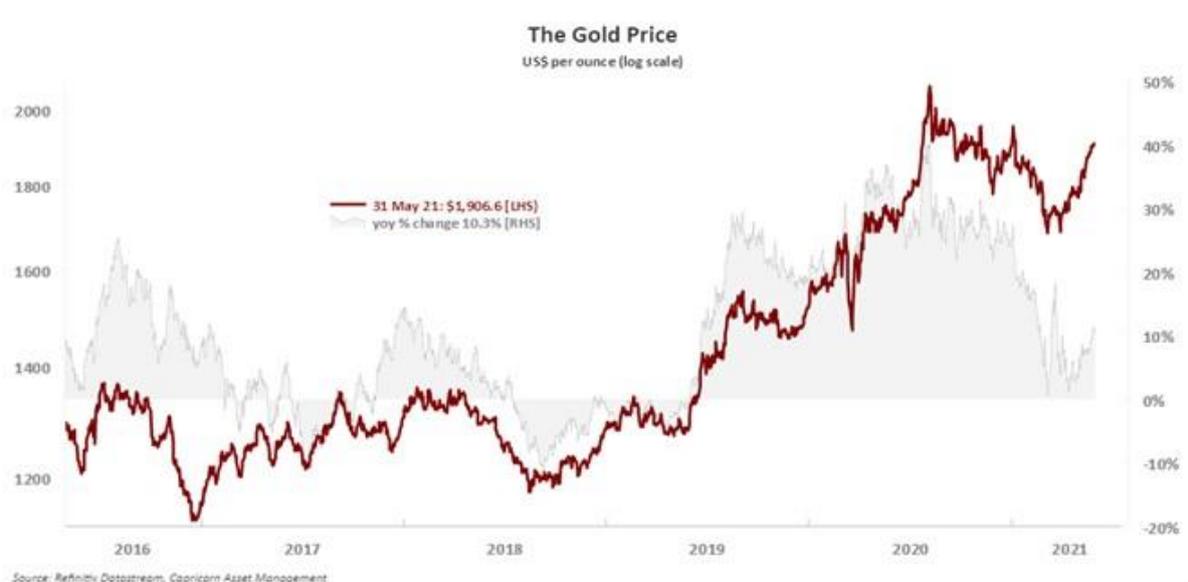




Market Update

Tuesday, 01 June 2021



Global Markets

Stock markets rose on Tuesday while gold flirted near five-month highs ahead of European and U.S. data this week that will likely offer clues on the health of the global economy. The world's recovery from the COVID-19 pandemic remains patchy with exports reviving but broader economic activity still dampened by new measures to contain fresh outbreaks

MSCI's broadest index of Asia-Pacific shares outside Japan edged up 0.4%, as Taiwan and South Korea indexes notched gains. Japan, Australia and Chinese markets retreated. South Korea stocks were supported by data showing the country's exports logged their sharpest expansion in 32 years in May. But in Japan, official data showed companies cut spending on plant and equipment for the fourth straight quarter in January-March.

The MSCI Asia index rose to the highest in a month, taking total gains made so far this year to nearly 7%. World equities have risen for a fourth straight month as ample liquidity supported risk taking despite worries of higher inflation. China's factory activity expanded at the fastest pace this year in May as domestic and export demand picked up, a business survey showed.

While asset markets have rallied last month, policymakers are increasingly focused on tackling inflation at a time when the underlying structural economy has been struggling to gain traction.

Markets are also awaiting signals from the Federal Reserve on when it will start tapering its bond-buying programme.

"The fixation of the markets now is on inflation and rightly so because of so much of quantitative easing and supply chain disruptions," said Hou Wey Fook, chief investment officer at DBS Bank. "It seems to be that tapering should be on the cards. But it will be mild, it'll be slow and will be very well communicated.

