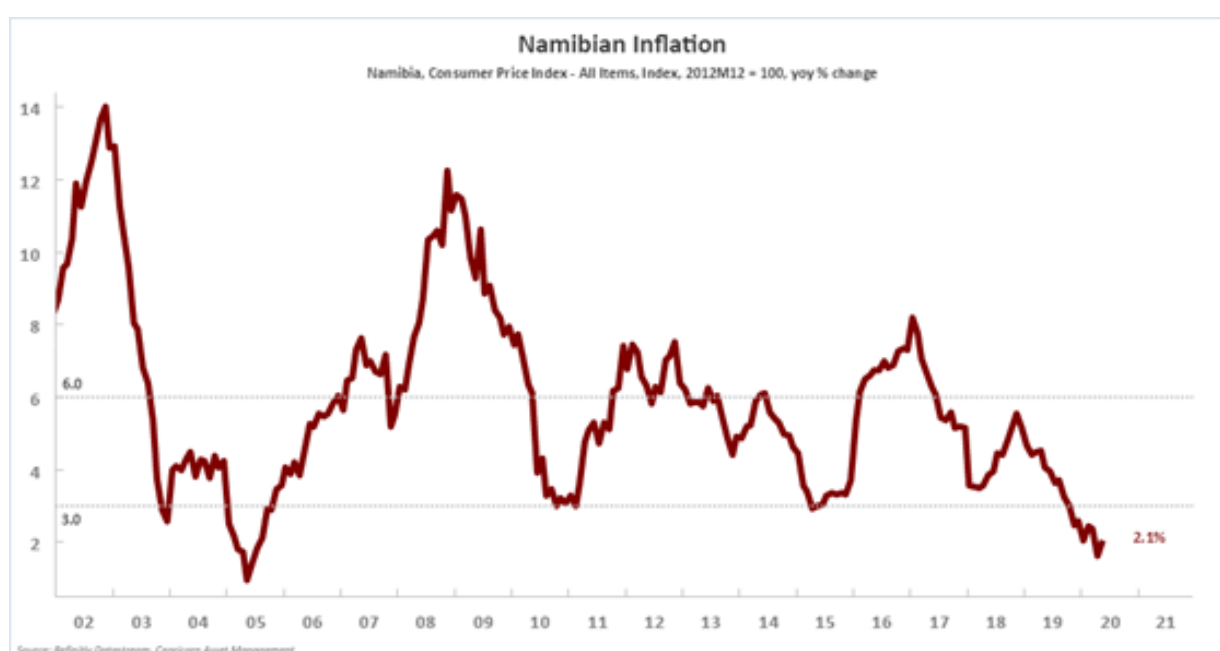




Market Update

Monday, 29 June 2020



Global Markets

Asian share markets began the week with a cautious tone on Monday as the relentless spread of the coronavirus finally made investors question their optimism on the global economy, benefiting safe harbour bonds and the U.S. dollar. MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.6% and further away from a four-month top hit last week. Japan's Nikkei shed 1.3% and Chinese blue chips 0.6%.

In a more promising sign, E-Mini futures for the S&P 500 recouped their early losses to edge up 0.3% and EUROSTOXX 50 futures added 0.2%, while FTSE futures dipped 0.2%. Wall Street had faltered on Friday as some U.S. states reconsidered their reopening plans. The global death toll from COVID-19 reached half a million people on Sunday, according to a Reuters tally. About one-quarter of all the deaths so far have been in the United States, with cases surging in a handful of southern and western states that reopened earlier.

"The increase in U.S. COVID-19 infection rates has dented momentum across markets despite the improvements in the global economy, which continues to beat most data expectations," wrote analysts at JPMorgan in a note. "Our strategists remain sanguine and recommend to buy on dips but

also selectivity," they added. "Traditional hedges like JPY vs USD, USD vs EM FX, gold and quality stocks are still outperforming this month. We stay overweight U.S. equities but move EM equities to neutral and stay neutral U.S. credit."

Sovereign bonds benefited from the shift to safety with yields on U.S. 10-year notes falling to 0.64%, having briefly been as high as 0.96% early in June. The U.S. dollar went the opposite direction, rising to 97.461 against a basket of currencies from a trough of 95.714 earlier in the month. It was a shade higher on the yen at 107.20 on Monday, but well within the recent range of 106.06 to 107.63. The euro stood at \$1.1240 having found solid support around \$1.1167.

It is an important week for U.S. data with the ISM manufacturing index on Wednesday and payrolls on Thursday, ahead of the Independence Day holiday. Federal Reserve Chair Jerome Powell is also testifying on Tuesday. "U.S. economic data will reinforce that the economy is through the worst of the recession in our view," said CBA currency analyst Joseph Capurso. "But a double-dip recession is possible if widespread restrictions are reimposed, leading to a surge in the dollar."

