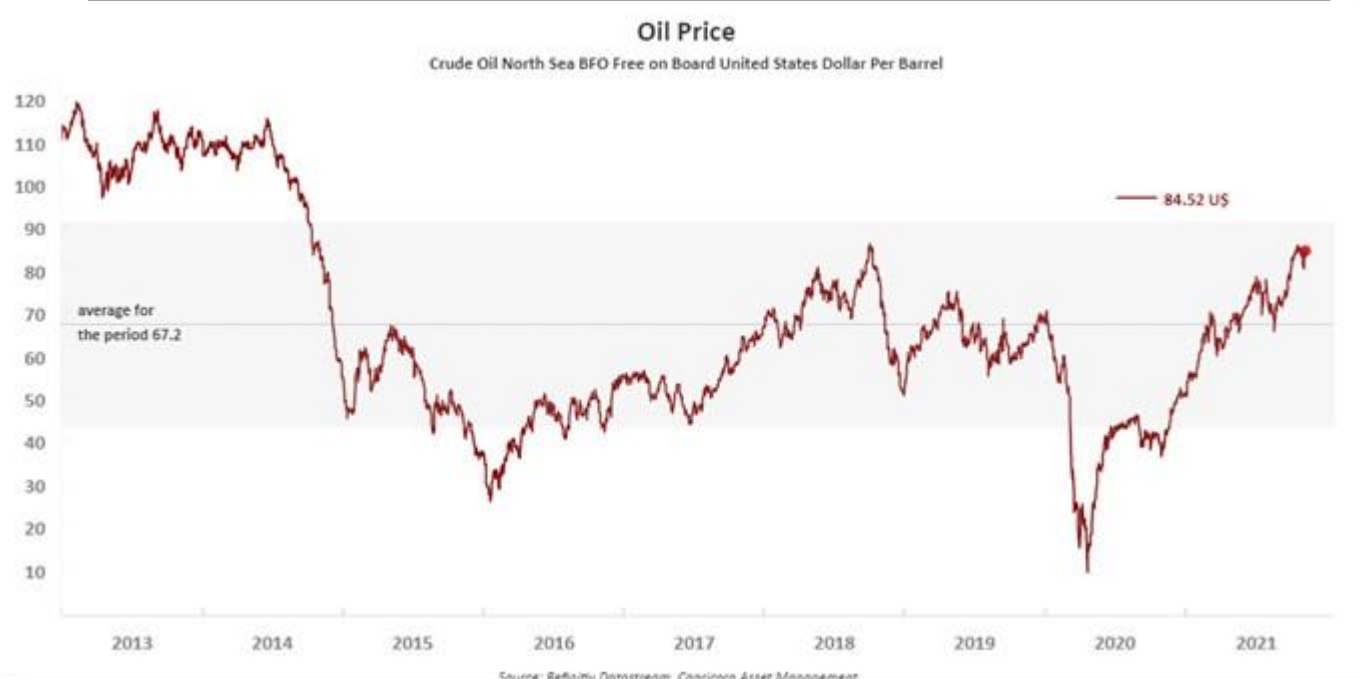




Market Update

Wednesday, 10 November 2021



Global Markets

Stock markets were becalmed on Wednesday as surges in oil and Chinese factory prices added to worries that a hot U.S. inflation reading could renew pressure on policymakers to lift interest rates. U.S. crude futures rose 1% to a two-week high of \$84.97 a barrel in early trade and Brent futures made a one-week top of \$85.35. Factory gate prices in China have soared 13.5% year-on-year to October, data showed, beating forecasts and warning of pressure heading down supply chains to global consumers.

MSCI's broadest index of Asia-Pacific shares outside Japan and Japan's Nikkei each dipped 0.2% and overnight on Wall Street a long rally paused, with the Nasdaq logging its first fall in a dozen sessions. S&P 500 futures fell 0.2% in morning trade.

U.S. data due at 1330 GMT is expected to show consumer prices galloping higher at 5.8% year-on-year and even dovish Federal Reserve officials Neel Kashkari and Mary Daly have conceded it is running hotter for longer than they expected. "Coming from them, I would imagine that now there

is officially little doubt left within the (Fed) that risks around inflation are much more elevated than previously assumed," NatWest Markets strategists said in a note.

Longer-dated bonds had rallied on Tuesday, flattening the Treasury yield curve, as investors seem to be wagering on hikes in the next year or so squashing growth and inflation in the years beyond. "A firm (CPI) read can add a bit more fuel to the flattening," the NatWest analysts said. "But I would argue that at this stage, a weak CPI number wouldn't be enough to ease markets into thinking the Fed will hold back."

