



The Daily Brief

Capricorn Asset Management

Market Update

Friday, 25 September 2020



Global Markets

Asian shares rose on Friday after robust U.S. housing data supported a late tech-driven rally on Wall Street, with investors picking up the pieces a day after a broad regional index posted its biggest daily loss in more than three months.

U.S. stocks ended positive in choppy trade on Thursday, led by a dogged comeback in the technology sector, having initially sold off on higher-than-expected unemployment claims. MSCI's broadest index of Asia-Pacific shares outside Japan was 0.66% higher in the morning session, after slumping 2.15% a day earlier, its biggest daily drop since June 11. But even after Friday's rise, the index remains on track to post its largest weekly drop since March, pulled lower by fears that the global recovery from the novel coronavirus pandemic could be running out of steam. Investors have also been uncertain about Washington's ability to pass a stimulus package after Fed officials indicated they expected more fiscal support.

News that Democrats in the U.S. House of Representatives are working on a \$2.2 trillion coronavirus stimulus package that could be voted on next week, and that House Speaker Nancy Pelosi reiterated she is ready to negotiate on it with the White House helped to assuage some of those fears on

Friday. "Sometimes the best environment for global equities is a weak economy where the government's trying to stimulate. That's actually a positive backdrop," said Michael Frazis, portfolio manager at Frazis Capital Partners in Sydney. "And you've got to remember ... we're coming off a true panic scenario in March. So, the rally looks strong from that level, but only because that was such severe panic. In our view it was the selloff that was irrational, not the rally."

Chinese blue-chips added 0.64% and South Korean shares were 0.52% higher. Australian shares jumped 1.54% with financials rising the most in more than three months on plans to ease bank lending laws. Japan's Nikkei added 0.62%. "What we've seen for equity markets is there is quite a good deal of resilience," said Tom Piotrowski, a market analyst at Australian broker CommSec. "Commentators like to stack up all of the negatives markets face, the U.S. election being among them, but I think there is a sense that there is an underlying resilience in the market."

On Wall Street overnight, the Dow Jones Industrial Average rose 0.2%, the S&P 500 gained 0.30% and the Nasdaq Composite added 0.37%. While the economic picture in the U.S. remains clouded, the strongest sales of single-family homes in nearly 14 years in August helped to revive some faith in the recovery.

Reviving risk sentiment helped to push the benchmark 10-year U.S. Treasury yield up to 0.6757% from a close of 0.664% on Thursday. The dollar remained buoyant on Friday after easing back from two-month highs on Thursday, rising 0.09% against the yen to 105.49. The euro was 0.05% lower at \$1.1666. The dollar index, which measures the dollar against a basket of six major peers, inched up to 94.350. The dollar's strength has battered commodities, with gold set for its worst week in more than a month. On Friday, spot gold was 0.16% lower at \$1,865.16 per ounce.

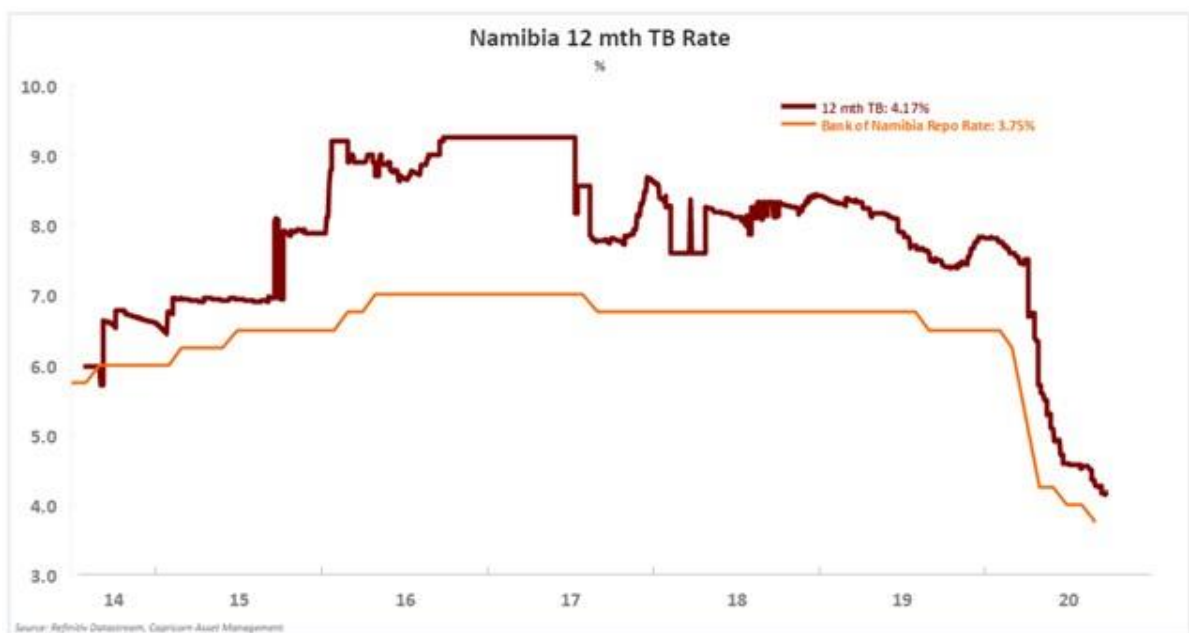
U.S. crude was 0.15% higher at \$40.37 per barrel and global benchmark Brent crude was up 0.1% at \$41.98 per barrel.

