

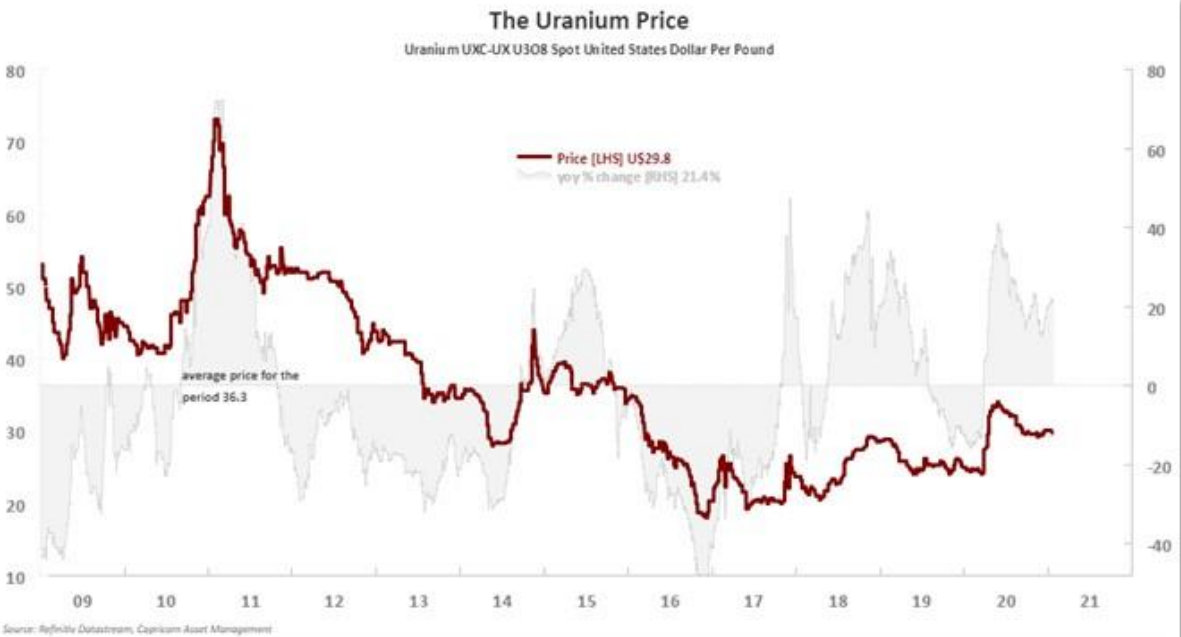


The Daily Brief

Capricorn Asset Management

Market Update

Tuesday, 26 January 2021



Global Markets

Asian stocks dipped on Tuesday, retreating from record highs as lingering concerns about potential roadblocks to the Biden administration's \$1.9 trillion stimulus weighed on sentiment, dragging U.S. Treasury yields to three-weeks lows. The lower risk appetite lent some support to the dollar against a basket of currencies, while oil prices edged down.

In a sea of red seen across Asian markets, South Korea and Hong Kong topped losers and fell 1.7% each, Japan slipped 0.6% and Chinese stocks shed 1.5%. All have touched milestone highs this month. MSCI's broadest index of Asia-Pacific shares outside Japan dipped 0.7% to 722.7 but was not far off from a record high struck on Monday and is still up 9% so far this year. Australian stock markets were closed for a national public holiday. E-mini futures for the S&P 500 slipped 0.26%.

All eyes were on Washington as U.S. lawmakers agreed that getting COVID-19 vaccines to Americans should be a priority even as they locked horns over the size of the pandemic relief package. "The immediate question now is when stimulus aid will be approved and how much?" said Christopher Grisanti, chief equity strategist at MAI Capital Management. Financial markets have been eyeing a massive package, though disagreements have meant months of indecision in a country suffering

more than 175,000 COVID-19 cases a day with millions out of work. Fourth-quarter gross domestic product data for the United States, Germany and France due out this week may cool sentiment.

Overnight, the Nasdaq index scaled a new peak and added 0.7% on hopes of strong earnings later this week from technology titans, but the Dow Jones Industrial Average index struggled to keep pace and fell 0.12%. European shares closed at two-week lows as a slump in German business morale underscored the damage from tighter COVID-19 restrictions.

