

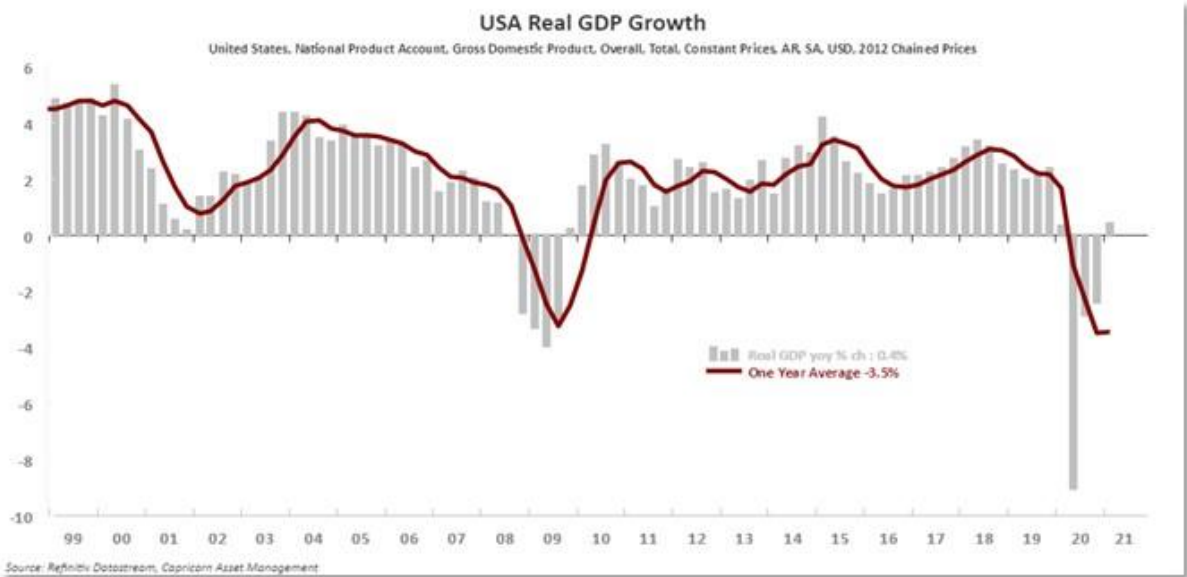


# The Daily Brief

 Capricorn Asset Management

## Market Update

Friday, 30 April 2021



## Global Markets

World stocks held near a record high after strong U.S. economic data and the Federal Reserve's commitment to continue supporting the economy fuelled investors' appetite for risk.

MSCI's broadest index of Asia-Pacific shares outside Japan dropped 0.5% with both Japan and China falling ahead of a long weekend. Both markets will be closed through Wednesday. Japan's Nikkei fell 0.4% while China's CSI 300 lost 0.5% in early trade. MSCI's broadest gauge of world stocks covering 50 markets, ACWI, was little changed, a day after it hit a historic high, extending its monthly gains to 5.1%.

On Wall Street, the S&P 500 also closed at an all-time high while the Nasdaq Composite hit an intraday record before paring some gains. For both ACWI and S&P500, analysts are now expecting the earnings in the next 12 months to recover to above their pre-pandemic levels.

