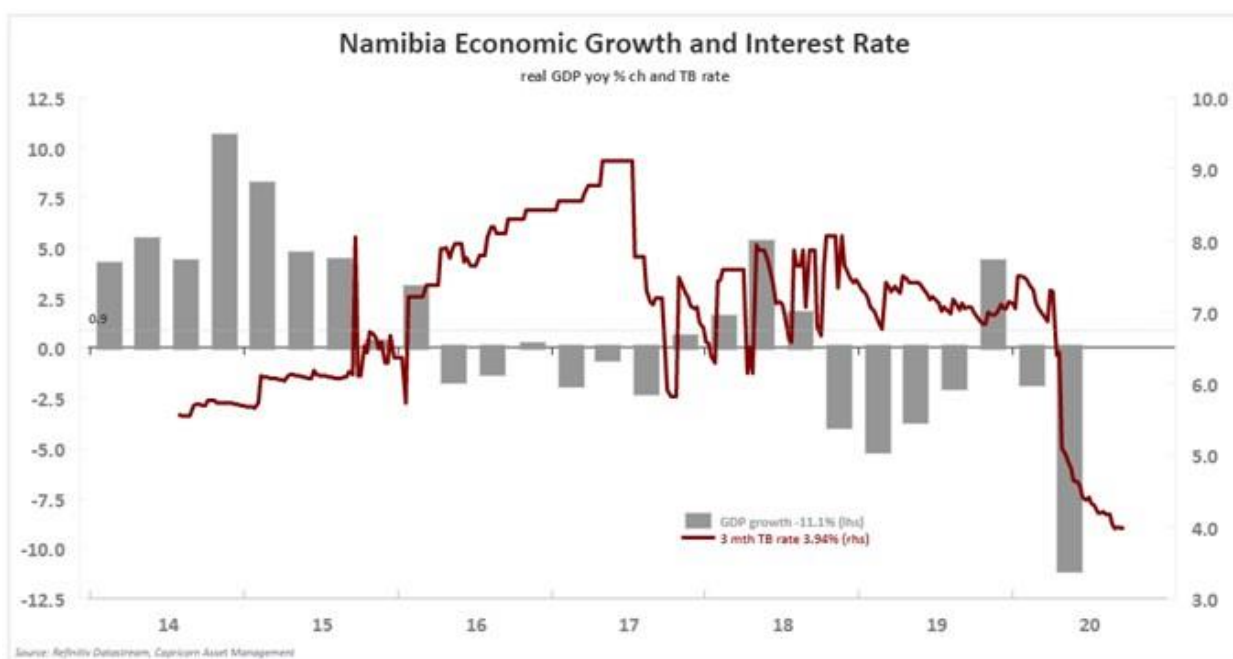




## Market Update

Monday, 28 September 2020



## Global Markets

Chinese stocks drove Asian markets higher on Monday, though sentiment was still cautious ahead of a U.S. Presidential debate and as a spike in new coronavirus cases undermined global economic recovery hopes.

MSCI's broadest index of Asia-Pacific shares outside Japan advanced 0.5% to 550.47, but still within striking distance of a two-month low of 543.66 hit last week. The index is set to end the month deep in the red after three straight monthly gains as the pandemic continues to wreak economic havoc around the world and raises investor anxiety about sky-high valuations. Chinese shares opened higher and helped to underpin Asian markets after a tentative start, with the blue-chip CSI 300 index up 0.85%. Shanghai's SSE climbed 0.5%.

Encouragingly, data over the weekend showed profits at China's industrial firms grew for the fourth straight month in August buoyed in part by a rebound in commodities prices and equipment manufacturing. Elsewhere, Japan's Nikkei was 0.75% higher, partly on a lower yen, while South Korea's KOSPI index gained 1.1%. Australia's main share index reversed early losses to edge up, led by positive news on the coronavirus front with new infections in the country's second-most

populous state of Victoria down sharply and allowing authorities to ease some of the mobility restrictions.

The broad gains in Asia follow a Wall Street rally on Friday though analysts expect the gains to be short-lived as expectations for economic growth start to falter. Particularly worrying is a resurgence of COVID-19 cases in Europe, dousing earlier hopes that authorities might have started to exert some control on the outbreak and raising further strains on businesses already grappling with losses. "Clouds have started to gather over the developed world as political uncertainty increases in the U.S. and Europe grapples with a resurgence in COVID-19 cases," Kerry Craig, Global Market Strategist, J.P. Morgan Asset Management. COVID-19 cases are edging closer to 33 million around the globe with 992,470 reportedly dead with Europe seeing a surge in new infections. "While governments are loathe to re-introduce nationwide lockdowns, localised and sector based restrictions may last for some time, restraining economic activity," Craig added.

Investor focus will next be on the first debate between U.S. President Donald Trump and rival Joe Biden on Tuesday ahead of the November election. A strong performance in Tuesday's debate by Biden, who currently has a modest lead in betting odds and polls, might boost stocks related to global trade and renewable energy, while a perceived victory by Trump could benefit fossil fuel and defence companies.

Market focus will also be on progress on a new fiscal support package in the United States while investors will be closely watching UK-Europe post-Brexit trade talks as they continue this week.

In currencies, the dollar eased from a near a two-week high against the Japanese yen to 105.44. The euro was last at \$1.1628, not far from a two-month trough of \$.1611 touched on Friday. The British pound rose 0.1% to \$1.2760. The risk sensitive Australian dollar was slightly firmer at \$0.7052 after falling for six consecutive sessions as odds narrowed over the prospect of further monetary policy easing in the country.

