14.4050 early last week but has retreated since as investors reassessed likely rate moves in the United States.

Yields on 10-year U.S. government bonds touched one-year highs. "The ZAR has been one of the most sensitive EM FX recently to rising US yields," currency analyst at MUFG Bank Lee Hardamn said in a note.

Vaccine progress, expectations for faster economic growth and inflation in the world's no.1 economy could push bond yields higher, further hitting risk currencies like the rand as investors look to the safe-haven treasury yields.

"A sharp move higher in US yields, especially real yields could increase downside risks for EM FX more broadly if not backed up by stronger fundamentals," said Hardman. Details of South Africa's fundamentals are expected in Wednesday's budget speech.

A Reuters poll last week showed South Africa's consolidated fiscal deficit is expected to narrow this year because of an economic rebound, but the long-term trend of higher debt remains unchanged due to COVID-19 and pre-existing spending.

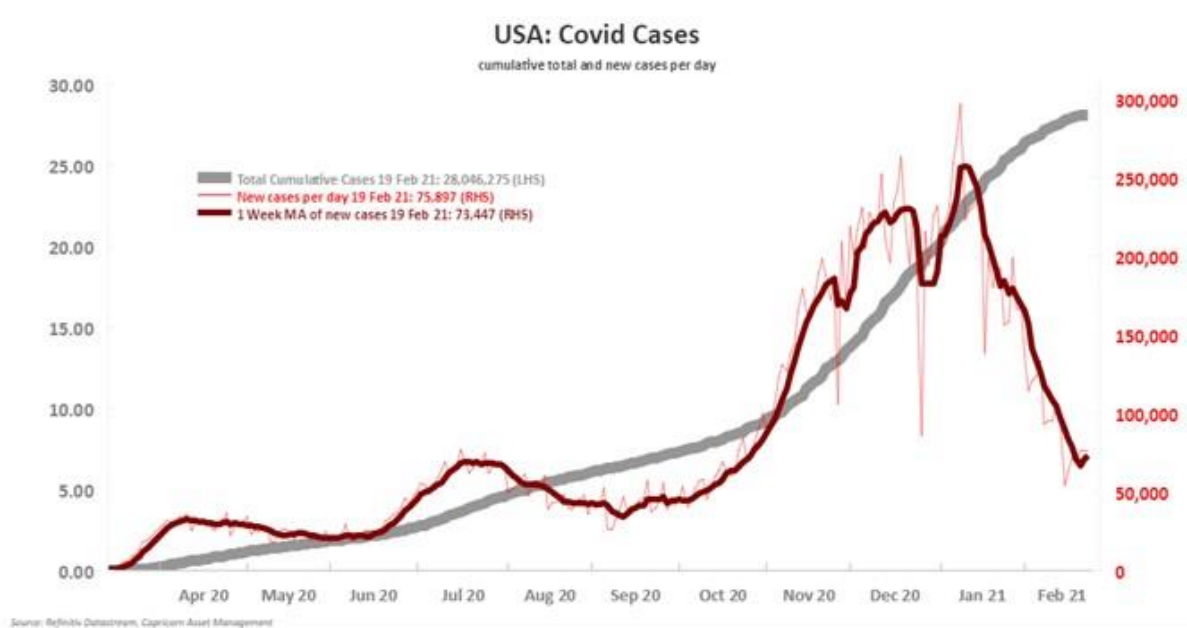
Stocks were down slightly, with the Johannesburg Stock Exchange's Top-40 Index slipping 0.32% to 61,904 points and the broader All-Share Index closing 0.15% down at 67,363 points. Petrochemical firm Sasol's shares initially enjoyed a more than 4% rise after the company announced it had decided not to pursue a rights issue of up to \$2 billion, but they had lost all their gains by market close to stand down 0.77%. Anglo American Platinum climbed 1.52% after the miner posted a price-driven jump in annual profit and set its sights on a 20% increase in output, while peer AngloGold Ashanti's shares also rose 0.91% after the firm boosted its dividend.

