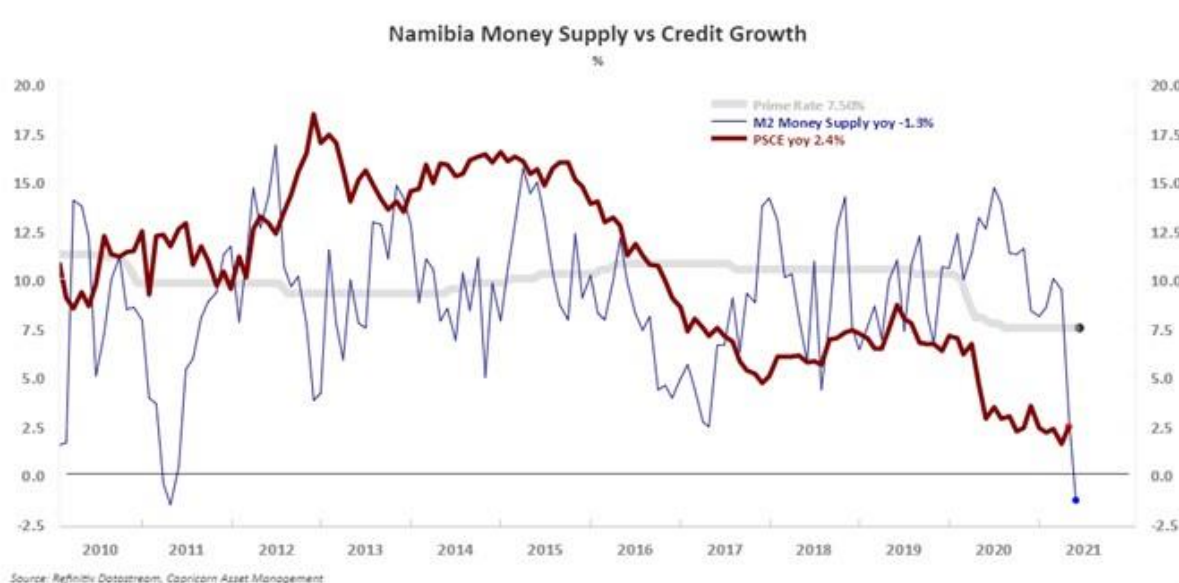




Market Update

Friday, 02 July 2021



Global Markets

Chinese shares dropped on Friday, a day after China's Communist Party celebrated its centenary, while other regional markets held firm following Wall Street's ascent to record highs ahead of U.S. jobs data due out later in the global day. Japan's Nikkei gained 0.3% and most other markets held on to slim gains but MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.7%, due to decline in Chinese and Hong Kong shares.

Shanghai Composite fell 1.2%, amid speculation the Chinese central bank could begin tightening monetary policy, and some possible unease among overseas investors over President Xi Jinping's warning to foreign powers in a speech to mark his party's centenary. "It is hard to expect loose monetary conditions like before," said Masahiko Loo, portfolio manager at AllianceBernstein in Tokyo. "Foreign investors are probably turning cautious after hawkish rhetoric from China's President Xi Jinping as well," he added. Xi said any foreign forces attempting to bully China would will "get their heads bashed".

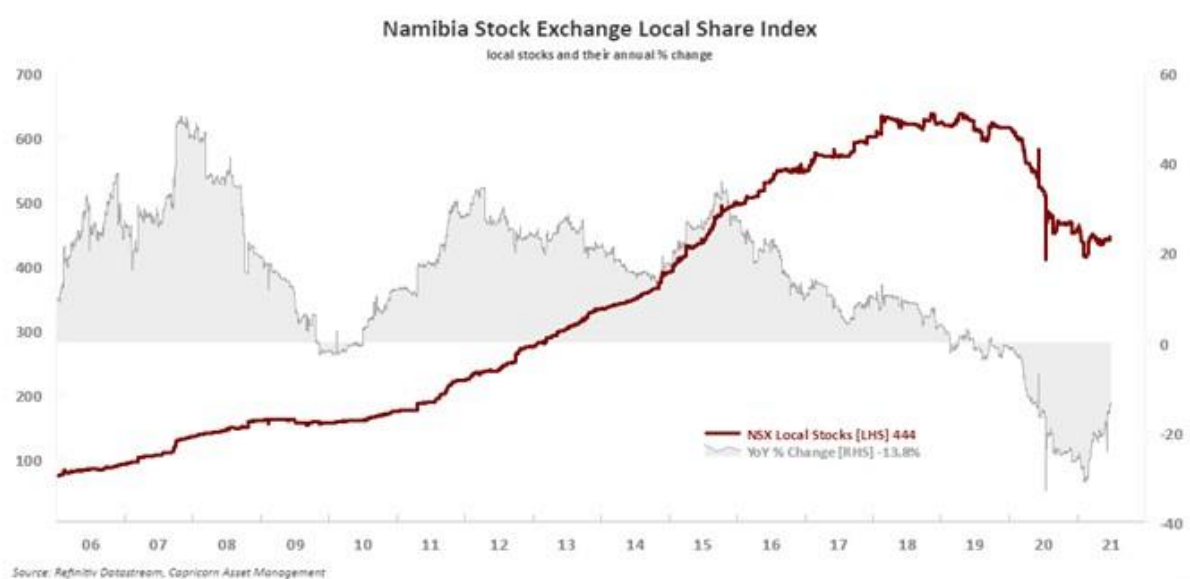
On Wall Street, the S&P 500 reached its sixth consecutive all-time closing high on Thursday, as a new quarter began with upbeat economic data. Jobless claims continued their downward trajectory, touching their lowest level since the pandemic shutdown, and a report from Challenger, Gray & Christmas showed planned layoffs by U.S. firms were down 88% from last year, hitting a 21-year low.

