

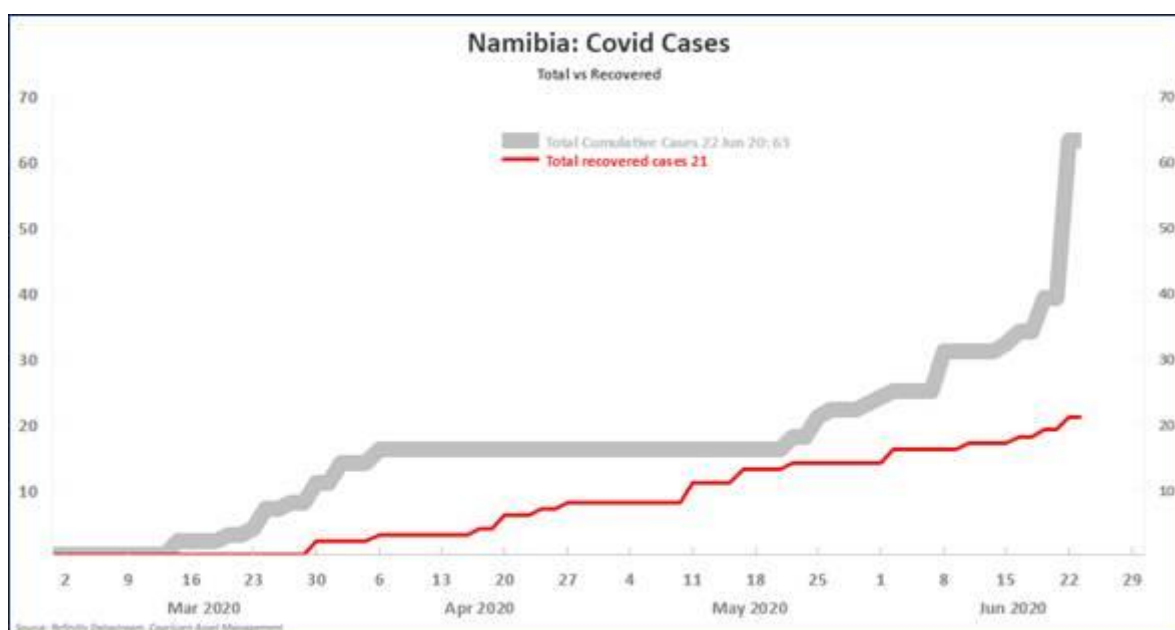


## The Daily Brief

 Capricorn Asset Management

Market Update

Tuesday, 23 June 2020



## Global Markets

Asian shares see-sawed in a wild ride on Tuesday following confusing statements from the White House over the U.S.-China trade deal, with President Donald Trump later clarifying the pact was "fully intact." Trump's tweet bolstered market sentiment, helping e-minis for the S&P 500 swing back to positive territory. Asian shares were quick to turn around too, with MSCI's broadest index of Asia Pacific shares outside of Japan up 0.7%.

Risk sentiment had taken a knock early in the Asian day after White House trade adviser Peter Navarro said the trade deal with China was "over", linking the breakdown in part to Washington's anger over Beijing not sounding the alarm earlier about the coronavirus outbreak. The comment caused a kneejerk selloff in equities markets, although sentiment turned around quickly after a statement from Navarro that his comment had been taken out of context.

"With the White House, you can never be sure whether they are voicing their own position or the official position," said Moh Siong Sim, Singapore based forex analyst at the Bank of Singapore. "If he's speaking about his own position, it's pretty much consistent with Navarro. We know he is a hardliner ... (but) ultimately it's Trump who decides whether the trade deal is on or off." Trump

soothed nerves when he tweeted: "China trade deal is fully intact. Hopefully they will continue to live up to the terms of the agreement."

In response, China's blue-chip index regained its losses to be last up 0.3% while Hong Kong's Hang Seng climbed 0.7%. Australia's S&P/ASX 200 rose 0.1% while Japan's Nikkei added 0.8%. Asian stocks have rallied hard since hitting a low in March amid worries about the jolt to the global economy from the coronavirus-driven shutdowns. The gains have been driven by hefty central bank stimulus around the globe and gradual easing of restrictions, although worries about a second wave kept investors jittery.

Beijing on Monday reported its second straight day of record COVID-19 infections, while new cases and hospitalisations in record numbers swept through more U.S. states. New infections spiked in Latin America, Brazil in particular, while New York City, the epicentre of the U.S. outbreak, eased restrictions after 100 days of lockdown.

On Wall Street overnight, the Dow rose 0.59%, the S&P 500 gained 0.65% and the tech-heavy Nasdaq added 1.11% to set a record closing high. In currencies, the safe haven yen slipped against the dollar to 107.17, while the euro was a shade higher at \$1.1265. The risk sensitive Australian dollar was up 0.3% at \$0.6925. Its kiwi counterpart was flat at \$0.6478 having pared its losses.

