



## Market Update

Thursday, 9 September 2021



## Global Markets

Shares dropped Thursday, while the dollar held firm, in line with a cautious global mood as investors worried about the combination of slowing global growth and the potential tapering of central bank stimulus. The European Central Bank is particularly in focus, with analysts expecting it to announce a token step towards reducing its emergency economic support later on Thursday.

MSCI's broadest index of Asia-Pacific shares outside Japan lost 1.04% while Japan's Nikkei dipped 0.38%. There were losses in Australia down 1.01%, Korea off 0.74%, and in Hong Kong which shed 1.17%, with tech names leading the declines there. The Hang Seng Tech Index fell 2.44% in early trading, weighed by declines in Tencent Holdings down 3.7% and Netease Inc down over 7% after China's government on Wednesday summoned gaming firms to ensure they implement new rules for the sector. Chinese blue chips were down 0.41% just after the bell, and U.S. stock futures, the S&P 500 e-minis, were down 0.16%.

Edison Pun, a senior market analyst at Saxo Markets, attributed the bearish global turn to strong U.S. job openings data overnight, which "means the job market is still strong, and that could mean tapering may still start in (the fourth quarter) despite the poor non-farm payroll in August," he said. Earlier this week, investors had bet the lower-than-expected payroll reading from Friday would mean the Federal Reserve would delay trimming its massive asset purchases, sending MSCI's world equity index to a new all-time high on Tuesday.

However, the mood has turned more cautious since then, and several Fed policymakers on Wednesday signalled the U.S. central bank remains on track to reduce asset purchases this year. On Wall Street on Wednesday, the Dow Jones Industrial Average dipped 0.2%, the S&P 500 lost 0.13% and the Nasdaq Composite dropped 0.57%.

Following its meeting on Thursday, analysts expect the ECB to announce a cut to the pace of its emergency bond purchases from next quarter but will keep buying bonds at least until 2024 under its main programme, and possibly much longer.

Ahead of the decision, the euro slipped to \$1.1814, a little off Friday's two-month high of \$1.1909, while the dollar was steady against a basket of its peers, having gained in the previous three sessions. Benchmark 10-year Treasury notes yielded 1.3376%, little changed in Asian hours, having edged lower on Wednesday after a strong auction by the U.S. Treasury.

Oil prices ticked lower, giving up some of last session's gains although a slow recovery in production in the U.S. Gulf of Mexico output following Hurricane Ida offered some support. U.S. crude dipped 0.1% to \$69.23 a barrel. Brent crude slipped 0.11% to \$72.55 per barrel. Gold dropped slightly, languishing near two-week lows with the spot price at \$1,787.67 per ounce off 0.09%.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

The South African rand drifted higher on Wednesday, defying a strong dollar and risk-off sentiment as the country's central bank governor made the case for a tighter inflation target. At 1513 GMT, the rand traded at 14.2700 against the dollar, about 0.3% stronger than its Tuesday close.

The rand often shrugs off local factors, including better-than-expected second-quarter gross domestic product (GDP) figures on Tuesday, and responds to global factors instead. Elsewhere, investors were moving away from riskier assets over uncertainty over the pace of economic recovery, lifting the greenback, which the rand tends to track.

On Wednesday, South African Reserve Bank (SARB) Governor Lesetja Kganyago made the case for adopting an inflation target of 3% or 4% with a margin of error either of 1 percentage point either side, as oppose to the 3% to 6% target used currently.

With inflation currently at 4.6%, if adopted that would mean South Africa was already above its target range. Interest rates in South Africa are currently at a record-low of 3.5% after being slashed following a collapse in inflation due to COVID-19.

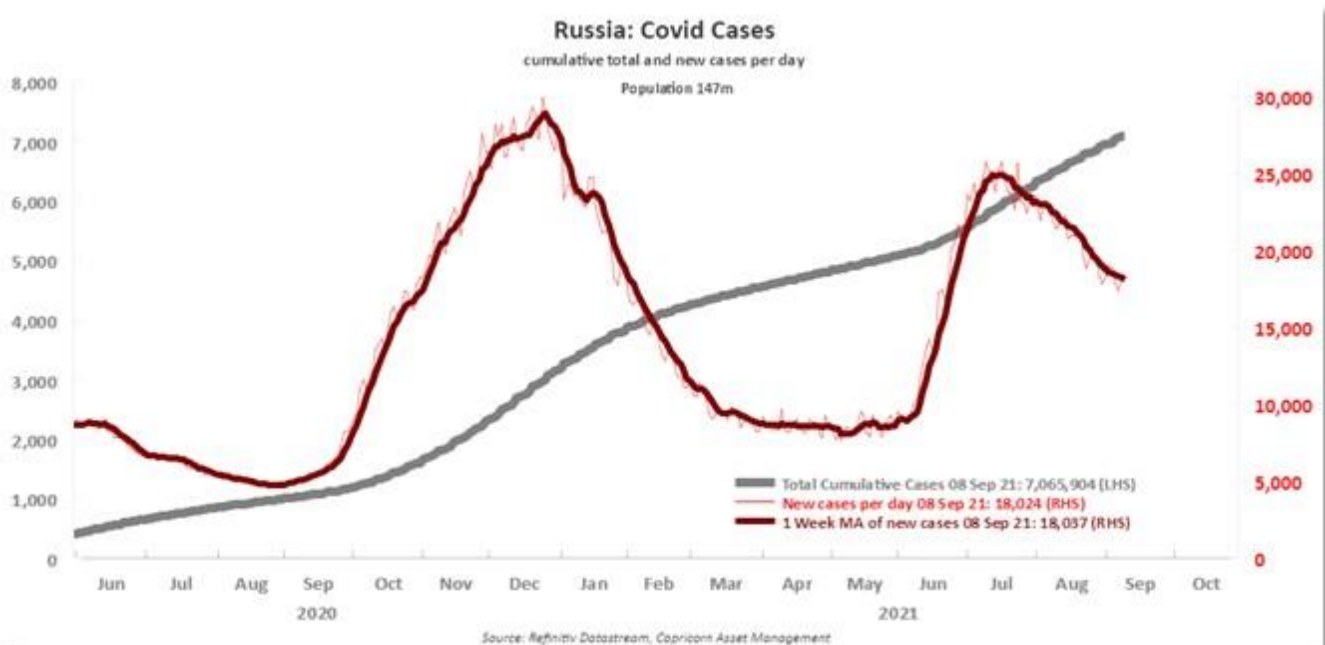
Investors will also be watching domestic data releases on Thursday, including second-quarter current account and July manufacturing numbers, following Tuesday's GDP reading of 1.2% growth in April-June quarter on quarter.

