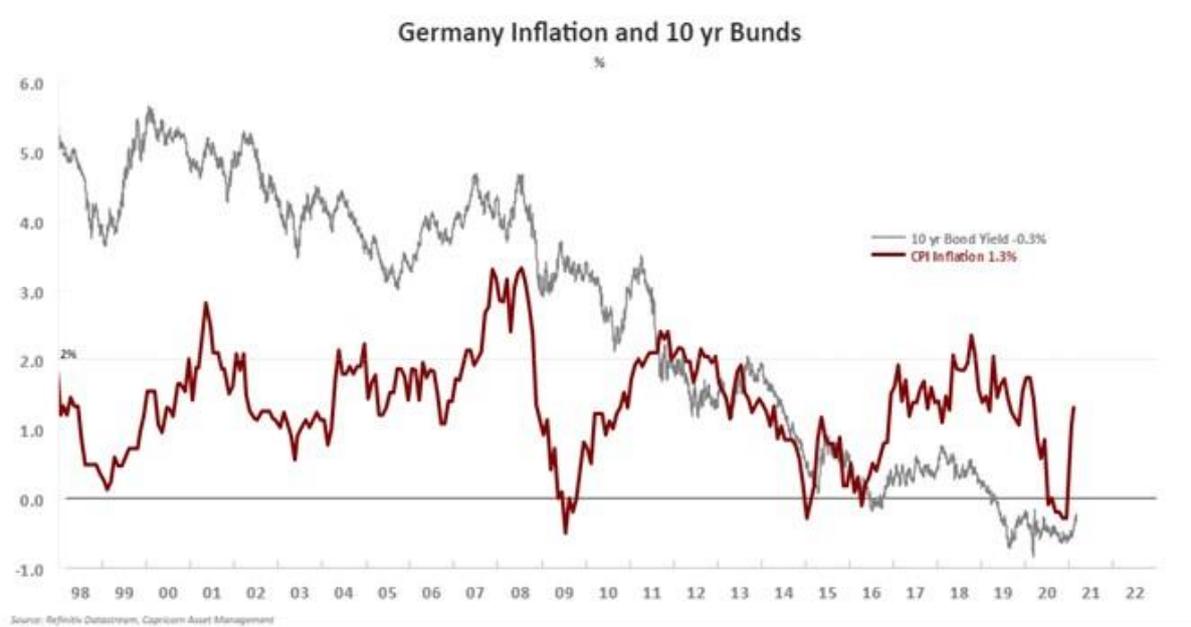




Market Update

Tuesday, 02 March 2021



Global Markets

U.S. stocks rallied overnight, with the S&P 500 posting its best day in nearly nine months, as bond markets calmed after a month-long selloff. Asia extended the global rally in stocks on Tuesday as a halt in a recent bond markets sell-off eased investor nerves and lifted riskier assets, although oil prices were on the defensive on fears of slowing Chinese energy consumption.