In commodities, U.S. crude fell 0.3%, or 12 cents, to \$40.61 a barrel, while Brent was flat at \$43.08.

**Source: Thomson Reuters**

## **Domestic Markets**

South Africa's rand steadied against the dollar in late trade on Monday as investors waited for a supplementary budget due on Wednesday that is expected to show a markedly wider budget deficit. At 1525 GMT the rand traded at 17.3200 per dollar, unchanged from its previous close.

Finance Minister Tito Mboweni is expected to paint a bleak picture in the revised budget almost three months after the government announced a 500 billion rand (\$28.87 billion) stimulus package leaning heavily on new borrowing.

A Reuters poll on Monday showed that South Africa's consolidated budget deficit is expected to widen to a record 14% of gross domestic product this year, with the National Treasury struggling to squeeze it back to levels it anticipated before the pandemic.

"The rand is likely to see some weakness this week on the budget projections, with South Africa sinking deeper into a debt trap," Annabel Bishop, chief economist at Investec, said in a note. "South Africa has been borrowing to pay for its current expenditure, which includes civil servant salaries and wages, while experiencing a falling economic growth and revenue trend over the past decade."

South African stocks showed some signs resilience on hopes of a rebound in economic activity in the country. The benchmark FTSE/JSE all share index was up 0.01% to close at 54,230.17 points and the top 40 companies index closed up 0.13% to 49,878 points.

As money moved globally from equities to safe haven gold, its price surged by 0.86% on Monday pushing the JSE gold index, the index of the top five gold mining companies in South Africa, up 3.41%.

In fixed income, the yield on the 10-year government bond was up 6 basis points to 9.280%.

**Source: Thomson Reuters**

## Corona Tracker

GLOBAL CASES SOURCE - REUTERS		23-Jun-2020		5:16
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	9,102,516	134,279	472,300	4,477,388



## Market Overview

MARKET INDICATORS (Thomson Reuters)				23 June 2020	
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	4.44	-0.008	4.45	4.44
6 months	↓	4.71	-0.016	4.72	4.71
9 months	↓	4.83	-0.017	4.85	4.83
12 months	↓	4.90	-0.033	4.93	4.90
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↑	4.18	0.020	4.16	4.18
GC22 (BMK: R2023)	↑	5.99	0.015	5.97	5.99
GC23 (BMK: R2023)	↑	5.97	0.015	5.95	5.97
GC24 (BMK: R186)	↓	8.03	-0.005	8.03	8.03
GC25 (BMK: R186)	↓	8.08	-0.005	8.08	8.08
GC27 (BMK: R186)	↓	8.16	-0.005	8.16	8.16
GC30 (BMK: R2030)	↑	9.89	0.055	9.83	9.89
GC32 (BMK: R213)	↑	10.62	0.080	10.54	10.62
GC35 (BMK: R209)	↑	11.88	0.060	11.82	11.88
GC37 (BMK: R2037)	↑	12.34	0.060	12.28	12.35
GC40 (BMK: R214)	↑	12.76	0.055	12.70	12.76
GC43 (BMK: R2044)	↑	13.25	0.090	13.16	13.25
GC45 (BMK: R2044)	↑	13.42	0.090	13.33	13.42
GC50 (BMK: R2048)	↑	13.45	0.080	13.37	13.45
Inflation-Linked Bonds		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	⇒	4.49	0.000	4.49	4.49
GI25 (BMK: NCPI)	⇒	4.49	0.000	4.49	4.49
GI29 (BMK: NCPI)	⇒	5.98	0.000	5.98	5.98
GI33 (BMK: NCPI)	⇒	6.70	0.000	6.70	6.70
GI36 (BMK: NCPI)	⇒	6.99	0.000	6.99	6.99
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,754	0.67%	1,743	1,751
Platinum	↑	822	2.05%	806	819
Brent Crude	↑	43.1	2.11%	42.2	43.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,052	-1.24%	1,065	1,052
JSE All Share	↑	54,230	0.01%	54,224	54,230
SP500	↑	3,118	0.65%	3,098	3,118
FTSE 100	↓	6,245	-0.76%	6,293	6,245
Hangseng	↓	24,511	-0.54%	24,644	24,749
DAX	↓	12,263	-0.55%	12,331	12,263
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	10,268	-2.70%	10,553	10,268
Resources	↑	49,904	0.50%	49,656	49,904
Industrials	↑	75,710	0.70%	75,183	75,710
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.32	0.03%	17.31	17.33
N\$/Pound	↑	21.58	0.88%	21.39	21.60
N\$/Euro	↑	19.50	0.78%	19.35	19.51
US dollar/ Euro	↑	1.126	0.74%	1.118	1.126
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↑	2.1	1.6	4.1	4.6
Prime Rate	↓	7.75	8.00	7.25	7.75
Central Bank Rate	↓	4.00	4.25	3.75	4.25

**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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