

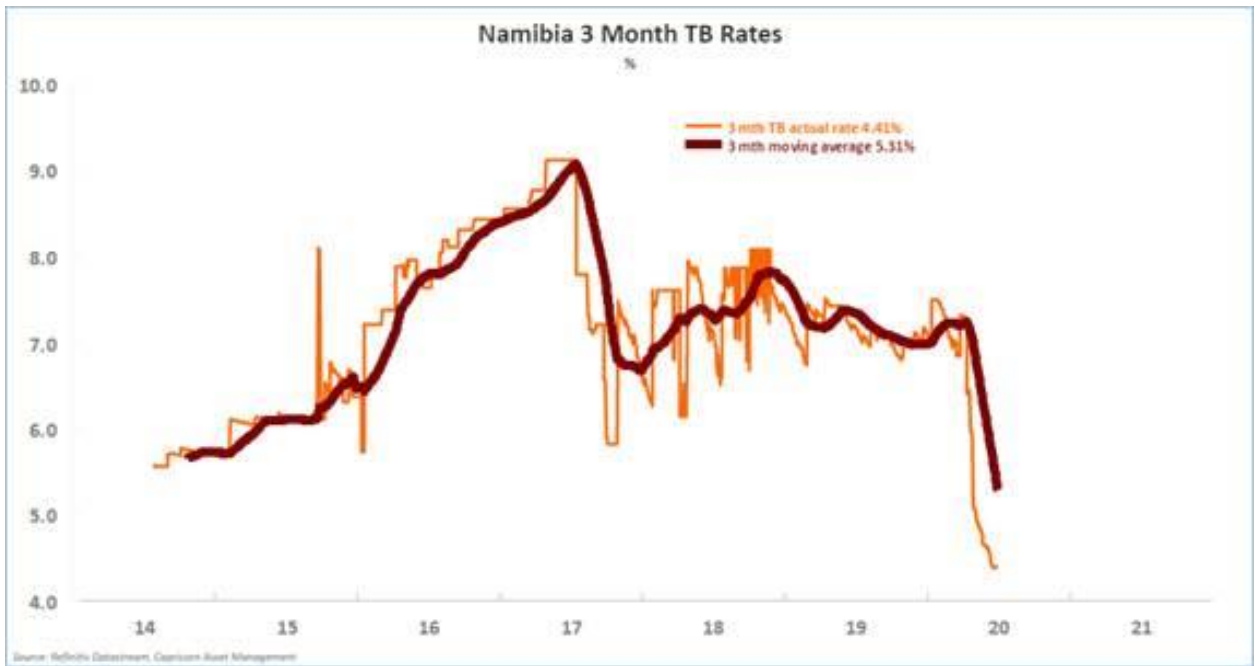


# The Daily Brief

 Capricorn Asset Management

**Market Update**

**Tuesday, 30 June 2020**



## Global Markets

Asian shares rose on Tuesday after data showed China's manufacturing sector grew more than expected in June, a hopeful sign for a global economy still struggling to recover from the sweeping impact of the coronavirus crisis. MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.9%, while U.S. stock futures, the S&P 500 e-minis, advanced 0.23%.

Sentiment in the region, which got a boost from overnight gains on Wall Street thanks to strong housing data, got a further lift from a survey in China showing a quickening in activity in its vast factory sector. The stock market in Australia, which has crucial economic links with China, rose 1.59%, while shares in China gained 0.72%. Hong Kong stocks jumped 1.18%, undeterred by the Chinese parliament's passage of a security law that will increase Beijing's control over the former British colony. The Nikkei rose 2%, shrugging off a larger-than-expected decline in Japanese industrial production.

Overall, however, Asian shares are still on course for a 7% decline over the first half of this year, underscoring the severity of the pandemic-sparked losses and the challenges facing investors as global infections continue to rise in a blow to hopes of a quick recovery. "Overnight moves in

markets were not large but one does get the distinct impression that markets have got it both ways – with equities rallying on rebounding data and bonds rallying on dismal COVID-19 news," said ANZ Research analyst Rahul Khare.

Indeed, for the second quarter Asia ex-Japan shares were on course for a 17.8% gain, which would be the biggest quarterly increase since the third quarter of 2009. Stocks appear to have received an added boost on Tuesday as some investors adjusted positions on the last trading day of the quarter. On Monday, the Dow Jones Industrial Average rose 2.32%, the S&P 500 gained 1.47% and the Nasdaq Composite added 1.2%.

China's official purchasing managers' index (PMI) released Tuesday showed factory activity in the world's second-largest economy grew for a fourth straight month in June. China's services sector PMI also expanded at a faster pace compared to the previous month. A recent resurgence in coronavirus infections had led some investors to question the strength of a rebound in global economic activity. The swing in sentiment between hopes and fears has kept markets on edge.

The yield on benchmark 10-year Treasury notes was little changed at 0.6348% in Asia as traders braced for U.S. non-farm payrolls data on Thursday, which is forecast to show an improving labour market. U.S. Federal Reserve Chairman Jerome Powell on Monday said the outlook for the world's biggest economy is "extraordinarily uncertain" and signalled more monetary stimulus may be necessary, which could limit gain in yields.

Confirmed COVID-19 cases worldwide rose past 10 million and deaths surpassed 500,000 on over the weekend. The bulk of new cases were reported in the United States and Latin America, stoking fears that the outbreak could stall economic recoveries just as lockdowns begin to ease.

