



The Daily Brief

Capricorn Asset Management

Market Update

Tuesday, 30 March 2021



Global Markets

Shares were mixed early Tuesday as global investors shook off worries about a hedge fund default that roiled global banking stocks overnight, while rekindled concerns about inflation pushed bond yields higher. Wall Street pared earlier losses driven by the banking sector on fears that issues with a defaulting hedge fund could spread throughout the banking sector.

In Asia, the MSCI's broadest index of Asia-Pacific shares outside Japan was marginally higher by 0.08% in early in the session Tuesday. Hong Kong's Hang Seng Index was up 0.36% to 28,440 but in Australia a weaker tone emerged when the S&P/ASX200 slid 0.4% to its lowest point for a week. Mainland China's CSI300 index is 0.18% higher in early trade while Japan's Nikkei is off 0.1%.

Nomura and Credit Suisse are facing billions of dollars in losses and regulatory scrutiny after a U.S. investment firm, named by sources as Archegos Capital, defaulted on equity derivative bets, putting investors on edge about who else might be exposed. Nomura shares were down a further 2.49% Tuesday after dropping by as much as 16% on Monday when it revealed it could take a \$2 billion loss from the hedge fund fallout.

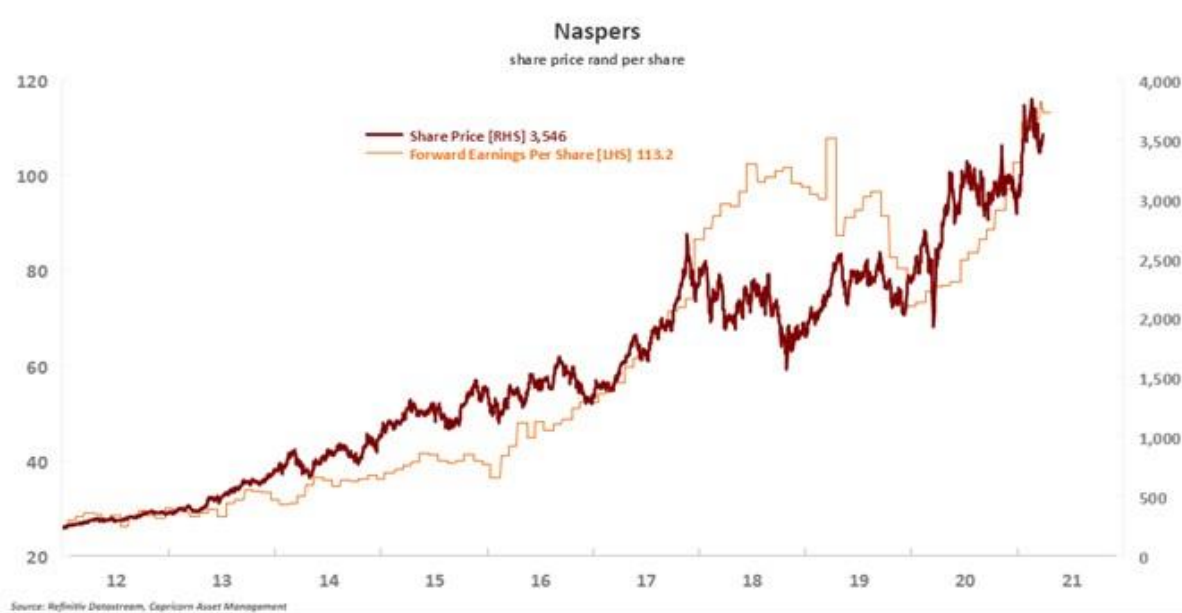
Michael McCarthy, chief markets strategist at CMC Markets said the worries "are very specific to a small number of hedge funds." He said he did not expect any systemic fallout. Still, the dollar gained on safe-haven buying, while bond prices came under pressure as the outlook for economic growth raised the spectre of inflation, he added.

Citigroup equity derivative solutions director Elizabeth Tian said investor sentiment was still closely tied to the pace of the global vaccine rollout. "Investors will also be watching the number of COVID cases as rises in Western Europe and the Philippines sees the return of renewed restrictions while vaccination attempts threaten to stall amidst supply constraints and vaccine nationalism," Tian said. "While restrictions are increased in Europe, the UK will be relaxing stay at home rules," she added.

