



## Market Update

Thursday, 02 July 2020



## Global Markets

Asian stocks tracked Wall Street higher on Thursday although sentiment was cautious ahead of U.S. employment data while copper prices jumped to more than six-month highs on a better global outlook and supply fears in top producer Chile.

MSCI's broadest index of Asia Pacific shares outside of Japan rose 0.9% with all major indexes trading higher on hopes of a vaccine for COVID-19, which has killed more than half a million people globally and shut down the world economy. Japan's Nikkei rose 0.4%, China's blue-chip index added 0.6% while Hong Kong's Hang Seng index climbed 1.7%. E-mini futures for the S&P 500 were flat.

U.S. employment figures due later in the day are expected to show if the world's largest economy can sustain its fragile recovery as new COVID-19 cases accelerate in several southern states. Economists polled by Reuters expect private employers to show 2.9 new million new jobs June, which would follow a surprise increase in May. Casting some doubt over that projection, however, was a smaller-than-expected increase in jobs seen in the ADP report on Wednesday. "A better-than-expected outcome could go some way to settling the near-term debate that the U.S.

labour market will heal relatively quickly and justify new highs in U.S. equities," said Stephen Innes, strategist at AxiCorp.

Wall Street ended Wednesday higher after key economic indicators showed a rebound in Chinese manufacturing activity as it recovers from the pandemic while sharp declines in European factory activity eased.

Risk sentiment was whetted by a COVID-19 vaccine from Pfizer and Germany's BioNTech, which was found to be well tolerated in early-stage human trials.

Equity investors shrugged off concerns about Hong Kong where police arrested more than 300 people protesting sweeping new laws introduced by China to snuff out dissent. Those developments have raised concerns about China's already strained relations with its major western trading partners, particularly the United States. The U.S. House of Representatives passed legislation on Wednesday that would penalize banks doing business with Chinese officials who implement a national security law.

In commodities, the most-traded August copper contract on the Shanghai Futures Exchange touched 49,570 yuan (\$7,016.28) a tonne, its highest since Dec. 30, 2019.

Manufacturing activity rebounded in the United States in June, while the factory sector in Germany, Europe's largest economy, contracted at a slower pace and top copper consumer China posted better-than-expected manufacturing data. Meanwhile in Chile, where the number of COVID-19 cases have been climbing, miner BHP said it would begin to slow production at its small Cerro Colorado copper mine in the country.

Elsewhere, oil prices eased and gold was a tad softer too while the dollar was steady in a sign of investor caution despite encouraging macro data. Brent crude slipped 6 cents to \$41.97 a barrel. U.S. crude was off 12 cents at \$39.70 a barrel. U.S. gold futures was 0.12% lower, at \$1,777.70.

The safe haven greenback was unchanged against the Japanese yen at 107.45. The euro barely moved too and was last at \$1.1254 while sterling was treading water at \$1.2477. That left the dollar index at 97.139.

## **Domestic Markets**

South Africa's rand firmed against a weaker dollar on Wednesday, shaking off data revealing the economy was already in contraction before the coronavirus lockdown as investors looked to pocket the rand's high yield.

The dollar slipped on Wednesday, with the market having a modest appetite for risk-taking amid generally upbeat U.S. data and improving European economic numbers.

At 1503 GMT the rand was 1.71% firmer at 17.0550 per dollar, having hit a three-session low on Tuesday after economic data showed gross domestic product had contracted for a third consecutive quarter in the first three months of the year.

"The deepening of the recession is set and thus priced into the ZAR exchange rate," said Elisabeth Andreae of German bank Commerzbank. "However, markets are likely to be interested above all in how quickly the economy will come out of the trough - in particular in comparison to others. This is likely to be above all a question of time and (financial) resources."

Local purchasing managers' index (PMI) data showed on Wednesday that manufacturing activity expanded in June as an easing of coronavirus restrictions lifted business activity and sales.