U.S. policymakers are expected to keep the monetary spigot open when the Federal Reserve's Federal Open Market Committee meets on Tuesday and Wednesday. "We expect the January FOMC to repeat and reinforce the Fed's existing dovishness, which is still significant given the recent taper discussions and other central banks' considerations to adapt policy," Ebrahim Rahbari, FX strategist at CitiFX, said in a report. "Dovish Fed policy is a key driver for our view of upside in risk assets and bearish USD view. We therefore continue to watch Fed-speak and potential policy changes closely," he said.

The dollar advanced to a near one-week high against a basket of currencies, as volatility in stock markets around the globe sapped investors' appetite for riskier currencies. The euro slipped slightly overnight to \$1.2142 and held around those levels in Asia trade.

Benchmark 10-year U.S. Treasury yields held where they left off in New York at 1.0414%, having hit a three-week low of 1.0300% overnight.

Brent crude dipped 0.2% to \$55.75, having risen nearly 1% on Monday.

Domestic Markets

South Africa's rand weakened on Monday, giving back early gains in volatile trade with sentiment swinging against riskier currencies as the reality of a slow rollout of coronavirus vaccines dampened demand.

At 1500 GMT the rand was 0.46% weaker at 15.2400 per dollar, marking a third consecutive session of losses as investors took a more circumspect view of the pace of the global economic rebound.

Last week the rand clawed its way to a two-week best of 14.8600, spurred by vaccine hopes, as well as the United States \$1.9 trillion fiscal stimulus plans and the likelihood of developed market central banks keeping liquidity taps open. But signs of slow progress in rolling out vaccines locally and in Europe, and the impact of ongoing lockdowns, have offset those hopes.

"Price action will likely remain skittish, as the rand is vulnerable in the short term," Nedbank analysts said in a note. "Focus is on the potential U.S. stimulus package, and any deviation from this could see the rand test the upper end of the ranges."

Bonds also weakened, with the yield on the benchmark 2030 government bond up 2 basis points at 8.795%.

The Johannesburg Stock Exchange's Top-40 index reached an all-time high on Monday, driven in part by exchange heavyweight Naspers and subsidiary Prosus as well as retailer Woolworths. The Top-40 closed 0.89% higher at 59,409 points. The broader All-Share index also closed up 0.89% at 64,560 points.

Shares in Woolworths led the ascent, soaring just over 13% and closing almost 11% higher after it forecast an unexpected surge in profits, joining other South Africa retailers in bouncing back from a hefty blow dealt by the coronavirus pandemic. It was followed by Naspers and Prosus, which closed

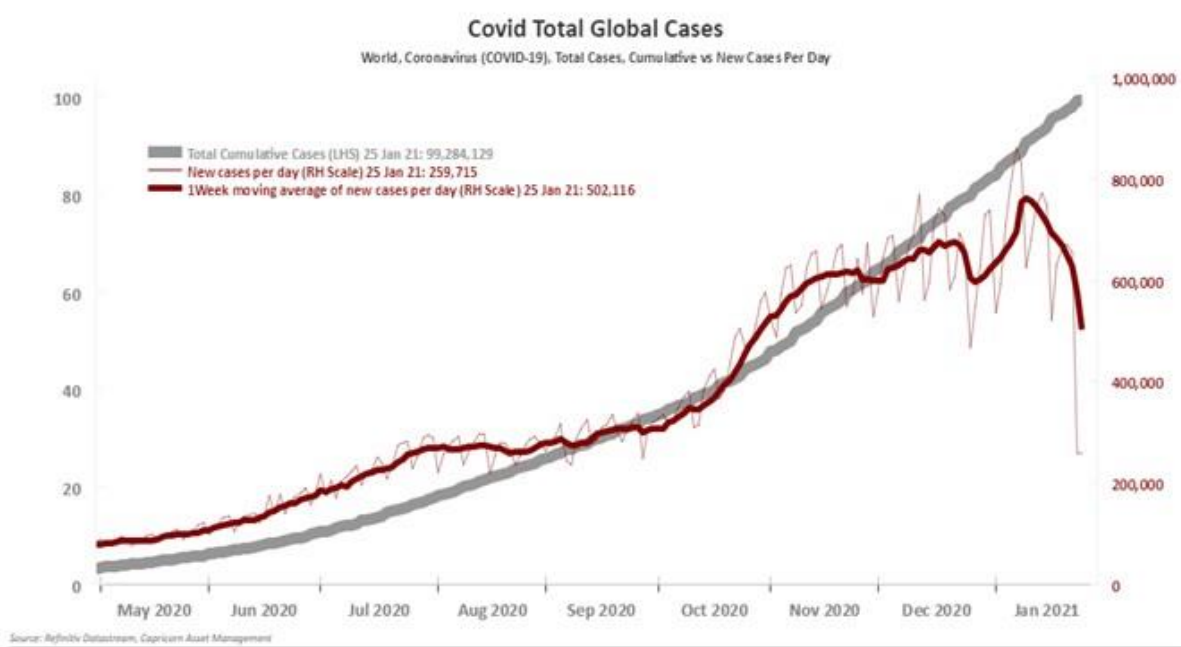
6.3% and 6.1% higher on the back of a similar jump in the stock of Chinese tech giant Tencent. Prosus holds around one-third of its shares.