A separate index on U.S. manufacturing showed factory activity slipping to 60.6 last month from 61.2 in May but still staying above 50, which marks expansion in manufacturing. Monthly nonfarm payroll data, due out later on Friday, is expected to show a 700,000 increase in June, and economists expect wage growth in June of around 0.4%.

While the prospects of a strong economic recovery underpin equity markets, investors remained nervous that a sharp recovery from the pandemic could push up inflation to an uncomfortable level for the U.S. Federal Reserve. "The situation remains uncertain and no one would have their forecast with high degree of confidence now. Markets will be very sensitive to any upticks in inflation," said Tomo Kinoshita, global market strategist at Invesco.

In bond markets, the 10-year U.S. yield stood at 1.466%, largely staying below 1.5% in the past couple of weeks, in part thanks to subsiding inflation expectations. In the currency market, the dollar was perched at a 15-month high on the yen and at multi-month peaks against other majors on Friday, as traders wagered strong U.S. labour data could lift it even further. The dollar rose to as high as 111.66 yen, hitting its highest level since March last year. The euro slipped to a three-month low of \$1.1837 overnight and last stood at \$1.1845. The Australian dollar fell to \$0.7461, having slipped to its lowest level since December on Thursday.

Oil prices held firm on indications that OPEC+ producers could increase output more slowly than expected in coming months while rising global fuel demand causes supply to tighten. OPEC+ delayed its ministerial meeting until Friday to hold more talks on oil output policy, OPEC+ sources said on Thursday, after the United Arab Emirates blocked a plan for an immediate easing of cuts and their extension to the end of 2022. U.S. crude futures traded at \$75.01 per barrel, having reached as high as \$76.22 on Thursday, its highest since October 2018.



Domestic Markets

South Africa's rand slumped on Thursday, as concerns about rising coronavirus infections and fresh lockdowns subdued risk appetite globally, with markets also on edge ahead of U.S. jobs data seen as crucial to the Federal Reserve's policy outlook. At 1505 GMT, the rand traded at 14.4550 against the dollar, 1.3% weaker than its previous close.

Investors were worried about the spread of the Delta variant of COVID-19 around the world, leading some countries to impose tighter curbs while others have extended restrictions. South Africa, the

worst-hit on the African continent in terms of recorded cases and deaths, tightened its restrictions on Sunday.

Investors will look to a U.S. non-farm payrolls report on Friday for clues about the Fed's next move. Riskier currencies such as the rand thrive on U.S. interest rates remaining low because they benefit from the interest rate differential that increases their appeal for carry trade. "The foreign exchange markets are likely to remain cautious ahead of the U.S. data tomorrow," analysts at Nedbank said in a note.

Stocks on the Johannesburg Stock Exchange (JSE) clawed back losses seen since Monday when South Africa went into new lockdown restrictions to curb the spread of the third wave of coronavirus. But Thursday's rally was largely driven by a rise in the prices of gold and platinum, analysts said.

"Today was a precious metals miner rally," said Roy Topol, portfolio manager at Cratos, adding that a rise in the price of the two precious metals most often gives a boost to South African miners. However, South Africa Inc. stocks such as banks or financials that are dependent on the local economy, continue to be subdued, hinting that investors are still worried about the impact of lockdown restrictions.

The benchmark all-share index closed up 0.46% to 66,556 points, while the blue-chip index of top 40 companies ended 0.52% to 60,477 points. The mining index ended the day up 1.83% with the price of platinum up around 1% and gold prices a few basis points up.

