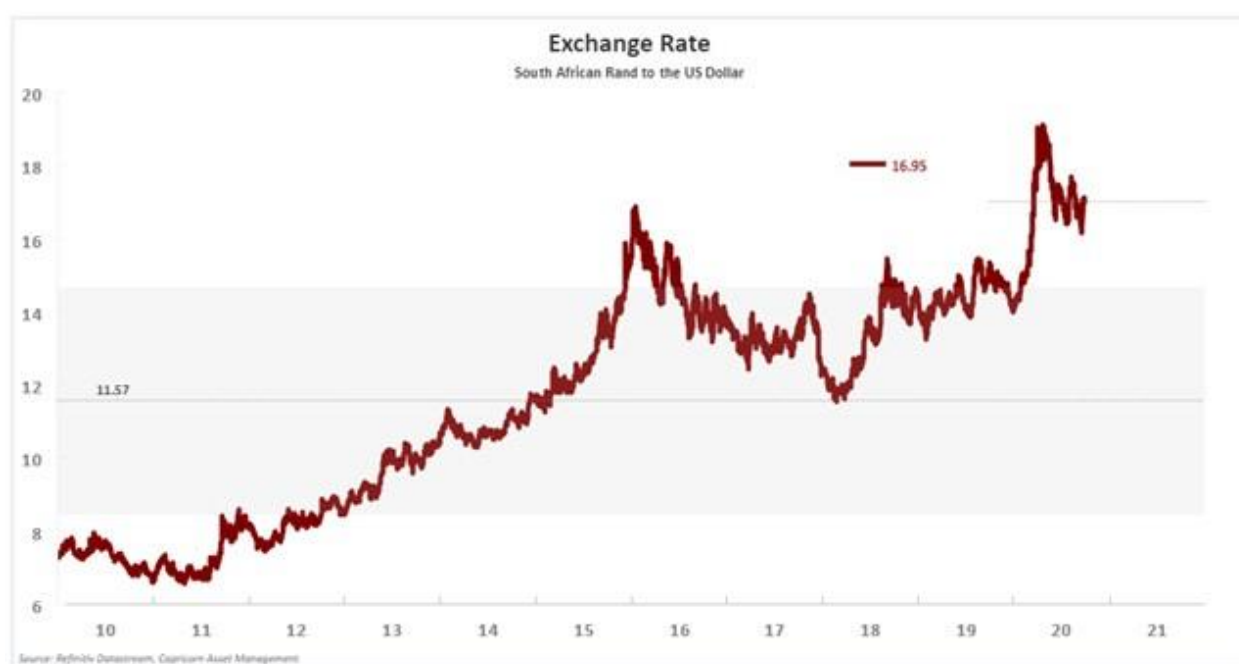




## Market Update

Wednesday, 30 September 2020



## Global Markets

Asian shares crept higher on Wednesday after data showed China's economic recovery gathering steam, but a chaotic first U.S. presidential debate between President Donald Trump and Democrat Joe Biden weighed on the mood. U.S. equity futures slipped and the dollar, regarded as a safe-haven currency, drew support in the wake of the debate as it offered few insights into the outcome of the U.S. election.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.3% led by a 1.2% gain in Hong Kong. S&P 500 futures were volatile and gave up gains as large as 0.7% to trade 0.5% lower for the day after President Donald Trump again cast doubt on whether he would accept the election's outcome. That also lifted the dollar a touch from overnight lows.

The first face-off between Trump and Biden was seen by some political analysts as Trump's best chance to upend a race where he has lagged in the polls. In a confrontational debate marked by constant interruptions from both candidates, Biden pressed Trump over his handling of the coronavirus and Trump responded with aggressive personal attacks.

"Right now, it looks like an even split between Trump and Biden, so it is difficult for the markets to move," said Ayako Sera, market strategist at Sumitomo Mitsui Trust Bank in Tokyo. "What people are most concerned about is the fairness of the election and how it will be carried out...under normal circumstances, the positive economic data from China we've seen would support risk-off trades, but this time is different."

China's factory activity expanded at a faster pace in September, helped by a return to exports growth after several months of shrinking sales, bolstering a steady recovery for the economy as it rebounds from the coronavirus shock. The official manufacturing Purchasing Manager's Index (PMI) rose to 51.5 in September from 51.0 in August. Analysts had expected it to pick up slightly to 51.2. A separate private survey, also released on Wednesday, painted a similar picture of the manufacturing sector gaining momentum with new export orders posting their biggest rise in three years.

Beyond Hong Kong, where gains were broad based, stocks in Shanghai rose 0.5%. Australia's ASX 200 slipped 1.6%. World stocks have lost 3.7% in September, their worst monthly performance since March.

The debate did not move the needle in betting markets, which project a narrow Biden victory, and currency markets were broadly steady. But as the election draws closer, investors are expecting a bumpy final lap of the campaign and are bracing for the possibility that the result is unclear on polling day. Options trade shows that volatility is expected through October and November. The euro pulled back from week-high \$1.1755 after the debate to \$1.1732. The risk-sensitive Australian dollar slipped to \$0.7114.

During the debate Trump and Biden battled fiercely over Trump's leadership in the coronavirus pandemic, the economy and taxes. Biden said in the closing stages of the debate that he would accept defeat if he lost at the ballot box, while Trump repeated, without evidence, his concerns that mail-in ballots could encourage fraud. "I don't think we were expecting anything else from Trump," said Chris Weston, head of research at Melbourne brokerage Pepperstone.

