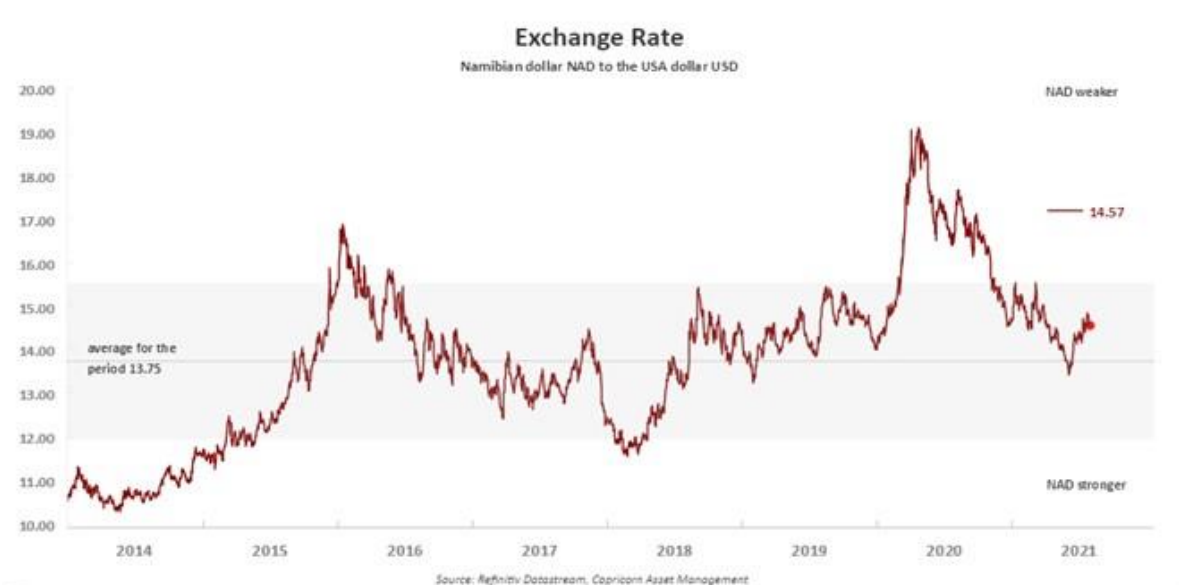




Market Update

Monday, 02 August 2021



Global Markets

Asian shares recouped some of their recent steep losses on Monday as beaten-down Chinese markets drew retail bargain hunters, while stellar U.S. earnings and progress on an infrastructure bill supported Wall Street futures. There was the prospect of more fiscal stimulus ahead as U.S. senators worked to finalise a sweeping \$1 trillion infrastructure plan that could pass this week.

That helped S&P 500 futures and Nasdaq futures both added 0.5%. EUROSTOXX 50 futures also gained 0.5%, while FTSE futures put on 0.4%. Australian stocks hit a record, helped by Square Inc's \$29 billion bid for buy now, pay later (BNPL) pioneer Afterpay.

MSCI's broadest index of Asia-Pacific shares outside Japan was last up 0.8%, having hit its low for the year so far last week. Japan's Nikkei bounced back 1.8%, but that was from its lowest since January. Even Chinese blue chips enjoyed a 2% bounce, having shed 5.5% last week, though Beijing's crackdown on the tech and education sectors hammering stocks still reverberated.

"The 10-15 year period where foreign investors were allowed to participate in the walled garden of Chinese high growth stocks was an aberration," said BofA economist Ajay Kapur. A shift in China's regulatory regime was underway that held implications well beyond the tech sector, he said. "Regulatory tightening in the world's second largest economy intended to reduce inequality

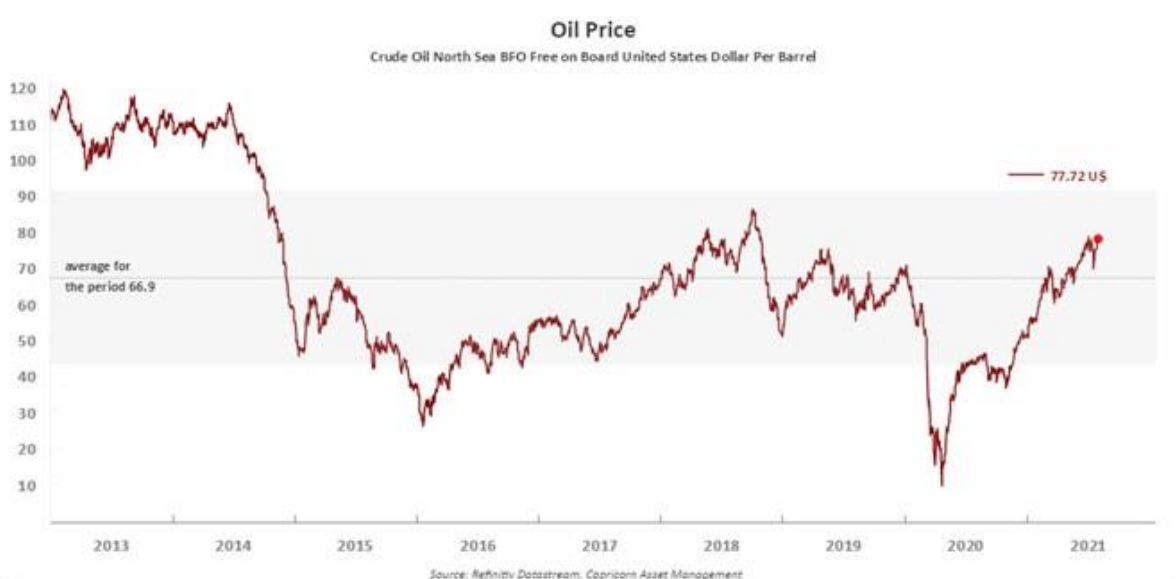
and make housing and goods more affordable is deflationary, something that the many bond bears need to consider."

