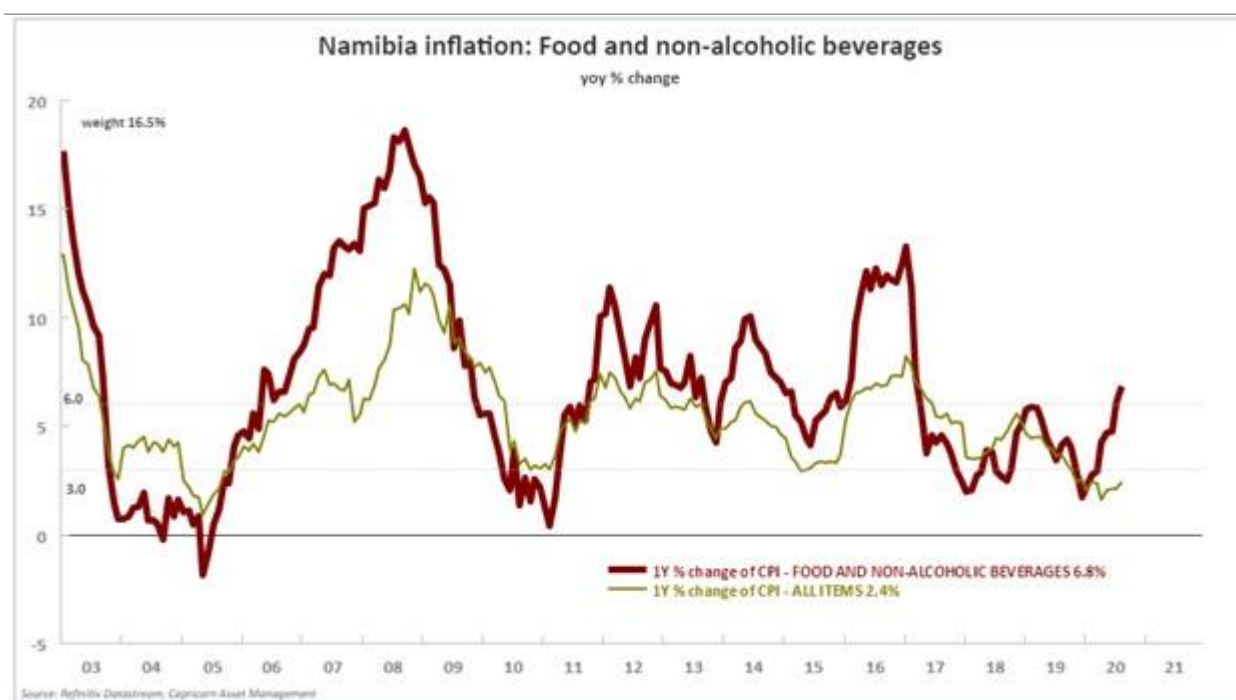




## Market Update

Thursday, 24 September 2020



## Global Markets

Asian shares fell on Thursday following a slump on Wall Street overnight, as a series of warnings from U.S. Federal Reserve officials underscored investor worries over the resilience of the economic recovery. Federal Reserve Vice Chair Richard Clarida said on Wednesday that the U.S. economy remains in a "deep hole" of joblessness and weak demand, and called for more fiscal stimulus, noting that policymakers "are not even going to begin thinking" about raising interest rates until inflation hits 2%. Cleveland Federal Reserve Bank President Loretta Mester echoed Clarida, saying that the U.S. remains in a "deep hole, regardless of the comeback we've seen."

MSCI's broadest index of Asia-Pacific shares outside Japan tumbled 1.35% in the morning session on broad losses across the region. Chinese blue-chips dropped 1.09%, Hong Kong's Hang Seng fell 1.72%, Seoul's KOSPI sank 1.73% and Australian shares were 1.18% lower. Japan's Nikkei slipped 0.74%. "Have we overpriced the rebound in the economy? After the stern warning from Clarida, I say we have," said Stephen Innes, chief global markets strategist at AXI. "I think the market was interpreting a bounce from the bottom as a cyclical recovery, but I don't think we're there yet. I still think there's a lot of blood on the street, especially on Main Street."

