



Market Update

Tuesday, 02 June 2020

Global Markets

Asian stocks eked out gains on Tuesday as investors' focus on the prospects of a global coronavirus recovery won out over familiar worries about Sino-U.S. relations and the depth of economic damage. Hampering broader global risk appetite, however, was U.S. President Donald Trump's vow to use force to end violent protests in American cities, which kept Wall Street stock futures negative in Asia.

MSCI's broadest index of Asia-Pacific shares outside Japan, which had its best day in two months on Monday, extended its rally without panache - rising 0.3%. The dollar nursed heavy losses, but steadied, and bonds firmed. The week had begun with a surge in riskier currencies and global equities after Trump's response to China's tightening grip on Hong Kong - with threats, not tariffs - was seen lowering the temperature of Sino-U.S. tension.

Reports of an order from China's government to halt U.S. soybean purchases, though, again raised the spectre of damaging trade disagreements between Washington and Beijing. "There's increasing concern about further deterioration in relations between China and the U.S.," said Michael McCarthy, chief market strategist at brokerage CMC Markets in Sydney. "In the meantime, we're hanging in there...but I think we might be getting a little exhausted given the giddy heights that we're trading at."

World stock markets have rallied nearly 36% from March lows on hopes for a swift recovery from a pandemic that has killed nearly 375,000 people and crushed global growth as countries have shut down to try and slow the virus' spread. May Purchasing Managers Index (PMI) data pointed to fragile but encouraging rebound in global manufacturing - driving hopes that the worst is over.

Japan's Nikkei rose 1% to its highest since late February and markets in Seoul, Taipei and Hong Kong also gained. "This optimistic read for risk can only persist if measures like orders and employment continue to improve month to month," said Alan Ruskin, chief international strategist at Deutsche Bank. "Early setbacks would be a very poor sign, but are not expected in the period immediately following the end of lockdowns."

Currency and bond markets took a breather, and the safe-haven dollar scraped from multi-month lows against most major currencies and pushed bond yields lower. The Australian and New Zealand dollars each dipped 0.3% after strong Monday gains and the dollar was a fraction over an 11-week

low against a basket of currencies. The yield on benchmark 10-year U.S. Treasuries fell about 1 basis point to 0.6526%.

The wave of outrage in the United States following the death of George Floyd, who died in Minneapolis after being pinned beneath a white police officer's knee for nearly nine minutes, seems yet to weigh on global investors' sentiment. Still, the unrest has dozens of U.S. cities under curfew, racial tensions at boiling point and some analysts worrying it presents yet another hurdle to national economic recovery, or even invites a second wave of coronavirus infections. U.S. stock futures were off 0.5% in Asian trade.

Some 40 million Americans have lost jobs since mid-March and many states are emerging from lockdowns, even as daily new case numbers are only very slowly trending downward. "It wouldn't take a lot for (case numbers) to start rising again," said ING's head of research in Asia, Rob Carnell, who said markets' nonchalance may not persist if, as Trump warned, troops are called out to put down protests.

Oil futures steadied with traders waiting to see whether major producers agree to extend output cuts at an OPEC+ meeting later in the week. Brent futures rose 0.4% or 15 cents a barrel to \$38.47 and U.S. crude was flat at \$35.44 a barrel. Spot gold was steady at \$1,739.36 an ounce.

Source: Thomson Reuters

Domestic Markets

South Africa's rand firmed more than one percent on Monday, lifted by hopes of economic recoveries at home and abroad as more countries eased coronavirus lockdowns. Stocks rose as factories, restaurants, mines and shopping malls reopened and millions returned to work.

At 1500 GMT, the rand was 1.03% firmer at 17.3500 per dollar, after closing at 17.5300 on Friday in New York, adding to gains of more than 8% in May in an advance spurred mainly by offshore factors and dampening COVID-19 worries.

"Rising global market confidence that the recovery in the global economy is indeed in sight, and growing optimism that the worst may be over, has driven yield-seeking investors into riskier assets," said Investec's Annabel Bishop.

Manufacturing PMI recovered slightly in May from April's record low, although factory activity still contracted heavily, while the world's no.2 economy, China, also recorded improved factory activity.

Some relief also came from easing trade tensions between China and the United States. On Monday, Washington stopped short of imposing new tariffs or sanctions on Beijing and left the so-called Phase 1 trade deal intact.