Government bonds also edged up, with the yield on the 2030 instrument at 8.825%.

Stocks, however, fell. The Johannesburg Stock Exchange's Top-40 Index was down 1.6% to 59,379 points and the broader All-Share Index closed 1.5% lower at 65,525 points. Miners were the biggest losers on the blue-chip index, hurt as the gold price slipped to a two-week low. The stronger dollar and higher U.S. Treasury yields outweighed the boost to the precious metal from deepening concerns about global economic growth. Gold Fields fell 4.4%, AngloGold Ashanti dropped 3.4% and Sibanye Stillwater lost 3.3%.

## Corona Tracker

GLOBAL CASES		08-Sep-2021	
SOURCE - REUTERS			
	Confirmed Cases	New Cases	Total Deaths
<b>GLOBAL</b>	222,483,455	291,201	4,769,875



Source: Thomson Reuters Refinitiv

A 'No' uttered from the deepest conviction is better than a 'Yes' merely uttered to please, or worse, to avoid trouble.

**Mahatma Gandhi**

## Market Overview

MARKET INDICATORS (Thomson Reuters)		09 September 2021			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	4.57	0.000	4.57	4.57
6 months	⇒	5.01	0.000	5.01	5.01
9 months	⇓	5.20	-0.017	5.22	5.20
12 months	⇒	5.30	0.000	5.30	5.30
<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)	⇓	4.17	-0.455	4.62	4.20
GC22 (Coupon 8.75%, BMK R2023)	⇑	5.13	0.025	5.11	5.10
GC23 (Coupon 8.85%, BMK R2023)	⇑	5.65	0.025	5.63	5.62
GC24 (Coupon 10.50%, BMK R186)	⇓	6.98	-0.005	6.99	6.98
GC25 (Coupon 8.50%, BMK R186)	⇓	7.17	-0.005	7.18	7.17
GC26 (Coupon 8.50%, BMK R186)	⇓	7.83	-0.005	7.84	7.83
GC27 (Coupon 8.00%, BMK R186)	⇓	8.10	-0.005	8.11	8.10
GC30 (Coupon 8.00%, BMK R2030)	⇓	9.71	-0.030	9.74	9.71
GC32 (Coupon 9.00%, BMK R213)	⇓	10.26	-0.030	10.29	10.26
GC35 (Coupon 9.50%, BMK R209)	⇓	11.39	-0.035	11.42	11.39
GC37 (Coupon 9.50%, BMK R2037)	⇓	12.07	-0.035	12.11	12.07
GC40 (Coupon 9.80%, BMK R214)	⇓	12.92	-0.035	12.95	12.91
GC43 (Coupon 10.00%, BMK R2044)	⇓	13.07	-0.035	13.11	13.07
GC45 (Coupon 9.85%, BMK R2044)	⇓	13.04	-0.035	13.08	13.04
GC48 (Coupon 10.00%, BMK R2048)	⇓	13.08	-0.035	13.12	13.08
GC50 (Coupon 10.25%, BMK: R2048)	⇓	13.16	-0.035	13.20	13.16
<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)	⇒	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
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	⇓	1,789	-0.29%	1,794	1,787
Platinum	⇓	980	-1.88%	999	973
Brent Crude	⇑	72.6	1.27%	71.7	72.7
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	⇓	1,493	-0.94%	1,507	1,493
JSE All Share	⇓	65,525	-1.49%	66,515	65,525
SP500	⇓	4,514	-0.13%	4,520	4,514
FTSE 100	⇓	7,096	-0.75%	7,149	7,096
Hangseng	⇓	26,321	-0.12%	26,354	25,794
DAX	⇓	15,610	-1.47%	15,843	15,610
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	⇑	14,118	0.00%	14,118	14,118
Resources	⇓	61,487	-2.43%	63,022	61,487
Industrials	⇓	83,900	-1.54%	85,214	83,900
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	⇓	14.18	-0.87%	14.30	14.21
N\$/Pound	⇓	19.52	-1.00%	19.72	19.55
N\$/Euro	⇓	16.75	-1.08%	16.93	16.79
US dollar/ Euro	⇓	1.181	-0.22%	1.184	1.181
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Aug 21</b>	<b>Jul 21</b>	<b>Aug 21</b>	<b>Jul 21</b>
Central Bank Rate	⇒	3.75	3.75	3.50	3.50
Prime Rate	⇒	7.50	7.50	7.00	7.00
		<b>Jul 21</b>	<b>Jun 21</b>	<b>Jul 21</b>	<b>Jun 21</b>
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

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**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.*



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