During the Asian session, benchmark 10-year yields hit 1.7321%, up 1.4 basis points, after earlier trading marginally higher in the U.S. after the state of New York on Monday announced people aged 30 and older could get coronavirus vaccinations starting March 30.

Crude prices inched up on a report that Russia would back broadly stable oil output when the Organization of the Petroleum Exporting Countries and allies meet this week.

On Wall Street, the Dow Jones Industrial Average rose 0.3%, the S&P 500 slipped 0.09% and the Nasdaq Composite dipped 0.6%.



Domestic Markets

South Africa's rand firmed on Monday, reversing early losses alongside other emerging market currencies as an improving U.S. economic outlook lifted demand for the dollar. At 1502 GMT the rand was 0.15% firmer at 14.9675 against the dollar.

"The domestic currency will remain erratic, swinging rapidly both stronger and weaker, as global market events continue to impact its direction," said chief economist at Investec, Annabel Bishop, adding the volatility was likely to persist in the second quarter.

High-yielding currencies in the developing world have come under pressure this month from rising U.S. bond yields, which have surged on expectations of higher inflation and have pushed up demand for the dollar.

On the domestic front, investors remain wary of slow progress in the rollout of COVID-19 vaccine heading into the second quarter of the year, as a resurgence in infections would impact the anticipated economic recovery.

Stocks surged on Monday extending a massive gain seen on Friday as hopes of a faster local economic recovery added on to positive global cues. The benchmark all-share index was up 0.38% to 67,089 points at day's close and the bluechip index JSE top 40 ended up 0.33% to 61,444 points.

The economy-sensitive banks rose with the bank index up 3.18%, hinting that investors are happy to bet on local economy picking up that rising cases of coronavirus globally and slow pace of vaccination in the country.

Index heavyweight and Africa's biggest company in terms of market capitalisation Naspers Ltd closed up 0.38% boosted by positive Chinese industrial output data. Naspers, through its subsidiary Prosus NV, holds over 30% stake in Chinese tech giant Tencent Holdings.

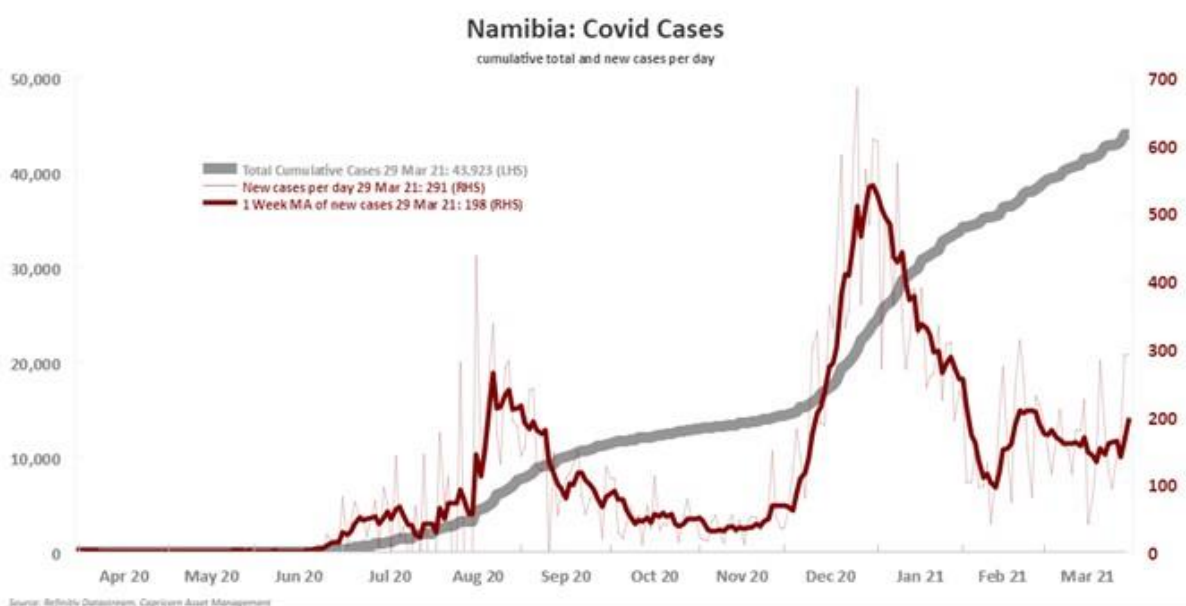
Bonds firmed, with the yield on the benchmark 2030 paper down 3.5 basis points to 9.45%.