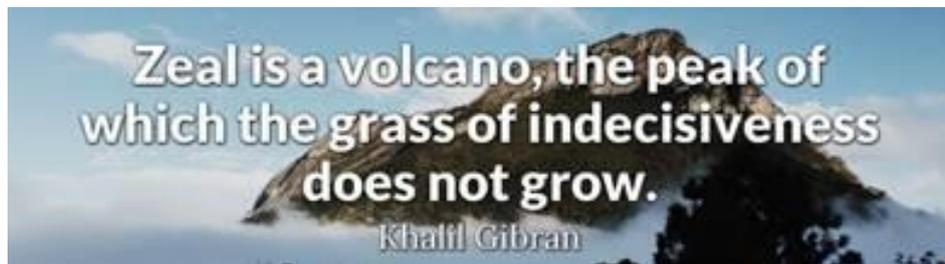
Local economic data was mixed. Factory activity inched up in May but remained in overall contraction. New car sales tumbled again, down 68%. Africa's most industrialised economy was already in recession when the pandemic struck. The central bank expects the economy to shrink 7% this year, but economists expect an even deeper recession as well as deep job losses.

The benchmark FTSE/JSE all share index rose 0.88% to close at 50930 points while the top 40 companies' index closed up 0.87% to 46,950. Bonds also firmed, with the yield on the 2030 bond down 13.5 basis points to 8.76%.

Source: Thomson Reuters

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		02-Jun-2020		5:01
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	6,276,956	99,647	374,612	2,608,345



Market Overview

MARKET INDICATORS (Thomson Reuters)					02 June 2020
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	4.51	-0.296	4.81	4.51
6 months	↓	4.92	-0.123	5.04	4.92
9 months	↓	5.03	-0.057	5.09	5.03
12 months	↓	5.11	-0.076	5.19	5.11
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↑	5.22	0.145	5.08	5.22
GC22 (BMK: R2023)	↓	5.60	-0.065	5.67	5.58
GC23 (BMK: R2023)	↓	6.47	-0.065	6.53	6.45
GC24 (BMK: R186)	↓	7.76	-0.140	7.90	7.74
GC25 (BMK: R186)	↓	7.94	-0.140	8.08	7.92
GC27 (BMK: R186)	↓	8.51	-0.140	8.65	8.49
GC30 (BMK: R2030)	↓	9.28	-0.115	9.40	9.26
GC32 (BMK: R213)	↓	10.29	-0.120	10.41	10.28
GC35 (BMK: R209)	↓	11.21	-0.090	11.30	11.19
GC37 (BMK: R2037)	↓	11.58	-0.070	11.65	11.56
GC40 (BMK: R214)	↓	11.85	-0.100	11.95	11.83
GC43 (BMK: R2044)	↓	12.39	-0.090	12.48	12.37
GC45 (BMK: R2044)	↓	12.53	-0.090	12.62	12.51
GC50 (BMK: R2048)	↓	12.82	-0.095	12.91	12.79
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	↑	1,740	0.79%	1,726	1,737
Platinum	↑	848	1.12%	838	844
Brent Crude	↑	38.3	8.46%	35.3	38.7
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,003	0.03%	1,002	1,003
JSE All Share	↑	50,930	0.88%	50,483	50,930
SP500	↑	3,056	0.38%	3,044	3,056
FTSE 100	↑	6,166	1.48%	6,077	6,166
Hangseng	↑	23,733	3.36%	22,961	23,823
DAX	⇒	11,587	0.00%	11,587	11,587
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	9,657	-0.74%	9,729	9,657
Resources	↑	47,679	0.97%	47,221	47,679
Industrials	↑	70,545	1.15%	69,740	70,545
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	17.38	-0.95%	17.54	17.35
N\$/Pound	↑	21.71	0.24%	21.65	21.68
N\$/Euro	↓	19.35	-0.62%	19.47	19.32
US dollar/ Euro	↑	1.113	0.32%	1.110	1.113
Economic data		Namibia		RSA	
		Latest	Previous	Latest	Previous
Inflation	↓	1.6	2.4	4.1	4.6
Prime Rate	↓	8.00	9.00	7.75	8.75
Central Bank Rate	↓	4.25	5.25	4.25	5.25

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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