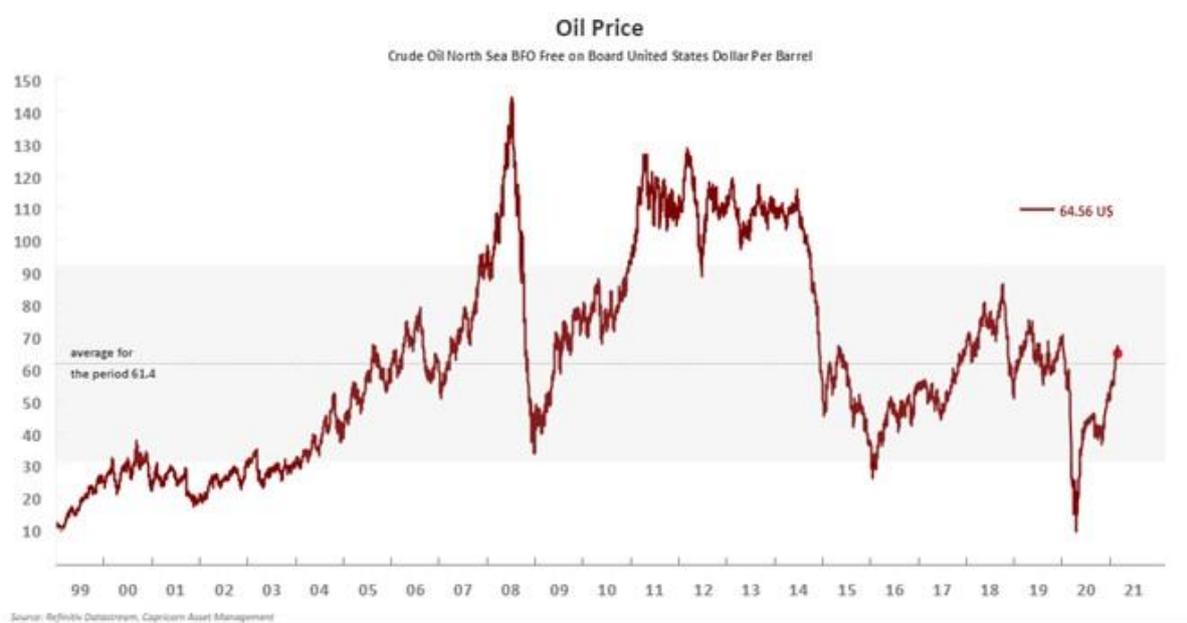
MSCI's broadest index of Asia-Pacific shares outside Japan firmed 0.97% while Japan's Nikkei was slightly down 0.12%. Australian shares continued their climb on Tuesday, with S&P/ASX 200 index rising as much as 1.05%, its highest since Feb. 19, as a rollout of another vaccine in the United States and optimism over a coronavirus relief package boosted hopes of a quicker global economic recovery. Chinese blue-chips gained 0.58% in early trade while Hong Kong's Hang Seng advanced 0.9%, helped by steady and robust demand from investors in mainland China for shares in the Asian financial hub. China will begin its annual session of parliament on Friday in Beijing, which is expected to chart a course for economic recovery and unveil a five-year plan to fend off stagnation.

For now, all eyes will be on Australia's central bank, which holds its monthly policy meeting on Tuesday. Analysts expect the Reserve Bank of Australia to hold key rates at a historic low but focus will shift to commentary about its quantitative easing programme.

"There's everything to like about the rally in EU and U.S. equity markets," said Chris Weston, the head of research at Pepperstone Group Ltd in Australia. "Financials outperformed, with 95% of stocks in the S&P 500 gaining on the day," he said, adding that "clearly investors are seeing the world in a new light". U.S. stocks were roiled last week when a sell-off in Treasuries pushed the 10-year Treasury yield to a one-year high of 1.614%. The 10-year yield was edging lower in early trade at 1.4204%.

However, demand for riskier assets did not slug the dollar, usually regarded as a safe-haven currency, as investors bet on fast growth and inflation in the United States. The U.S. dollar index gained 0.14% in early trade against a basket of currencies to stand at 91.142, within sight of a three-week high hit overnight. The Australian dollar was down 0.25% at \$0.77510 ahead of the RBA meeting. A stronger greenback weighed on gold, and the precious metal was on the defensive at \$1,711.4100 an ounce early Tuesday.

The exuberance in risk assets did not help energy markets. Oil prices fell more than 1% overnight after data showed China's factory activity growth slipped to a nine-month low in February, owing in part to disruptions over the Lunar New Year holiday. There were also fears among energy investors that OPEC may increase global supply following a meeting this week. Brent crude fell 1.27% to \$62.88 a barrel, while U.S. West Texas Intermediate crude lost 1.3% to \$59.85.



Domestic Markets

South Africa's rand recovered on Monday from the previous session's four-week low against the U.S. dollar as global bond markets calmed after last week's sell-off.

At 1520 GMT the rand traded at 14.9200 against the dollar, 1.3% firmer than its close on Friday, when it slipped to its weakest since Feb. 1.

Progress on U.S. President Joe Biden's \$1.9 trillion economic stimulus plan, now awaiting Senate approval, bolstered risk appetite. Subdued moves in U.S. treasury yields on the day also tamed risk selling.