In currency markets, the dollar held onto gains against the yen and the Swiss franc as the recent increase in coronavirus infections supported safe-haven demand for the greenback. In the onshore market, the yuan rose slightly to 7.0685 against the dollar.

U.S. crude fell 0.48% to \$39.51 a barrel, while Brent crude slipped 0.31% to \$41.58 per barrel, weighed by concerns about oversupply after Libya cited progress in resuming oil exports.

## **Domestic Markets**

The South African rand steadied against the U.S. dollar on Monday as the spread of the coronavirus at home and around the world dampened optimism over a swift economic recovery.

At 1630 GMT, the rand traded at 17.2675 per dollar, little changed from its closing level on Friday.

"Rising global Covid-19 cases and the re-imposition of restrictions by certain states in the U.S. to stop the spread has seen the risk-off sentiment from Friday continue," analysts at TreasuryOne said in a note. "Investors are looking to safe-haven assets once more as talk of a double dip in the U.S. economy is doing the rounds."

The death toll from COVID-19 reached half a million on Sunday, according to a Reuters tally, and several countries, including the United States, grappled with a resurgence in cases after relaxing measures to curb the pandemic.

South Africa reported 6,334 new cases on Sunday after 7,210 new cases the day before, among the steepest daily rises to date. The coronavirus crisis is expected to take a heavy toll on Africa's most industrialised economy, which is already in recession.

First-quarter gross domestic product data will be released on Tuesday. Current account and monthly budget data are also due to be published later in the week.

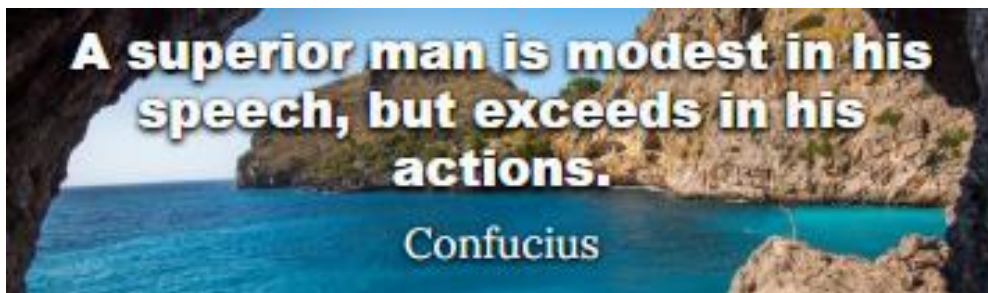
On the bourse, most tracked indices bucked a global trend of falling equities to start the week on a stronger note. The FTSE/JSE benchmark All Share index was up 0.91% to end at 54,137 points while the top 40 companies index was up 0.92% at 49,935 points.

The yield on the 2030 government bond was flat at 9.185%

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES SOURCE - REUTERS		30-Jun-2020		5:46
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	10,301,395	143,414	504,269	5,227,953



## Market Overview

MARKET INDICATORS (Thomson Reuters)					30 June 2020
<b>Money Market TB's</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	➔	4.44	0.000	4.44	4.44
6 months	➔	4.63	0.000	4.63	4.63
9 months	➔	4.73	0.000	4.73	4.73
12 months	⬇	4.76	-0.008	4.77	4.76
<b>Nominal Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (BMK: R208)	⬇	4.04	-0.060	4.10	4.08
GC22 (BMK: R2023)	➔	5.93	0.000	5.93	5.92
GC23 (BMK: R2023)	➔	5.91	0.000	5.91	5.90
GC24 (BMK: R186)	⬆	8.06	0.025	8.04	8.05
GC25 (BMK: R186)	⬆	8.11	0.025	8.09	8.10
GC27 (BMK: R186)	⬆	8.19	0.025	8.17	8.18
GC30 (BMK: R2030)	⬇	9.79	-0.010	9.80	9.80
GC32 (BMK: R213)	⬆	10.52	0.010	10.51	10.51
GC35 (BMK: R209)	⬇	11.70	-0.040	11.74	11.70
GC37 (BMK: R2037)	⬇	12.17	-0.030	12.20	12.16
GC40 (BMK: R214)	⬇	12.51	-0.040	12.55	12.50
GC43 (BMK: R2044)	⬇	13.05	-0.030	13.08	13.03
GC45 (BMK: R2044)	⬇	13.22	-0.030	13.25	13.20
GC50 (BMK: R2048)	⬇	13.23	-0.020	13.25	13.21
<b>Inflation-Linked Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
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
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	⬆	1,771	0.05%	1,771	1,771
Platinum	⬆	806	1.85%	791	812
Brent Crude	⬆	41.7	1.68%	41.0	41.4
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	⬆	1,053	1.24%	1,040	1,053
JSE All Share	⬆	54,142	0.92%	53,648	54,142
SP500	⬆	3,053	1.47%	3,009	3,053
FTSE 100	⬆	6,226	1.08%	6,159	6,226
Hangseng	⬇	24,301	-1.01%	24,550	24,516
DAX	⬆	12,232	1.18%	12,089	12,232
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⬆	10,106	1.51%	9,956	10,106
Resources	⬆	50,813	1.24%	50,190	50,813
Industrials	⬆	75,145	0.46%	74,797	75,145
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	⬆	17.27	0.26%	17.23	17.25
N\$/Pound	⬇	21.24	-0.05%	21.25	21.22
N\$/Euro	⬆	19.42	0.46%	19.33	19.38
US dollar/ Euro	⬆	1.124	0.21%	1.122	1.124
		<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
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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