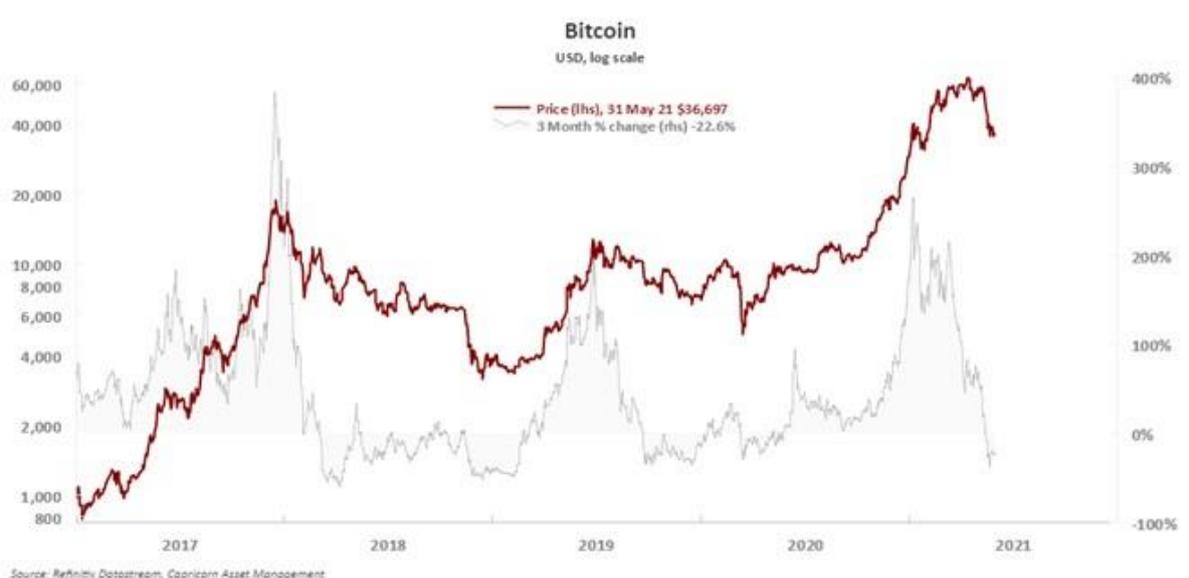
This week's main event is the U.S. payrolls on Friday with median forecasts at 650,000, but the outcome is uncertain following April's unexpectedly weak 266,000 gain. Though U.S. inflation data last week was above estimates, another big miss on the jobs front would delay prospects for any wind down of stimulus, analysts say.

U.S. stock futures were little changed after a holiday on Monday and following European share markets ending below record highs. The dollar languished near multi-month lows versus major peers as traders pondered the prospects for early policy normalisation by the Fed ahead of the jobs report.

"The world economy is clearly recovering, and that is going to be bad for the U.S. dollar because it's a counter-cyclical currency," said Commonwealth Bank of Australia strategist Joseph Capurso. "The U.S. dollar has been pretty heavy in the last few weeks, and I think it keeps trending lower." Australia's dollar rose as high as \$0.77605, strengthening for the second straight session ahead of a central bank announcement at 0430 GMT although economists predict no change to monetary policy.

The offshore Chinese yuan was steady at 6.3710 per dollar, retreating from a three-year high of 6.3526 per dollar reached on Monday, after the monetary authority tightened banks' foreign exchange requirements to stem the currency's rise.

Concerns about global inflation have supported gold, with prices for the yellow metal rising 8% this month, vaulting comfortably above \$1,900. On Tuesday, gold prices traded near a five-month high scaled last week. Oil prices rose ahead of an OPEC+ meeting and on optimism that fuel demand will grow in the months ahead with the summer driving season starting in the United States, the world's top oil consumer. Brent crude futures for August added 1.3% to \$70.2 a barrel, while U.S. crude rose 1.9% to \$67.6. There was little action in cryptocurrencies, with bitcoin steady around \$36,642.



Domestic Markets

South Africa's rand firmed up against the dollar on Monday and was on track for monthly gains of more than 5% thanks to a softer greenback and higher commodity prices. At 1500 GMT the rand was 0.51% firmer at 13.7200 per dollar, taking the monthly gain so far to 5.3%.

The dollar came under pressure more broadly on Monday as traders assessed the impact of a surge in U.S. inflation before monthly jobs data later this week. The rand hit its firmest since February 2019 last week, driven by investor bets that the U.S. central bank would lend at low rates for longer despite signs of higher inflation in the world's biggest economy.

"The strongly supportive global monetary policy environment is benefiting the domestic currency, as are South Africa's interest rate differentials," said Annabel Bishop, chief economist at Investec. "The rand's substantial run in strength to date is not expected to be endless, and as the U.S. shows greater signs of recovery, so market fears about the U.S. tapering its QE programme will grow and this would be expected to reduce market appetite for risk taking."

Resource-rich South Africa's currency has also benefited from a rise in commodity prices as top importer China's economy improves.

Stocks also firmed, boosted by commodity prices like gold, platinum and palladium. Gold was on course for its biggest monthly jump since last July as the dollar headed for a second month of decline, while growing inflationary pressures also lifted bullion's appeal.

Leading gainers was Impala Platinum up 5.25%. Northam Platinum rose 5.19% while Anglo American Platinum climbed 4.67%. Among gold stocks, Harmony Gold took the lead, up 4.37% followed by Gold Fields and Sibanye Stillwater up 4.02% and 3.86%. Standard Bank Group rose 1.91% after it said it expects to report a 40% rise in profit for the six months to June 30.

