



Market Update

Friday, 27 March 2020

Global Markets

Asian stocks rose on Friday as investors wagered policymakers will roll out more stimulus measures to combat the coronavirus pandemic after U.S. unemployment filings surged to a record.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.8%. Australian shares gave up gains to fall 4.55% after a strong week, but Japan's Nikkei rose 1.92%. E-Mini futures for the S&P 500 reversed course and fell 1.58% in Asia following three consecutive days of gains in the S&P 500 on Wall Street. Pan-regional Euro Stoxx 50 futures were down 1.41% , German DAX futures fell 1.38%, and FTSE futures were down 2.21% , suggesting gains in Asian shares will not carry over into Europe.

The dollar fell against major currencies as central banks' steps to solve a dollar shortage in funding markets started to gain traction. The U.S. House of Representatives is expected to pass a \$2.2 trillion stimulus package that will flood the world's largest economy with money to stem the damage caused by the pandemic.

The U.S. Federal Reserve has already slashed rates to zero and launched quantitative easing. The Fed will also take the unprecedented step of offering a direct backstop for corporate loans. The United States is now the country with the most coronavirus cases, surpassing even China, where the flu-like illness first emerged late last year. Policymakers may need to offer more stimulus as the virus slams the brakes on economic activity and increases healthcare spending.

"I'm not sure what measures are left, but the reaction in stocks shows some people hoping for more stimulus thought the market was a little oversold," said Yukio Ishizuki, FX strategist at Daiwa Securities in Tokyo. "Currencies tell a different story. The dollar is the lead actor. The mad rush to buy dollars due to liquidity concerns is starting to fade."

The number of Americans filing claims for unemployment benefits surged to a record of more than 3 million last week as strict measures to contain the virus pandemic ground the country to a sudden halt, data showed on Thursday. The jobless blowout was announced shortly after Fed Chairman Jerome Powell said the United States "may well be in recession", an unusual acknowledgement by a Fed chair that the economy may be contracting even before data confirms it.

Global equity markets took the data in their stride, partly as most central banks have already aggressively eased policy and governments are backing this up with big fiscal spending. Chinese shares, battered this month because of the virus, rose 1.6% on Friday. Shares in South Korea,

another country hit hard by the pandemic, rose 0.42%. Leaders of the Group of 20 major economies pledged on Thursday to inject over \$5 trillion into the global economy to limit job and income losses from the coronavirus.

In the currency market, the greenback fell 1.16% to 108.34 yen in Asia, on pace for a 2.2% weekly decline. The dollar was also headed for steep weekly declines against the Swiss franc, pound, and euro. The U.S. currency's fall after two weeks of gains suggests the Fed's efforts to relieve a crunch in the dollar funding market are working, some analysts said. The yield on benchmark 10-year Treasury notes fell in Asia to 0.7979%, while the two-year yield edged up to 0.2829%. Yields were headed for a weekly decline, taking cues from the Fed's extraordinary steps to bolster markets and the huge stimulus package.

U.S. crude rose 2.04% to \$23.06 a barrel. Brent crude rose 0.84% to \$26.56 per barrel. Energy markets have been caught in a tug-of-war between hopes for stimulus spending and worries about excess oil supplies. Gold, normally bought as a safe haven, was slightly lower. Spot gold fell 0.34% to \$1,626.01 per ounce. Gold market participants remained concerned about a supply squeeze after a sharp divergence between prices in London and New York. The virus has grounded planes used to transport gold and closed precious metal refineries.

Source: Thomson Reuters

Domestic Markets

South Africa's rand was weaker early on Thursday as the relief of the central bank's announcement of a quantitative easing program faded with some investors taking profits as the country prepared to enter a national lockdown at midnight.

At 0630 GMT the rand was 0.4% weaker at 17.4050 per dollar, snapping a two-session rally that had driven the unit to 17.1900, its firmest since Friday.

The South African Reserve Bank (SARB) announced that it would purchase government bonds for an unlimited period, as well as providing extended short term lending for commercial banks in a bid to ease increasing liquidity pressure due to the coronavirus.

"Today, the markets are likely to trade cautiously, although the rand has some room for further improvement towards the 17.0000 handle in the short term," Nedbank economist Reezwana Sumad said in a note.

Bonds kicked-off firmer, with the yield on the benchmark paper due in 2026 down 10 basis points to 10.515%.

South African President Cyril Ramaphosa said on Monday that the government would impose a nationwide 21-day lockdown from midnight on Thursday to contain the coronavirus outbreak.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES			As of 26-Mar-2020	
SOURCE - WORLD HEALTH ORGANIZATION				
	Cases		Deaths	
	Confirmed	New	Confirmed	New
Total	462,684	49,219	20,834	2,401
FATHOM - CHART OF THE DAY ▶			CASE TRACKER ▶	

Market Overview

MARKET INDICATORS (Thomson Reuters)		Friday, 27 March 2020			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	6.18	-0.272	6.45	6.18
6 months	↓	6.60	-0.082	6.68	6.60
9 months	↓	6.63	-0.032	6.67	6.63
12 months	↓	6.70	-0.060	6.76	6.70
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC20 (BMK: R207)	↓	6.86	-0.001	6.86	6.84
GC21 (BMK: R208)	↓	6.43	-0.115	6.55	6.43
GC22 (BMK: R2023)	↓	7.41	-0.305	7.72	7.49
GC23 (BMK: R2023)	↓	8.28	-0.305	8.58	8.36
GC24 (BMK: R186)	↓	10.59	-0.280	10.87	10.67
GC25 (BMK: R186)	↓	10.77	-0.280	11.05	10.85
GC27 (BMK: R186)	↓	11.34	-0.280	11.62	11.42
GC30 (BMK: R2030)	↓	11.96	-0.240	12.20	12.04
GC32 (BMK: R213)	↓	12.74	-0.255	13.00	12.82
GC35 (BMK: R209)	↓	12.97	-0.230	13.20	13.06
GC37 (BMK: R2037)	↓	13.13	-0.210	13.34	13.22
GC40 (BMK: R214)	↓	13.29	-0.220	13.51	13.38
GC43 (BMK: R2044)	↓	13.65	-0.230	13.88	13.74
GC45 (BMK: R2044)	↓	13.79	-0.230	14.02	13.88
GC50 (BMK: R2048)	↓	14.10	-0.225	14.32	14.19
Inflation-Linked Bonds		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	⇒	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	⇒	4.60	0.000	4.60	4.60
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	↑	1,629	0.97%	1,613	1,621
Platinum	↓	736	-0.30%	738	747
Brent Crude	↓	26.3	-3.83%	27.4	26.5
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	916	5.71%	867	916
JSE All Share	↑	45,046	9.47%	41,149	45,046
SP500	↑	2,630	6.24%	2,476	2,630
FTSE 100	↑	5,816	2.24%	5,688	5,816
Hangseng	↓	23,352	-0.74%	23,527	23,582
DAX	↑	10,001	1.28%	9,874	10,001
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	10,018	14.49%	8,750	10,018
Resources	↑	36,508	10.40%	33,069	36,508
Industrials	↑	64,624	7.29%	60,236	64,624
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	17.31	-0.04%	17.32	17.42
N\$/Pound	↑	21.13	2.68%	20.57	21.31
N\$/Euro	↑	19.09	1.32%	18.84	19.24
US dollar/ Euro	↑	1.103	1.36%	1.088	1.104
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↑	2.5	2.1	4.6	4.5
Prime Rate	↓	9.00	10.00	8.75	9.75
Central Bank Rate	↓	5.25	6.25	5.25	6.25

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:

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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