



Market Update

Friday, 30 October 2020



Global Markets

A gauge of Asian shares fell for a third straight session on Friday as jitters over upcoming U.S. presidential elections and fears that the global economic downturn will persist, enveloped markets, though the index was still set to end the month higher.

MSCI's broadest index of Asia-Pacific shares outside of Japan was last down 0.3%, on track to the end the week 1.3% lower after four straight weeks of gains. The index is up 3.7% in October so far. Analysts expect this broader outperformance to extend further. "For a crisis of this scale, Asian equities have performed remarkably well," Citi analysts wrote in a note. "Within the region, markets with a higher weighting of technology stocks or where the recovery has become more entrenched have outperformed," they added. "This solid performance can continue, in our view. Valuations are reasonable for an early stage of a recovery while liquidity is generous. There has also been a perceptible drop in volatility in recent months."

The mood on Friday was less positive, though. Australia's ASX 200 slipped 0.2% and New Zealand's benchmark index faltered 0.6%. Japan's Nikkei slipped 0.8% as did South Korea's KOSPI index. Chinese shares were marginally higher, with the blue-chip index up 0.07%. E-Mini futures for

S&P500 stumbled 0.9% in early Asian trading, a signal Wall Street would open in the red later in the day.

Record numbers of coronavirus cases worldwide and the Nov. 3 U.S. presidential election remained the major factors looming ahead for investors. On Wednesday, global coronavirus cases rose by over 500,000 for the first time as France and Germany prepped fresh lockdowns.

The falls in Asia occurred despite a solid session on Wall Street overnight, which was helped by a diet of strong quarterly reports from tech giants and data showing the U.S. economy grew at a historic annualised pace of 33.1% in the third quarter.

Google parent Alphabet, Amazon, Apple and Facebook all beat analyst estimates for quarterly revenue, with Amazon reporting a second straight quarter of record profits. The Dow Jones Industrial Average closed up 0.52%. The S&P 500 gained 1.19% and the Nasdaq Composite added 1.64%.

"Even with the rebound, U.S. output remains 3.5% below its pre-COVID levels. The path towards recovery is much less clear from here, especially as the number of virus cases grows and there are near-term impediments to a fiscal deal," wrote ANZ analysts in a note.

The European Central Bank committed to further action in December to further lend economic support as European nations grappled with a renewed coronavirus outbreak. Analysts expect an expansion and extension of the ECB's Pandemic Emergency Purchase Programme, a lower deposit facility rate, and even more generous lending terms for banks in December.

The announcement sent the euro sliding to a four-week low of \$0.1648 to be last at \$1.1678. The dollar was weaker against the Japanese yen at 104.46 while the risk-sensitive Australian dollar rose 0.3% to \$0.7050. In commodities, oil picked up after hitting a five-month low on Thursday, with Brent crude futures up 9 cents at \$37.74 a barrel and U.S. crude adding 11 cents at \$36.28. Gold rose, with spot prices climbing 0.2% to \$1,870.9 an ounce.

Domestic Markets

South Africa's rand steadied on Thursday after losses linked to the shock of a mid-term budget speech that showed still-ballooning debt and a deeper recession.

At 1548 GMT, the rand was less than 0.1% weaker at 16.4100 per dollar, having slipped as low as 16.4800 overnight, its worst in a week, over the bad news locally and abroad.

France and Germany went back into lockdown on Wednesday, as a massive second wave of novel coronavirus cases threatened to overwhelm Europe, rattling already fragile hopes of a global economic recovery.

Locally, the long-anticipated medium-term budget speech by Finance Minister Tito Mboweni on Wednesday disappointed, with investors saying it was short on details about the economic recovery plan.

"Finance Minister Mboweni's moment to announce brave and sweeping reforms came and went, and still the country continues towards fiscal collapse, albeit at a lower gear," said economists at ETM Analytics in a note. In addition to freezing the public wage bill for three years, the treasury allocated a 10.5 billion rand (\$649.66 million) bailout to state-owned beleaguered airline South African Airways (SAA).

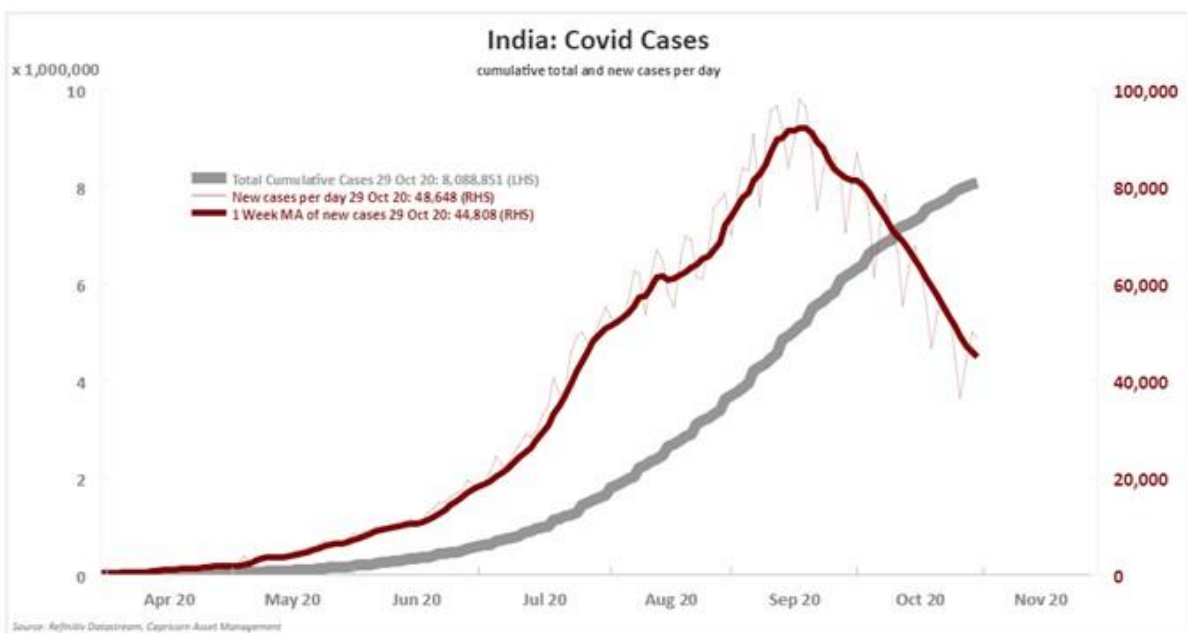
Bailouts of state firms are among the biggest risk to the country's credit ratings, which have been on the slide. Analysts at BNP Paribas said the budget speech was not a "game-changer" for local assets. "On balance, it should be viewed as market neutral," said senior economist Jeffrey Schultz. "An additional diversion of state funds towards SAA was probably the most negative element."