China's economic problems were highlighted by surveys showing factory activity slowing sharply in July amid rising costs and extreme weather. In contrast, Europe's economic recovery outpaced all expectations last quarter, while U.S. consumers spent with abandon in June as coronavirus restrictions eased, a trend likely to ensure a strong payrolls report at the end of this week.

"Surging company profits in the U.S. and lower bond yields are providing support, and in any case the rising trend in shares is likely to remain in place into next year as rising vaccination rates allow economic recovery to continue," said Shane Oliver, chief investment strategist at AMP Capital. About 89% of the nearly 300 recent U.S. earnings reports have beaten analysts' profit estimates. Earnings are now expected to have climbed 89.8% in the second quarter, versus forecasts of 65.4% at the start of July.

Equity valuations have also been supported by a steady decline in bond yields, with yields on U.S. 10-year notes falling for five weeks in a row to reach 1.22%. That drop combined with surprisingly strong EU economic data out on Friday to lift the euro to \$1.1872, and away from its July low of \$1.1750. The dollar has also drifted off to 109.67 yen, from its recent top of 110.58, but has support around 109.35. As a result, the dollar index has eased to 92.110, from a July peak of 93.194.

The drop in bond yields and the dollar gave gold a fillip last week but it again faltered at resistance around \$1,811 and was last trading flat at \$1,811 an ounce. Oil prices eased on Monday as the soft Chinese data undermined the outlook for demand, though that follows four straight months of price gains. Brent was last down 79 cents at \$74.62 a barrel, while U.S. crude lost 68 cents to \$73.27.



Domestic Markets

South Africa's rand and stocks slipped on Friday, tracking global market moves, but the rand was on course for a weekly gain of over 1% against the dollar thanks to a dovish tone from this week's U.S. Federal Reserve meeting.

At 1617 GMT, the rand traded at 14.5975 against the dollar, roughly 0.3% weaker, as the greenback made similar gains against a basket of currencies. Fed Chair Jerome Powell wrong-footed dollar bulls this week by saying that interest rate increases were "a ways away" and the job market still had "some ground to cover."

Riskier currencies such as the rand thrive on U.S. rates staying low because they benefit from the interest rate differential that increases their appeal for so-called carry trade, in which investors borrow in a low-yielding currency to invest in higher-yielding assets.

Upbeat trade and budget data on Friday had little impact on rand trading.

The Johannesburg Stock Exchange's All-share index lost 0.85% at 68,971 points, while the Top-40 index closed 0.86% weaker at 62,852 points. Local bullion miners Gold Fields and Harmony Gold lost 1.35% and 3.39% respectively, as gold prices edged off a two-week high.

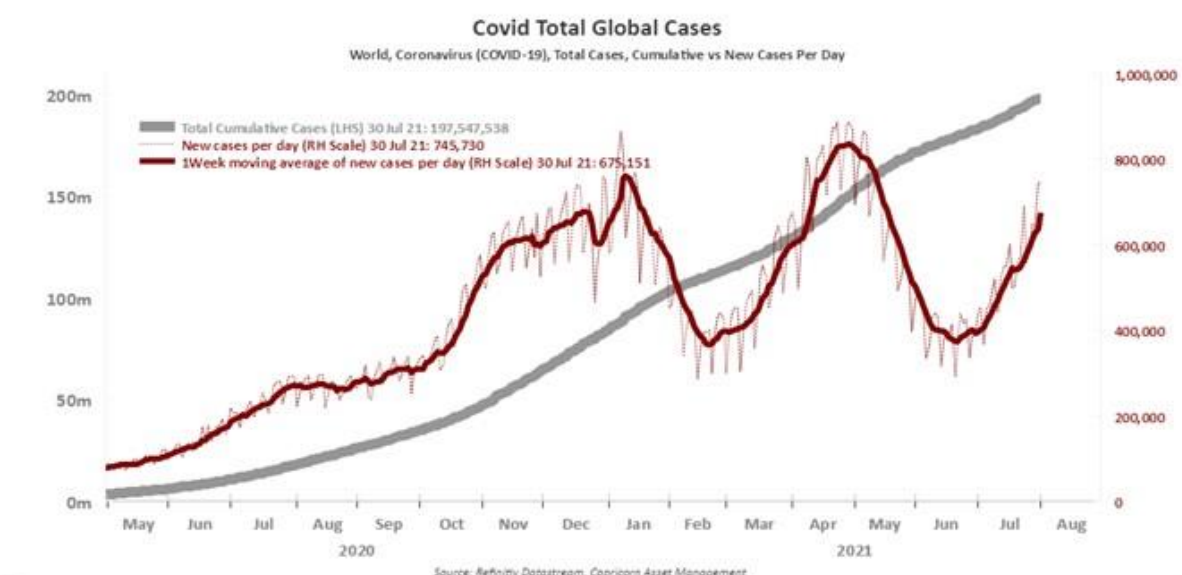
South Africa's rand edged lower in early trade on Monday, struggling for direction in the absence of local catalysts with investors eyeing monthly U.S. jobs data due at the end of the week. At 0610 GMT, the rand traded at 14.6200 against the dollar, 0.4% weaker than its previous close.