Currency markets have been fairly quiet but traders favoured safe havens on Tuesday and lifted the yen to a one-month high. The Japanese currency held there on Wednesday at 112.84 per dollar and risk-sensitive currencies such as the Australian dollar were under pressure, with the Aussie testing support at its 50-day moving average of \$0.7374.

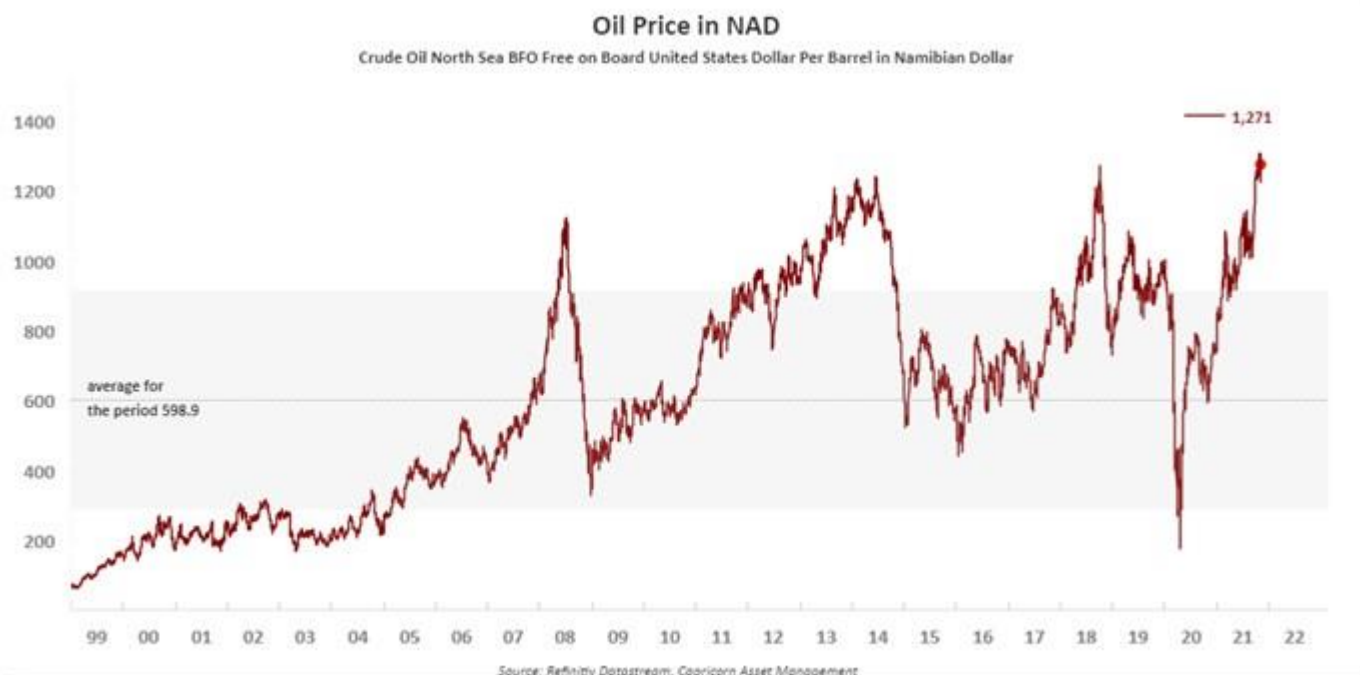
"The dollar will be sensitive to moves in the 2-5 year part of the U.S. Treasury curve," said Chris Weston, head of research at broker Pepperstone in Melbourne. "I think we'll need to see a (monthly U.S. CPI) print of 0.8% to see the dollar index break out of the top of the range of 94.50," he said. The index was last at 93.997.

China's economic slowdown is also nagging on investors' minds, especially as a credit crunch seems to be quickly spreading through the giant property industry. Bonds in the sector had suffered a fresh pounding on Tuesday, with the sell-off dragging in even investment-grade debts. "(The) market is now driven more by fear rather than rationale," said analysts at J.P. Morgan. "Valuations have factored in (the) worst case scenario."

Other clouds are also brewing, with a survey in Japan showing manufacturers' business confidence has fallen to a fresh seven-month low and Tesla stock, a bit of a gauge of retail investors' sentiment, turning wobbly. The carmaker, which has been the poster-stock of equities' thumping rally from pandemic lows, suffered its sharpest share price fall in 14 months on Tuesday as traders brace for a possible sale from company chief Elon Musk.

