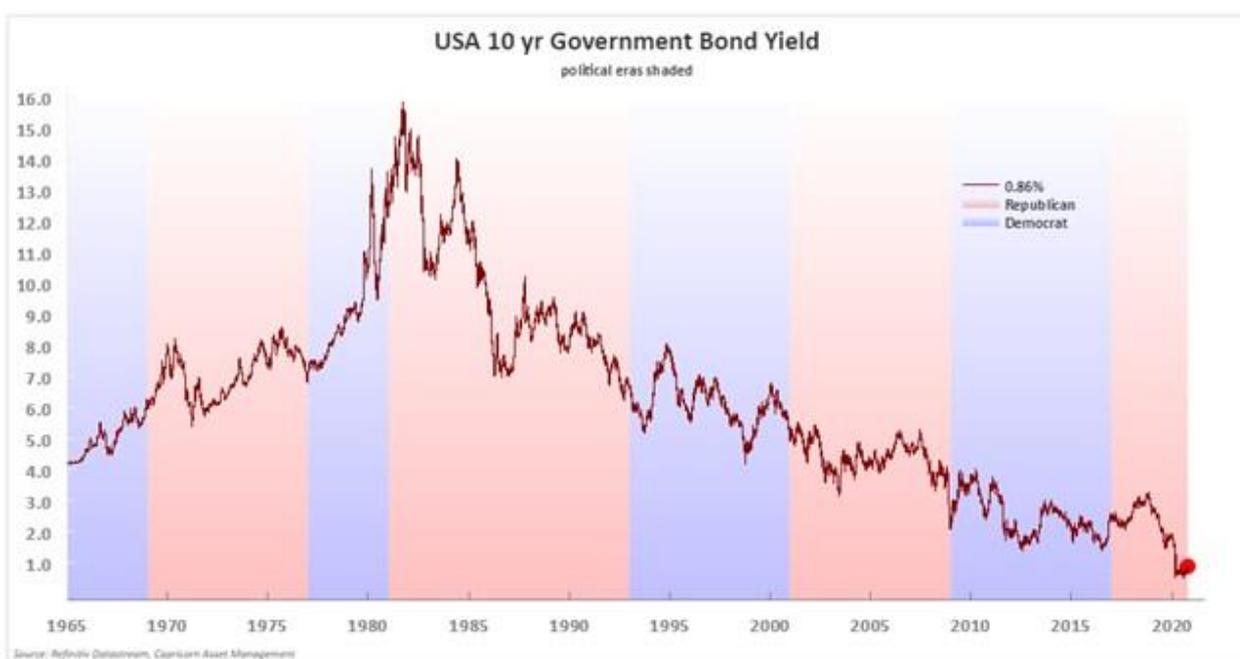




## Market Update

Monday, 02 November 2020



## Global Markets

Asian shares bounced off one-month lows on Monday on solid data from China showing factory activity expanded at its fastest pace in a decade while oil prices skidded as many Western countries slid back into coronavirus-driven lockdowns.

MSCI's broadest index of Asia-Pacific shares outside Japan climbed 0.5% to 573.04, as China's Caixin/Markit Manufacturing Purchasing Managers' Index offered hope the region's success in containing the coronavirus could spare it the economic pain being inflicted on Europe and the United States.

All major indexes except New Zealand were up on Monday. Australian shares rose 0.4%. Chinese shares were higher with the blue-chip CSI300 rising 0.8% with the country's vast industrial sector steadily returning to levels seen before the COVID-19 pandemic paralysed huge swathes of the economy. Japan's Nikkei jumped 1.5%. E-Mini futures for the S&P 500 added 0.1%, with investor focus turning to the U.S. Presidential elections on Tuesday.

The global outlook is dimming as many Western countries battle still rising COVID-19 infections and go back into virus lockdowns. Global coronavirus cases surpassed 500,000 last week with Europe crossing the bleak milestone of 10 million total infections. The United Kingdom is grappling with more than 20,000 new cases a day while a record surge of U.S. cases is killing up to 1,000 people a day.

Fresh coronavirus-induced lockdowns have raised concerns over the outlook for fuel consumption, sending Brent crude to a low of \$35.74 per barrel, a level not seen since late May. U.S. crude went as low as \$33.64.

Underwhelming outlooks and results from some of Wall Street's largest companies last week, including Apple and Facebook, further soured the mood and dragged U.S. stocks lower last week. "Markets are looking ahead of Q4 and early 2021 where the growth outlook looks clouded given the move to stricter lockdowns in Europe," Perpetual analysts wrote in a note. They said a -1% hit to European growth would send global gross domestic product down by 0.5% over the subsequent 12 months. "The key question here is how long are the lockdowns needed to get the virus under control."