In commodity markets, gold held near its highest since early 2012 at \$1,771 an ounce. Oil prices slipped amid concerns the pandemic would slow the reopening of some economies and thus hurt demand for fuel. Brent crude futures fell 70 cents to \$40.32 a barrel, while U.S. crude lost 62 cents to \$37.87.

Source: Thomson Reuters

Domestic Markets

South Africa's rand slipped against the U.S. dollar on Friday as concerns about a surge in coronavirus cases globally continued to weigh on hopes of a swift economic recovery.

At 1500 GMT, the rand traded at 17.3300 per dollar, 1.11% weaker than its previous close.

"Sentiment has been impacted by the surge in Covid-19 infections in certain U.S. states. This has raised concern over a rapid economic recovery, particularly if a renewed lockdown is implemented," Kamilla Kaplan of Investec said in a note. "These factors are likely to continue shaping sentiment in the week ahead."

Cases in South Africa have also surged, with confirmed COVID-19 cases up by more than 6,000 from Wednesday to reach over 118,000 by late on Thursday, with more than 2,200 registered deaths.

The Johannesburg Stock Exchange (JSE) ended the week lower as the mood of the market upbeat on opening of the economy reversed due to a rise in coronavirus cases globally.

The FTSE/JSE benchmark all share index and the FTSE/JSE Top40 Companies index were both down 0.36% to end the trading week at 53,720 points and 49,556 points respectively. The banks led the fall in the market with the banking index closing down 3.22%.

In fixed income, the yield long-dated 2030 bond was up 3 basis points to 9.2%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		29-Jun-2020		5:01
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	10,147,070	154,049	500,929	5,119,308

Market Overview

MARKET INDICATORS (Thomson Reuters)				29 June 2020	
Money Market TB's					
		Last close	Difference	Prev close	Current Spot
3 months	⇒	4.44	0.000	4.44	4.44
6 months	↓	4.63	-0.016	4.65	4.63
9 months	↓	4.73	-0.025	4.75	4.73
12 months	↓	4.77	-0.025	4.80	4.77
Nominal Bonds					
		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	⇒	4.10	0.000	4.10	4.08
GC22 (BMK: R2023)	↑	5.93	0.045	5.89	5.93
GC23 (BMK: R2023)	↑	5.91	0.045	5.87	5.91
GC24 (BMK: R186)	↑	8.04	0.075	7.96	8.03
GC25 (BMK: R186)	↑	8.09	0.075	8.01	8.08
GC27 (BMK: R186)	↑	8.17	0.075	8.09	8.16
GC30 (BMK: R2030)	↑	9.80	0.015	9.78	9.80
GC32 (BMK: R213)	⇒	10.51	0.000	10.51	10.52
GC35 (BMK: R209)	↓	11.74	-0.030	11.77	11.71
GC37 (BMK: R2037)	↓	12.20	-0.060	12.26	12.16
GC40 (BMK: R214)	↓	12.55	-0.070	12.62	12.52
GC43 (BMK: R2044)	↓	13.08	-0.080	13.16	13.06
GC45 (BMK: R2044)	↓	13.25	-0.080	13.33	13.23
GC50 (BMK: R2048)	↓	13.25	-0.090	13.34	13.24
Inflation-Linked Bonds					
		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	⇒	4.49	0.000	4.49	4.49
GI25 (BMK: NCPI)	⇒	4.49	0.000	4.49	4.49
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	↑	1,771	0.52%	1,761	1,774
Platinum	↓	791	-1.57%	804	803
Brent Crude	↓	41.0	-0.07%	41.1	40.3
Main Indices					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,040	-1.25%	1,053	1,040
JSE All Share	↓	53,648	-0.49%	53,914	53,648
SP500	↓	3,009	-2.42%	3,084	3,009
FTSE 100	↑	6,159	0.20%	6,147	6,159
Hangseng	↓	24,550	-0.93%	24,782	24,160
DAX	↓	12,089	-0.73%	12,178	12,089
JSE Sectors					
		Last close	Change	Prev close	Current Spot
Financials	↓	9,956	-2.13%	10,173	9,956
Resources	↓	50,190	-0.59%	50,486	50,190
Industrials	↑	74,797	0.09%	74,731	74,797
Forex					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	17.23	0.55%	17.14	17.32
N\$/Pound	↓	21.25	-0.11%	21.27	21.42
N\$/Euro	↑	19.33	0.56%	19.22	19.47
US dollar/ Euro	⇒	1.122	0.00%	1.122	1.124
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↑	2.1	1.6	3.0	4.1
Prime Rate	↓	7.75	8.00	7.25	7.75
Central Bank Rate	↓	4.00	4.25	3.75	4.25

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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