## Corona Tracker

GLOBAL CASES		23-Feb-2021		3:32
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
<b>GLOBAL</b>	111,471,762	299,527	2,572,058	73,633,557

The number of new cases is distorted by cut-off times.

Source: Thomson Reuters



The future rewards those who press on. I don't have time to feel sorry for myself. I don't have time to complain. I'm going to press on.

**Barack Obama**

## Market Overview

MARKET INDICATORS (Thomson Reuters)				23 February 2021	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	→	4.16	0.000	4.16	4.16
6 months	→	4.54	0.000	4.54	4.54
9 months	→	4.62	0.000	4.62	4.62
12 months	↑	4.74	0.009	4.73	4.74
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (Coupon 7.75%, BMK R208)	→	4.38	0.000	4.38	4.38
GC22 (Coupon 8.75%, BMK R2023)	↑	5.71	0.095	5.62	5.78
GC23 (Coupon 8.85%, BMK R2023)	↑	5.61	0.095	5.52	5.68
GC24 (Coupon 10.50%, BMK R186)	↑	7.50	0.085	7.42	7.49
GC25 (Coupon 8.50%, BMK R186)	↑	7.51	0.085	7.43	7.50
GC26 (Coupon 8.50%, BMK R186)	↑	7.51	0.085	7.43	7.50
GC27 (Coupon 8.00%, BMK R186)	↑	7.80	0.085	7.72	7.79
GC30 (Coupon 8.00%, BMK R2030)	↑	9.29	0.100	9.19	9.25
GC32 (Coupon 9.00%, BMK R213)	↑	10.39	0.105	10.29	10.36
GC35 (Coupon 9.50%, BMK R209)	↑	11.42	0.110	11.31	11.39
GC37 (Coupon 9.50%, BMK R2037)	↑	11.99	0.115	11.87	11.95
GC40 (Coupon 9.80%, BMK R214)	↑	12.77	0.085	12.69	12.76
GC43 (Coupon 10.00%, BMK R2044)	↑	13.12	0.095	13.03	13.09
GC45 (Coupon 9.85%, BMK R2044)	↑	13.40	0.095	13.31	13.37
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.42	0.105	13.32	13.39
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (Coupon 3.55%, BMK NCPI)	→	4.20	0.000	4.20	4.20
GI25 (Coupon 3.80%, BMK NCPI)	→	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	→	5.69	0.000	5.69	5.69
GI33 (Coupon 4.50%, BMK NCPI)	→	6.80	0.000	6.80	6.80
GI36 (Coupon 4.80%, BMK NCPI)	→	7.35	0.000	7.35	7.35
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	1,809	1.48%	1,782	1,812
Platinum	↓	1,272	-0.13%	1,274	1,272
Brent Crude	↑	65.2	3.70%	62.9	66.5
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓	1,349	-0.33%	1,354	1,349
JSE All Share	↓	67,363	-0.15%	67,465	67,363
SP500	↓	3,877	-0.77%	3,907	3,877
FTSE 100	↓	6,612	-0.18%	6,624	6,612
Hangseng	↓	30,320	-1.06%	30,645	30,775
DAX	↓	13,950	-0.31%	13,993	13,950
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	12,384	0.12%	12,369	12,384
Resources	↑	67,542	0.78%	67,016	67,542
Industrials	↓	89,001	-1.18%	90,065	89,001
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	14.67	-0.07%	14.68	14.61
N\$/Pound	↑	20.63	0.27%	20.57	20.57
N\$/Euro	↑	17.83	0.23%	17.79	17.78
US dollar/ Euro	↑	1.215	0.31%	1.212	1.217
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Dec 20</b>	<b>Nov 20</b>	<b>Dec 20</b>	<b>Nov 20</b>
Central Bank Rate	→	3.75	3.75	3.50	3.50
Prime Rate	→	7.50	7.50	7.00	7.00
		<b>Jan 21</b>	<b>Dec 20</b>	<b>Jan 21</b>	<b>Dec 20</b>
Inflation	↑	2.7	2.4	3.2	3.1

**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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