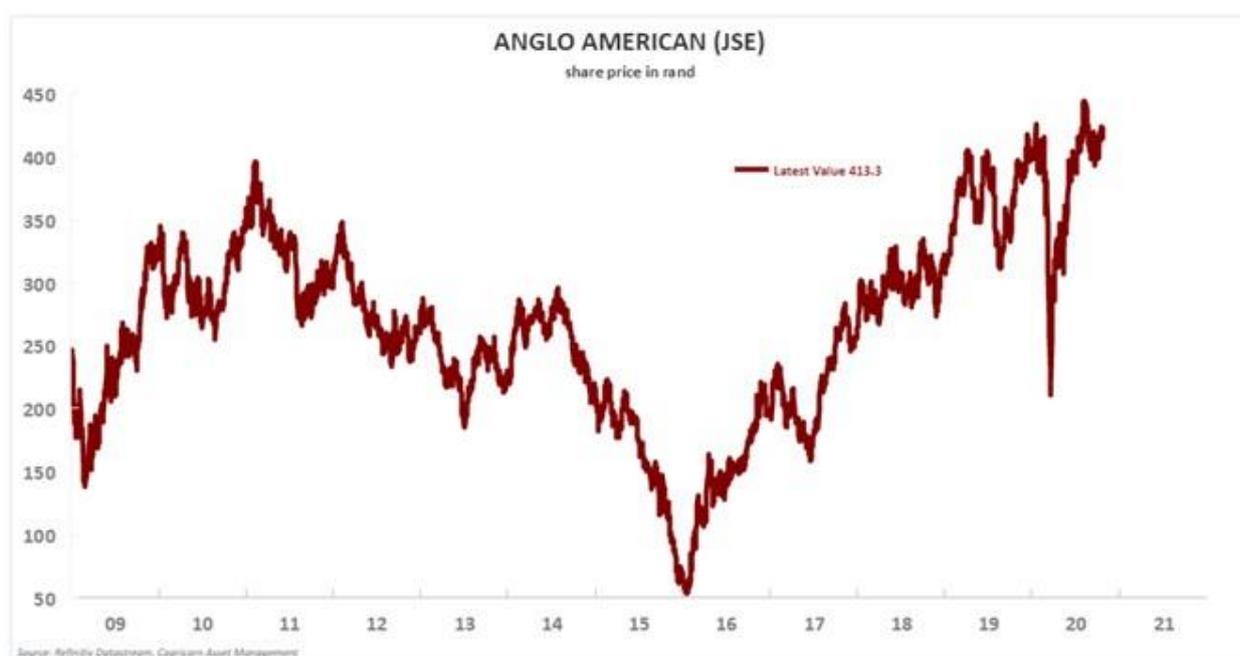




Market Update

Friday, 23 October 2020



Global Markets – Stocks hold tight ranges as US election caution sets in

- Global stocks little impressed by U.S. debate
- Hopes of stimulus deal support risk assets
- U.S. debt yields at 4 1/2-month high on spending worries

Global stocks barely budged on Friday as investors tightened positions with less than two weeks to go before the U.S. presidential election and awaited a breakthrough in stimulus talks in Washington. The final debate between U.S. President Donald Trump and his Democrat challenger Joe Biden on Thursday presented few surprises for election watchers but slightly reinforced investor caution heading into the Nov. 3 poll.

U.S. S&P 500 futures had dipped slightly after the debate but were mostly flat by midday trade. The underlying index had gained about 0.5% in the previous day on hopes that the U.S. Congress and the White House could soon strike a deal on another round of COVID-19 stimulus. Shares in Asia hardly

budgeted, with MSCI's broadest index of Asia-Pacific shares outside Japan flat while Japan's Nikkei ticked up 0.2%. The CSI300 index of mainland China also edged up 0.2%.

At Thursday's debate, Biden renewed his criticism of Trump's handling of the coronavirus pandemic as Trump levelled unfounded corruption accusations at Biden and his family. "I don't think there's anything new in it, I think that's why the market is not moving much. The focus is still on the timing of the fiscal stimulus and how big it is," said Moh Siong Sim, FX analyst at Bank of Singapore.

On Thursday, U.S. House of Representatives Speaker Nancy Pelosi reported progress in talks with the Trump administration for another round of financial aid, saying legislation could be hammered out "pretty soon". While the news helped to lift U.S. share prices, the U.S. S&P500 is still down 0.9% so far this week amid uncertainties over stimulus and the election.