U.S. stocks fell on Wednesday after data showed business activity slowed in September, with gains at factories more than offset by a retreat at services industries. Investors now await weekly data due later on Thursday, which is expected to show U.S. jobless claims fell slightly but remained elevated, indicating the world's largest economy is far from recovering. While Clarida and other Fed officials have called for more fiscal assistance in boosting the economy, analysts say immediate support is unlikely with the U.S. Congress locked in a stalemate.

Additionally, a second wave of coronavirus infections in Europe threatened the economic recovery in that region pushing equities lower and propping up the safe-haven dollar. On Wednesday, the Dow Jones Industrial Average fell 1.92%, the S&P 500 lost 2.37% and the Nasdaq Composite dropped 3.02%.

In the currency market, the dollar eased from two-month highs touched on Wednesday. The dollar index, which measures the greenback against a basket of peers, was a touch lower at 94.348, but edged up against the yen to 105.41. The euro ticked up to buy \$1.1664. "A stronger USD remains a significant headwind for commodity markets, with investor appetite waning," ANZ analysts said in a note.

Spot gold, which hit a two-month low early in the Asian day on the stronger greenback, was flat at \$1,863.61 per ounce by mid-morning in Asia. Oil prices fell amid uncertainty about demand due to pandemic-related travel restrictions. Brent crude dropped 0.89% to \$41.40 a barrel and U.S. West Texas Intermediate crude was 1.15% lower at \$39.48 a barrel.

U.S. Treasury yields were little changed, with the 10-year yielding 0.6757% from 0.676% on Wednesday, and the 30-year yield at 1.4168% from 1.425%.

## **Domestic Markets**

South Africa's rand fell more than 1% on Wednesday as the dollar grinded higher, boosted by its renewed safe-haven appeal amid concerns about a second wave of coronavirus infections in Europe.

At 1505 GMT the rand was trading at 17.0175 per dollar, 1.45% weaker compared to its previous close.

After Britain announced it would impose localised lockdowns in cities showing a resurgence of COVID-19 infections, France and Spain also signalled fresh measures to curb the disease as the Northern Hemisphere enters autumn.

That put the skids on a relief rally by risk assets following a blow out earlier in the week. Simmering tensions between the United States and China added to risk aversion.

"A combination of events, including a potential of renewed lockdowns in the EU, the international banking saga and Donald Trump's continuous pushing for China to face consequences for the COVID-19 outbreak, gave rise to renewed caution in markets," Bianca Botes, executive director at Peregrine Treasury Solutions, said. "We also saw the dollar gain momentum today as markets turn pessimistic regarding the potential for additional stimulus by the (Federal Reserve), further aiding emerging market weakness."

Bonds also weakened, with the yield on the benchmark 2030 government issue up 7.5 basis points to 9.49%.

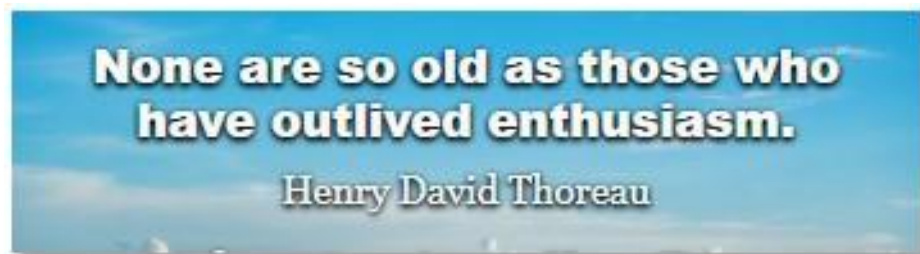
The Johannesburg Stock Exchange (JSE) reversed its six-day losing streak with the benchmark FTSE/JSE all share index up 1.84% to end the day at 54,248 points. The FTSE/JSE top 40 companies

