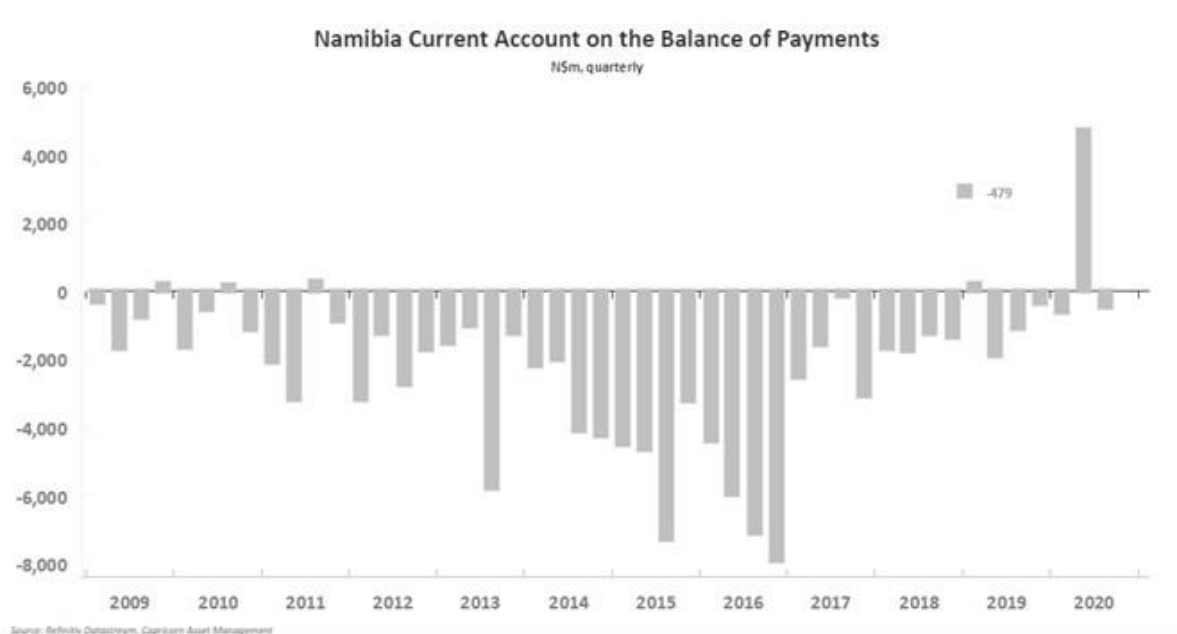




Market Update

Friday, 29 January 2021



Global Markets

European and U.S. stock futures fell on Friday, while Asian equities headed for their steepest weekly loss in months, as a Wall Street retail-trading frenzy and a liquidity squeeze in China unnerved investors and weighed on frothy markets.

S&P 500 futures fell 1.2% and Nasdaq 100 futures fell 1.4%. FTSE futures, DAX futures and EuroSTOXX 50 futures all fell by just over 1%. The U.S. dollar rose to a seven-week high against the yen. MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.5% and is on course for a weekly loss of 3.8% - which would be the largest since September. Japan's Nikkei fell 1.5% and is heading for its first weekly loss of the year.

"I'm definitely seeing the nerves," said Chris Weston, head of research at Melbourne broker Pepperstone. "There's a knock-on effect that happens from targeting hedge funds, and this could have legs ... people are unsure how this social media movement plays into greater financial markets." Wall Street has been gripped by a coordinated assault by small traders organising over online forums, such as Reddit, to force hedge-funds to reverse short positions - or bets that stocks would fall.

They lost some of their firepower overnight when brokers cut off borrowing facilities and restricted trading in some of the hottest names, such as GameStop and BlackBerry. The boss of popular online broker Robinhood said the curbs were deployed to protect the brokerage and its customers but that some restrictions will be lifted on Friday. "Robinhood relented. The mob is back in," said Bank of Singapore foreign exchange analyst Moh Siong Sim, with stocks the focus for currency traders as equity moves drive sentiment. "The price action over the past week has been strange," he said, (which) speaks of forced position shakeouts rather than being driven by fundamentals."

The nervousness drove some buying into the U.S. dollar, although apart from making a fresh high for the year of 104.57 yen, it kept within recent ranges against other major currencies. It rose about 0.5% against the risk-sensitive Australian dollar and 0.6% against the Norwegian krone.

