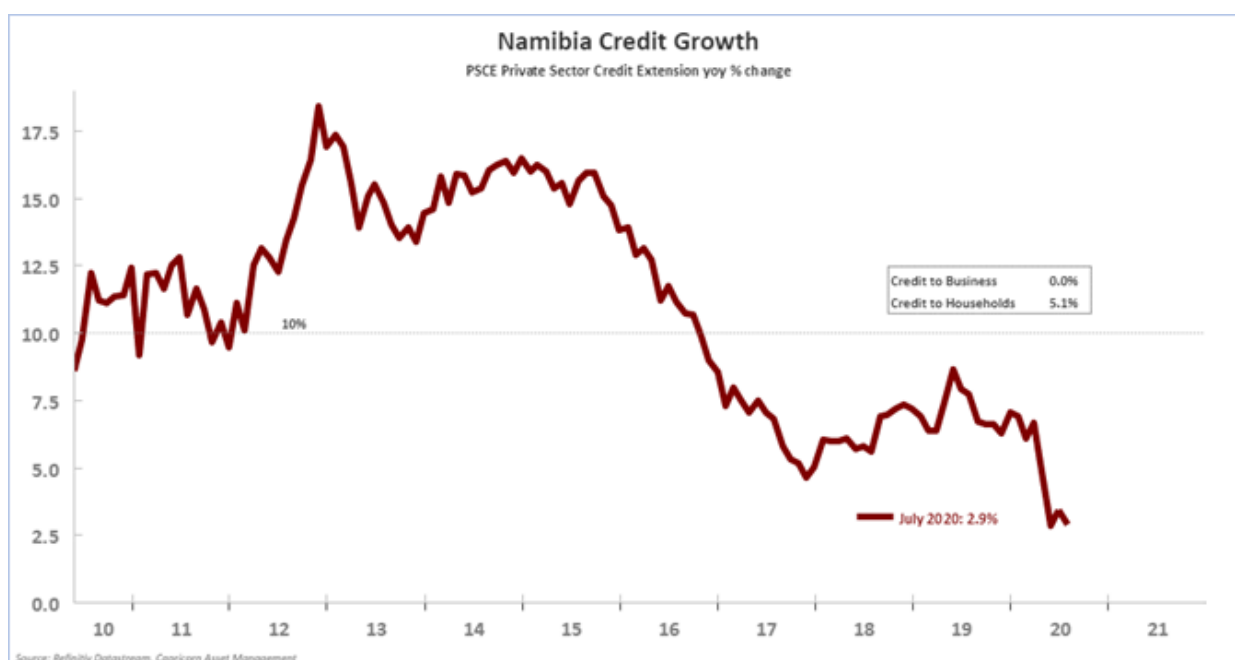




## Market Update

Tuesday, 01 September 2020



## Global Markets

Asian stocks edged higher on Tuesday after strong readings on China's vast manufacturing sector offset the weak lead from a softer Wall Street session.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.2%, to regain some ground it had lost on Monday. The Hang Seng Index in Hong Kong traded 0.18% higher while the Shanghai Composite also recovered early losses to stand 0.1% higher. Japan's Nikkei 225 erased early losses to trade flat.

The Caixin/Markit Manufacturing Purchasing Managers' Index (PMI) showed China's factory activity expanded at the fastest clip in nearly a decade in August, bolstered by the first increase in new export orders this year. "What we are seeing here is the slow but choppy export recovery that is taking a bit longer than maybe some market participants thought it would - and that's because markets remain largely out of sync," said Daniel Gerard, senior multi asset strategist at State Street Global Markets, based in Singapore. "September is also going to be a choppy recovery, and until we get closer to more news about a vaccine it's going to remain that way."

Taiwan stocks gained 0.5% after the United States said on Monday it was establishing a new bilateral economic dialogue with the country, an initiative it said was designed to support Taipei. Australia's S&P/ASX 200 was an outlier, declining 2.4% to four-week lows on rising diplomatic tensions between Canberra and Beijing.

On Wall Street, the Dow Jones Industrial Average and the S&P 500 ended in the red overnight, while the Nasdaq rose solidly. The S&P gained more than 7% for the month to notch its best August since 1986 in what is traditionally a softer month for stock performance. Wall Street declines overnight were mostly caused by month-end portfolio rebalancing "rather than a new trend in equities," said Rodrigo Catril, senior FX strategist at NAB Market Research in Sydney. The Nasdaq fared even better than the S&P for the month, up nearly 10% as it rallied for a fifth straight month.

In currencies, the dollar dropped against a basket of major currencies early on Tuesday. The dollar index fell 0.4% with the euro up 0.5% to \$1.1993. The Japanese yen strengthened 0.3% versus the greenback at 105.63 per dollar, while Sterling was last trading at \$1.3410, up 0.3% on the day. Expectations that the Fed will keep interest rates low for an extended period kept the dollar soft, marking a fourth straight month of declines in August, its longest losing streak since 2017.

Fed Vice Chair Richard Clarida on Monday expanded on Governor Jerome Powell's comments from last week, saying that under the U.S. central bank's new policy view, a low rate of unemployment does not on its own trigger higher interest rates. Last week, the Fed said its new strategy plan is to use higher inflation when the economy is robust to offset the impact of periods of weaker prices.

Investors in Asia await an interest rate decision from the Australian central bank. While the Reserve Bank of Australia is not expected to change policy, its commentary on the economic outlook will be closely watched. The Australian dollar stood up 0.4% at \$0.7470.

In commodity markets, oil prices rose, reversing overnight losses, as investors shifted to risk assets. Brent crude climbed 27 cents, or 0.6%, to \$45.55 a barrel, after rising 0.5% to \$45.28 on Monday. U.S. crude rose 21 cents, or 0.5%, to \$42.82 a barrel, having fallen 0.8% in the previous session. Elsewhere, gold gained to \$1,980 an ounce, up 0.6% on the day.