"The rand opened stronger this week after optimism around the U.S. stimulus package prompted the repetitive and familiar shift to 'risk-on'", said DailyFX analyst Warren Venketas. "Lesser restrictions on local lockdown measures and a relaxed U.S. bond market aided the positive start for the rand."

On Sunday South African President Cyril Ramaphosa moved the country from alert level 3 to 1 and said the country had signed an agreement with Johnson & Johnson to secure 11 million COVID-19 vaccine doses.

Bonds also recovered. The yield on the benchmark 2030 government bond, which touched its weakest in four months on Friday, was down 11.5 basis points at 8.940%.

In equities markets, shares closed near record highs as restrictions lifted and the country secured more COVID-19 vaccines. This pushed general retail and food producer stocks up by 1.4%, buoyed by the prospect of a return to more normal alcohol sales.

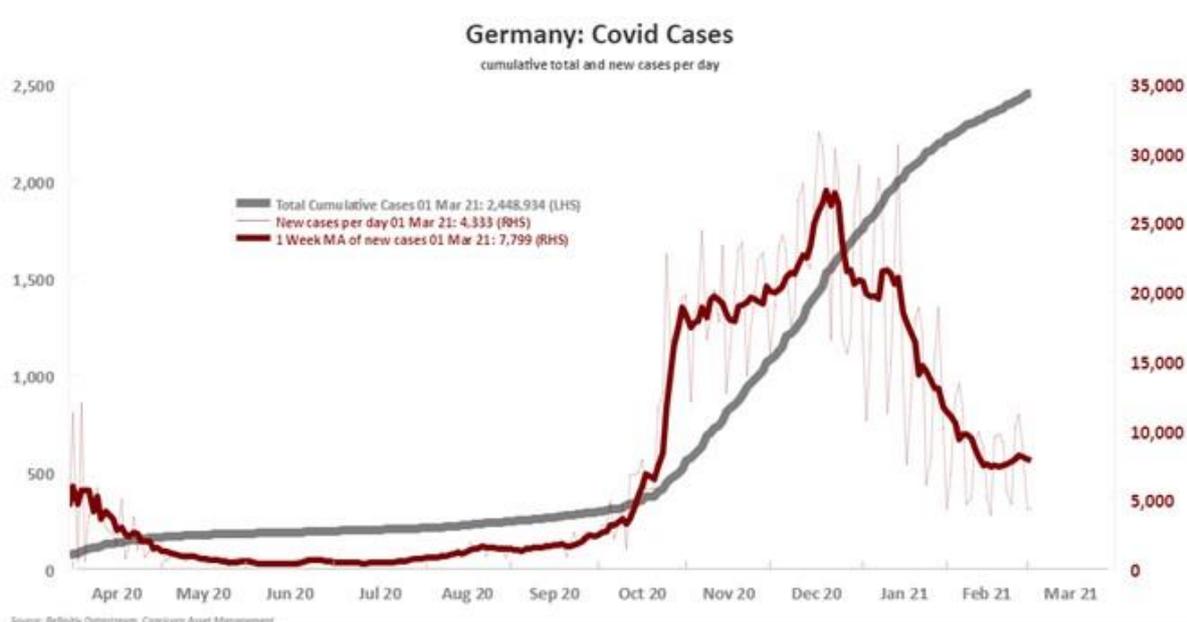
Stocks were also supported by positive earnings and stronger commodity prices, particularly spot gold, palladium and platinum. The mining index closed 2.2% up. Diversified service provider Bidvest Group rose 2.9% after reporting a 6.1% rise in profit for the six months to Dec. 31. Mobile operator MTN Group, meanwhile, rose 3.6% after its Nigeria subsidiary reported a 9.7% rise in core profit. The Johannesburg All-Share index closed 2.1% up at 67,536 points, near a record high of 67,736 points, while the Top 40 index gained 2.2% to 62,107 points.

