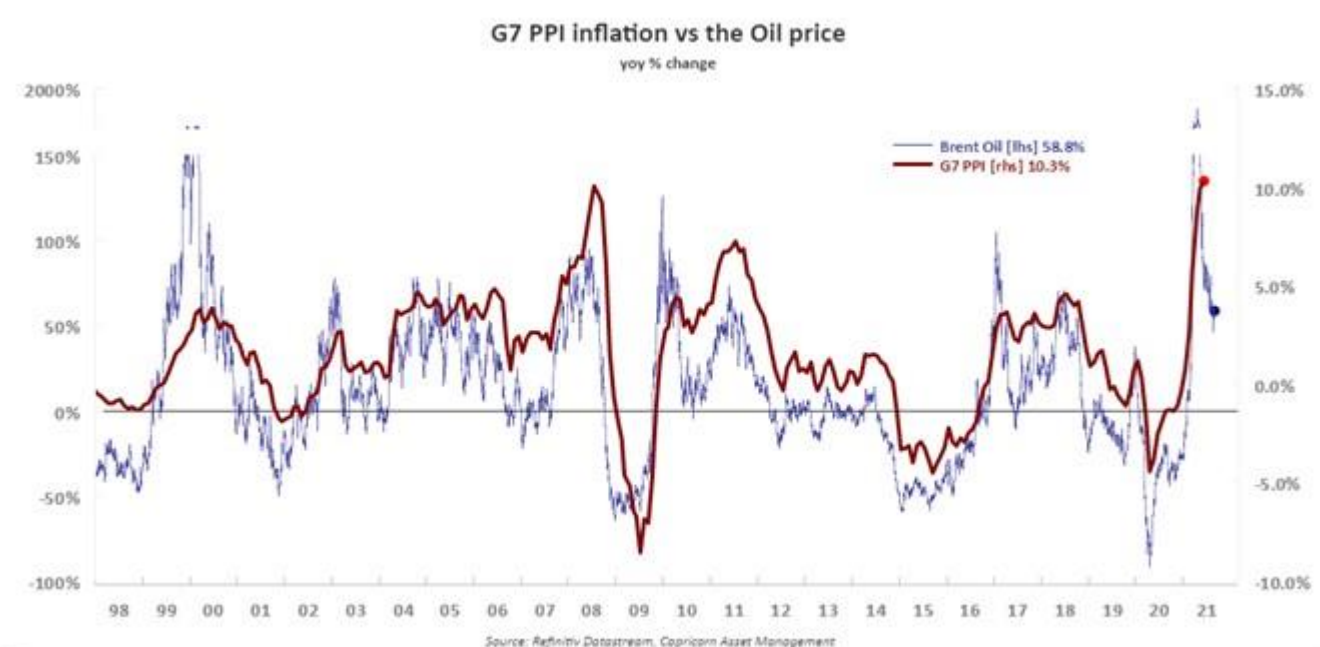




Market Update

Tuesday, 31 August 2021



Global Markets

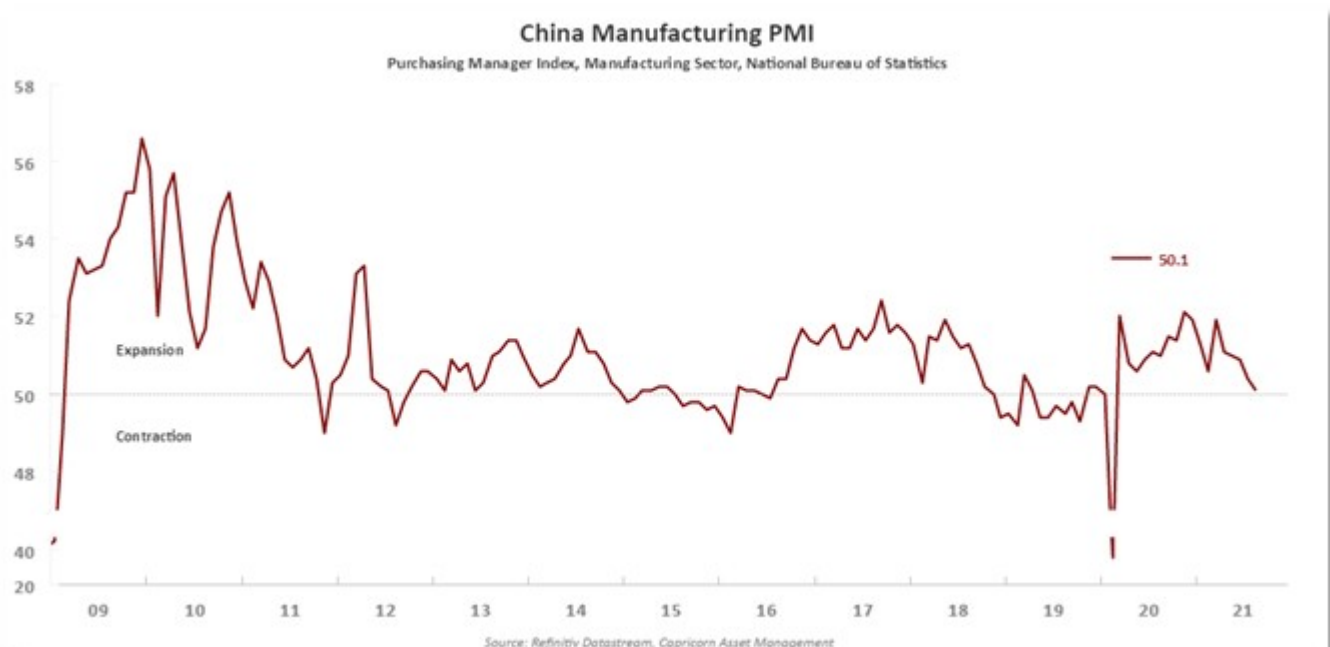
Stock markets opened lower on Tuesday despite fresh all-time highs on Wall Street, as worries about China's slowing economic growth and regulatory changes weighed on investor sentiment. MSCI's gauge of Asia Pacific stocks outside Japan slipped 0.25%, while Japan's Nikkei 225 fell more than 0.3% in the morning session. Hong Kong's Hang Seng Index and China's benchmark CSI300 Index opened down 0.1% and 0.2% respectively.

Japan's industrial output shrank in July as car production took a hit from a resurgence of the coronavirus in Asia that has cast doubt over recovery in the world's third-largest economy. China's factory activity expanded at a slower pace in August as coronavirus-related restrictions and high raw material prices pressure manufacturers in the world's second largest economy, while services activity contracted sharply, national data showed Tuesday.

Beijing on Monday cut the amount of time players under the age of 18 can spend on online games to an hour on Fridays, weekends and holidays, which analysts expect to continue to weigh in on tech stocks. "Chinese tech sector is under pressure. Divergence should continue when markets face a lot of uncertainties over Chinese policies," said Edison Pun, senior market analyst at Saxo Markets.

Australian shares, however, rose slightly for a second straight session, led by mining and technology stocks. The S&P/ASX 200 was up 0.2% by 0130GMT. Asia's cooler sentiment followed all-time highs set by U.S. and global equity benchmarks in the previous session, as the Federal Reserve appeared in no rush to step away from its massive stimulus.

U.S. crude fell 0.51% to \$68.86 a barrel and Brent was down 0.56% at \$73 a barrel in Asian trade as Hurricane Ida weakened into a Category 1 hurricane within 12 hours of coming ashore as a Category 4. "Eyes on OPEC+ meeting after hurricane Ida's hit, short-term supply shock is relieved and OPEC+ meeting could mean more future supply. Crude oil may return to weakness after strong rebound for about 10% last week," Sun said. Spot gold gained 0.18% to \$1813.54 per ounce.



