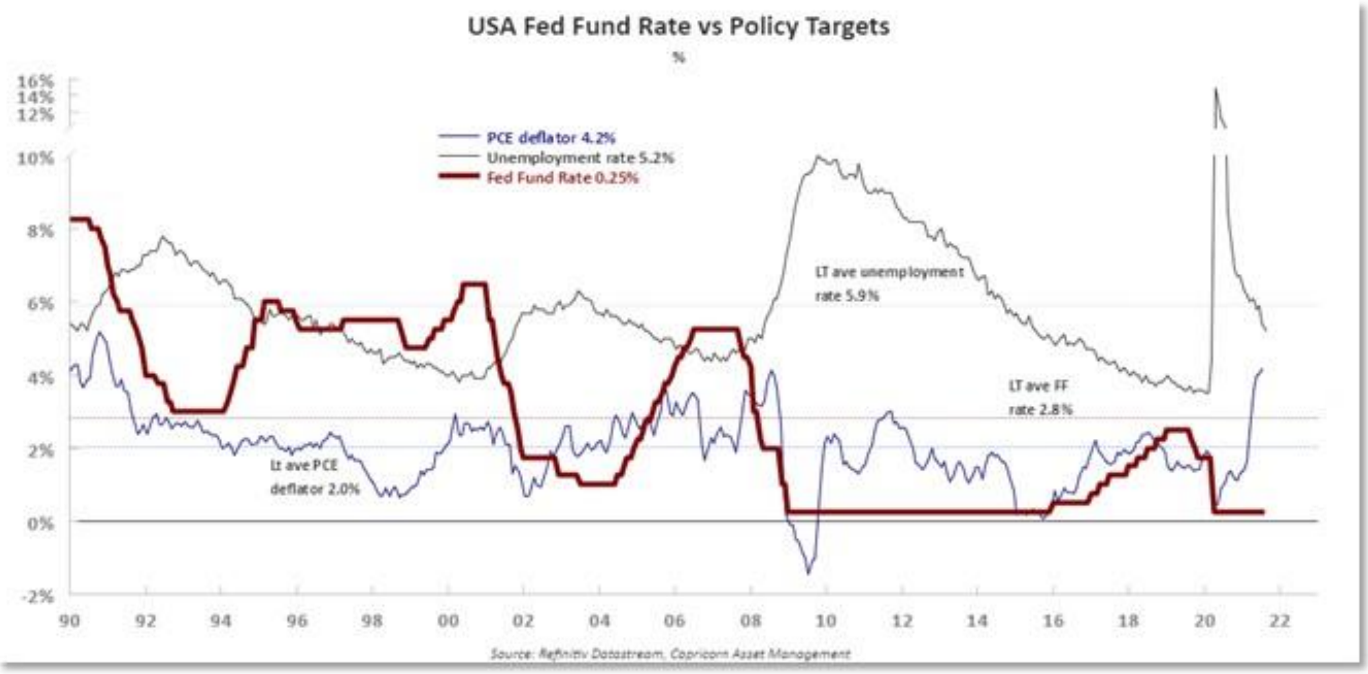
Market Update **Monday, 6 September 2021**



Global Markets

Asian shares edged higher on Monday as a disappointing U.S. payrolls report promised to keep policy there super-loose for longer, but also clouded the outlook for global growth and inflation.

A holiday in the United States made for thin conditions and kept MSCI's broadest index of Asia-Pacific shares outside Japan to a small gain of 0.2%, though that was the highest since late July. Japan's Nikkei added 1.7%, extending a rally on hopes a new prime minister there would bring added fiscal stimulus. Chinese blue chips gained 1.3% amid speculation Beijing would also be adding stimulus through fiscal and monetary policy.