Stocks fell as rising COVID-19 cases and the deepening of South Africa's recession weighed on sentiment. "There is a concern with what is happening on our local market regarding the spike in COVID-19 cases and also with the GDP numbers coming out," said Ferdi Heyneke, a stock broker for Afrifocus Securities.

South Africa has confirmed more than 151,000 cases with over 2,600 deaths.

The JSE All Share index was down 1.01% at 53,813 points and the top 40 companies index was 1.2% lower at 49,570 points. Bond prices firmed, with the yield on the benchmark 2030 issue down 3.5 basis points at 9.235%.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES SOURCE - REUTERS		02-Jul-2020		4:01
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	10,700,725	208,385	515,141	5,464,719



## Market Overview

MARKET INDICATORS (Thomson Reuters)					02 July 2020
<b>Money Market TB's</b>		Last close	Difference	Prev close	Current Spot
3 months	↓	4.42	-0.008	4.43	4.42
6 months	↓	4.58	-0.008	4.59	4.58
9 months	↓	4.68	-0.033	4.71	4.68
12 months	↓	4.72	-0.017	4.74	4.72
<b>Nominal Bonds</b>		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	⇒	4.16	0.000	4.16	4.16
GC22 (BMK: R2023)	↓	5.82	-0.125	5.94	5.80
GC23 (BMK: R2023)	↓	5.80	-0.125	5.92	5.78
GC24 (BMK: R186)	↓	8.04	-0.060	8.10	8.03
GC25 (BMK: R186)	↓	8.09	-0.060	8.15	8.08
GC27 (BMK: R186)	↓	8.17	-0.060	8.23	8.16
GC30 (BMK: R2030)	↓	9.85	-0.030	9.88	9.82
GC32 (BMK: R213)	↓	10.55	-0.055	10.61	10.56
GC35 (BMK: R209)	↑	11.80	0.005	11.79	11.81
GC37 (BMK: R2037)	↑	12.29	0.015	12.28	12.30
GC40 (BMK: R214)	↑	12.62	0.020	12.60	12.62
GC43 (BMK: R2044)	↑	13.18	0.030	13.15	13.19
GC45 (BMK: R2044)	↑	13.35	0.030	13.32	13.36
GC50 (BMK: R2048)	↑	13.35	0.030	13.32	13.35
<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)	⇒	6.70	0.000	6.70	6.70
GI36 (BMK: NCPI)	⇒	6.99	0.000	6.99	6.99
<b>Commodities</b>		Last close	Change	Prev close	Current Spot
Gold	↓	1,770	-0.60%	1,781	1,765
Platinum	↓	816	-0.10%	817	816
Brent Crude	↑	42.0	2.14%	41.2	42.1
<b>Main Indices</b>		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,043	-1.18%	1,055	1,043
JSE All Share	↓	53,788	-1.06%	54,362	53,788
SP500	↑	3,116	0.50%	3,100	3,116
FTSE 100	↓	6,158	-0.19%	6,170	6,158
Hangseng	⇒	24,427	0.00%	24,427	24,815
DAX	↓	12,261	-0.41%	12,311	12,261
<b>JSE Sectors</b>		Last close	Change	Prev close	Current Spot
Financials	↓	10,002	-0.31%	10,034	10,002
Resources	↓	49,980	-2.56%	51,292	49,980
Industrials	↓	75,233	-0.33%	75,481	75,233
<b>Forex</b>		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	17.05	-1.70%	17.35	17.02
N\$/Pound	↓	21.27	-0.98%	21.48	21.26
N\$/Euro	↓	19.19	-1.37%	19.45	19.17
US dollar/ Euro	↑	1.125	0.17%	1.123	1.126
		Namibia		RSA	
<b>Economic data</b>		Latest	Previous	Latest	Previous
Inflation	↑	2.1	1.6	3.0	4.1
Prime Rate	↓	7.75	8.00	7.25	7.75
Central Bank Rate	↓	4.00	4.25	3.75	4.25

**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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