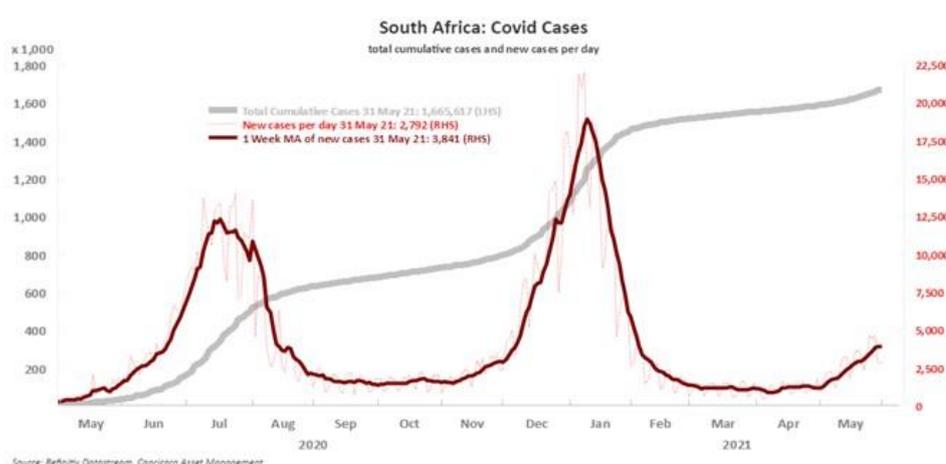
Overall, the Johannesburg All-Share index climbed 0.61%, while the Top-40 index rose 0.71%. Bonds were firmer, with the yield on the benchmark 2030 government issue down 4 basis points to 8.910%.

Corona Tracker

GLOBAL CASES		01-Jun-2021		
SOURCE - REUTERS		5:34		
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	170,628,101	263,729	3,695,457	121,419,026

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

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				01 June 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	➡	4.16	0.000	4.16	4.16
6 months	➡	4.27	0.000	4.27	4.27
9 months	➡	4.47	0.000	4.47	4.47
12 months	➡	4.56	0.000	4.56	4.56
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	⬆	4.70	0.025	4.67	4.69
GC22 (Coupon 8.75%, BMK R2023)	⬆	5.66	0.020	5.64	5.63
GC23 (Coupon 8.85%, BMK R2023)	⬆	5.56	0.020	5.54	5.53
GC24 (Coupon 10.50%, BMK R186)	⬇	7.64	-0.020	7.66	7.62
GC25 (Coupon 8.50%, BMK R186)	⬇	7.65	-0.020	7.67	7.63
GC26 (Coupon 8.50%, BMK R186)	⬇	7.65	-0.020	7.67	7.63
GC27 (Coupon 8.00%, BMK R186)	⬇	7.94	-0.020	7.96	7.92
GC30 (Coupon 8.00%, BMK R2030)	⬇	9.21	-0.040	9.25	9.20
GC32 (Coupon 9.00%, BMK R213)	⬇	10.23	-0.030	10.26	10.20
GC35 (Coupon 9.50%, BMK R209)	⬇	11.13	-0.040	11.17	11.11
GC37 (Coupon 9.50%, BMK R2037)	⬇	11.65	-0.050	11.70	11.64
GC40 (Coupon 9.80%, BMK R214)	⬇	12.45	-0.060	12.51	12.41
GC43 (Coupon 10.00%, BMK R2044)	⬇	12.76	-0.045	12.80	12.74
GC45 (Coupon 9.85%, BMK R2044)	⬇	13.04	-0.045	13.08	13.02
GC50 (Coupon 10.25%, BMK: R2048)	⬇	13.04	-0.050	13.09	13.03
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	➡	3.96	0.000	3.96	3.96
GI25 (Coupon 3.80%, BMK NCPI)	➡	4.00	0.000	4.00	4.00
GI29 (Coupon 4.50%, BMK NCPI)	➡	5.64	0.000	5.64	5.64
GI33 (Coupon 4.50%, BMK NCPI)	➡	5.82	0.000	5.82	5.82
GI36 (Coupon 4.80%, BMK NCPI)	➡	7.38	0.000	7.38	7.38
Commodities		Last close	Change	Prev close	Current Spot
Gold	⬆	1,906	0.20%	1,903	1,916
Platinum	⬆	1,187	0.78%	1,178	1,191
Brent Crude	⬇	69.3	-0.45%	69.6	70.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,444	0.81%	1,432	1,444
JSE All Share	⬆	67,964	0.61%	67,555	67,964
SP500	➡	4,204	0.00%	4,204	4,204
FTSE 100	➡	7,023	0.00%	7,023	7,023
Hangseng	⬆	29,152	0.09%	29,124	29,327
DAX	⬇	15,421	-0.64%	15,520	15,421
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆	13,456	0.05%	13,450	13,456
Resources	⬆	67,666	2.13%	66,256	67,666
Industrials	⬇	86,872	-0.24%	87,078	86,872
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	13.73	-0.22%	13.76	13.71
N\$/Pound	⬇	19.51	-0.07%	19.53	19.51
N\$/Euro	⬆	16.79	0.06%	16.78	16.77
US dollar/ Euro	⬆	1.223	0.30%	1.219	1.223
		Namibia		RSA	
Interest Rates & Inflation		May 21	Apr 21	May 21	Apr 21
Central Bank Rate	➡	3.75	3.75	3.50	3.50
Prime Rate	➡	7.50	7.50	7.00	7.00
		Apr 21	Mar 21	Apr 21	Mar 21
Inflation	⬆	3.9	3.1	4.4	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: Thomson Reuters



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