Adding to nerves, the shakeup in equity markets comes as COVID-19 vaccine rollouts have run into trouble and as global economic data starts to look less rosy. Investors were impressed by a smaller-than-expected rise in U.S. weekly jobless claims on Thursday. But they still rose by more than 840,000 and data showed the U.S. economy contracted last year at its sharpest pace since World War Two. Vaccine production delays have also snowballed into a spat between the European Union and drugmakers over how best to direct limited supplies.

Meanwhile, the People's Bank of China (PBOC) injected 100 billion yuan into the financial system on Friday, following a week of reducing liquidity, which had sparked concerns the central bank was in fact tightening monetary policy. Still, the extra money did little to loosen short-term money markets, where rates rose for a fifth straight day and benchmark overnight repo rates surged to their highest in nearly six years. "The size was not sufficient to fill the liquidity gap across the Chinese New Year and it is too early to conclude the end of liquidity squeeze for now," said Mizuho's chief Asian FX strategist Ken Cheung, referring to Lunar New Year holidays in coming weeks.

The yuan slipped 0.2% to 6.4627 per dollar. The Hang Seng Index and the Shanghai Composite eked small gains on Friday, however both are on course for weekly losses of more than 2.5%. The yield on benchmark 10-year U.S. Treasuries rose overnight and held at 1.0483% on Friday.

Gold sat at \$1,842 an ounce and oil prices were steady, with stalled vaccine rollouts capping upward momentum. Brent crude futures were last flat at \$55.52 a barrel and U.S. crude futures slipped 0.3% to \$52.18 a barrel.

Domestic Markets

The rand firmed on Thursday, buoyed by exporters who helped shield it from souring sentiment toward risk currencies amid fears over global coronavirus cases and concerns over South Africa's debt.

At 1545 GMT the rand was 0.85% firmer at 15.1450 per dollar compared to an open of 15.2650.

"The rand is still within this 15.05 to 15.38 range despite the risk aversion currently taking place. A testament to the local exporter supply," Standard Bank chief trader Warrick Butler said in a note. "High real rates are a boon still. However, given that SA has one of the highest debt serving costs globally, one has to wonder just how long the rand can maintain its heady heights."

The International Monetary Fund (IMF) warned South Africa on Wednesday about its spiralling debt, stressing the urgency of fiscal consolidation. Standard & Poor's EMEA sovereign analyst Frank Gill said the debt levels were a concern. "We don't think South Africa will be able to stabilise their debt any time soon," he said.

Bonds inched firmer, with the yield on the down 0.5 basis point to 8.765%.

Stocks rose, with the Johannesburg Stock Exchange's Top-40 Index up 0.76% to 58,084 points and the broader All-Share Index climbing 0.67% to 63,207 points.

Miners led the charge, with Sibanye-Stillwater, Anglo American Platinum and its parent Anglo American, which reported a rebound in production, as well as Gold Fields and a host of peers topping the blue-chip index. The stocks closed up 6%, 5.48% and 3.25% respectively, despite a slip in the gold price throughout the day as safe-haven appeal shifted to the dollar, although both gold and silver were rising before the local market closed.

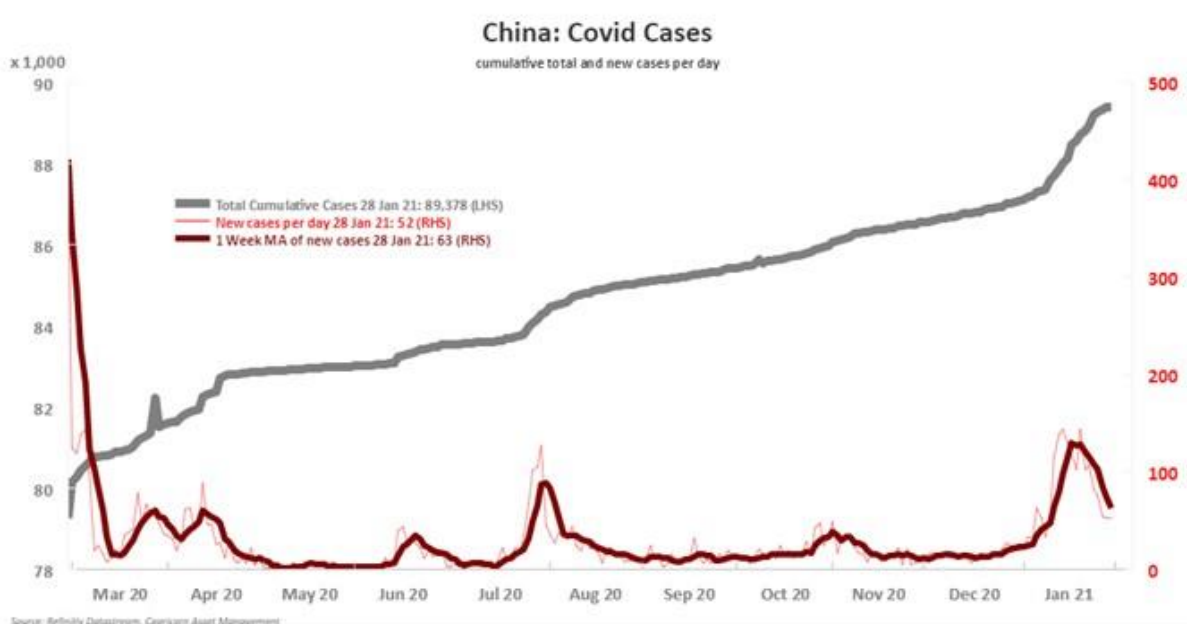
Among the worst performers were retailers including Shoprite, which closed down 3.27%. Share prices across the sector have been elevated in recent days after trading statements indicated it was bouncing back from the hefty blow dealt by the coronavirus pandemic.