index closed up 2.04% to 50,127 points. The rally was led by industrial companies with the JSE's industrial index, representing a mixed bag of 25 companies from technology, telecom, retail and healthcare, up 3.26%.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES					
SOURCE - REUTERS					
	Confirmed Cases	New Cases	Total Deaths	Total Recovered	
GLOBAL	31,812,614	86,508	972,522	22,060,852	



## Market Overview

MARKET INDICATORS (Thomson Reuters)		24 September 2020			
<b>Money Market TB Rates %</b>		Last close	Difference	Prev close	Current Spot
3 months	→	3.88	0.000	3.88	3.88
6 months	→	3.97	0.000	3.97	3.97
9 months	→	4.01	0.000	4.01	4.01
12 months	↓	4.00	-0.017	4.02	4.00
<b>Nominal Bond Yields %</b>		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.11	-0.040	4.15	4.11
GC22 (Coupon 8.75%, BMK R2023)	↓	5.25	-0.010	5.26	5.25
GC23 (Coupon 8.85%, BMK R2023)	↓	5.15	-0.010	5.16	5.15
GC24 (Coupon 10.50%, BMK R186)	→	7.59	0.000	7.59	7.59
GC25 (Coupon 8.50%, BMK R186)	→	7.60	0.000	7.60	7.60
GC26 (Coupon 8.50%, BMK R186)	→	7.60	0.000	7.60	7.60
GC27 (Coupon 8.00%, BMK R186)	→	7.89	0.000	7.89	7.89
GC30 (Coupon 8.00%, BMK R2030)	↑	9.79	0.075	9.72	9.79
GC32 (Coupon 9.00%, BMK R213)	↑	10.90	0.075	10.82	10.90
GC35 (Coupon 9.50%, BMK R209)	↑	11.96	0.050	11.91	11.96
GC37 (Coupon 9.50%, BMK R2037)	↑	12.61	0.060	12.55	12.61
GC40 (Coupon 9.80%, BMK R214)	↑	13.15	0.040	13.11	13.15
GC43 (Coupon 10.00%, BMK R2044)	↑	13.69	0.030	13.66	13.69
GC45 (Coupon 9.85%, BMK R2044)	↑	13.97	0.030	13.94	13.97
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.03	0.030	14.00	14.03
<b>Inflation-Linked Bond Yields %</b>		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
<b>Commodities</b>		Last close	Change	Prev close	Current Spot
Gold	↓	1,864	-1.88%	1,899	1,850
Platinum	↓	838	-3.28%	867	832
Brent Crude	↑	41.8	0.12%	41.7	41.6
<b>Main Indices</b>		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,050	0.56%	1,044	1,050
JSE All Share	↑	54,248	1.84%	53,265	54,248
SP500	↓	3,237	-2.37%	3,316	3,237
FTSE 100	↑	5,899	1.20%	5,829	5,899
Hangseng	↑	23,743	0.11%	23,717	23,279
DAX	↑	12,643	0.39%	12,594	12,643
<b>JSE Sectors</b>		Last close	Change	Prev close	Current Spot
Financials	↑	9,588	0.19%	9,570	9,588
Resources	↑	53,509	1.08%	52,935	53,509
Industrials	↑	74,230	3.26%	71,887	74,230
<b>Forex</b>		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.05	1.54%	16.79	17.14
N\$/Pound	↑	21.69	1.48%	21.38	21.77
N\$/Euro	↑	19.88	1.15%	19.66	19.97
US dollar/ Euro	↓	1.166	-0.40%	1.171	1.165
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		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
		<b>Aug 20</b>	<b>Jul 20</b>	<b>Jul 20</b>	<b>Jun 20</b>
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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