A widening lead in polls by Biden is prompting many investors to bet on a Biden presidency and also a "blue sweep", where Democrats win both chambers of Congress. "A blue wave may lead to concerns about the impact on the tech sector, while a Biden win and a split Congress may imply another four years of limited policy changes and politicking," said Mary Nicola, senior economist at Pinebridge Investments in Singapore.

Reflecting concerns Democrats could take a harder stance on big tech firms, the Nasdaq index, which had led the market's rally, has underperformed lately, having lost 1.4% so far this week. Expectations of bigger government stimulus have also boosted U.S. borrowing costs. The 10-year U.S. Treasuries yield rose to 4 1/2-month high of 0.870% on Thursday and last stood at 0.853%.

U.S. economic data published on Thursday surprised to the upside, as jobless claims fell more than expected and existing home sales exceeded estimates to more than a 14-year high.

In the currency market, the dollar bounced back from Wednesday's seven-week low but stayed under pressure as investors began to wager on a Biden presidency and big U.S. stimulus. The euro traded at \$1.1803, down 0.2% and off Wednesday's high of \$1.1805 but still up 0.7% on the week. The yen changed hands at 104.77 yen per dollar, stepping back a tad after its biggest gain in nearly two months on Wednesday. The Chinese yuan stood at 6.6729 per dollar in offshore trade, off 27-month high of 6.6278 touched on Wednesday.

Oil prices were supported by hopes on U.S. stimulus and the prospect of extended output cuts. Brent futures ticked up 0.3% to \$42.59 per barrel while U.S. crude futures rose 0.25% to \$40.74 per barrel.

Domestic Markets - rand firmer, stocks slide in nervous trade

South Africa's rand rallied to its strongest point in a month on Thursday, extending its winning streak to a fifth consecutive session as optimism about a new stimulus package in the United States continued to feed demand for risk currencies.

At 1540 GMT the rand was 0.67% firmer at 16.2150 per dollar, its strongest since Sept. 21, from an opening level of 16.3400.

"That the market is currently trading on stimulus headlines means relatively higher-Beta currencies such as the rand are likely to be subject to big intraday price swings, as has been the case in recent sessions," said economists at ETM Analytics.

Hopes for a fresh U.S. coronavirus relief package ahead of the Nov. 3 presidential elections remain up in the air, but optimism that they will soon be concluded has kept high yielding currencies bid with investors scouring the global market for returns.

Locally, the market is on watch ahead of the medium-term budget speech due next Wednesday, when the extent of the country's fiscal problems should become clearer. "The address, which could very well be a watershed moment for SA as a country, is lingering in the back of traders' minds and could keep any ZAR-bullish momentum at bay heading into the weekend," ETM economists said.

Government bonds were firmer, with the yield on the benchmark 2030 bond down 3 basis point to 9.265%.

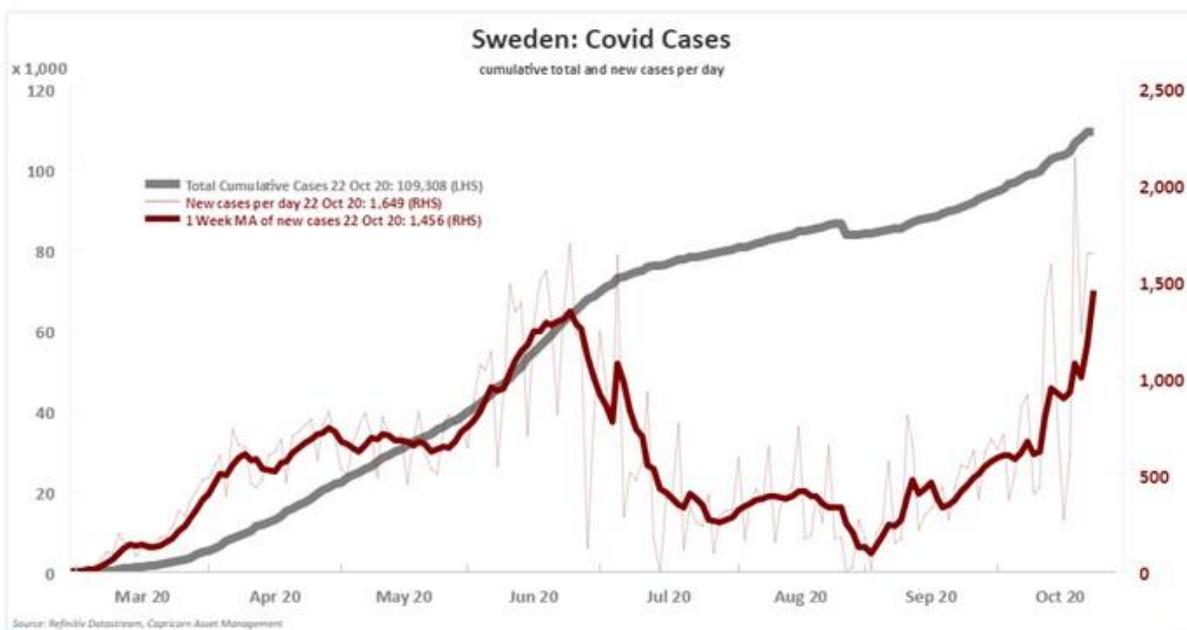
Stocks fell, in line with shares around the world amid a global surge in COVID-19 cases. The Johannesburg Stock Exchange's blue-chip Top-40 Index lost 1.23% to 50,277 points. The broader All Share Index fell 0.99% to 54,796 points.