Gold and bitcoin have been the primary beneficiaries of the market turbulence, with gold up 3.5% in a week to \$1,829 an ounce and bitcoin hovering at \$67,267 after hitting a record peak of \$68,564 a day ago.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand dropped back on Tuesday, losing ground won earlier in the week, as damaging local power cuts were scheduled to continue until the weekend and investors awaited key U.S. inflation data to gauge the Federal Reserve's next move.

At 1517 GMT, the rand traded at 15.0650 against the dollar, just over 1% lower than its previous close of 14.9150.

Andre de Ruyter, CEO of struggling state utility Eskom, said lengthy power cuts were set to be reduced gradually throughout the week, ending only on Saturday.

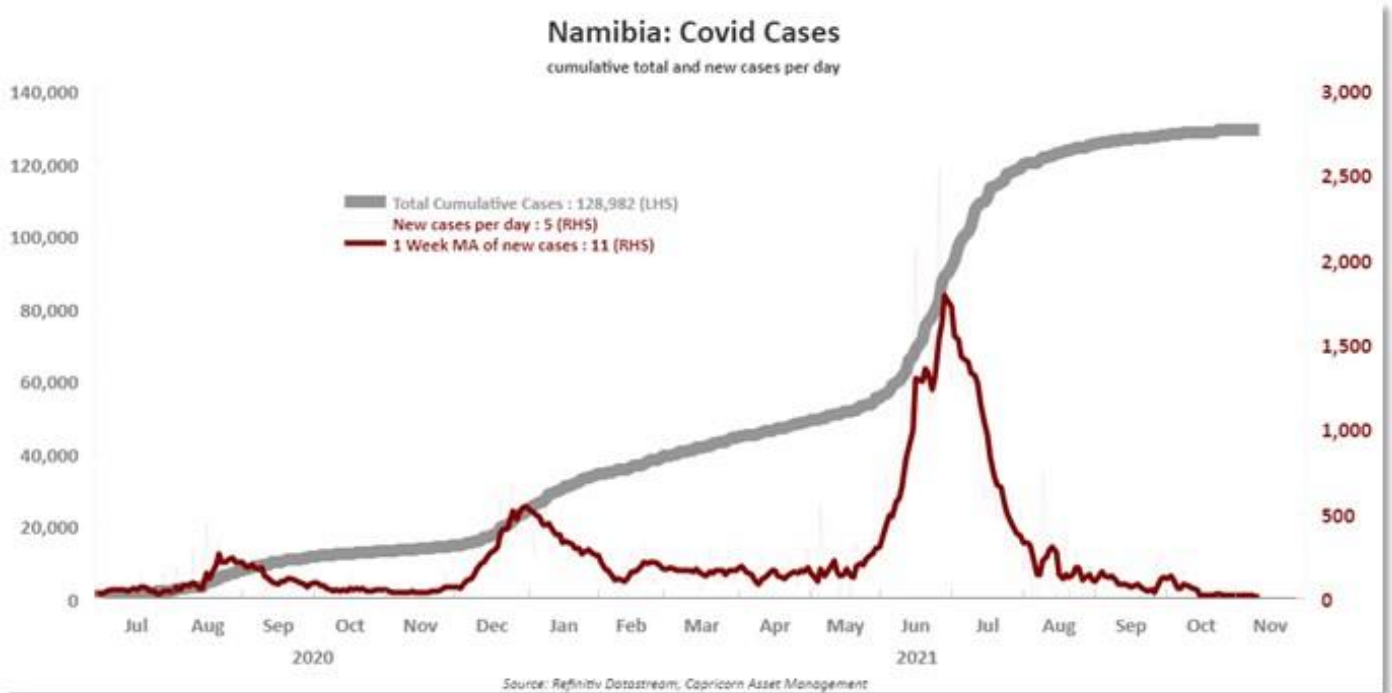
Investors are waiting for U.S. inflation data due on Wednesday, when a strong reading could reignite talk of the Fed raising interest rates sooner than expected.

Local investors will also be watching finance minister Enoch Godongwana's maiden Medium-Term Budget Policy Statement (MTBPS) expected on Thursday, outlining estimated budget deficits and economic growth forecast over the next three years.

