

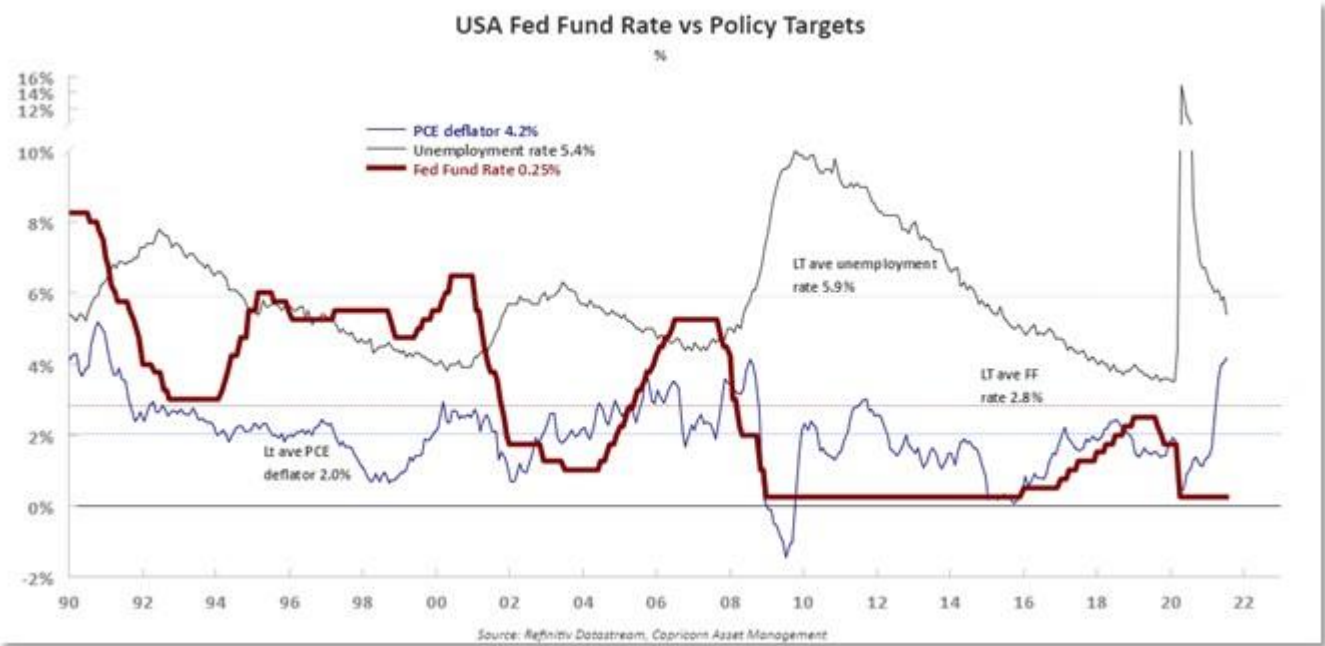


The Daily Brief

Capricorn Asset Management

Market Update

Monday, 30 August 2021



Global Markets

Asian shares perked up and the dollar fell to two-week lows on Monday after U.S. Federal Reserve Chairman Jerome Powell struck a dovish tone at the central bank's long-awaited symposium, although investors remained cautious about prospects in China.

MSCI's broadest index of Asia-Pacific shares outside Japan gained 0.45%, and Japan's Nikkei rose 0.28%. Chinese blue chips bucked the broader Asian trend, falling 0.20% and the Hong Kong benchmark fluctuated either side of flat. The larger gains were in smaller markets with Taiwan up 0.54% and Singapore 0.77% higher.

"(Powell) really soothed the market's concerns for now, as the Fed is extremely good at doing, and money is going back to the U.S., not that it ever really left," said Daniel Lam, senior cross-asset strategist, at Standard Chartered Wealth Management. Lam said there were fewer uncertainties in the United States than in Asia and specifically China, though he added that any further rotation away

from Asia would be more incremental "and less dramatic than we saw in July and early August because a lot of people have already left."

