



Market Update

Wednesday, 24 June 2020

Global Markets

Asian shares crept to a four-month high on Wednesday as investors remained stubbornly upbeat on the outlook for a re-opening of the global economy even as cases of the coronavirus looked to be accelerating to new peaks.

MSCI's broadest index of Asia-Pacific shares outside Japan added 0.39% to reach its highest since early March, though turnover was light. Japan's Nikkei firmed 0.1% and Chinese blue chips 0.3%. Caution was still evident elsewhere with E-Mini futures for the S&P 500 off 0.1% and EUROSTOXX 50 futures easing 0.7%. On Wall Street, the Dow had ended Tuesday 0.5% higher, while the S&P 500 gained 0.43% and the Nasdaq 0.74%.

News on the coronavirus was hardly encouraging with several U.S. states seeing record infections and the death toll in Latin America passing 100,000 on Tuesday, according to a Reuters tally. The European Union is even prepared to bar U.S. travellers because of the surge of cases in the country, putting it in the same category as Brazil and Russia, the New York Times reported. Yet the market assumes there is a very high bar to shutting down economies again, so the impact on business activity will not be too great - at least as yet.

The dogged optimism about the global economy was supported by upbeat surveys of manufacturing from Europe, with France a stand-out as lockdown loosening there led to a modest return to growth. That followed solid June readings from much of Asia, though Japan did disappoint.

"One surprise in the recent data has been the resiliency of activity data in emerging Asia even as the global economy slowed sharply and global demand remains below pre-pandemic levels," said analysts at JPMorgan in a note. "This outcome largely appears to be due to the tech sector outperforming non-tech, most likely reflecting in part a temporary work-from-home boost to demand."

The better European data combined with the positive risk mood to keep the U.S. dollar under pressure. Against a basket of major currencies, it slipped back to 96.578 from a top of 97.719 at the start of the week. The euro edged up to \$1.1321, having been as low as \$1.1167 on Monday, while the dollar eased to 106.47 yen after touching a six-week low of 106.06 at one stage. "The dollar and risk sentiment are likely to remain broadly negatively correlated, barring the U.S. displaying clear and enduring leadership in the global economic recovery, something hard to square with the grim U.S. news on COVID," said Ray Attrill, head of FX strategy at NAB.

In commodity markets, the decline in the dollar and endless cheap liquidity from central banks helped lift gold to its highest since October 2012. The metal was last at \$1,770 an ounce. Oil futures eased from four-month highs after U.S. crude inventories rose a surprisingly large 1.7 million barrels last week, according to industry data. That compares with analysts' expectations for a 300,000-barrel build. U.S. government data will be released on Wednesday. Brent crude futures declined 18 cents to \$42.45 a barrel, while U.S. crude fell 23 cents to \$40.14.

Source: Thomson Reuters

Domestic Markets

South Africa's rand edged up on Tuesday as risk appetite improved after President Donald Trump offered reassurance that a U.S. trade deal with China was on track, quelling market concerns that Washington may be ditching the agreement.

At 1500 GMT, the rand was trading at 17.2200 per dollar, 0.72% firmer than its previous close.

White House trade adviser Peter Navarro said his comments that the trade deal with China was "over" were taken out of context. Trump chimed in, saying the Phase 1 trade deal struck with China in January was fully intact.

Locally, on the radar is Finance Minister Tito Mboweni's emergency budget in response to the COVID-19 crisis due on Wednesday that is expected to show a markedly wider budget deficit.

"Given how the emergency budget has little fiscal space to manoeuvre, Mboweni is walking on the tightest of ropes," Lukman Otunuga, senior research analyst at FXTM, said in a note. "Whatever the outcome of the speech tomorrow, it will certainly have an impact on the South African rand which has slightly gained against the dollar today."

Trump's assurances boosted markets globally, including the Johannesburg Stock Exchange (JSE). The benchmark FTSE/JSE all share index closed up 2.48% to 55,574 points and the top 40 companies index gained 2.84% to end the day at 51,295 points.

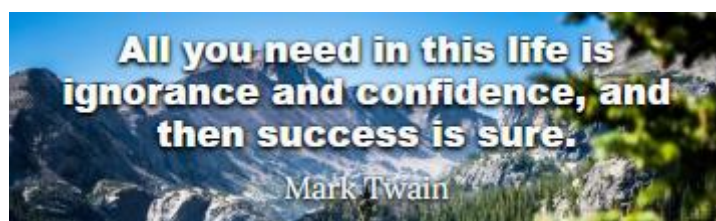
Gold continued to be a preferred safe haven investment due to a fear of a rebound in coronavirus cases with the JSE's gold index up over 6%.

Bonds weakened, with the yield on the 2030 government issue up 6 basis points to 9.340%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		24-Jun-2020		4:16
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	9,264,736	153,095	475,880	4,603,166



Market Overview

MARKET INDICATORS (Thomson Reuters)					24 June 2020	
Money Market TB's			Last close	Difference	Prev close	Current Spot
3 months	→		4.44	0.000	4.44	4.44
6 months	↓		4.66	-0.050	4.71	4.66
9 months	↓		4.78	-0.058	4.83	4.78
12 months	↓		4.85	-0.050	4.90	4.85
Nominal Bonds			Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↓		4.16	-0.020	4.18	4.18
GC22 (BMK: R2023)	↑		6.02	0.030	5.99	6.01
GC23 (BMK: R2023)	↑		6.00	0.030	5.97	5.99
GC24 (BMK: R186)	↑		8.07	0.045	8.03	8.07
GC25 (BMK: R186)	↑		8.12	0.045	8.08	8.12
GC27 (BMK: R186)	↑		8.20	0.045	8.16	8.20
GC30 (BMK: R2030)	↑		9.95	0.065	9.89	9.95
GC32 (BMK: R213)	↑		10.68	0.060	10.62	10.67
GC35 (BMK: R209)	↑		11.98	0.095	11.88	11.97
GC37 (BMK: R2037)	↑		12.46	0.120	12.34	12.46
GC40 (BMK: R214)	↑		12.84	0.085	12.76	12.84
GC43 (BMK: R2044)	↑		13.37	0.120	13.25	13.37
GC45 (BMK: R2044)	↑		13.54	0.120	13.42	13.54
GC50 (BMK: R2048)	↑		13.56	0.110	13.45	13.55
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	↑		1,767	0.69%	1,754	1,767
Platinum	↑		829	0.87%	822	824
Brent Crude	↓		42.6	-1.04%	43.1	42.4
Main Indices			Last close	Change	Prev close	Current Spot
NSX Overall Index	↑		1,064	1.16%	1,052	1,064
JSE All Share	↑		55,475	2.30%	54,230	55,475
SP500	↑		3,131	0.43%	3,118	3,131
FTSE 100	↑		6,320	1.21%	6,245	6,320
Hangseng	↑		24,907	1.62%	24,511	24,902
DAX	↑		12,524	2.13%	12,263	12,524
JSE Sectors			Last close	Change	Prev close	Current Spot
Financials	↓		10,223	-0.44%	10,268	10,223
Resources	↑		51,926	4.05%	49,904	51,926
Industrials	↑		77,512	2.38%	75,710	77,512
Forex			Last close	Change	Prev close	Current Spot
N\$/US dollar	↓		17.23	-0.49%	17.32	17.19
N\$/Pound	↓		21.57	-0.02%	21.58	21.51
N\$/Euro	↓		19.48	-0.06%	19.50	19.45
US dollar/ Euro	↑		1.131	0.43%	1.126	1.131
			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:

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Source: Bloomberg



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