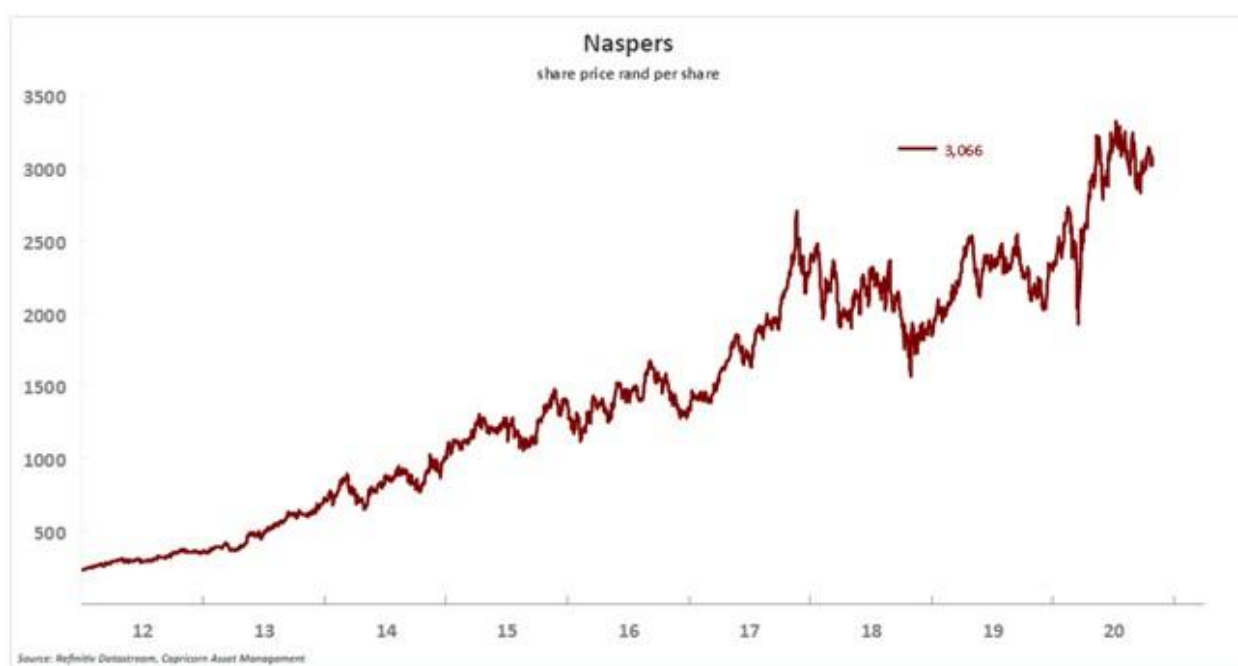




## Market Update

Wednesday, 28 October 2020



## Global Markets

Global shares slipped on Wednesday as coronavirus infections grew at an alarming pace in the United States and Europe, while uncertainty over next week's U.S. elections added to a "risk off" tone.

MSCI's ex-Japan Asia index dipped 0.15% in early trade while Japan's Nikkei slipped 0.6%. Futures for U.S. S&P500, Dow Jones and Nasdaq all fell 0.5%-0.6% in Asian trade on Wednesday, rattled by a media report that French government may bring in a national lockdown from midnight on Thursday. The United States, Russia, France and other countries have registered record numbers of infections in recent days, and European governments have introduced new curbs to try to rein in the fast-growing outbreaks.

Data on Tuesday showed U.S. consumer confidence unexpectedly fell in October, although other economic figures were mostly positive, with orders for key capital goods hitting a six-year high. The fall in U.S. stock futures came after a mixed session on Wall Street, where the S&P 500 lost 0.30% on virus worries while the tech-heavy Nasdaq Composite added 0.64%.

Microsoft kicked off a slate of reporting from tech heavyweights by beating Wall Street estimates for quarterly revenue, buoyed by its flagship cloud computing business amid increased work-from-home arrangements. But its shares slipped 1.7% after the bell. Apple, Amazon, and Google parent Alphabet are among major tech players reporting later this week.

Investors appeared content to steer clear of risk with looming uncertainty, headlined by the Nov. 3 U.S. presidential election. As former Vice President Joe Biden has enjoyed a consistent lead over President Donald Trump, investors have been cautiously betting on his victory and possibly a "blue wave" outcome, where Democrats take back the Senate as well. Still the presidential race is closer in battleground states that could determine the outcome, leaving investors on edge.

"It appears the gap between Biden and Trump is shrinking a bit lately. In particular, Biden's lead in swing states doesn't look that different from (Democratic candidate) Hillary Clinton's in 2016," said Nobuhiko Kuramochi, market strategist at Mizuho Securities. "People still remember the 2016 experience and those who have bet on a blue wave are probably taking some profits now ahead of the event," he added.