Corona Tracker

GLOBAL CASES		02-Mar-2021		5:28
SOURCE - REUTERS		Confirmed Cases	New Cases	Total Deaths
				Total Recovered
GLOBAL		114,367,647	172,207	2,640,271
				75,700,478

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

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				02 March 2021	
Money Market TB Rates %					
		Last close	Difference	Prev close	Current Spot
3 months	↔	4.16	0.000	4.16	4.16
6 months	↔	4.56	0.000	4.56	4.56
9 months	↔	4.65	0.000	4.65	4.65
12 months	↑	4.82	0.008	4.81	4.82
Nominal Bond Yields %					
		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.15	-0.230	4.38	4.15
GC22 (Coupon 8.75%, BMK R2023)	↓	5.89	-0.015	5.91	5.90
GC23 (Coupon 8.85%, BMK R2023)	↓	5.79	-0.015	5.81	5.80
GC24 (Coupon 10.50%, BMK R186)	↓	7.57	-0.075	7.64	7.57
GC25 (Coupon 8.50%, BMK R186)	↓	7.58	-0.075	7.65	7.58
GC26 (Coupon 8.50%, BMK R186)	↓	7.58	-0.075	7.65	7.58
GC27 (Coupon 8.00%, BMK R186)	↓	7.87	-0.075	7.94	7.87
GC30 (Coupon 8.00%, BMK R2030)	↓	9.28	-0.065	9.34	9.29
GC32 (Coupon 9.00%, BMK R213)	↓	10.30	-0.070	10.37	10.31
GC35 (Coupon 9.50%, BMK R209)	↓	11.20	-0.040	11.24	11.21
GC37 (Coupon 9.50%, BMK R2037)	↓	11.74	-0.040	11.78	11.74
GC40 (Coupon 9.80%, BMK R214)	↓	12.54	-0.040	12.58	12.54
GC43 (Coupon 10.00%, BMK R2044)	↓	12.84	-0.040	12.88	12.84
GC45 (Coupon 9.85%, BMK R2044)	↓	13.12	-0.040	13.16	13.12
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.15	-0.055	13.20	13.15
Inflation-Linked Bond Yields %					
		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	↔	4.20	0.000	4.20	4.20
GI25 (Coupon 3.80%, BMK NCPI)	↔	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	↔	5.69	0.000	5.69	5.69
GI33 (Coupon 4.50%, BMK NCPI)	↔	6.80	0.000	6.80	6.80
GI36 (Coupon 4.80%, BMK NCPI)	↔	7.35	0.000	7.35	7.35
Commodities					
		Last close	Change	Prev close	Current Spot
Gold	↓	1,724	-0.56%	1,733	1,713
Platinum	↓	1,184	-0.38%	1,189	1,172
Brent Crude	↓	63.7	-3.69%	66.1	62.9
Main Indices					
		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,370	2.66%	1,335	1,370
JSE All Share	↑	67,537	2.12%	66,138	67,537
SP500	↑	3,902	2.38%	3,811	3,902
FTSE 100	↑	6,589	1.62%	6,483	6,589
Hangseng	↑	29,453	1.63%	28,980	29,005
DAX	↑	14,013	1.64%	13,786	14,013
JSE Sectors					
		Last close	Change	Prev close	Current Spot
Financials	↑	12,456	2.10%	12,200	12,456
Resources	↑	68,970	2.24%	67,460	68,970
Industrials	↑	88,082	2.25%	86,144	88,082
Forex					
		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	15.01	-0.58%	15.10	15.04
N\$/Pound	↓	20.89	-0.68%	21.03	20.87
N\$/Euro	↓	18.08	-0.81%	18.23	18.08
US dollar/ Euro	↓	1.205	-0.22%	1.207	1.202
Interest Rates & Inflation					
		Namibia		RSA	
		Dec 20	Nov 20	Dec 20	Nov 20
Central Bank Rate	↔	3.75	3.75	3.50	3.50
Prime Rate	↔	7.50	7.50	7.00	7.00
		Jan 21	Dec 20	Jan 21	Dec 20
Inflation	↑	2.7	2.4	3.2	3.1

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



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer’s judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