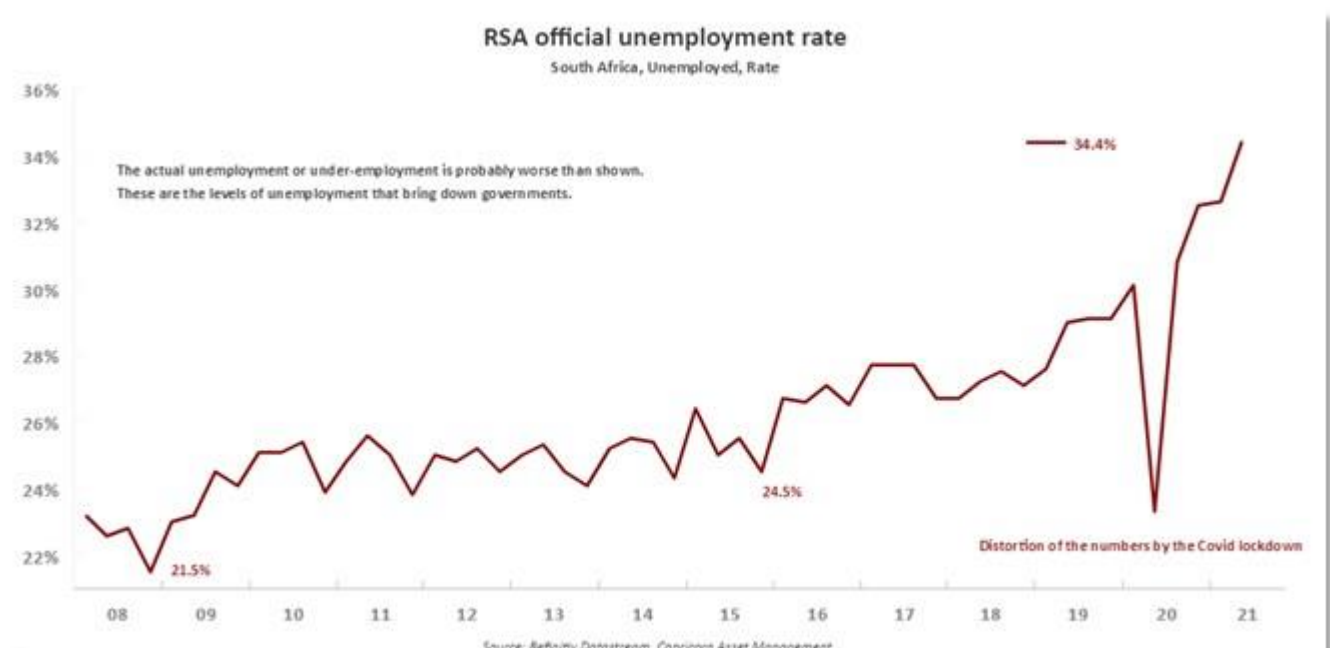
Chinese companies in sectors from tech to property have recently been roiled by a series of regulatory crackdowns, spooking some investors and pushing the Hong Kong benchmark to 2021 lows earlier this month. There are also concerns that Chinese growth is starting to slow and so traders are closely watching purchasing manager surveys for manufacturing and services, which are both due this week.

U.S. stock futures, the S&P 500 e-minis, were barely moved, up 0.02%. Investors had been waiting to see whether Powell would give a clear indication of his views on the timing of the central bank's tapering of asset purchases or hiking interest rates, which could drag on equity markets. However, in his prepared remarks, Powell offered no indication on cutting asset purchases beyond saying it could be "this year". This dovish tone caused U.S. benchmark Treasury yields and the dollar to slip on Friday, with both trends extending into Monday morning trade in Asia.

The yield on benchmark 10-year Treasury notes was 1.3070% compared with its U.S. close of 1.312%, and last week's high of 1.375%. The dollar index which measures the greenback against a basket of currencies was at a two week low. "There's a general sense of a bit of a consolidation after Friday's news," said Rodrigo Catril, senior FX strategist at National Bank of Australia. "The dollar is technically underperforming on the day, but there's a lot of data coming out this week from China and the U.S. with nonfarm payrolls on Friday."

Powell has suggested an improvement in the labour market is one major remaining prerequisite for action, hence a particular focus on Friday's jobs figures. Investors in China, in contrast, are watching data this week to see whether they indicate policymakers are more likely to step up easing measures.