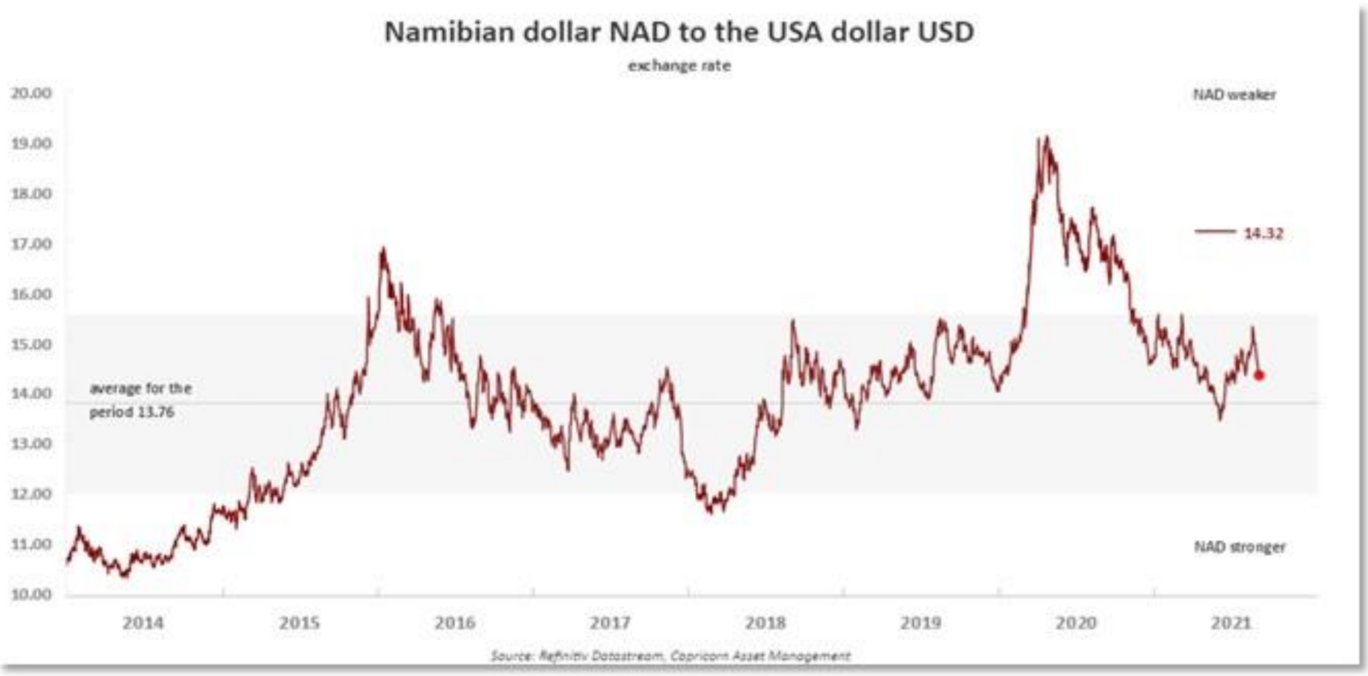
Nasdaq futures were barely changed, while S&P 500 futures dipped 0.1%. EUROSTOXX 50 futures and FTSE futures were little moved. Investors were still assessing the fallout from the September payrolls report, which showed a much smaller increase in jobs than expected, but also a pickup in wages. The latter was enough to nudge longer-dated Treasury yields higher and steepen the yield curve, even as markets speculated the Federal Reserve might start tapering later.

"Employment decelerated sharply in August, with little indication of a pickup in labour supply," said Barclays economist Jonathan Millar. "This puts the Fed in a quandary as it balances risks of a sharp demand slowdown against those of tight supply and inflation." "We still expect the Fed to signal tapering in September, but now expect it to begin in December not November. QE will likely end by the middle of 2022."

The rise in U.S. 10-year yields to 1.32% limited some of the pressure on the dollar from the poor payrolls print, though its index still touched a one-month low before steadying at 92.128. The dollar remained side-lined on the yen at 109.76, while the euro was firm at $1.1881 after hitting a five-week top of $1.1908 on Friday.

The European Central Bank holds its policy meeting this week and a number of policy hawks have been calling for a step back in their huge asset buying programme, though President Christine Lagarde has sounded more dovish. "We expect the ECB to announce a reduced pace of Q4 PEPP (pandemic emergency purchase programme) at its September meeting on the back of easier financial conditions," said analysts at TD Securities. "All other policy levers are likely to be left on hold, with inflation forecasts revised sharply up this year and next. Communication risks are high, and Lagarde will want to avoid sounding overly hawkish, instead emphasising 'persistence'."

The prospect of a later start to Fed tapering was positive for non-yielding gold, which stood at $1,827 an ounce, having reached its highest since mid-June at $1,833.80. Oil investors were more concerned the poor pace of U.S. hiring would be a drag on demand and prices slipped. Brent fell 82 cents to $71.79 a barrel, while U.S. crude lost 73 cents to $68.56.