Corona Tracker

GLOBAL CASES		26-Jan-2021		3:19
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	99,284,129	259,715	2,134,274	63,391,128

The number of new cases is distorted by cut-off times.

Source: Thomson Reuters



My psychiatrist told me I was crazy and I said I want a second opinion. He said okay, you're ugly too.

Rodney Dangerfield

Market Overview

MARKET INDICATORS (Thomson Reuters)		26 January 2021			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↔	4.16	0.000	4.16	4.16
6 months	↑	4.47	0.008	4.46	4.47
9 months	↑	4.53	0.058	4.48	4.53
12 months	↑	4.56	0.050	4.51	4.56
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.34	-0.040	4.38	4.35
GC22 (Coupon 8.75%, BMK R2023)	↑	5.19	0.020	5.17	5.24
GC23 (Coupon 8.85%, BMK R2023)	↑	5.09	0.020	5.07	5.14
GC24 (Coupon 10.50%, BMK R186)	↑	6.98	0.010	6.97	6.98
GC25 (Coupon 8.50%, BMK R186)	↑	6.99	0.010	6.98	6.99
GC26 (Coupon 8.50%, BMK R186)	↑	6.99	0.010	6.98	6.99
GC27 (Coupon 8.00%, BMK R186)	↑	7.28	0.010	7.27	7.28
GC30 (Coupon 8.00%, BMK R2030)	↑	9.10	0.020	9.08	9.09
GC32 (Coupon 9.00%, BMK R213)	↑	10.21	0.020	10.19	10.21
GC35 (Coupon 9.50%, BMK R209)	↑	11.38	0.025	11.36	11.38
GC37 (Coupon 9.50%, BMK R2037)	↑	11.93	0.015	11.91	11.93
GC40 (Coupon 9.80%, BMK R214)	↑	12.66	0.020	12.64	12.66
GC43 (Coupon 10.00%, BMK R2044)	↑	13.00	0.010	12.99	12.99
GC45 (Coupon 9.85%, BMK R2044)	↑	13.28	0.010	13.27	13.27
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.29	0.010	13.28	13.29
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	↔	4.10	0.000	4.10	4.10
GI25 (Coupon 3.80%, BMK NCPI)	↔	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	↔	5.39	0.000	5.39	5.39
GI33 (Coupon 4.50%, BMK NCPI)	↔	6.83	0.000	6.83	6.83
GI36 (Coupon 4.80%, BMK NCPI)	↔	7.25	0.000	7.25	7.25
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,855	0.13%	1,853	1,856
Platinum	↓	1,098	-0.02%	1,099	1,084
Brent Crude	↑	55.9	0.85%	55.4	55.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,249	-1.81%	1,272	1,249
JSE All Share	↑	64,560	0.89%	63,988	64,560
SP500	↑	3,855	0.36%	3,841	3,855
FTSE 100	↓	6,639	-0.84%	6,695	6,639
Hangseng	↑	30,159	2.41%	29,448	29,434
DAX	↓	13,644	-1.66%	13,874	13,644
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	11,550	-1.16%	11,686	11,550
Resources	↓	62,256	-0.71%	62,700	62,256
Industrials	↑	88,869	2.65%	86,576	88,869
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	15.23	0.68%	15.13	15.30
N\$/Pound	↑	20.83	0.61%	20.71	20.88
N\$/Euro	↑	18.49	0.43%	18.41	18.55
US dollar/ Euro	↓	1.214	-0.25%	1.217	1.213
		Namibia		RSA	
Interest Rates & Inflation		Dec 20	Nov 20	Dec 20	Nov 20
Central Bank Rate	↔	3.75	3.75	3.50	3.50
Prime Rate	↔	7.50	7.50	7.00	7.00
		Dec 20	Nov 20	Dec 20	Nov 20
Inflation	↑	2.4	2.2	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



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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