## **Domestic Markets**

South Africa's rand fell on Monday, giving back some of the big gains it made late last week as the dollar weakened, as sentiment was hit by speculation that infighting within the ruling African National Congress would prompt cabinet changes.

At 1517 GMT the rand was 2.26% weaker at 16.9500 per dollar compared to its close on Friday. It had rallied more than 2% at the end of last week.

The rally was restrained by squabbling between opposing factions of the ANC over corruption. On Sunday, the party said President Cyril Ramaphosa will appear before its integrity commission over campaign donations. Finance Minister Tito Mboweni later wrote on his Twitter account that he was not quitting the government.

On Friday, Ramaphosa's predecessor, Jacob Zuma, accused the president of bringing the party into disrepute over a letter he sent calling for action against ANC members accused of graft.

"The rand's recent strengthening trend is seen to have been stymied by market concerns over the severe backlash from a number of factions in the face of the attempts by the President and his supporters to rid South Africa of corruption ...and institute the reforms," Investec economist Annabel Bishop said in a research note.

Ramaphosa said on Monday the party's executive had decided at a weekend meeting that ANC officials formally charged with corruption and other serious crimes must step aside from their positions.

A rebound in China's economy in August helped the Johannesburg Stock Exchange (JSE) open higher but the local political turmoil sent shares slipping to close in the red. The FTSE/JSE all share index lost over 1 percent on the day to end at 55,481 points while the top 40 companies index fell 1.01% to close at 55,485 points.

In fixed income, the yield on the benchmark instrument due in 2030 was down 3 basis points to 9.285%

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES SOURCE - REUTERS		01-Sep-2020		7:31
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	25,505,268	270,084	849,461	16,831,433

There are no great limits to growth because there are no limits of human intelligence, imagination, and wonder.

**Ronald Reagan**

## Market Overview

MARKET INDICATORS (Thomson Reuters)		01 September 2020			
<b>Money Market TB's</b>		Last close	Difference	Prev close	Current Spot
3 months	➡	3.96	0.000	3.96	3.96
6 months	⬇	4.07	-0.008	4.07	4.07
9 months	⬆	4.18	0.017	4.16	4.18
12 months	⬆	4.20	0.008	4.20	4.20
<b>Nominal Bonds</b>		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	⬇	4.11	-0.085	4.20	4.11
GC22 (BMK: R2023)	⬇	5.25	-0.040	5.29	5.25
GC23 (BMK: R2023)	⬇	5.22	-0.040	5.26	5.22
GC24 (BMK: R186)	⬇	7.71	-0.025	7.74	7.71
GC25 (BMK: R186)	⬇	7.72	-0.025	7.75	7.72
GC26 (BMK: R186)	⬇	7.76	-0.025	7.79	7.76
GC27 (BMK: R186)	⬇	8.01	-0.025	8.04	8.01
GC30 (BMK: R2030)	⬇	9.59	-0.030	9.62	9.58
GC32 (BMK: R213)	⬇	10.42	-0.010	10.43	10.42
GC35 (BMK: R209)	⬇	11.77	-0.015	11.79	11.77
GC37 (BMK: R2037)	➡	12.35	0.000	12.35	12.35
GC40 (BMK: R214)	⬇	12.93	-0.015	12.95	12.95
GC43 (BMK: R2044)	⬆	13.28	0.005	13.27	13.27
GC45 (BMK: R2044)	⬆	13.83	0.005	13.82	13.82
GC50 (BMK: R2048)	⬇	13.89	-0.005	13.90	13.89
<b>Inflation-Linked Bonds</b>		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	➡	4.49	0.000	4.49	4.49
GI25 (BMK: NCPI)	➡	4.49	0.000	4.49	4.49
GI29 (BMK: NCPI)	➡	5.98	0.000	5.98	5.98
GI33 (BMK: NCPI)	➡	6.82	0.000	6.82	6.82
GI36 (BMK: NCPI)	➡	7.15	0.000	7.15	7.15
<b>Commodities</b>		Last close	Change	Prev close	Current Spot
Gold	⬆	1,970	0.27%	1,964	1,986
Platinum	⬇	930	-0.15%	931	943
Brent Crude	⬆	45.3	0.51%	45.1	45.8
<b>Main Indices</b>		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬇	1,053	-1.90%	1,074	1,053
JSE All Share	⬇	55,476	-1.04%	56,057	55,476
SP500	⬇	3,500	-0.22%	3,508	3,500
FTSE 100	➡	5,964	0.00%	5,964	5,964
Hangseng	⬇	25,177	-0.96%	25,422	25,172
DAX	⬇	12,945	-0.67%	13,033	12,945
<b>JSE Sectors</b>		Last close	Change	Prev close	Current Spot
Financials	⬇	9,747	-3.64%	10,115	9,747
Resources	⬇	55,612	-0.20%	55,723	55,612
Industrials	⬇	74,753	-0.90%	75,433	74,753
<b>Forex</b>		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬆	16.94	2.12%	16.58	16.82
N\$/Pound	⬆	22.64	2.28%	22.14	22.55
N\$/Euro	⬆	20.21	2.41%	19.74	20.16
US dollar/ Euro	⬆	1.194	0.28%	1.190	1.199
		Namibia		RSA	
<b>Economic data</b>		Latest	Previous	Latest	Previous
Inflation	➡	2.1	2.1	3.2	2.2
Prime Rate	⬇	7.50	8.00	7.00	7.25
Central Bank Rate	⬇	3.75	4.00	3.50	3.75

**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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