Ahead of the last campaign weekend, Republican President Donald Trump trails Democratic challenger Joe Biden in national opinion polls partly because of widespread disapproval of Trump's handling of the coronavirus. Opinion polls in the most competitive states that will decide the election have shown a closer race, still favouring Biden.

In currencies, the risk-sensitive Australian dollar slipped 0.4% to go below 70 U.S. cents for the first time since July. It was last at \$0.7018. The Japanese yen was flat at 104.66 per dollar, while the British pound was last a shade weaker at \$1.2931. The euro was barely changed at \$1.1640. That left the dollar index, which measures the greenback against a basket of peers, flat at 94.07. A risk-on revival after the U.S. election could however see the dollar resume its slide from the March highs, analysts said.

JPMorgan analysts said the market likely views a Biden win as "short-term neutral" but "long-term negative" as his expected tax policy outweighs the benefits from a large stimulus package. "SPX may have upside to ~3400, but it would have larger downside depending on the details of the package, potentially to ~2,500," they added.

On Friday, the S&P 500 lost 1.21% to close at 3,269.96. The Nasdaq Composite dropped 2.45% while the Dow fell 0.6%.

## **Domestic Markets**

South Africa's rand gained against the U.S. dollar on Friday, with analysts citing the country's relatively high yields. Stocks dipped.

At 1622 GMT, the rand was 0.9% stronger at 16.2550 per dollar, clawing back some of the week's losses linked to a dismal mid-term budget policy statement (MTBPS) that forecast higher debt levels than in June.

"SA's juicy real yields make it an attractive prospect for carry trades, which will continue to support the ZAR in the near term. However, it is difficult to hold a bullish outlook for the ZAR further out into the future," economists at ETM Analytics said in a research note.

Analysts and ratings agencies have said that Finance Minister Tito Mboweni's pledge on Wednesday to freeze public sector wages for the next three years will be hard to achieve. Moody's said in a

research report that the budget lacked detail on how and when the government would implement policies to boost economic growth.

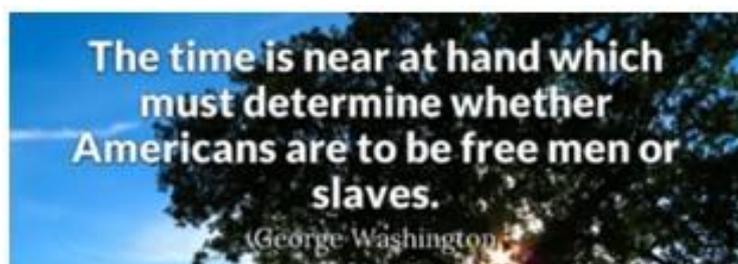
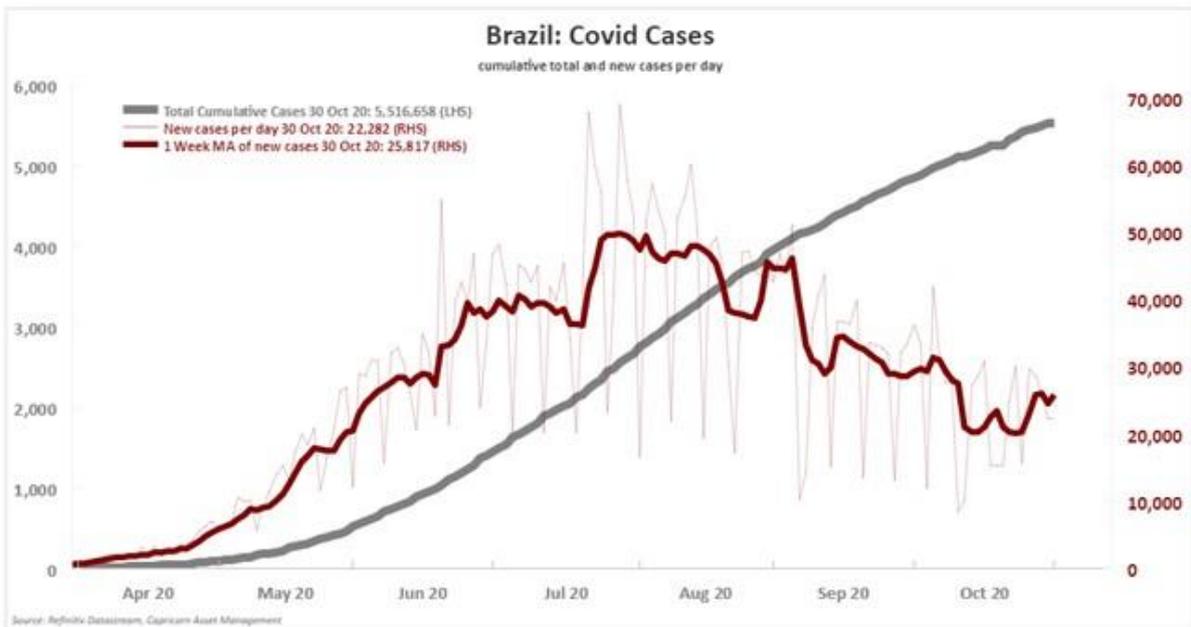
Many Johannesburg-listed stocks fell on Friday, in line with global equity market jitters over rising global coronavirus infections and next week's U.S. presidential election. The Johannesburg Stock Exchange's All-share index closed down 0.41% to finish at 51,685 points, while the Top-40 index dipped 0.22% to 47,473 points.