In commodities, oil prices came under pressure as renewed mobility curbs in various countries to contain a resurgence of coronavirus cases cloud the outlook on fuel demand recovery. U.S. Brent crude slipped 18 cents to \$41.74 a barrel while U.S. light crude was down 19 cents at \$40.06. Gold was a shade higher at \$1,861.8, still some way off an all-time peak of above \$2,000 an ounce touched in August.

## **Domestic Markets**

Shares on the Johannesburg Stock Exchange (JSE) fell sharply on Friday, giving up gains made earlier in the week, amid concerns that rising coronavirus cases around the world could delay economic recovery.

The benchmark All-Share Index dropped by around 2% in afternoon trade, losing ground regained on Wednesday and sending it back to levels seen a day earlier, when the stock markets topped off a six-day losing streak. However, it recovered slightly to close 1.34% lower at 53,587 points. The blue-chip Top-40 index was 1.16% lower at 49,548 points.

The broad-based rout, which saw shares from real estate to technology tank, was led by index heavyweight Naspers Ltd, down about 4% in afternoon trade. Naspers, along with subsidiary Prosus, hold a weight of almost a quarter in major South African indices. Its decline was due to foreign investors distancing themselves from JSE-listed companies, put off by growing worries about the impact of a second wave of coronavirus in many countries and the imposition of restrictions to stem

it, said Stephen Meintjes, head of research at Momentum Securities. "Unless the uncertainty clears, the weakness will continue," he said.

South Africa's rand also slipped way past the sentimental 17 rand per dollar mark on Friday, paring gains seen in early trade as rising coronavirus cases in Europe dampened hopes of faster economic recovery and moved investors away from riskier currencies.

At 1448 GMT the rand was 1.28% down at 17.1575 per dollar, following a close of 16.9400 overnight in New York in low volume trade with local markets closed for a national holiday.

After rallying to a six-month high of 16.0950 last Friday, the rand and other risk assets have reversed course. It has weakened more than 6% as fears of a second wave of COVID-19 infections in Europe rattled investor sentiment. "Another driver of this week's risk-off frenzy has been the realisation that the Fed stimulus the market has become so accustomed to in recent months will eventually reach an end," said economists at ETM Analytics.

Bonds inched lower, with the yield on the benchmark 2030 government issue up slightly to 9.525%.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	32,967,113	82,170	993,998	22,946,619

You and I do not see things as they are. We see things as we are.

Henry Ward Beecher



## Market Overview

MARKET INDICATORS (Thomson Reuters)		28 September 2020			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	→	3.88	0.000	3.88	3.88
6 months	→	3.97	0.000	3.97	3.97
9 months	↓	4.00	-0.008	4.01	4.00
12 months	→	4.00	0.000	4.00	4.00
<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)	↑	4.20	0.090	4.11	4.20
GC22 (Coupon 8.75%, BMK R2023)	↑	5.27	0.015	5.25	5.27
GC23 (Coupon 8.85%, BMK R2023)	↑	5.17	0.015	5.15	5.17
GC24 (Coupon 10.50%, BMK R186)	↑	7.63	0.040	7.59	7.63
GC25 (Coupon 8.50%, BMK R186)	↑	7.64	0.040	7.60	7.64
GC26 (Coupon 8.50%, BMK R186)	↑	7.64	0.040	7.60	7.64
GC27 (Coupon 8.00%, BMK R186)	↑	7.93	0.040	7.89	7.93
GC30 (Coupon 8.00%, BMK R2030)	↑	9.84	0.045	9.79	9.84
GC32 (Coupon 9.00%, BMK R213)	↑	10.94	0.040	10.90	10.94
GC35 (Coupon 9.50%, BMK R209)	↑	12.02	0.055	11.96	12.02
GC37 (Coupon 9.50%, BMK R2037)	↑	12.67	0.060	12.61	12.67
GC40 (Coupon 9.80%, BMK R214)	↑	13.20	0.055	13.15	13.20
GC43 (Coupon 10.00%, BMK R2044)	↑	13.74	0.050	13.69	13.74
GC45 (Coupon 9.85%, BMK R2044)	↑	14.02	0.050	13.97	14.02
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.08	0.055	14.03	14.08
<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)	↓	5.92	-0.060	5.98	5.92
GI33 (Coupon 4.50%, BMK NCPI)	→	6.82	0.000	6.82	6.82
GI36 (Coupon 4.80%, BMK NCPI)	↓	7.09	-0.060	7.15	7.09
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,860	-0.43%	1,868	1,859
Platinum	↓	847	-0.23%	849	849
Brent Crude	↓	41.9	-0.05%	41.9	41.5
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓	1,038	-1.09%	1,050	1,038
JSE All Share	↓	53,587	-1.22%	54,248	53,587
SP500	↑	3,298	1.60%	3,247	3,298
FTSE 100	↑	5,843	0.34%	5,823	5,843
Hangseng	↓	23,235	-0.32%	23,311	23,492
DAX	↓	12,469	-1.09%	12,607	12,469
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↓	9,401	-1.95%	9,588	9,401
Resources	↓	53,453	-0.10%	53,509	53,453
Industrials	↓	72,950	-1.72%	74,230	72,950
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	17.12	1.21%	16.91	17.06
N\$/Pound	↑	21.82	1.18%	21.56	21.80
N\$/Euro	↑	19.91	0.85%	19.74	19.85
US dollar/ Euro	↓	1.163	-0.36%	1.167	1.163
<b>Interest Rates &amp; Inflation</b>		<b>Namibia</b>		<b>RSA</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>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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