Oil was also in focus after energy firms suspended 1.74 million barrels per day of oil production in the U.S. Gulf of Mexico as Hurricane Ida slammed into the Louisiana coast as a Category 4 storm. Prices initially rose on Monday morning, but U.S. crude later gave up those gains, falling 0.28% to \$68.55 a barrel. Brent crude pared gains and was last up 0.32% at \$72.93 per barrel. Gold inched lower, with the spot price at \$1,814.516 per ounce, down 0.1%.



Domestic Markets

South Africa's rand strengthened on Thursday, extending gains after a rebasing of gross domestic product by the statistics agency showed the economy was 11% bigger in 2020 than previously estimated. The currency traded at 14.9025 against the dollar at 1610 GMT, more than 0.4% stronger than its previous close.

Statistics South Africa on Wednesday estimated the size of the economy at 5.52 trillion rand (\$370 billion) last year, up from 4.97 trillion rand previously. The revision helped the rand buck weakness in other emerging market currencies on Thursday, as the dollar jumped on comments by a regional Federal Reserve president suggesting a faster pace of reducing asset purchases.

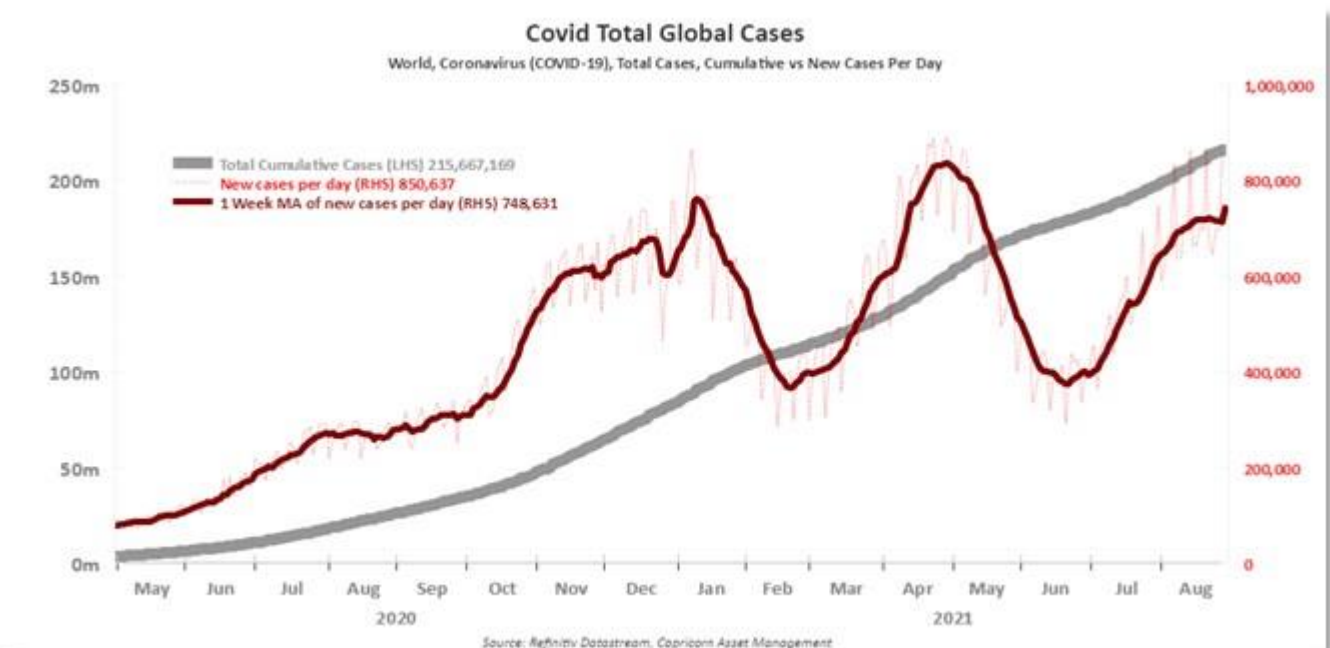
Global market attention was firmly pinned on the Fed's Jackson Hole symposium, where bank officials could provide new signals about the trajectory for U.S. monetary policy.