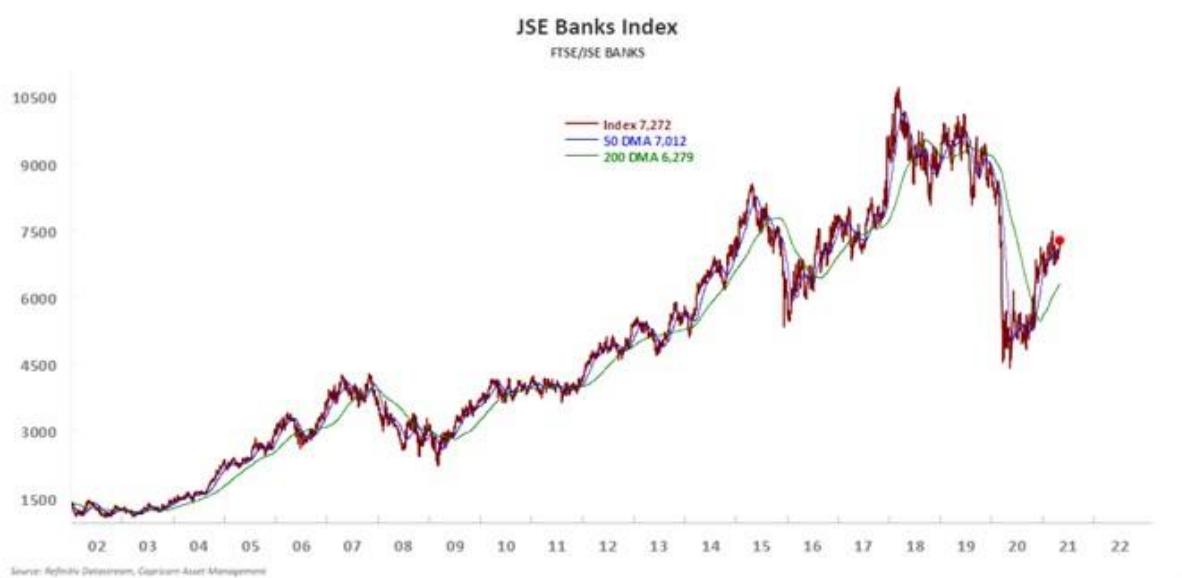
Amazon reported stellar results late on Thursday, lifting its shares by 2.4% in an after-hours trade. Data on Thursday also showed U.S. economic growth accelerated in the first quarter, fuelled by massive government aid to households and businesses. New York City aims to "fully reopen" on July 1 after more than a year of closures and capacity restrictions, Mayor Bill de Blasio said, buttressing hopes for recovery in the battered service sector.

Fed Chair Jerome Powell said on Wednesday that "it is not time yet" to begin discussing any change in policy after the U.S. central bank left interest rates and its bond-buying programme unchanged, despite taking a more optimistic view of the country's economic recovery. The 10-year U.S. Treasury yield rose to 1.690%, its highest in more than two weeks, and last stood at 1.641%.

"For now we are likely to see strong economic data from the U.S. and that means we need to be wary of further rise in U.S. bond yields, and the dollar/yen," said Toshiya Nakamura, chief manager of forex trading at Mitsubishi Trust Bank.

In the currency market, the yen was listless at 108.72 per dollar, having hit a two-week low of 109.22 as higher U.S. bond yields helped the dollar. The positive risk mood saw the euro extending its bull run to a two-month high of \$1.2150 in the previous session and it last stood at \$1.2117. With 3.3% gains so far this month, it is on course for its biggest monthly rise in 9 months. The Canadian dollar extended its gains to a three-year high of C\$1.22715 per U.S. unit, boosted by the Bank of Canada's tapering of its bond-buying programme and higher commodities including oil and lumber.

Oil prices held near six-week highs as strong U.S. economic data, a weak dollar and an expected recovery in demand outweighed concerns about higher COVID-19 cases in Brazil and India. Brent slipped 0.4% to \$68.30 per barrel in Asia, after having hit a high of \$68.95 on Thursday while U.S. West Texas Intermediate (WTI) eased 0.3% to \$64.80 per barrel. "Strong U.S. data is supporting the market. But on the other hand, given that oil producers have capacities to boost outputs further, there will be resistances around \$65 for WTI and \$70 for Brent," said Tatsufumi Okoshi, senior commodity strategist at Nomura Securities.



## Domestic Markets

South Africa's rand weakened on Thursday as investors took profits on a brief rally spurred by the dovish tone of the U.S. Federal Reserve at its policy-setting meeting, reflecting cautious market sentiment towards the local currency.

At 1500 GMT the rand was 0.46% weaker at 14.3050 per dollar, having briefly touched 14.1475, its firmest in 16 months, before backtracking as better than expected economic data in United States dampened global risk-taking.