Corona Tracker

GLOBAL CASES		29-Jan-2021		2:27	
SOURCE - REUTERS		Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	101,083,243	200,069	2,179,687	64,790,763	

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

Source: Thomson Reuters



If you can fight directly with your mother, you can save a fortune in psychiatrist's bills.

Zsa Zsa Gabor

Market Overview

MARKET INDICATORS (Thomson Reuters)				29 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	↑	4.48	0.009	4.47	4.48
9 months	→	4.56	0.000	4.56	4.56
12 months	→	4.60	0.000	4.60	4.60
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	→	4.35	0.000	4.35	4.35
GC22 (Coupon 8.75%, BMK R2023)	↑	5.28	0.030	5.25	5.27
GC23 (Coupon 8.85%, BMK R2023)	↑	5.18	0.030	5.15	5.17
GC24 (Coupon 10.50%, BMK R186)	↑	7.01	0.010	7.00	7.01
GC25 (Coupon 8.50%, BMK R186)	↑	7.02	0.010	7.01	7.02
GC26 (Coupon 8.50%, BMK R186)	↑	7.02	0.010	7.01	7.02
GC27 (Coupon 8.00%, BMK R186)	↑	7.31	0.010	7.30	7.31
GC30 (Coupon 8.00%, BMK R2030)	↑	9.07	0.015	9.06	9.07
GC32 (Coupon 9.00%, BMK R213)	→	10.19	0.000	10.19	10.20
GC35 (Coupon 9.50%, BMK R209)	→	11.32	0.000	11.32	11.33
GC37 (Coupon 9.50%, BMK R2037)	→	11.87	0.000	11.87	11.88
GC40 (Coupon 9.80%, BMK R214)	→	12.61	0.000	12.61	12.62
GC43 (Coupon 10.00%, BMK R2044)	↑	12.95	0.010	12.94	12.96
GC45 (Coupon 9.85%, BMK R2044)	↑	13.23	0.010	13.22	13.24
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.25	0.015	13.23	13.25
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	5.73
GI33 (Coupon 4.50%, BMK NCPI)	→	6.83	0.000	6.83	6.82
GI36 (Coupon 4.80%, BMK NCPI)	→	7.25	0.000	7.25	7.27
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,840	-0.20%	1,844	1,846
Platinum	↑	1,071	0.49%	1,066	1,070
Brent Crude	↓	55.5	-0.50%	55.8	55.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,247	1.66%	1,226	1,247
JSE All Share	↑	63,207	0.67%	62,785	63,207
SP500	↑	3,787	0.98%	3,751	3,787
FTSE 100	↓	6,526	-0.63%	6,567	6,526
Hangseng	↓	28,551	-2.55%	29,298	28,460
DAX	↑	13,666	0.33%	13,620	13,666
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	11,874	0.40%	11,826	11,874
Resources	↑	60,981	2.35%	59,580	60,981
Industrials	↓	85,679	-0.18%	85,837	85,679
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	15.20	-0.46%	15.27	15.28
N\$/Pound	↓	20.85	-0.20%	20.89	20.94
N\$/Euro	↓	18.42	-0.37%	18.49	18.48
US dollar/ Euro	↑	1.212	0.11%	1.211	1.210
		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



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