Johannesburg-listed stocks dropped, weighed down along with global equities by China worries and the comments by St. Louis Federal Reserve President James Bullard on tapering bond purchases. Fed Chair Jerome Powell will deliver a closely watched speech at Jackson Hole on Friday.

The Johannesburg Stock Exchange's All-share index closed down 0.57% at 67,069 points and the Top-40 index lost 0.58% to end at 60,855 points. Major sectors such as industrials and resources closed in the red, but financials gained slightly.

Government bonds were flat, with the yield on the 2030 instrument at 8.865%.

Corona Tracker



Source: Thomson Reuters Refinitiv

I gave in, and admitted that God was God.

C. S. Lewis

Market Overview

MARKET INDICATORS (Thomson Reuters)		30 August 2021			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	4.14	-0.008	4.15	4.14
6 months	↓	4.83	-0.009	4.83	4.83
9 months	↓	5.13	-0.053	5.19	5.13
12 months	⇒	5.29	0.000	5.29	5.29
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.21	-0.025	4.24	4.21
GC22 (Coupon 8.75%, BMK R2023)	↓	5.63	-0.025	5.66	5.63
GC23 (Coupon 8.85%, BMK R2023)	↓	5.53	-0.025	5.56	5.53
GC24 (Coupon 10.50%, BMK R186)	↓	7.64	-0.020	7.66	7.64
GC25 (Coupon 8.50%, BMK R186)	↓	7.65	-0.020	7.67	7.65
GC26 (Coupon 8.50%, BMK R186)	↓	7.65	-0.020	7.67	7.65
GC27 (Coupon 8.00%, BMK R186)	↓	7.94	-0.020	7.96	7.94
GC30 (Coupon 8.00%, BMK R2030)	↓	9.12	-0.050	9.17	9.12
GC32 (Coupon 9.00%, BMK R213)	↓	10.10	-0.050	10.15	10.10
GC35 (Coupon 9.50%, BMK R209)	↓	11.00	-0.045	11.05	11.00
GC37 (Coupon 9.50%, BMK R2037)	↓	11.47	-0.045	11.52	11.47
GC40 (Coupon 9.80%, BMK R214)	↓	12.30	-0.045	12.34	12.28
GC43 (Coupon 10.00%, BMK R2044)	↓	12.53	-0.045	12.58	12.53
GC45 (Coupon 9.85%, BMK R2044)	↓	12.81	-0.045	12.86	12.81
GC48 (Coupon 10.00%, BMK R2048)	↓	12.90	-0.045	12.95	12.90
GC50 (Coupon 10.25%, BMK: R2048)	↓	12.84	-0.045	12.89	12.84
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	3.95	0.000	3.95	3.95
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.96	0.000	3.96	3.96
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	6.12	0.000	6.12	6.12
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.01	0.000	7.01	7.01
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.60	0.000	7.60	7.60
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,817	1.37%	1,792	1,817
Platinum	↑	1,008	2.90%	979	1,011
Brent Crude	↑	72.7	2.29%	71.1	72.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,524	1.21%	1,506	1,524
JSE All Share	↑	67,646	0.86%	67,069	67,646
SP500	↑	4,509	0.88%	4,470	4,509
FTSE 100	↑	7,148	0.32%	7,125	7,148
Hangseng	↓	25,408	-0.03%	25,416	25,483
DAX	↑	15,852	0.37%	15,794	15,852
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	14,307	0.40%	14,250	14,307
Resources	↑	67,839	2.16%	66,403	67,839
Industrials	↑	83,489	0.02%	83,475	83,489
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.71	-1.44%	14.93	14.72
N\$/Pound	↓	20.24	-1.02%	20.45	20.26
N\$/Euro	↓	17.35	-1.08%	17.54	17.37
US dollar/ Euro	↑	1.179	0.37%	1.175	1.180
		Namibia		RSA	
Interest Rates & Inflation		Aug 21	Jul 21	Aug 21	Jul 21
Central Bank Rate	⇒	3.75	3.75	3.50	3.50
Prime Rate	⇒	7.50	7.50	7.00	7.00
		Jul 21	Jun 21	Jul 21	Jun 21
Inflation	↓	4.0	4.1	4.6	4.9

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 the Overall Index, including dual listed

Source: Thomson Reuters Refinitiv

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.



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