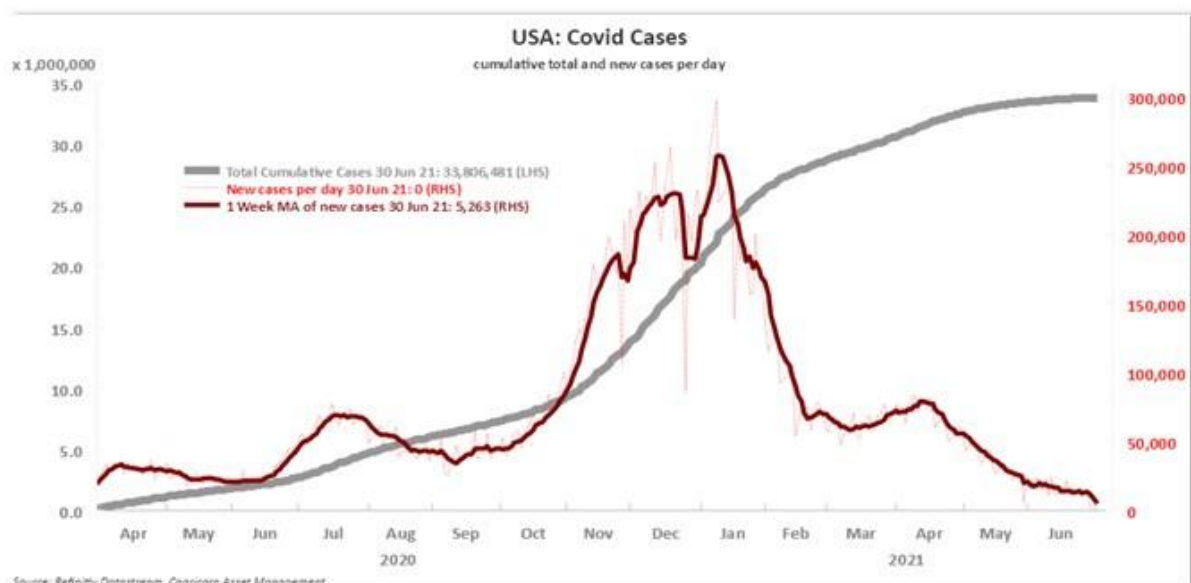
In fixed income, yield on the benchmark 2030 instrument rose 7.5 basis points to 8.955%.

Corona Tracker

GLOBAL CASES		01-Jul-2021		23:17
SOURCE - REUTERS		Confirmed Cases	New Cases	Total Deaths
				Total Recovered
GLOBAL	182,517,856	225,611	4,109,626	133,503,414

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

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				02 July 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	4.29	0.000	4.29	4.29
6 months	↑	4.54	0.025	4.52	4.54
9 months	↑	4.84	0.025	4.81	4.84
12 months	↑	5.10	0.041	5.06	5.10
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.70	0.045	4.65	4.70
GC22 (Coupon 8.75%, BMK R2023)	↑	5.98	0.070	5.91	5.98
GC23 (Coupon 8.85%, BMK R2023)	↑	5.88	0.070	5.81	5.88
GC24 (Coupon 10.50%, BMK R186)	↑	7.85	0.125	7.73	7.85
GC25 (Coupon 8.50%, BMK R186)	↑	7.86	0.125	7.74	7.86
GC26 (Coupon 8.50%, BMK R186)	↑	7.86	0.125	7.74	7.86
GC27 (Coupon 8.00%, BMK R186)	↑	8.15	0.125	8.03	8.15
GC30 (Coupon 8.00%, BMK R2030)	↑	9.26	0.075	9.18	9.26
GC32 (Coupon 9.00%, BMK R213)	↑	10.27	0.070	10.20	10.27
GC35 (Coupon 9.50%, BMK R209)	↑	11.10	0.050	11.05	11.10
GC37 (Coupon 9.50%, BMK R2037)	↑	11.58	0.045	11.53	11.58
GC40 (Coupon 9.80%, BMK R214)	↑	12.40	0.045	12.35	12.38
GC43 (Coupon 10.00%, BMK R2044)	↑	12.68	0.050	12.63	12.68
GC45 (Coupon 9.85%, BMK R2044)	↑	12.96	0.050	12.91	12.96
GC48 (Coupon 10.00%, BMK R2048)	↑	13.05	0.050	13.00	13.05
GC50 (Coupon 10.25%, BMK: R2048)	↑	12.99	0.050	12.94	12.99
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
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	6.08	0.000	6.08	6.08
GI33 (Coupon 4.50%, BMK NCPI)	⇒	6.91	0.000	6.91	6.91
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.58	0.000	7.58	7.58
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,777	0.38%	1,770	1,778
Platinum	↑	1,083	0.95%	1,072	1,088
Brent Crude	↑	75.8	0.95%	75.1	75.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,378	0.21%	1,375	1,378
JSE All Share	↑	66,556	0.46%	66,249	66,556
SP500	↑	4,320	0.52%	4,298	4,320
FTSE 100	↑	7,125	1.25%	7,037	7,125
Hangseng	⇒	28,828	0.00%	28,828	28,353
DAX	↑	15,604	0.47%	15,531	15,604
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	13,036	-0.51%	13,103	13,036
Resources	↑	64,390	1.83%	63,234	64,390
Industrials	↓	87,142	-0.10%	87,228	87,142
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.43	0.99%	14.28	14.47
N\$/Pound	↑	19.86	0.55%	19.75	19.93
N\$/Euro	↑	17.09	0.93%	16.93	17.14
US dollar/ Euro	↓	1.185	-0.06%	1.186	1.184
		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
		May 21	Apr 21	May 21	Apr 21
Inflation	↓	3.8	3.9	5.2	4.4

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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