Curbing further losses, bourse heavyweight Naspers rose 3.98% to 3,161.32 rand after Dutch technology investor Prosus said it would buy back up to \$5 billion in its own and parent Naspers' shares. Another gainer was telecoms firm MTN, which closed 4.11% higher after flagging a rise in revenue.

Source: Thomson Reuters

## Corona Tracker

GLOBAL CASES		02-Nov-2020		6:21
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
<b>GLOBAL</b>	46,325,802	283,654	1,197,672	31,135,289



## Market Overview

MARKET INDICATORS (Thomson Reuters)		02 November 2020			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	→	3.85	0.000	3.85	3.85
6 months	→	3.93	0.000	3.93	3.93
9 months	→	3.91	0.000	3.91	3.91
12 months	→	3.87	0.000	3.87	3.87
<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)	↑	4.05	0.020	4.03	4.05
GC22 (Coupon 8.75%, BMK R2023)	↓	4.88	-0.060	4.94	4.87
GC23 (Coupon 8.85%, BMK R2023)	↓	4.78	-0.060	4.84	4.77
GC24 (Coupon 10.50%, BMK R186)	↓	7.40	-0.060	7.46	7.38
GC25 (Coupon 8.50%, BMK R186)	↓	7.41	-0.060	7.47	7.39
GC26 (Coupon 8.50%, BMK R186)	↓	7.41	-0.060	7.47	7.39
GC27 (Coupon 8.00%, BMK R186)	↓	7.70	-0.060	7.76	7.68
GC30 (Coupon 8.00%, BMK R2030)	↑	9.62	0.025	9.60	9.61
GC32 (Coupon 9.00%, BMK R213)	↑	10.78	0.020	10.76	10.77
GC35 (Coupon 9.50%, BMK R209)	↑	11.89	0.050	11.84	11.87
GC37 (Coupon 9.50%, BMK R2037)	↑	12.66	0.065	12.59	12.63
GC40 (Coupon 9.80%, BMK R214)	↑	13.34	0.060	13.28	13.32
GC43 (Coupon 10.00%, BMK R2044)	↑	13.85	0.060	13.79	13.83
GC45 (Coupon 9.85%, BMK R2044)	↑	14.13	0.060	14.07	14.11
GC50 (Coupon 10.25%, BMK: R2048)	↑	14.19	0.060	14.13	14.17
<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)	→	4.49	0.000	4.49	4.49
GI25 (Coupon 3.80%, BMK NCPI)	→	4.25	0.000	4.25	4.25
GI29 (Coupon 4.50%, BMK NCPI)	→	4.38	0.000	4.38	4.38
GI33 (Coupon 4.50%, BMK NCPI)	→	6.76	0.000	6.76	6.76
GI36 (Coupon 4.80%, BMK NCPI)	→	7.02	0.000	7.02	7.02
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	1,878	0.58%	1,867	1,881
Platinum	↑	849	0.18%	847	853
Brent Crude	↓	37.5	-0.50%	37.7	36.7
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓	1,004	-1.71%	1,021	1,004
JSE All Share	↓	51,685	-0.41%	51,897	51,685
SP500	↓	3,270	-1.21%	3,310	3,270
FTSE 100	↓	5,577	-0.08%	5,582	5,577
Hangseng	↓	24,107	-1.95%	24,587	24,326
DAX	↓	11,556	-0.36%	11,598	11,556
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↓	9,460	-3.04%	9,757	9,460
Resources	↓	47,318	-1.06%	47,827	47,318
Industrials	↑	73,440	1.04%	72,681	73,440
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	16.24	-0.93%	16.39	16.22
N\$/Pound	↓	21.01	-0.82%	21.18	20.93
N\$/Euro	↓	18.91	-1.15%	19.13	18.87
US dollar/ Euro	↓	1.165	-0.23%	1.167	1.163
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Central Bank Rate	↓	3.75	4.00	3.50	3.75
Prime Rate	↓	7.50	7.75	7.00	7.25
		<b>Sep 20</b>	<b>Aug 20</b>	<b>Sep 20</b>	<b>Aug 20</b>
Inflation	→	2.4	2.4	3.0	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



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