



The Daily Brief

 Capricorn Asset Management

Market Update

Thursday, 02 April 2020

Global Markets

Asian stocks were meandering Thursday after a White House warning that as many as 240,000 Americans might die of the coronavirus sent Wall Street tumbling and signs of the outbreak's global economic cost increased. Benchmarks in Tokyo and Hong Kong opened lower but were trading higher by midday, and losses in early trading were smaller than Wall Street's 4.4% overnight fall. Shanghai opened down but gained 0.3% at mid-morning while Seoul advanced 1.9%.

The U.S. warning added to anxiety among investors who are trying to figure out how long and deep this history-making global economic downturn might be. "Fear, fear and more fear descended upon the market," said Jingyi Pan of IG in a report. Traders say markets will be turbulent until numbers of new cases decline, but Pan said that "still looks to be a distance away."

The White House jolted financial markets with its announced Wednesday that anywhere from 100,000 to 240,000 Americans might die from the virus even if the country avoids shopping trips, eating in restaurants and other public activities through April. Florida's governor became the latest to issue a state wide stay-at-home order.

Tokyo's Nikkei 225 lost 0.3% to 18,007.46, adding to the previous session's 4.5% loss. The Hang Seng in Hong Kong climbed 0.2% to 23,135.25. The Shanghai Composite Index gained to 2,743.64. The Kospi in Seoul rose to 1,716.60 while Sydney's S&P-ASX 200 declined 1.8% to 5,162.20. Benchmarks in New Zealand and Southeast Asia also retreated. On Wall Street, the benchmark S&P 500 index lost 114.09 points on Wednesday to 2,470.50. The index is coming off its worst quarter since 2008 with a 20% loss. The Dow Jones Industrial Average lost 4.4% to 20,943.51. The Nasdaq composite fell 4.4% to 7,360.58.

The market's hardest-hit areas included banks, utilities and other dividend payers. Department store icon Macy's has lost 74% so far in 2020. So much of its stock value has vanished that it was removed from S&P 500 index of big U.S. companies, effective Monday. It is being moved to the small-stock index.

U.S. investors were rattled by mounting evidence of the virus's impact on major companies. On Wednesday, Whiting Petroleum, one of the biggest shale oil drillers in North Dakota's Bakken formation, applied for court protection from its creditors under Chapter 11 of the bankruptcy code. Automakers also reported sharp drops in March sales, including a 43% plunge for

Hyundai. Mortgage applications tumbled 24% from a year earlier after open houses are all but shut down.

A report on Wednesday said private U.S. employers cut 27,000 jobs last month, though that was milder than expected. The survey used data from March before the number of people seeking unemployment benefits exploded to a record. Economists expect the next batch of U.S. jobless claims, due to be reported Thursday, to blow past last week's total of nearly 3.3 million initial claims. That was quintuple the prior record. "The number of unemployed is set to surge and 1H growth will be heavily affected," said Mizuho Bank in a report.

The number of infections is rising despite anti-disease controls that have shut down much of the global economy. There are more than 911,000 confirmed cases worldwide, led by the United States with more than 206,000, according to a tally by Johns Hopkins University. For most people, the coronavirus causes mild or moderate symptoms, such as fever and cough that clear up in two to three weeks. For some, especially older adults and people with existing health problems, it can cause more severe illness, including pneumonia, and death.

The U.S. Congress last week agreed on a \$2.2 trillion economic aid package and the Federal Reserve promised to buy as many Treasuries as needed to keep credit markets running smoothly. Legislators are collecting ideas for a possible new round of aid. President Donald Trump tweeted his support for a \$2 trillion infrastructure package. But top Republicans in Congress say they first want to see how well their newly approved programs do.

In energy markets, benchmark U.S. crude gained 96 cents to \$21.28 per barrel in electronic trading on the New York Mercantile Exchange. Brent crude, used to price international oils, rose \$1.51 to \$26.25 per barrel in London. The dollar gained to 107.45 yen from Wednesday's 107.15 yen. The euro declined to \$1.0936 from \$1.0965.

Source: Thomson Reuters

Domestic Markets

The rand weakened on Wednesday, with confidence hit by further signs of South Africa's economic fragility.