Domestic Markets

The South African rand gained on Monday, boosted along with other risk-sensitive currencies by investor confidence that the U.S. Federal Reserve was in no rush to step away from its massive pandemic-era stimulus. At 1558 GMT, the rand traded at 14.6475 against the dollar, roughly 0.6% stronger than its previous close.

Fed Chair Jerome Powell told the Jackson Hole, Wyoming, central banking symposium on Friday that tapering of stimulus measures could begin this year but added the Fed would remain cautious. The rand regularly moves on shifts in expectations for U.S. monetary policy and global market sentiment.

"The backdrop is favourable for risk assets, allowing the rand and other high-beta (volatile) emerging market currencies to drift towards short-term support levels," analysts at Rand Merchant Bank said in a note. Budget data showing a slightly smaller deficit in July than the same month last year did little to influence rand trading.

Later this week, South Africa-focused investors will scrutinise trade figures, credit extension numbers and a PMI survey for further clues about the status of Africa's most industrialised economy.

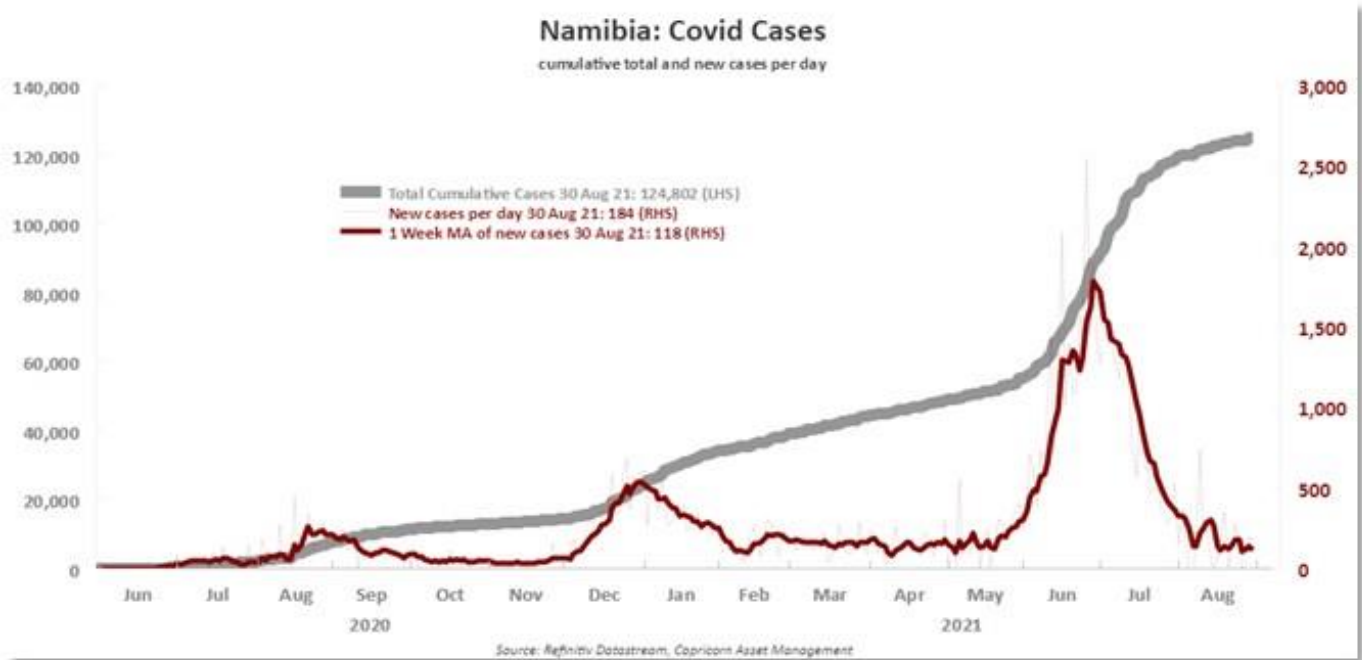
So far the economic recovery from COVID-19 has been uneven and halting, with arson and looting linked to the imprisonment of former President Jacob Zuma detracting from a strong first-quarter performance.