This week has seen volatile trade, but in a narrow range, with the rand failing to hold below the 14.20 technical resistance mark despite bull plays inspired by the high yield on offer in the face of

loose Fed policy. Fed Chairman Jerome Powell quashed speculation about an early tapering of asset buying, saying employment was still far short of target and that the central bank wants to keep monetary policy loose for the foreseeable future.

"With the Fed fully supportive of the continuation of its monetary policy measures to promote economic recovery, while highlighting the risks to the downside, this is likely to continue to underpin commodity prices, and so lend support to the rand," said Annabel Bishop, chief economist at Investec.

Strong U.S. economic growth in the first quarter, with gross domestic product increasing at a 6.4%, took some of the steam out of the rand's rally, with traders warning that South Africa's own economic struggles may weigh on rand strength.

Shares on the Johannesburg Stock Exchange (JSE) made a surprise turn towards negative territory after opening and trading firm for most of the day, despite a strong set of earnings commentary from the United States on Thursday. The benchmark all-share index closed down 0.51%, halting its three-day upward move to 67,393 points and the blue-chip index of top 40 companies ended down 0.53% to 61,508 points.

"From the fall in the rand and the gold price, it looks like there was a sell-off in commodities as investors took profits," said Roy Topol, portfolio manager at Cratos. He said the market also took a hit as shares of index heavyweights Naspers Ltd and subsidiary Prosus NV also posted losses on concerns of a tighter clamp-down on Chinese internet companies. Naspers, through Prosus, holds a stake of more than 30% in Chinese tech giant Tencent Holdings Ltd. Naspers and Prosus fell by 1.34% and 1.81% respectively.

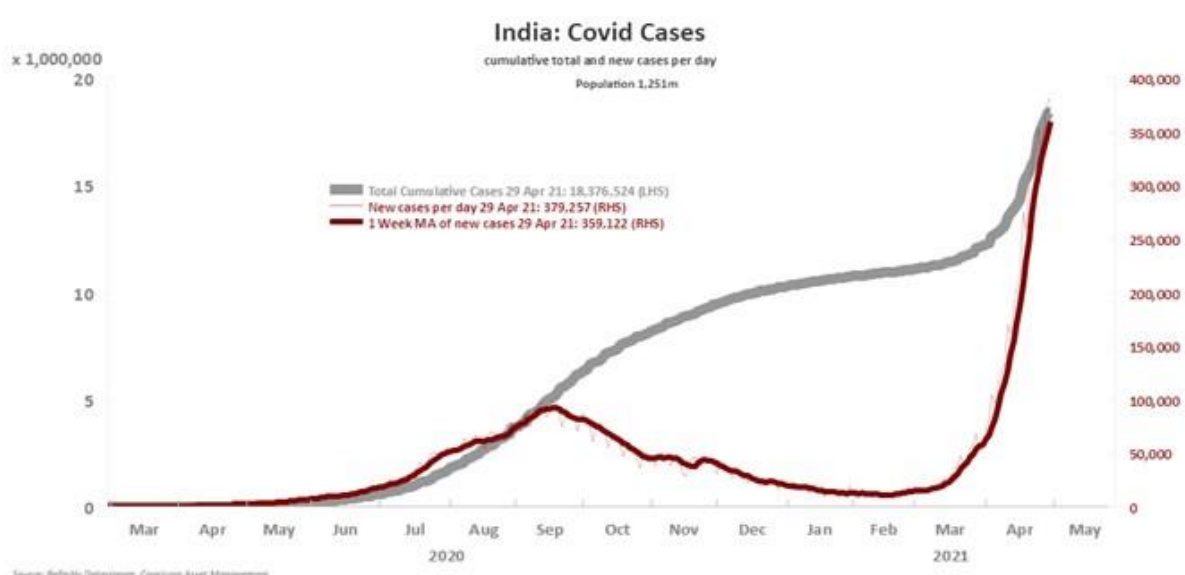
Bonds slipped, with the yield on the benchmark 2030 government issue rising 4.5 basis points to 9.27%.