Elsewhere oil prices fell back toward two-week lows touched overnight amid rising concerns about fuel demand as the coronavirus pandemic worsens. Brent crude futures were last down 1.2% at \$40.56 a barrel and U.S. crude futures were down by the same margin at \$38.84 a barrel. Gold slipped 0.4% to 1,890 an ounce.

## **Domestic Markets**

South Africa's rand firmed on Tuesday, brushing off weak unemployment figures as caution toward safe-haven assets ahead of the keenly awaited presidential debate in the United States kept some risk currencies in favor.

At 1600 GMT the rand was 0.59% firmer at 16.9500 per dollar from an overnight close of 17.0500.

Statistics on Tuesday showed more than 5 million more South Africans were "not economically active" during the strictest period of the coronavirus lockdown between April and June, dimming hopes of a quick economic recovery as COVID-19 infections slow.

"The numbers signal how difficult the economic recovery will be, with so many having completely just dropped out of the labour force. The chances of a V-shaped recovery are probably out of reach and the economy will need some form of further stimulus," said economists at Nedbank.

The rand has seen turbulent trading in past few weeks, weakening around 6% since September's six-month best of 16.1600 as a selloff of emerging assets globally triggered by second wave fears hit the local unit hard. Traders said the rand would struggle to hold on to the gains, with volatility driven by short-term bets.

The Johannesburg Stock Exchange shed some of its points earned on a bullish Monday and reversed gains in early trade on Tuesday as weak local jobs data weighed heavy on sentiment. The benchmark FTSE/JSE all share index closed down 0.39% to 54,507 points while the bluechip FTSE/JSE top 40 companies index slipped 0.51% to end at 50,320 points.

Bonds also gained, with the yield on the benchmark bond due in 2030 down 6 basis points to 9.485%.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES				
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	33,524,917	80,472	1,002,898	23,425,620

Politics is not a bad profession. If you succeed there are many rewards, if you disgrace yourself you can always write a book.

**Ronald Reagan**

## Market Overview

MARKET INDICATORS (Thomson Reuters)		30 September 2020			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	➔	3.88	0.000	3.88	3.88
6 months	➔	3.97	0.000	3.97	3.97
9 months	➔	4.00	0.000	4.00	4.00
12 months	➔	4.00	0.000	4.00	4.00
<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)	⬇	4.11	-0.050	4.16	4.20
GC22 (Coupon 8.75%, BMK R2023)	➔	5.22	0.000	5.22	5.23
GC23 (Coupon 8.85%, BMK R2023)	➔	5.12	0.000	5.12	5.13
GC24 (Coupon 10.50%, BMK R186)	⬇	7.56	-0.030	7.59	7.58
GC25 (Coupon 8.50%, BMK R186)	⬇	7.57	-0.030	7.60	7.59
GC26 (Coupon 8.50%, BMK R186)	⬇	7.57	-0.030	7.60	7.59
GC27 (Coupon 8.00%, BMK R186)	⬇	7.86	-0.030	7.89	7.88
GC30 (Coupon 8.00%, BMK R2030)	⬇	9.77	-0.075	9.85	9.81
GC32 (Coupon 9.00%, BMK R213)	⬇	10.92	-0.015	10.93	10.93
GC35 (Coupon 9.50%, BMK R209)	⬇	12.00	-0.005	12.01	12.01
GC37 (Coupon 9.50%, BMK R2037)	⬆	12.67	0.020	12.65	12.67
GC40 (Coupon 9.80%, BMK R214)	➔	13.17	0.000	13.17	13.18
GC43 (Coupon 10.00%, BMK R2044)	⬇	13.70	-0.005	13.70	13.70
GC45 (Coupon 9.85%, BMK R2044)	⬇	13.98	-0.005	13.98	13.98
GC50 (Coupon 10.25%, BMK: R2048)	⬇	14.03	-0.020	14.05	14.05
<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)	➔	4.49	0.000	4.49	4.49
GI25 (Coupon 3.80%, BMK NCPI)	➔	4.49	0.000	4.49	4.49
GI29 (Coupon 4.50%, BMK NCPI)	➔	5.92	0.000	5.92	5.91
GI33 (Coupon 4.50%, BMK NCPI)	➔	6.82	0.000	6.82	6.82
GI36 (Coupon 4.80%, BMK NCPI)	➔	7.09	0.000	7.09	7.09
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	⬆	1,898	0.90%	1,881	1,888
Platinum	⬆	884	0.61%	879	870
Brent Crude	⬇	41.0	-3.30%	42.4	40.6
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	⬆	1,075	0.23%	1,072	1,075
JSE All Share	⬇	54,507	-0.39%	54,719	54,507
SP500	⬇	3,335	-0.48%	3,352	3,335
FTSE 100	⬇	5,898	-0.51%	5,928	5,898
Hangseng	⬇	23,276	-0.85%	23,476	23,495
DAX	⬇	12,826	-0.35%	12,871	12,826
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⬆	10,004	0.72%	9,932	10,004
Resources	⬇	54,054	-0.58%	54,366	54,054
Industrials	⬇	73,358	-0.86%	73,991	73,358
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	⬇	16.87	-1.39%	17.11	16.97
N\$/Pound	⬇	21.70	-1.17%	21.96	21.79
N\$/Euro	⬇	19.81	-0.73%	19.96	19.91
US dollar/ Euro	⬆	1.174	0.67%	1.166	1.173
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Central Bank Rate	⬇	3.75	4.00	3.50	3.75
Prime Rate	⬇	7.50	7.75	7.00	7.25
		<b>Aug 20</b>	<b>Jul 20</b>	<b>Jul 20</b>	<b>Jun 20</b>
Inflation	⬆	2.4	2.1	3.2	2.2

**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: Bloomberg



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