Johannesburg-listed stocks fell on Monday, with the Top-40 Index closing 1.05% lower at 60,750 points and the broader All-Share Index slipping 0.86% to 67,065 points. Shares in e-commerce giant Naspers and internet subsidiary Prosus led the decline. Both fell over 3% on the news that China has forbidden under-18s from playing video games for more than three hours per week. The decision hit Chinese internet giant Tencent, in which Prosus holds a 29% stake.

The benchmark 2030 government bond gained on Monday, with the yield dropping 5 basis points to 8.765%.

Corona Tracker

GLOBAL CASES		31-Aug-2021	
SOURCE - REUTERS			
	Confirmed Cases	New Cases	Total Deaths
GLOBAL	217,013,792	343,679	4,686,151



Source: Thomson Reuters Refinitiv

Faith is the bird that feels the light when the dawn is still dark.

Rabindranath Tagore

Market Overview

MARKET INDICATORS (Thomson Reuters)				31 August 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	4.13	-0.011	4.14	4.13
6 months	↓	4.82	-0.001	4.83	4.82
9 months	↓	5.13	-0.055	5.19	5.15
12 months	↓	5.29	-0.003	5.29	5.29
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.18	-0.030	4.21	4.18
GC22 (Coupon 8.75%, BMK R2023)	↓	5.60	-0.030	5.63	5.60
GC23 (Coupon 8.85%, BMK R2023)	↓	5.50	-0.030	5.53	5.50
GC24 (Coupon 10.50%, BMK R186)	↓	7.60	-0.040	7.64	7.61
GC25 (Coupon 8.50%, BMK R186)	↓	7.61	-0.040	7.65	7.62
GC26 (Coupon 8.50%, BMK R186)	↓	7.61	-0.040	7.65	7.62
GC27 (Coupon 8.00%, BMK R186)	↓	7.90	-0.040	7.94	7.91
GC30 (Coupon 8.00%, BMK R2030)	↓	9.07	-0.045	9.12	9.07
GC32 (Coupon 9.00%, BMK R213)	↓	10.05	-0.050	10.10	10.07
GC35 (Coupon 9.50%, BMK R209)	↓	10.93	-0.070	11.00	10.93
GC37 (Coupon 9.50%, BMK R2037)	↓	11.40	-0.070	11.47	11.40
GC40 (Coupon 9.80%, BMK R214)	↓	12.22	-0.080	12.30	12.21
GC43 (Coupon 10.00%, BMK R2044)	↓	12.45	-0.080	12.53	12.45
GC45 (Coupon 9.85%, BMK R2044)	↓	12.73	-0.080	12.81	12.73
GC48 (Coupon 10.00%, BMK R2048)	↓	12.82	-0.080	12.90	12.82
GC50 (Coupon 10.25%, BMK: R2048)	↓	12.76	-0.080	12.84	12.76
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	↓	1,810	-0.36%	1,817	1,815
Platinum	↓	1,007	-0.12%	1,008	1,005
Brent Crude	↑	73.4	0.98%	72.7	73.2
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,527	0.20%	1,524	1,527
JSE All Share	↓	67,065	-0.86%	67,646	67,065
SP500	↑	4,529	0.43%	4,509	4,529
FTSE 100	→	7,148	0.00%	7,148	7,148
Hangseng	↑	25,540	0.52%	25,408	25,174
DAX	↑	15,887	0.22%	15,852	15,887
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	14,255	-0.37%	14,307	14,255
Resources	↓	67,612	-0.34%	67,839	67,612
Industrials	↓	82,030	-1.75%	83,489	82,030
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.66	-0.36%	14.71	14.63
N\$/Pound	↓	20.17	-0.35%	20.24	20.17
N\$/Euro	↓	17.29	-0.34%	17.35	17.29
US dollar/ Euro	↑	1.180	0.02%	1.179	1.182
		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.



Capricorn Asset Management



Bank Windhoek

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer's judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
