



## Market Update

Monday, 01 February 2021



## Global Markets

Shares rallied on Monday and U.S. stock futures recouped early losses as newly empowered retail investors turned their attention to precious metals, promising a respite to some hard-hit hedge funds.

MSCI's broadest index of Asia-Pacific shares outside Japan climbed 1.4% after four straight sessions of losses. Japan's Nikkei added 1.2%, after shedding almost 2% on Friday, while Chinese blue chips gained 0.5% as the country's central bank injected more cash into money markets. Futures for the S&P 500 edged up 0.3%, having been down as much as 1% in early action, while NASDAQ futures firmed 0.1%. EUROSTOXX 50 futures added 0.6% and FTSE futures 0.2%.

Dealers noted a shift in the headline-grabbing battle between retail investors and Wall Street that led hedge funds last week to trade the most stock in a decade amid wild swings in GameStop Corp. Talk now was that silver was the new target for the retail crowd, as the metal jumped 6% to a six-month high, possibly limiting the need for distressed selling by stock funds.

Analysts cautioned this entertaining episode was really a sideshow compared with signs of a loss of economic momentum in the United States and Europe as coronavirus lockdowns bite. Indeed, two surveys from China showed factory activity slowed in January as restrictions took a toll in some regions. Neither was the news on vaccine rollouts positive, especially given doubts about whether they will work on new COVID strains.

"It is these considerations, not what is happening to a video game retailer day to day, that has weighed on risk assets," said John Briggs, global head of strategy at NatWest Markets. "So much of the market's valuations, risk in particular, is premised on the fact we can see a light at the end of the COVID tunnel." Doubts have also emerged about the future of President Joe Biden's \$1.9 trillion relief package, with 10 Republican senators urging a \$600 billion plan.

The jitters in stocks caused only a brief ripple in bonds, with Treasury yields actually rising late last week, perhaps a reflection of the tidal wave of borrowing underway. A record \$1.11 trillion of gross Treasury issuance is slated for this quarter, up from \$685 billion the same time last year. On Monday, U.S. 10-year yields had nudged up to 1.08% and nearer the recent 10-month top of 1.187%.

Higher yields combined with the more cautious market mood have seen the safe-haven dollar steady above its recent lows. The dollar index stood at 90.535, having bounced from a trough of 89.206 hit early in January. The euro idled at \$1.2129, well off its recent peak at \$1.2349, while the dollar held firm at 104.70 yen.

Gold followed silver higher to \$1,862 an ounce, but has repeatedly stalled at resistance around \$1,875. Oil also tracked the gains in other commodities, with U.S. crude rising 21 cents to \$52.42 a barrel. Brent crude futures gained 33 cents to \$55.37.

## **Domestic Markets**

South Africa's rand stormed to a one week best on Friday, shaking off a bout of negative sentiment that hobbled other risk markets as the high yield on offer on local assets lured investors.

At 1500 GMT the rand was 1.15% firmer at 15.0250 per dollar, having touched a session best 14.9500 earlier.

Bonds were also rallied, with the yield on the 10 year government bond down 3.5 basis points to 8.735%, also near a one week best. Positive local data also supported flows. Credit expansion ticked up, to 3.55% year on year in December from 3.38% previously. The trade balance remained in surplus, at 32.00 billion rand. And government's monthly budget balance was also in the black.

The data does not substantially brighten the country's economic outlook, but it did soothe short term sentiment on a global perspective which has been rattled by the assault on hedge-fund equity short positions in the United States.

Stocks fell, posting their worst week in three months on dented risk appetite, with the Johannesburg Stock Exchange's Top-40 Index down 1.33% to 57,312 points and the broader All-Share Index falling 1.16% to 62,472 points.

MTN Group was among the decliners, after telecoms regulator said on Friday it will challenge a court application by the mobile network operator seeking to review or scrap the regulator's auction process for awarding spectrum vital for rolling out 5G technology. Its shares closed 1.04% weaker, while its rival Vodacom, who also stands to be excluded from purchasing the crucial 3.5GHZ radio frequency spectrum band vital for 5G, fell 1.21%.

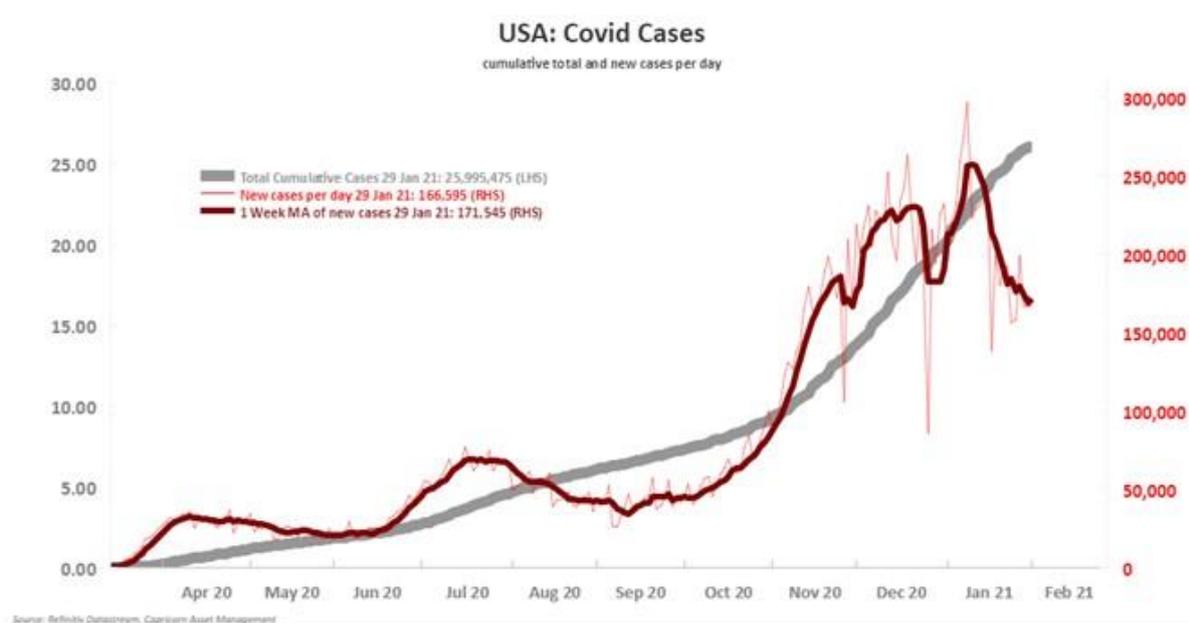
Spur Corporation fell 0.61% after it said half-year total franchised restaurant sales dropped 29.5%. Sasol Ltd, however, bucked the downward trend, jumping 8.92% after the world's top manufacturer of motor fuel from coal said that profit for the half year ended Dec. 31 will more than treble.