Domestic Markets

The South African rand got a boost Friday after a closely watched U.S. jobs report came in well below expectations, meaning the United States' central bank is likely to hold off on scaling back its massive stimulus measures. U.S. non-farm payrolls increased by 235,000 jobs last month, far below the 728,000 jobs expected by economists polled by Reuters. The Federal Reserve has made a labour market recovery a condition for paring back its pandemic-era asset purchases, making the jobs data a major event that sent a wave through markets globally.

At 1500 GMT, the rand traded at 14.2750 against the dollar, almost 1.5% stronger than its previous close, while the U.S. dollar dropped to its lowest level since Aug. 4.

Along with other risk-sensitive currencies, the rand moves regularly on shifts in the outlook for U.S. monetary policy. It gained strongly against the greenback early this week, after a dovish speech by Fed Chair Jerome Powell last Friday suggested the bank was in no rush to raise interest rates.

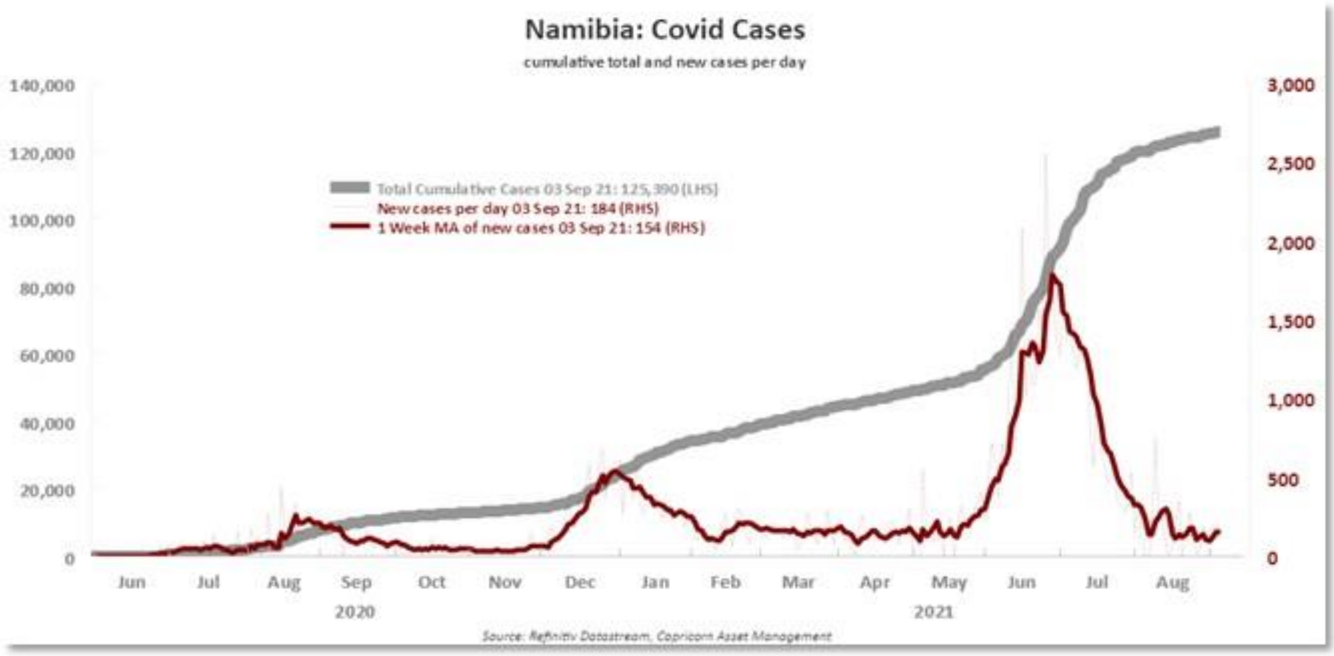
Locally, the rand was also bolstered by PMI data that showed private sector activity stabilised in August after a sharp downturn in July amid civil unrest and COVID-19 lockdown measures. Investors will look to data on second-quarter gross domestic product to understand the health of Africa's most industrialised economy.

Stocks closed lower, with the Johannesburg Stock Exchange's Top-40 Index slipping 0.42% to 60,107 points and the broader All-Share Index falling the same amount to 66,372 points. While gold and platinum companies all rose, thanks to the price of their metals shooting up following the U.S. jobs data, companies that tend to suffer when the rand is stronger slipped back.