Corona Tracker

GLOBAL CASES		30-Mar-2021		3:18
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	127,445,635	299,637	2,914,537	84,203,989

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

Source: Thomson Reuters



The main thing is to keep the main thing the main thing.
Stephen Covey

Market Overview

MARKET INDICATORS (Thomson Reuters)				30 March 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	4.20	0.000	4.20	4.20
6 months	↓	4.67	-0.009	4.68	4.45
9 months	↓	4.86	-0.017	4.88	4.81
12 months	↓	5.03	-0.025	5.05	5.03
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	→	4.44	0.000	4.44	4.44
GC22 (Coupon 8.75%, BMK R2023)	↓	6.01	-0.025	6.04	6.01
GC23 (Coupon 8.85%, BMK R2023)	↓	5.91	-0.025	5.94	5.91
GC24 (Coupon 10.50%, BMK R186)	↓	7.73	-0.060	7.79	7.73
GC25 (Coupon 8.50%, BMK R186)	↓	7.74	-0.060	7.80	7.74
GC26 (Coupon 8.50%, BMK R186)	↓	7.74	-0.060	7.80	7.74
GC27 (Coupon 8.00%, BMK R186)	↓	8.03	-0.060	8.09	8.03
GC30 (Coupon 8.00%, BMK R2030)	↓	9.75	-0.035	9.79	9.76
GC32 (Coupon 9.00%, BMK R213)	↓	10.86	-0.020	10.88	10.87
GC35 (Coupon 9.50%, BMK R209)	↑	11.94	0.005	11.93	11.94
GC37 (Coupon 9.50%, BMK R2037)	↑	12.49	0.010	12.48	12.49
GC40 (Coupon 9.80%, BMK R214)	↑	13.23	0.030	13.20	13.23
GC43 (Coupon 10.00%, BMK R2044)	↑	13.55	0.030	13.52	13.55
GC45 (Coupon 9.85%, BMK R2044)	↑	13.83	0.030	13.80	13.83
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.86	0.030	13.83	13.86
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	→	3.89	0.000	3.89	3.89
GI25 (Coupon 3.80%, BMK NCPI)	→	4.05	0.000	4.05	4.05
GI29 (Coupon 4.50%, BMK NCPI)	→	5.73	0.000	5.73	5.73
GI33 (Coupon 4.50%, BMK NCPI)	→	6.79	0.000	6.79	6.79
GI36 (Coupon 4.80%, BMK NCPI)	→	7.35	0.000	7.35	7.35
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,712	-1.15%	1,732	1,707
Platinum	↓	1,176	-0.76%	1,185	1,172
Brent Crude	↑	65.0	0.63%	64.6	65.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,351	0.31%	1,347	1,351
JSE All Share	↑	67,089	0.38%	66,834	67,089
SP500	↓	3,971	-0.09%	3,975	3,971
FTSE 100	↓	6,736	-0.07%	6,741	6,736
Hangseng	↑	28,338	0.01%	28,336	28,673
DAX	↑	14,818	0.47%	14,749	14,818
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	12,446	2.46%	12,147	12,446
Resources	↓	66,932	-0.83%	67,491	66,932
Industrials	↑	88,427	0.58%	87,918	88,427
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.91	-0.32%	14.95	14.88
N\$/Pound	↓	20.51	-0.50%	20.61	20.50
N\$/Euro	↓	17.53	-0.57%	17.63	17.50
US dollar/ Euro	↓	1.176	-0.29%	1.180	1.176
		Namibia		RSA	
Interest Rates & Inflation		Mar 21	Feb 21	Mar 21	Feb 21
Central Bank Rate	→	3.75	3.75	3.50	3.50
Prime Rate	→	7.50	7.50	7.00	7.00
		Feb 21	Jan 21	Feb 21	Jan 21
Inflation	→	2.7	2.7	2.9	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: Thomson Reuters



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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