Domestic Markets

Domestic markets were largely closed for Heritage Day in South Africa.

However, there was a tender for Namibian 12 mth TB's to roll over N\$500m. Total bids of N\$1.8bn was received. This means that the local money market remains extremely liquid and yields are being bid down – see chart. The chart does not reflect the very latest number yet. The average yield came out at 4.06% on 24 September.

Source: Thomson Reuters



Corona Tracker

GLOBAL CASES		24-Sep-2020		19:04
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	31,992,879	122,473	977,348	22,210,685

I can forgive, but I cannot forget, is only another way of saying, I will not forgive. Forgiveness ought to be like a cancelled note - torn in two, and burned up, so that it never can be shown against one.

[Henry Ward Beecher](#)

Market Overview

MARKET INDICATORS (Thomson Reuters)		25 September 2020			
Money Market TB Rates %		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	0.000	4.00	4.00
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⇒	4.11	0.000	4.11	4.11
GC22 (Coupon 8.75%, BMK R2023)	⇒	5.25	0.000	5.25	5.25
GC23 (Coupon 8.85%, BMK R2023)	⇒	5.15	0.000	5.15	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	0.000	9.79	9.80
GC32 (Coupon 9.00%, BMK R213)	⇒	10.90	0.000	10.90	10.90
GC35 (Coupon 9.50%, BMK R209)	⇒	11.96	0.000	11.96	11.97
GC37 (Coupon 9.50%, BMK R2037)	⇒	12.61	0.000	12.61	12.61
GC40 (Coupon 9.80%, BMK R214)	⇒	13.15	0.000	13.15	13.16
GC43 (Coupon 10.00%, BMK R2044)	⇒	13.69	0.000	13.69	13.70
GC45 (Coupon 9.85%, BMK R2044)	⇒	13.97	0.000	13.97	13.98
GC50 (Coupon 10.25%, BMK: R2048)	⇒	14.03	0.000	14.03	14.04
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)	⇒	5.98	0.000	5.98	5.92
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	7.09
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,868	0.24%	1,864	1,869
Platinum	↑	849	1.27%	838	858
Brent Crude	↑	41.9	0.41%	41.8	42.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇒	1,050	0.00%	1,050	1,050
JSE All Share	⇒	54,248	0.00%	54,248	54,248
SP500	↑	3,247	0.30%	3,237	3,247
FTSE 100	↓	5,823	-1.30%	5,899	5,823
Hangseng	↓	23,311	-1.82%	23,743	23,263
DAX	↓	12,607	-0.29%	12,643	12,607
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⇒	9,588	0.00%	9,588	9,588
Resources	⇒	53,509	0.00%	53,509	53,509
Industrials	⇒	74,230	0.00%	74,230	74,230
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	16.91	-0.81%	17.05	16.91
N\$/Pound	↓	21.56	-0.60%	21.69	21.57
N\$/Euro	↓	19.74	-0.70%	19.88	19.73
US dollar/ Euro	↑	1.167	0.11%	1.166	1.167
		Namibia		RSA	
Interest Rates & Inflation		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
		Aug 20	Jul 20	Jul 20	Jun 20
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



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer’s judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