The government's benchmark 2030 bond dipped, with the yield rising 5 basis point to 8.810%.

Corona Tracker

GLOBAL CASES SOURCE - REUTERS			06-Sep-2021
	Confirmed Cases	New Cases	Total Deaths
GLOBAL	220,888,238	305,357	4,745,565



Source: Thomson Reuters Refinitiv

> Do your duty and a little more and the future will take care of itself.
>
> **Andrew Carnegie**

Market Overview

MARKET INDICATORS (Thomson Reuters)					06 September 2021
Money Market TB Rates %		**Last close**	**Difference**	**Prev close**	**Current Spot**
3 months	⬇	4.60	-0.019	4.62	4.60
6 months	⬇	5.02	-0.009	5.03	5.02
9 months	⬇	5.23	-0.011	5.24	5.23
12 months	⬇	5.31	-0.007	5.31	5.31
Nominal Bond Yields %		**Last close**	**Difference**	**Prev close**	**Current Spot**
GC21 (Coupon 7.75%, BMK R208)	➡	4.17	0.000	4.17	4.17
GC22 (Coupon 8.75%, BMK R2023)	➡	5.09	0.000	5.09	5.09
GC23 (Coupon 8.85%, BMK R2023)	➡	5.61	0.000	5.61	5.61
GC24 (Coupon 10.50%, BMK R186)	⬆	6.97	0.065	6.91	6.95
GC25 (Coupon 8.50%, BMK R186)	⬆	7.16	0.065	7.10	7.14
GC26 (Coupon 8.50%, BMK R186)	⬆	7.82	0.065	7.76	7.80
GC27 (Coupon 8.00%, BMK R186)	⬆	8.09	0.065	8.03	8.07
GC30 (Coupon 8.00%, BMK R2030)	⬆	9.70	0.060	9.64	9.67
GC32 (Coupon 9.00%, BMK R213)	⬆	10.26	0.080	10.18	10.23
GC35 (Coupon 9.50%, BMK R209)	⬆	11.40	0.070	11.33	11.37
GC37 (Coupon 9.50%, BMK R2037)	⬆	12.10	0.070	12.03	12.07
GC40 (Coupon 9.80%, BMK R214)	⬆	12.93	0.060	12.87	12.91
GC43 (Coupon 10.00%, BMK R2044)	⬆	13.09	0.070	13.02	13.07
GC45 (Coupon 9.85%, BMK R2044)	⬆	13.06	0.070	12.99	13.04
GC48 (Coupon 10.00%, BMK R2048)	⬆	13.10	0.060	13.04	13.07
GC50 (Coupon 10.25%, BMK: R2048)	⬆	13.18	0.060	13.12	13.15
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)	➡	6.16	0.000	6.16	6.16
GI33 (Coupon 4.50%, BMK NCPI)	➡	7.32	0.000	7.32	7.32
GI36 (Coupon 4.80%, BMK NCPI)	➡	7.71	0.000	7.71	7.71
Commodities		**Last close**	**Change**	**Prev close**	**Current Spot**
Gold	⬆	1,826	0.93%	1,809	1,826
Platinum	⬆	1,026	2.66%	999	1,021
Brent Crude	⬇	72.6	-0.58%	73.0	71.7
Main Indices		**Last close**	**Change**	**Prev close**	**Current Spot**
NSX Overall Index	⬇	1,514	-0.36%	1,519	1,514
JSE All Share	⬇	66,372	-0.42%	66,654	66,372
SP500	⬇	4,535	-0.03%	4,537	4,535
FTSE 100	⬇	7,138	-0.36%	7,164	7,138
Hangseng	⬇	25,902	-0.72%	26,090	26,084
DAX	⬇	15,781	-0.37%	15,841	15,781
JSE Sectors		**Last close**	**Change**	**Prev close**	**Current Spot**
Financials	⬇	14,223	-0.79%	14,336	14,223
Resources	⬆	63,895	0.73%	63,429	63,895
Industrials	⬇	83,564	-1.23%	84,608	83,564
Forex		**Last close**	**Change**	**Prev close**	**Current Spot**
N$/US dollar	⬇	14.31	-0.98%	14.45	14.35
N$/Pound	⬇	19.84	-0.73%	19.99	19.86
N$/Euro	⬇	17.00	-0.91%	17.16	17.02
US dollar/ Euro	⬆	1.188	0.08%	1.187	1.187
		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 listeds

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