## Corona Tracker

GLOBAL CASES		30-Apr-2021		
SOURCE - REUTERS		5:50		
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	149,931,315	642,459	3,295,779	99,955,048

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

Source: Thomson Reuters



## Market Overview

MARKET INDICATORS (Thomson Reuters)				30 April 2021	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	→	4.20	0.000	4.20	4.20
6 months	→	4.41	0.000	4.41	4.41
9 months	→	4.71	0.000	4.71	4.71
12 months	→	4.74	0.000	4.74	4.74
<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)	↑	4.45	0.035	4.41	4.75
GC22 (Coupon 8.75%, BMK R2023)	↑	5.39	0.035	5.36	5.39
GC23 (Coupon 8.85%, BMK R2023)	↑	5.29	0.035	5.26	5.29
GC24 (Coupon 10.50%, BMK R186)	↑	7.66	0.045	7.61	7.66
GC25 (Coupon 8.50%, BMK R186)	↑	7.67	0.045	7.62	7.67
GC26 (Coupon 8.50%, BMK R186)	↑	7.67	0.045	7.62	7.67
GC27 (Coupon 8.00%, BMK R186)	↑	7.96	0.045	7.91	7.96
GC30 (Coupon 8.00%, BMK R2030)	↑	9.56	0.030	9.53	9.56
GC32 (Coupon 9.00%, BMK R213)	↑	10.64	0.035	10.60	10.64
GC35 (Coupon 9.50%, BMK R209)	↑	11.68	0.020	11.66	11.68
GC37 (Coupon 9.50%, BMK R2037)	↑	12.17	0.025	12.14	12.17
GC40 (Coupon 9.80%, BMK R214)	↑	12.94	0.035	12.91	12.94
GC43 (Coupon 10.00%, BMK R2044)	↑	13.25	0.025	13.22	13.25
GC45 (Coupon 9.85%, BMK R2044)	↑	13.53	0.025	13.50	13.53
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.54	0.025	13.51	13.54
<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)	→	3.89	0.000	3.89	3.89
GI25 (Coupon 3.80%, BMK NCPI)	→	4.00	0.000	4.00	4.00
GI29 (Coupon 4.50%, BMK NCPI)	→	5.65	0.000	5.65	5.65
GI33 (Coupon 4.50%, BMK NCPI)	→	6.80	0.000	6.80	6.80
GI36 (Coupon 4.80%, BMK NCPI)	→	7.35	0.000	7.35	7.35
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,771	-0.57%	1,781	1,769
Platinum	↓	1,198	-1.74%	1,219	1,202
Brent Crude	↑	68.6	1.92%	67.3	68.2
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,398	0.07%	1,397	1,398
JSE All Share	↓	67,393	-0.51%	67,740	67,393
SP500	↑	4,211	0.68%	4,183	4,211
FTSE 100	↓	6,961	-0.03%	6,964	6,961
Hangseng	↑	29,303	0.80%	29,071	28,856
DAX	↓	15,154	-0.90%	15,292	15,154
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	12,601	1.41%	12,425	12,601
Resources	↓	69,146	-0.99%	69,836	69,146
Industrials	↓	86,202	-0.80%	86,897	86,202
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	14.30	0.48%	14.23	14.29
N\$/Pound	↑	19.93	0.54%	19.82	19.93
N\$/Euro	↑	17.33	0.44%	17.25	17.31
US dollar/ Euro	↓	1.212	-0.04%	1.212	1.212
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Apr 21</b>	<b>Mar 21</b>	<b>Apr 21</b>	<b>Mar 21</b>
Central Bank Rate	→	3.75	3.75	3.50	3.50
Prime Rate	→	7.50	7.50	7.00	7.00
		<b>Mar 21</b>	<b>Feb 21</b>	<b>Mar 21</b>	<b>Feb 21</b>
Inflation	↑	3.1	2.7	3.2	2.9

**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: Thomson Reuters



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