Wall Street's volatility index, a measure of market expectations in share price swings, rose to 33.35, its highest in almost two months. Some market players see that as a sign more investors are wary of the possibility that the election outcome can be contested, possibly leaving markets in limbo for weeks. That would likely further delay any negotiation on economic relief package U.S. policymakers have been struggling to agree on. Trump acknowledged an economic relief package would likely come after the Nov. 3 election.

In the currency market, the euro edged lower on concerns about a possible lockdown in France, trading at \$1.1779, down 0.15%. The safe-haven yen is well supported at 104.42 yen per dollar, not far from its six-month high of 104 touched last month. Investors also bought back U.S. Treasuries, another safe-haven asset, pushing down their yields. The benchmark 10-year yield dropped to 0.766%, down 1.2 basis point so far on Wednesday and way below its 4 1/2-month high of 0.872% hit on Friday.

Gold was little changed at \$1,906.0 per ounce. Oil prices gave up much of their gains made the previous day as a jump in U.S. crude inventories and surging COVID-19 cases raised fears of an oversupply of oil and weak fuel demand. By 0205 GMT, Brent crude was trading down 1.9% at \$40.42 a barrel, while U.S. crude fell 2.3% to \$38.67 per barrel.

## **Domestic Markets**

The South African rand strengthened on Tuesday, as the dollar was dragged weaker by uncertainty over next month's U.S. presidential election and rising global coronavirus infections.

At 1530 GMT, the rand was around 0.4% firmer at 16.1500 per dollar, after touching a new one-month high earlier in the session.

"This is very much a sign of dollar weakness in the wake of rising infection rates rather than rand strength," analysts at Rand Merchant Bank said in a research note to clients.

Market attention will shift to South Africa's mid-term budget on Wednesday, when Finance Minister Tito Mboweni will lay out spending priorities in Africa's most industrialised economy. A poll published by Reuters last week predicted Mboweni would announce a wider deficit than projected in June's emergency COVID-19 budget, as a third-quarter rebound in economic growth would not boost tax receipts sufficiently. Mboweni is also expected to unveil more bailouts to ailing state-

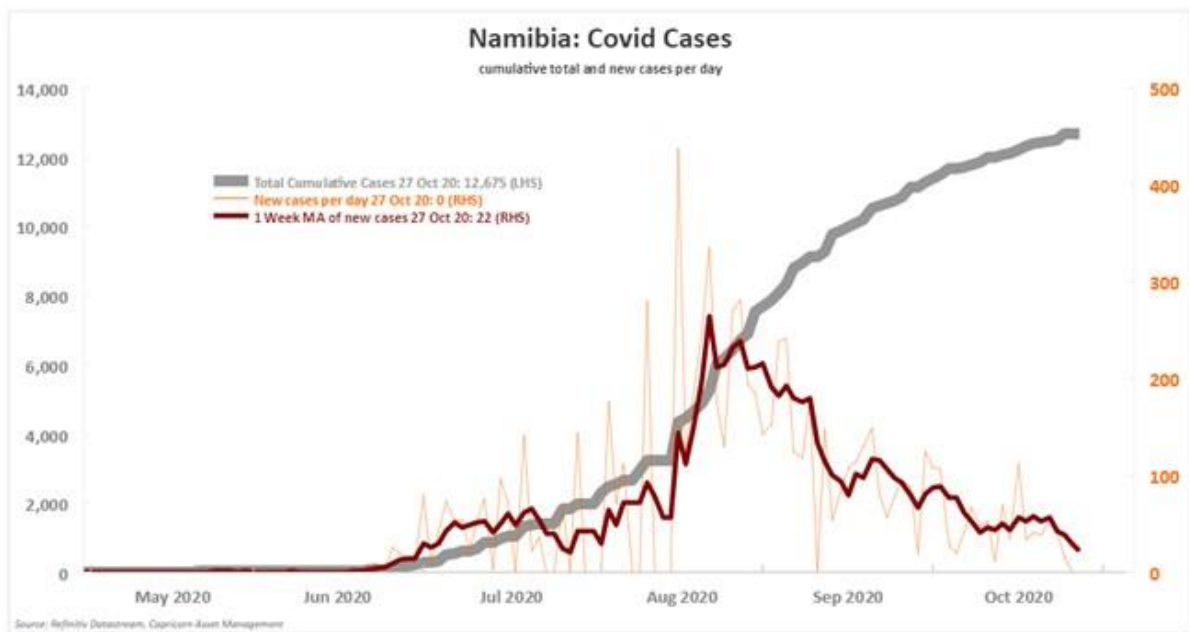
owned companies like South African Airways, which have put public finances under strain for many years.