The U.S. non-farm payrolls number due on Friday is "the key event of the week", said Bianca Botes, director at Citadel Global. The health of the labour market is an important prerequisite for the U.S. central bank to taper monetary stimulus.

Corona Tracker

GLOBAL CASES		2021-08-02	
SOURCE - REUTERS			
	Confirmed Cases	New Cases	Total Deaths
GLOBAL	198,352,739	310,694	4,388,459

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				02 August 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	4.28	0.000	4.28	4.28
6 months	⇒	4.53	0.000	4.53	4.53
9 months	⇒	4.80	0.000	4.80	4.80
12 months	⇒	4.93	0.000	4.93	4.93
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.42	0.010	4.41	4.41
GC22 (Coupon 8.75%, BMK R2023)	↓	5.59	-0.025	5.62	5.65
GC23 (Coupon 8.85%, BMK R2023)	↓	5.49	-0.025	5.52	5.55
GC24 (Coupon 10.50%, BMK R186)	↓	7.63	-0.030	7.66	7.64
GC25 (Coupon 8.50%, BMK R186)	↓	7.64	-0.030	7.67	7.65
GC26 (Coupon 8.50%, BMK R186)	↓	7.64	-0.030	7.67	7.65
GC27 (Coupon 8.00%, BMK R186)	↓	7.93	-0.030	7.96	7.94
GC30 (Coupon 8.00%, BMK R2030)	↓	9.13	-0.050	9.18	9.14
GC32 (Coupon 9.00%, BMK R213)	↓	10.13	-0.060	10.19	10.14
GC35 (Coupon 9.50%, BMK R209)	↓	11.10	-0.050	11.15	11.11
GC37 (Coupon 9.50%, BMK R2037)	↓	11.58	-0.055	11.63	11.59
GC40 (Coupon 9.80%, BMK R214)	↓	12.40	-0.065	12.47	12.43
GC43 (Coupon 10.00%, BMK R2044)	↓	12.67	-0.055	12.72	12.68
GC45 (Coupon 9.85%, BMK R2044)	↓	12.95	-0.055	13.00	12.96
GC48 (Coupon 10.00%, BMK R2048)	↓	13.04	-0.050	13.09	13.05
GC50 (Coupon 10.25%, BMK: R2048)	↓	12.98	-0.050	13.03	12.99
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	3.95	0.000	3.95	3.95
GI25 (Coupon 3.80%, BMK NCPI)	⇒	4.00	0.000	4.00	4.00
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	6.19	0.000	6.19	6.19
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.01	0.000	7.01	7.01
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.61	0.000	7.61	7.61
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,814	-0.79%	1,828	1,807
Platinum	↓	1,049	-1.08%	1,060	1,054
Brent Crude	↑	76.3	0.37%	76.1	74.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,457	-1.01%	1,471	1,456
JSE All Share	↓	68,971	-0.85%	69,565	69,366
SP500	↓	4,395	-0.54%	4,419	4,395
FTSE 100	↓	7,032	-0.65%	7,078	7,100
Hangseng	↓	25,961	-1.35%	26,315	26,199
DAX	↓	15,544	-0.61%	15,640	15,683
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	12,906	0.56%	12,835	12,922
Resources	↓	70,683	-1.98%	72,109	71,064
Industrials	↓	88,051	-0.43%	88,428	88,633
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.57	0.15%	14.55	14.56
N\$/Pound	↓	20.25	-0.28%	20.31	20.27
N\$/Euro	↑	17.29	0.02%	17.29	17.29
US dollar/ Euro	↓	1.187	-0.13%	1.189	1.188
		Namibia		RSA	
Interest Rates & Inflation		Jun 21	May 21	Jun 21	May 21
Central Bank Rate	⇒	3.75	3.75	3.50	3.50
Prime Rate	⇒	7.50	7.50	7.00	7.00
		Jun 21	May 21	Jun 21	May 21
Inflation	↑	4.1	3.8	4.9	5.2

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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