Government bonds strengthened, with the yield on the benchmark instrument due in 2030 dropping 15 basis points to 9.27%. Meanwhile, the Johannesburg Stock Exchange dipped, with its Top-40 Index slipping 0.12% to 61,247 points and the broader All-Share Index losing 0.1% to 67,983 points.

Shares in telecoms firm Telkom closed over 12% lower after the company reported weaker than expected results at its mobile business. Northam Platinum plunged 15%. It said it will acquire a 33% stake in Fourways-based miner Royal Bafokeng Platinum for ZAR17.0 billion in cash and shares.

Corona Tracker



Source: Thomson Reuters Refinitiv

Man is not the creature of circumstances,
circumstances are the creatures of men. We are free
agents, and man is more powerful than matter.

Benjamin Disraeli

Market Overview

MARKET INDICATORS (Thomson Reuters)		10 November 2021			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	4.41	-0.011	4.42	4.41
6 months	↓	4.89	-0.012	4.90	4.89
9 months	↓	5.34	-0.013	5.35	5.34
12 months	↑	5.49	0.024	5.47	5.49
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC22 (Coupon 8.75%, BMK R2023)	↓	4.62	-0.095	4.72	4.62
GC23 (Coupon 8.85%, BMK R2023)	↓	6.50	-0.095	6.60	6.50
GC24 (Coupon 10.50%, BMK R186)	↓	7.46	-0.080	7.54	7.45
GC25 (Coupon 8.50%, BMK R186)	↓	7.69	-0.080	7.77	7.68
GC26 (Coupon 8.50%, BMK R186)	↓	8.66	-0.080	8.74	8.65
GC27 (Coupon 8.00%, BMK R186)	↓	8.90	-0.080	8.98	8.89
GC30 (Coupon 8.00%, BMK R2030)	↓	10.17	-0.085	10.25	10.17
GC32 (Coupon 9.00%, BMK R213)	↓	10.94	-0.085	11.02	10.93
GC35 (Coupon 9.50%, BMK R209)	↓	11.48	-0.065	11.55	11.47
GC37 (Coupon 9.50%, BMK R2037)	↓	12.13	-0.075	12.20	12.13
GC40 (Coupon 9.80%, BMK R214)	↓	12.95	-0.065	13.02	12.96
GC43 (Coupon 10.00%, BMK R2044)	↓	13.20	-0.040	13.24	13.19
GC45 (Coupon 9.85%, BMK R2044)	↓	13.18	-0.040	13.22	13.17
GC48 (Coupon 10.00%, BMK R2048)	↓	13.21	-0.035	13.25	13.20
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.44	-0.035	13.48	13.43
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	3.95	0.000	3.95	3.95
GI25 (Coupon 3.80%, BMK NCPI)	⇒	3.94	0.000	3.94	3.94
GI27 (Coupon 4.00%, BMK NCPI)	⇒	4.99	0.000	4.99	4.99
GI29 (Coupon 4.50%, BMK NCPI)	⇒	6.20	0.000	6.20	6.20
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.96	0.000	7.96	7.96
GI36 (Coupon 4.80%, BMK NCPI)	⇒	8.18	0.000	8.18	8.18
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,831	0.40%	1,824	1,826
Platinum	↑	1,059	0.29%	1,056	1,051
Brent Crude	↑	84.8	1.62%	83.4	85.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,449	0.01%	1,449	1,449
JSE All Share	↓	67,983	-0.10%	68,049	67,983
SP500	↓	4,685	-0.35%	4,702	4,685
FTSE 100	↓	7,274	-0.36%	7,300	7,274
Hangseng	↑	24,813	0.20%	24,764	24,500
DAX	↓	16,040	-0.04%	16,047	16,040
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	14,172	0.21%	14,143	14,172
Resources	↓	61,246	-1.24%	62,014	61,246
Industrials	↑	90,126	0.61%	89,582	90,126
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	15.03	0.84%	14.90	15.07
N\$/Pound	↑	20.37	0.80%	20.21	20.43
N\$/Euro	↑	17.42	0.87%	17.27	17.45
US dollar/ Euro	↑	1.159	0.04%	1.159	1.158
		Namibia		RSA	
Interest Rates & Inflation		Sep 21	Aug 21	Sep 21	Aug 21
Central Bank Rate	⇒	3.75	3.75	3.50	3.50
Prime Rate	⇒	7.50	7.50	7.00	7.00
		Sep 21	Aug 21	Sep 21	Aug 21
Inflation	↑	3.5	3.4	5.0	4.9

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 the Overall Index, including dual listed

Source: Thomson Reuters Refinitiv

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.



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