South Africa has imposed some of the toughest restrictions on the continent to try to contain the coronavirus outbreak, including deploying the army to support police during a 21-day lockdown that began on Friday.

The likely toll on an economy already in recession showed-up in preliminary tax numbers, with 2019/20 collection 160 billion rand below February's Treasury estimates.

After its worst quarterly performance since at least the 2008 global financial crisis the rand was 0.53% weaker at 17.9610 per dollar at 1500 GMT after earlier matching an all-time low of 18.0800.

Sentiment was also hit by the Absa purchasing manager's index showing a downturn in activity and news that state utility Eskom told independent wind farms it could buy less of their power in the coming days as electricity demand plummets during the lockdown also.

The Johannesburg Stock Exchange's Top-40 index fell 2.08% to 39,892 points and the All-Share index weakened 2% to 43,592 points as world equity markets slumped on evidence that the coronavirus pandemic was sending the global economy into a deep recession. Among the biggest fallers were gold mining shares, with Gold Fields and AngloGold Ashanti.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		02-Apr-2020		4:31
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	935,392	84,328	46,906	190,384



Market Overview

MARKET INDICATORS (Thomson Reuters)		Thursday, 02 April 2020			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	6.13	-0.280	6.41	6.13
6 months	↓	6.54	-0.132	6.67	6.54
9 months	↓	6.58	-0.074	6.66	6.58
12 months	↓	6.59	-0.126	6.71	6.59
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC20 (BMK: R207)	↓	6.82	-0.008	6.83	6.79
GC21 (BMK: R208)	↑	6.43	0.075	6.36	6.40
GC22 (BMK: R2023)	↑	7.46	0.070	7.39	7.44
GC23 (BMK: R2023)	↑	8.33	0.070	8.26	8.31
GC24 (BMK: R186)	↑	10.21	0.080	10.13	10.32
GC25 (BMK: R186)	↑	10.39	0.080	10.31	10.50
GC27 (BMK: R186)	↑	10.96	0.080	10.88	11.07
GC30 (BMK: R2030)	↑	11.54	0.080	11.46	11.61
GC32 (BMK: R213)	↑	12.33	0.070	12.26	12.43
GC35 (BMK: R209)	↑	12.62	0.045	12.58	12.72
GC37 (BMK: R2037)	↑	12.79	0.040	12.75	12.89
GC40 (BMK: R214)	↑	12.94	0.045	12.89	13.03
GC43 (BMK: R2044)	↑	13.37	0.070	13.30	13.45
GC45 (BMK: R2044)	↑	13.51	0.070	13.44	13.59
GC50 (BMK: R2048)	↑	13.80	0.080	13.72	13.88
Inflation-Linked Bonds		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	⇒	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	⇒	4.60	0.000	4.60	4.60
GI29 (BMK: NCPI)	⇒	5.98	0.000	5.98	5.98
GI33 (BMK: NCPI)	⇒	6.70	0.000	6.70	6.70
GI36 (BMK: NCPI)	⇒	6.99	0.000	6.99	6.99
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,591	1.24%	1,571	1,584
Platinum	↓	718	-0.64%	722	720
Brent Crude	↑	24.7	8.80%	22.7	26.8
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	886	-1.56%	900	886
JSE All Share	↓	43,732	-1.70%	44,490	43,732
SP500	↓	2,471	-4.41%	2,585	2,471
FTSE 100	↓	5,455	-3.83%	5,672	5,455
Hangseng	↓	23,086	-2.19%	23,603	23,065
DAX	↓	9,545	-3.94%	9,936	9,545
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	9,309	-0.75%	9,380	9,309
Resources	↓	35,529	-2.62%	36,486	35,529
Industrials	↓	63,794	-1.36%	64,677	63,794
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	18.21	2.07%	17.84	18.14
N\$/Pound	↑	22.54	1.73%	22.16	22.49
N\$/Euro	↑	19.97	1.45%	19.68	19.85
US dollar/ Euro	↓	1.096	-0.61%	1.103	1.094
Economic data		Namibia		RSA	
		Latest	Previous	Latest	Previous
Inflation	↑	2.5	2.1	4.6	4.5
Prime Rate	↓	9.00	10.00	8.75	9.75
Central Bank Rate	↓	5.25	6.25	5.25	6.25

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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