## Corona Tracker

GLOBAL CASES		01-Feb-2021		
SOURCE - <b>REUTERS</b>		5:34		
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
<b>GLOBAL</b>	102,764,786	184,679	2,222,566	66,047,336

The number of new cases is distorted by cut-off times.

Source: Thomson Reuters



Something is wrong that we have to feed so many. Why should there be poverty with all of our science and technology? There is no deficit in human resources - it is a deficit in human will.

**Coretta Scott King**

## Market Overview

MARKET INDICATORS (Thomson Reuters)		01 February 2021			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↔	4.16	0.000	4.16	4.16
6 months	↔	4.48	0.000	4.48	4.48
9 months	↓	4.55	-0.008	4.56	4.55
12 months	↔	4.60	0.000	4.60	4.60
<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)	↔	4.35	0.000	4.35	4.35
GC22 (Coupon 8.75%, BMK R2023)	↑	5.32	0.035	5.28	5.32
GC23 (Coupon 8.85%, BMK R2023)	↑	5.22	0.035	5.18	5.22
GC24 (Coupon 10.50%, BMK R186)	↓	6.99	-0.025	7.01	6.98
GC25 (Coupon 8.50%, BMK R186)	↓	7.00	-0.025	7.02	6.99
GC26 (Coupon 8.50%, BMK R186)	↓	7.00	-0.025	7.02	6.99
GC27 (Coupon 8.00%, BMK R186)	↓	7.29	-0.025	7.31	7.28
GC30 (Coupon 8.00%, BMK R2030)	↓	9.04	-0.035	9.07	9.04
GC32 (Coupon 9.00%, BMK R213)	↑	10.20	0.005	10.19	10.19
GC35 (Coupon 9.50%, BMK R209)	↑	11.33	0.005	11.32	11.33
GC37 (Coupon 9.50%, BMK R2037)	↑	11.90	0.025	11.87	11.89
GC40 (Coupon 9.80%, BMK R214)	↔	12.61	0.000	12.61	12.61
GC43 (Coupon 10.00%, BMK R2044)	↑	12.96	0.005	12.95	12.96
GC45 (Coupon 9.85%, BMK R2044)	↑	13.24	0.005	13.23	13.24
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.25	0.005	13.25	13.26
<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)	↔	4.10	0.000	4.10	4.10
GI25 (Coupon 3.80%, BMK NCPI)	↔	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	↑	5.73	0.332	5.39	5.73
GI33 (Coupon 4.50%, BMK NCPI)	↓	6.82	-0.002	6.83	6.82
GI36 (Coupon 4.80%, BMK NCPI)	↑	7.27	0.015	7.25	7.27
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	1,846	0.31%	1,840	1,858
Platinum	↑	1,073	0.17%	1,071	1,099
Brent Crude	↑	55.9	0.63%	55.5	55.5
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓	1,232	-1.17%	1,247	1,232
JSE All Share	↓	62,472	-1.16%	63,207	62,472
SP500	↓	3,714	-1.93%	3,787	3,714
FTSE 100	↓	6,407	-1.82%	6,526	6,407
Hangseng	↓	28,284	-0.94%	28,551	28,886
DAX	↓	13,433	-1.71%	13,666	13,433
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↓	11,689	-1.56%	11,874	11,689
Resources	↓	60,375	-0.99%	60,981	60,375
Industrials	↓	84,462	-1.42%	85,679	84,462
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	15.15	-0.32%	15.20	15.11
N\$/Pound	↓	20.75	-0.46%	20.85	20.75
N\$/Euro	↓	18.38	-0.19%	18.42	18.32
US dollar/ Euro	↑	1.214	0.12%	1.212	1.213
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Dec 20</b>	<b>Nov 20</b>	<b>Dec 20</b>	<b>Nov 20</b>
Central Bank Rate	↔	3.75	3.75	3.50	3.50
Prime Rate	↔	7.50	7.50	7.00	7.00
		<b>Dec 20</b>	<b>Nov 20</b>	<b>Dec 20</b>	<b>Nov 20</b>
Inflation	↑	2.4	2.2	3.1	3.2

**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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