Despite helping the rand, uncertainty over the U.S. election and rising coronavirus cases hurt Johannesburg-listed stocks. The All-share index fell 1.48% to 54,079 points, pushing it back to a level seen on Oct. 2. The blue-chip Top-40 index shed 1.44% to close at 49,560 points. The broad-based slump was led by South African petrochemicals major Sasol, which fell by over 10%, while mining stocks pushed the resources index down 3.24%. Index heavyweight Naspers, however, was up 1.6% as tech stocks advanced globally.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES		28-Oct-2020		6:32
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
<b>GLOBAL</b>	43,718,935	43,893	1,161,943	29,912,792



It may be hard for an egg to turn into a bird:  
 it would be a jolly sight harder for it to learn  
 to fly while remaining an egg. We are like  
 eggs at present. And you cannot go on  
 indefinitely being just an ordinary, decent  
 egg. We must be hatched or go bad.

C. S. Lewis



## Market Overview

MARKET INDICATORS (Thomson Reuters)		28 October 2020			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	➡	3.85	0.000	3.85	3.85
6 months	➡	3.90	0.000	3.90	3.90
9 months	➡	3.89	0.000	3.89	3.89
12 months	➡	3.82	0.000	3.82	3.82
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (Coupon 7.75%, BMK R208)	⬇	4.05	-0.065	4.11	4.06
GC22 (Coupon 8.75%, BMK R2023)	⬇	5.02	-0.015	5.03	5.03
GC23 (Coupon 8.85%, BMK R2023)	⬇	4.92	-0.015	4.93	4.93
GC24 (Coupon 10.50%, BMK R186)	⬆	7.47	0.035	7.44	7.49
GC25 (Coupon 8.50%, BMK R186)	⬆	7.48	0.035	7.45	7.50
GC26 (Coupon 8.50%, BMK R186)	⬆	7.48	0.035	7.45	7.50
GC27 (Coupon 8.00%, BMK R186)	⬆	7.77	0.035	7.74	7.79
GC30 (Coupon 8.00%, BMK R2030)	⬇	9.55	-0.030	9.58	9.55
GC32 (Coupon 9.00%, BMK R213)	⬇	10.68	-0.010	10.69	10.69
GC35 (Coupon 9.50%, BMK R209)	⬆	11.72	0.010	11.71	11.72
GC37 (Coupon 9.50%, BMK R2037)	⬆	12.46	0.010	12.45	12.46
GC40 (Coupon 9.80%, BMK R214)	⬆	13.11	0.005	13.11	13.13
GC43 (Coupon 10.00%, BMK R2044)	⬆	13.62	0.010	13.61	13.64
GC45 (Coupon 9.85%, BMK R2044)	⬆	13.90	0.010	13.89	13.92
GC50 (Coupon 10.25%, BMK: R2048)	⬆	13.99	0.025	13.96	13.99
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
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)	⬇	4.38	-0.220	4.60	4.38
GI33 (Coupon 4.50%, BMK NCPI)	➡	6.76	0.000	6.76	6.76
GI36 (Coupon 4.80%, BMK NCPI)	➡	7.02	0.000	7.02	7.02
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	⬆	1,907	0.27%	1,902	1,908
Platinum	⬆	879	1.04%	870	884
Brent Crude	⬆	41.2	1.83%	40.5	40.5
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	⬇	1,088	-2.37%	1,115	1,088
JSE All Share	⬇	54,079	-1.48%	54,891	54,079
SP500	⬇	3,391	-0.30%	3,401	3,391
FTSE 100	⬇	5,729	-1.09%	5,792	5,729
Hangseng	⬇	24,787	-0.53%	24,919	24,752
DAX	⬇	12,064	-0.93%	12,177	12,064
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⬇	10,503	-1.33%	10,645	10,503
Resources	⬇	50,406	-3.24%	52,093	50,406
Industrials	⬇	74,334	-0.17%	74,457	74,334
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	⬇	16.20	-0.04%	16.21	16.19
N\$/Pound	⬆	21.13	0.11%	21.11	21.12
N\$/Euro	⬇	19.11	-0.14%	19.13	19.07
US dollar/ Euro	⬇	1.180	-0.11%	1.181	1.178
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Central Bank Rate	⬇	3.75	4.00	3.50	3.75
Prime Rate	⬇	7.50	7.75	7.00	7.25
		<b>Sep 20</b>	<b>Aug 20</b>	<b>Aug 20</b>	<b>Jul 20</b>
Inflation	➡	2.4	2.4	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



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