



## Market Update

Wednesday, 02 June 2021



## Global Markets

Shares edged up to near three-month highs on Wednesday as global equities held steady near a record as data showing higher U.S. manufacturing activity in May cheered investors looking for signs of a continued rebound in the world's largest economy.

U.S. manufacturing activity rose in May, the Institute for Supply Management (ISM) said on Tuesday, as pent-up demand boosted orders in a reopening economy, even as unfinished work piled up because of shortages of raw materials and labour. Investors will be watching U.S. jobs data due Friday for clues to the Fed's plans for policy in the coming weeks and months.

Carlos Casanova, senior Asia economist at Union Bancaire Privée in Hong Kong, said reopening expectations had overtaken concerns about inflation. "Yes, inflation will overshoot in the short term but the Fed is cognizant of that risk and they are looking at a dual target of full employment and inflation. So that has made investors less concerned potentially about the pace of Fed tapering this year, focusing more on the pace of reopening this year (and ) leaving that concern about tapering for next year or beyond," he said.

MSCI's gauge of stocks across the globe was flat after setting a record intraday high and close on Tuesday. Its broadest index of Asia-Pacific shares outside Japan ticked 0.08% higher, and Japan's

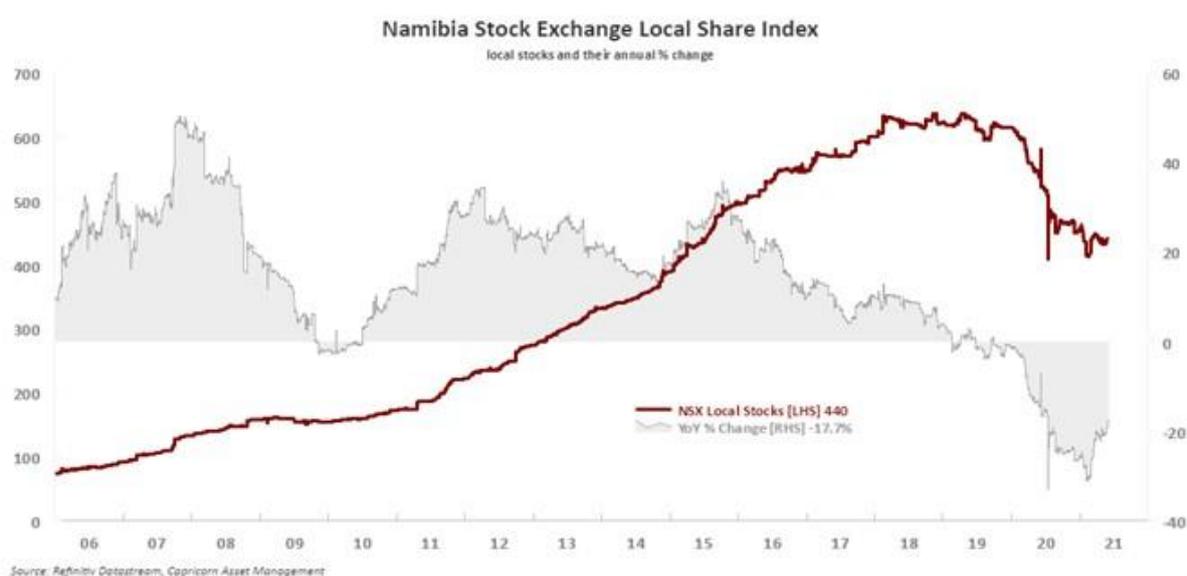
Nikkei added 0.36%. Seoul's Kospi gained 0.36% and Australian shares rose 0.64%. Chinese blue-chips lagged as healthcare firms dropped a day after the sector was lifted by China's announcement of a third-child policy.

On Tuesday, U.S. stocks pared earlier gains following the ISM manufacturing data as investors mulled over the rebound and higher inflation. The Dow Jones Industrial Average rose 0.13% to 34,575.31, the S&P 500 lost 0.05% to 4,202.04 and the Nasdaq Composite ticked down 0.09% to 13,736.48.

In commodities markets, prospects for a solidifying global economic recovery from pandemic lockdowns lifted oil prices, with Brent crude trading at its highest levels since March, despite the OPEC+ alliance agreeing to hike output in July. Brent futures rose 0.6% to \$70.67 per barrel and U.S. West Texas Intermediate crude added 0.56% to \$68.10 per barrel. "(The) wait and see approach by OPEC is likely to see the market remain tight for the foreseeable future. The likelihood of additional Iranian oil hitting the market in the short term is also subsiding," analysts at ANZ said in a note.