Stocks extended losses for the fourth consecutive day on Thursday, with global virus worries and the budget also hurting sentiment. The Johannesburg Stock Exchange's All-share index was down 0.79% to finish at 51,897 points after touching a five-month low in intra-day trade, while the Top-40 index was down 0.74% to end the day's trading at 47,576 points. The index representing the top six banks in the country was down 3.03%. The index has lost close to 8% in the last two days. Petrochemicals major Sasol Ltd dropped almost 12%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	44,940,705	48,648	1,178,943	30,504,718



Market Overview

MARKET INDICATORS (Thomson Reuters)		30 October 2020			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	3.85	0.000	3.85	3.85
6 months	↑	3.93	0.017	3.92	3.93
9 months	↑	3.91	0.008	3.90	3.91
12 months	↑	3.87	0.025	3.85	3.87
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.03	0.080	3.95	4.03
GC22 (Coupon 8.75%, BMK R2023)	↓	4.94	-0.010	4.95	4.94
GC23 (Coupon 8.85%, BMK R2023)	↓	4.84	-0.010	4.85	4.84
GC24 (Coupon 10.50%, BMK R186)	↓	7.46	-0.065	7.52	7.46
GC25 (Coupon 8.50%, BMK R186)	↓	7.47	-0.065	7.53	7.47
GC26 (Coupon 8.50%, BMK R186)	↓	7.47	-0.065	7.53	7.47
GC27 (Coupon 8.00%, BMK R186)	↓	7.76	-0.065	7.82	7.76
GC30 (Coupon 8.00%, BMK R2030)	↓	9.60	-0.035	9.63	9.59
GC32 (Coupon 9.00%, BMK R213)	↑	10.76	0.020	10.74	10.75
GC35 (Coupon 9.50%, BMK R209)	↑	11.84	0.040	11.80	11.84
GC37 (Coupon 9.50%, BMK R2037)	↑	12.59	0.055	12.54	12.59
GC40 (Coupon 9.80%, BMK R214)	↑	13.28	0.060	13.22	13.28
GC43 (Coupon 10.00%, BMK R2044)	↑	13.79	0.060	13.73	13.78
GC45 (Coupon 9.85%, BMK R2044)	↑	14.07	0.060	14.01	14.06
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.13	0.050	14.08	14.13
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	→	4.49	0.000	4.49	4.49
GI25 (Coupon 3.80%, BMK NCPI)	↓	4.25	-0.240	4.49	4.25
GI29 (Coupon 4.50%, BMK NCPI)	→	4.38	0.000	4.38	4.38
GI33 (Coupon 4.50%, BMK NCPI)	→	6.76	0.000	6.76	6.76
GI36 (Coupon 4.80%, BMK NCPI)	→	7.02	0.000	7.02	7.02
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,867	-0.53%	1,877	1,869
Platinum	↓	847	-2.31%	867	850
Brent Crude	↓	37.7	-3.76%	39.1	37.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,021	-2.16%	1,044	1,021
JSE All Share	↓	51,897	-0.79%	52,308	51,897
SP500	↑	3,310	1.19%	3,271	3,310
FTSE 100	↓	5,582	-0.02%	5,583	5,582
Hangseng	↓	24,587	-0.49%	24,709	24,311
DAX	↑	11,598	0.32%	11,561	11,598
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	9,757	-2.69%	10,026	9,757
Resources	↓	47,827	-0.63%	48,131	47,827
Industrials	↓	72,681	-0.25%	72,862	72,681
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	16.39	0.03%	16.38	16.41
N\$/Pound	↓	21.18	-0.32%	21.25	21.18
N\$/Euro	↓	19.13	-0.48%	19.22	19.17
US dollar/ Euro	↓	1.167	-0.60%	1.174	1.168
Interest Rates & Inflation		Namibia		RSA	
		Latest	Previous	Latest	Previous
Central Bank Rate	↓	3.75	4.00	3.50	3.75
Prime Rate	↓	7.50	7.75	7.00	7.25
		Sep 20	Aug 20	Sep 20	Aug 20
Inflation	→	2.4	2.4	3.0	3.1

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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