The biggest losers were gold miners, dragged lower as global bullion prices dropped 1% after better-than-expected U.S. jobs data, dimming demand for the safe-haven. Gold Fields and Harmony Gold, down 8.58% and 6.87% respectively, were followed by their peers. Pharmacist Clicks closed 3.11% lower despite posting a jump in annual profit, setting it apart from other consumer-focused firms, including other retailers and banks, which benefited from a stronger rand.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES		23-Oct-2020		5:32
SOURCE - REUTERS		Confirmed Cases	New Cases	Total Deaths
				Total Recovered
GLOBAL		41,501,196	310,268	1,133,635
				28,713,879



Thinking is the hardest work there is, which is probably the reason why so few engage in it.

Henry Ford

Market Overview

MARKET INDICATORS (Thomson Reuters)		23 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	↓	3.88	-0.009	3.89	3.88
12 months	↓	3.81	-0.016	3.83	3.81
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.03	-0.005	4.04	4.00
GC22 (Coupon 8.75%, BMK R2023)	↑	4.99	0.005	4.99	4.98
GC23 (Coupon 8.85%, BMK R2023)	↑	4.89	0.005	4.89	4.88
GC24 (Coupon 10.50%, BMK R186)	↓	7.33	-0.015	7.34	7.32
GC25 (Coupon 8.50%, BMK R186)	↓	7.34	-0.015	7.35	7.33
GC26 (Coupon 8.50%, BMK R186)	↓	7.34	-0.015	7.35	7.33
GC27 (Coupon 8.00%, BMK R186)	↓	7.63	-0.015	7.64	7.62
GC30 (Coupon 8.00%, BMK R2030)	↓	9.57	-0.025	9.60	9.57
GC32 (Coupon 9.00%, BMK R213)	↓	10.69	-0.045	10.73	10.67
GC35 (Coupon 9.50%, BMK R209)	↓	11.76	-0.090	11.85	11.75
GC37 (Coupon 9.50%, BMK R2037)	↓	12.50	-0.110	12.61	12.49
GC40 (Coupon 9.80%, BMK R214)	↓	13.10	-0.070	13.17	13.08
GC43 (Coupon 10.00%, BMK R2044)	↓	13.64	-0.075	13.71	13.61
GC45 (Coupon 9.85%, BMK R2044)	↓	13.92	-0.075	13.99	13.89
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.96	-0.090	14.05	13.95
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	6.76
GI36 (Coupon 4.80%, BMK NCPI)	↔	7.09	0.000	7.09	7.02
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,904	-1.06%	1,924	1,905
Platinum	↓	885	-0.18%	886	884
Brent Crude	↑	42.5	1.75%	41.7	42.4
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,103	0.85%	1,094	1,103
JSE All Share	↓	54,796	-0.99%	55,345	54,796
SP500	↑	3,453	0.52%	3,436	3,453
FTSE 100	↑	5,786	0.16%	5,777	5,786
Hangseng	↑	24,786	0.13%	24,754	24,942
DAX	↓	12,543	-0.12%	12,558	12,543
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	10,376	2.34%	10,139	10,376
Resources	↓	52,819	-2.99%	54,448	52,819
Industrials	↓	74,131	-0.60%	74,578	74,131
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.20	-0.72%	16.32	16.22
N\$/Pound	↓	21.19	-1.24%	21.45	21.18
N\$/Euro	↓	19.14	-1.07%	19.35	19.14
US dollar/ Euro	↓	1.182	-0.38%	1.186	1.180
Interest Rates & Inflation		Namibia		RSA	
		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



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