The dollar remained soft after a bump from the U.S. manufacturing data, reflecting a quickening global recovery outside the U.S. The dollar index was slightly lower at 89.876, but it rose 0.11% against the yen to 109.57. The euro added 0.1% to \$1.2223.

The U.S. 10-year yield was slightly higher at 1.6181% from 1.615% on Tuesday, and the policy-sensitive two-year yield rose to 0.1505% from 0.147%. Higher Treasury yields helped to dent gold's appeal as the precious metal slipped below a near five-month price peak hit on Tuesday. Spot gold traded at \$1,899.46 per ounce.



## Domestic Markets

The South African rand fell on Tuesday after data showed that the country's unemployment rate hit a new record high in the first quarter, signalling continued weakness in an economy whose woes were exacerbated by the COVID-19 pandemic.

Sentiment was also affected by the resumption of rotational power cuts by power utility Eskom, which struggles to power Africa's most industrialised nation because of repeated faults at its ailing coal-fired power station fleet, constraining economic growth.

At 1455 GMT, the rand was 0.24% weaker at 13.7775 per dollar, pulling away from a 27-month best of 13.6775 touched last week.

South Africa's unemployment rate rose to a new record high of 32.6% in the first quarter of 2021, with job losses recorded mostly in construction, followed by trade, private households, transport and agriculture sectors. "All in all, these numbers are indicative of an economy still greatly impacted by the COVID-19 pandemic and resulting lockdowns of 2020, with many capable workers still inactive," said Anchor Capital investment analyst Casey Delpert.

Stocks on the Johannesburg Stock Exchange shrugged off weak unemployment numbers and followed global cues to regain all past losses and end just shy of its all-time high seen early last month. The benchmark all-share index moved up 1.41% to end at 68,923 points, as a broad-based rally occurred across sectors on the back of a bright economic outlook in the United States. The blue-chip index of top 40 companies surged 1.48% to 62,699 points.

Analysts have said that moves on the local stock market are largely a function of what is happening in the United States and hence local factors do not seem to influence the price movements much. The benchmark S&P 500 in the United States rose on Tuesday coming to within just 0.5% of its all-time peak on bullish economic prospects in the country.

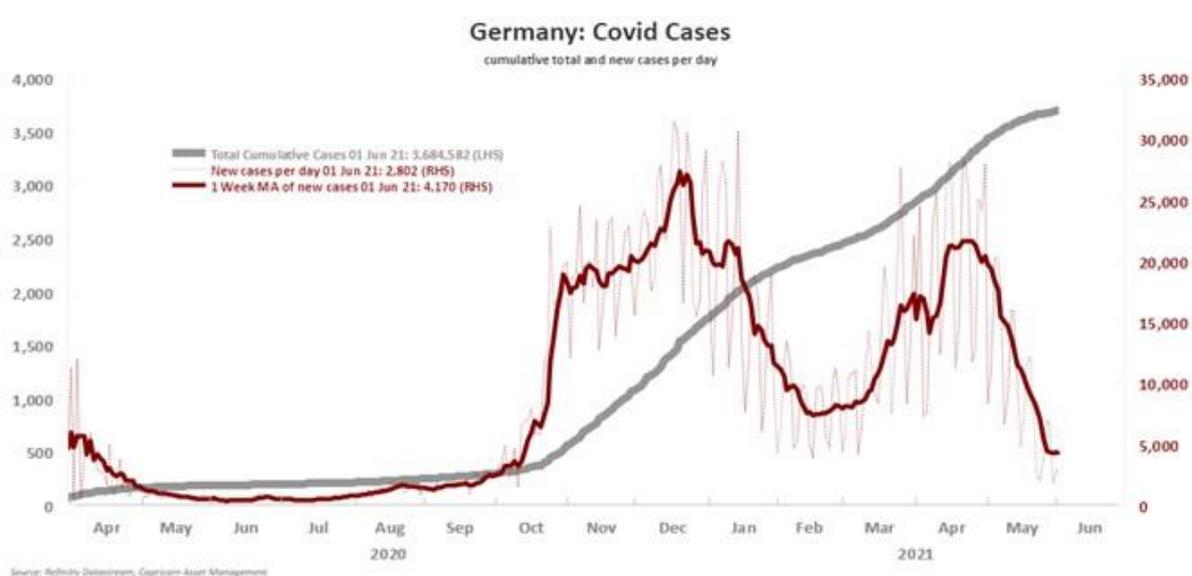
In fixed income, the yield on the benchmark 2030 paper was down a single basis point to 8.9%.

## Corona Tracker

GLOBAL CASES		01-Jun-2021		23:34
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
<b>GLOBAL</b>	171,024,362	242,857	3,704,216	121,984,141

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

Source: Thomson Reuters



We fear to know the fearsome and unsavory aspects of ourselves, but we fear even more to know the godlike in ourselves.

**Abraham Maslow**

## Market Overview

MARKET INDICATORS (Thomson Reuters)				02 June 2021	
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	→	4.16	0.000	4.16	4.16
6 months	↓	4.26	-0.008	4.27	4.26
9 months	→	4.47	0.000	4.47	4.47
12 months	↑	4.58	0.025	4.56	4.58
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (Coupon 7.75%, BMK R208)	↓	4.67	-0.025	4.70	4.66
GC22 (Coupon 8.75%, BMK R2023)	↓	5.64	-0.025	5.66	5.62
GC23 (Coupon 8.85%, BMK R2023)	↓	5.54	-0.025	5.56	5.52
GC24 (Coupon 10.50%, BMK R186)	↑	7.65	0.010	7.64	7.67
GC25 (Coupon 8.50%, BMK R186)	↑	7.66	0.010	7.65	7.68
GC26 (Coupon 8.50%, BMK R186)	↑	7.66	0.010	7.65	7.68
GC27 (Coupon 8.00%, BMK R186)	↑	7.95	0.010	7.94	7.97
GC30 (Coupon 8.00%, BMK R2030)	↓	9.20	-0.010	9.21	9.22
GC32 (Coupon 9.00%, BMK R213)	↓	10.22	-0.010	10.23	10.24
GC35 (Coupon 9.50%, BMK R209)	↓	11.09	-0.045	11.13	11.10
GC37 (Coupon 9.50%, BMK R2037)	↓	11.61	-0.040	11.65	11.62
GC40 (Coupon 9.80%, BMK R214)	↓	12.42	-0.030	12.45	12.42
GC43 (Coupon 10.00%, BMK R2044)	↓	12.73	-0.030	12.76	12.74
GC45 (Coupon 9.85%, BMK R2044)	↓	13.01	-0.030	13.04	13.02
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.02	-0.025	13.04	13.03
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
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
GI29 (Coupon 4.50%, BMK NCPI)	→	5.64	0.000	5.64	5.64
GI33 (Coupon 4.50%, BMK NCPI)	→	5.82	0.000	5.82	5.82
GI36 (Coupon 4.80%, BMK NCPI)	→	7.38	0.000	7.38	7.38
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,900	-0.32%	1,906	1,898
Platinum	↑	1,192	0.45%	1,187	1,183
Brent Crude	↑	70.3	1.34%	69.3	70.5
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,468	1.72%	1,444	1,468
JSE All Share	↑	68,923	1.41%	67,964	68,923
SP500	↓	4,202	-0.05%	4,204	4,202
FTSE 100	↑	7,080	0.82%	7,023	7,080
Hangseng	↑	29,468	1.08%	29,152	29,272
DAX	↑	15,567	0.95%	15,421	15,567
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	13,575	0.89%	13,456	13,575
Resources	↑	68,669	1.48%	67,666	68,669
Industrials	↑	88,358	1.71%	86,872	88,358
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	13.75	0.09%	13.73	13.79
N\$/Pound	↓	19.44	-0.35%	19.51	19.52
N\$/Euro	↓	16.78	-0.02%	16.79	16.85
US dollar/ Euro	↓	1.221	-0.11%	1.223	1.222
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>May 21</b>	<b>Apr 21</b>	<b>May 21</b>	<b>Apr 21</b>
Central Bank Rate	→	3.75	3.75	3.50	3.50
Prime Rate	→	7.50	7.50	7.00	7.00
		<b>Apr 21</b>	<b>Mar 21</b>	<b>Apr 21</b>	<b>Mar 21</b>
Inflation	↑	3.9	3.1	4.4	3.2

**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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**For enquiries concerning the Daily Brief please contact us at**

**[Daily.Brief@capricorn.com.na](mailto:Daily.Brief@capricorn.com.na)**

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