

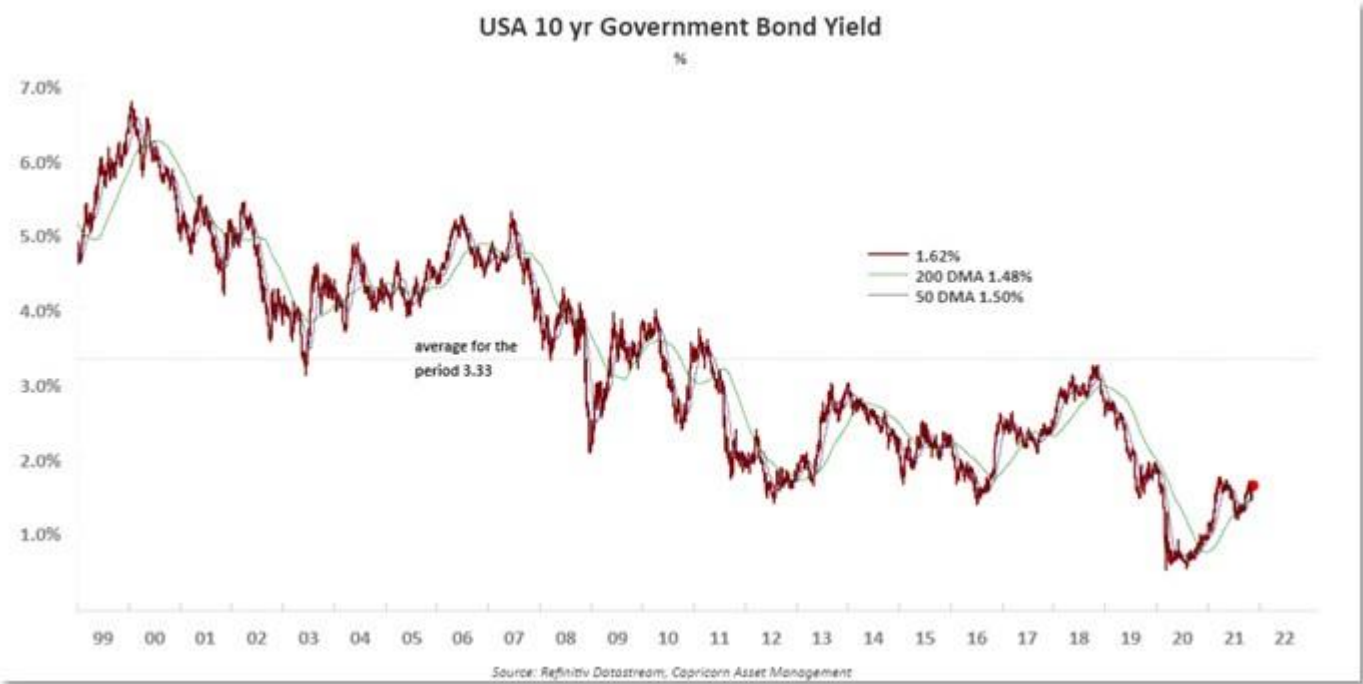


The Daily Brief

Capricorn Asset Management

Market Update

Tuesday, 16 November 2021



Global Markets

Shares scaled a 2-1/2-week top as investors cheered a cordial opening to a key meeting between U.S. President Joe Biden and Chinese leader Xi Jinping, which helped nudge China's yuan to a five-month high and pulled the dollar broadly lower. Biden and Xi Jinping started their closely-watched talks warmly, with both leaders stressing their responsibility to the rest of the world to avoid conflict, with the Chinese leader calling the U.S. President an "old friend".

MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.27% to its highest level since Oct. 27, while Tokyo's Nikkei gained 0.4%. The talks began at 0046 GMT Tuesday and Chinese state media reported they concluded at 12:24 p.m. (0424 GMT) in Beijing.

"The video call is so important because I do think tensions between the two countries are easing and I guess the overall market sentiment will continue to improve," said Dickie Wong, executive director for research at Hong Kong based Kingston Securities.

Sino-U.S. ties have endured a prolonged period of tensions under the former Trump administration and both sides have recently escalated a war of words over a broad array of contentious issues including Taiwan as well trade and technology. The see-sawing tensions between the world's two top economies have jolted global markets at various times over the past few years, so any optimism coming out of the talks would be seen as a boon to riskier assets.

The friendly opening to the talks helped push the onshore and offshore yuan higher in morning trade, with the onshore spot price hitting a high of 6.3666 per dollar, the strongest since June 1. In share markets, Chinese blue chips rose 0.5% and the Hong Kong benchmark jumped 1%, also underpinned by property stocks after suggestions of an easing in policy curbs on the sector.

"So far we haven't seen a loss of confidence in certain developers and the government has come out more forcefully to ensure that homeowners are protected," said David Chao global market strategist for Asia Pacific (ex-Japan) at Invesco.

An index of Hong Kong listed mainland Chinese developers rose as much as 3%. However, shares of Kaisa Prosperity, a property services unit of embattled developer Kaisa Group, tumbled 13.5% as trading resumed a day after the company said its parent's liquidity issues would not impact operations.

U.S. stock futures were flat on Tuesday, after Wall Street had closed little changed as rising Treasury yields dented appetite for technology stocks but boosted interest in financials.

Benchmark 10-year U.S. Treasury yields inched down on Tuesday and were last at 1.6008% though still up sharply since hitting a one-month low of 1.42% hit one week ago, a major factor in the dollar's overall strength.

The dollar, however, edged lower in reaction to the improved sentiment following the Biden-Xi call, losing ground on the euro, which bounced almost 0.2% off a 16-month low and was last at \$1.1381. The currency markets are also being driven by the differing responses from global central banks to rising inflation pressures.

European Central Bank President Christine Lagarde on Monday pushed back on market bets for tighter monetary policy, saying doing so now to rein in inflation could choke off the euro zone's recovery. The dovish tone left the euro struggling to shake off the bears.

Britain will publish its September labour market report later on Tuesday, which analysts at CBA said "could make or break the case for a rate hike this year".

Later in the day, U.S. retail sales, trade prices and industrial production for October are also due, giving another hint about the health of the world's biggest economy.

In oil markets, U.S. crude rose 0.59% to \$81.36 a barrel. Brent crude rose 0.76% \$82.68 per barrel.

Gold was steady, with spot gold up at \$1,864 an ounce, just off Monday's five month high of \$1,870.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand rose on Monday, buoyed by improving global sentiments as upbeat Chinese economic data eased concerns about a slowdown in the world's No.2 economy. At 1511 GMT, the rand traded at 15.2475 against the dollar, 0.6% firmer than its previous close.

Global markets were bolstered on Monday as annual growth in Chinese retail sales and industrial output beat forecasts, with the bounce in consumption a positive given pandemic restrictions, though falling mainland house prices and rising COVID cases across Europe tempered the optimism.

In South Africa, investors were waiting for domestic inflation data, due alongside retail sales data on Wednesday, and the central bank's monetary policy meeting.

The South African Reserve Bank (SARB) starts its three-day monetary policy committee meeting on Tuesday, with the decision on interest rates due on Thursday.

A Reuters poll found that thirteen of 20 economists surveyed between Nov. 10-12 said the repo rate would be kept unchanged at 3.50%, while the other seven predicted a hike of 25 basis points.

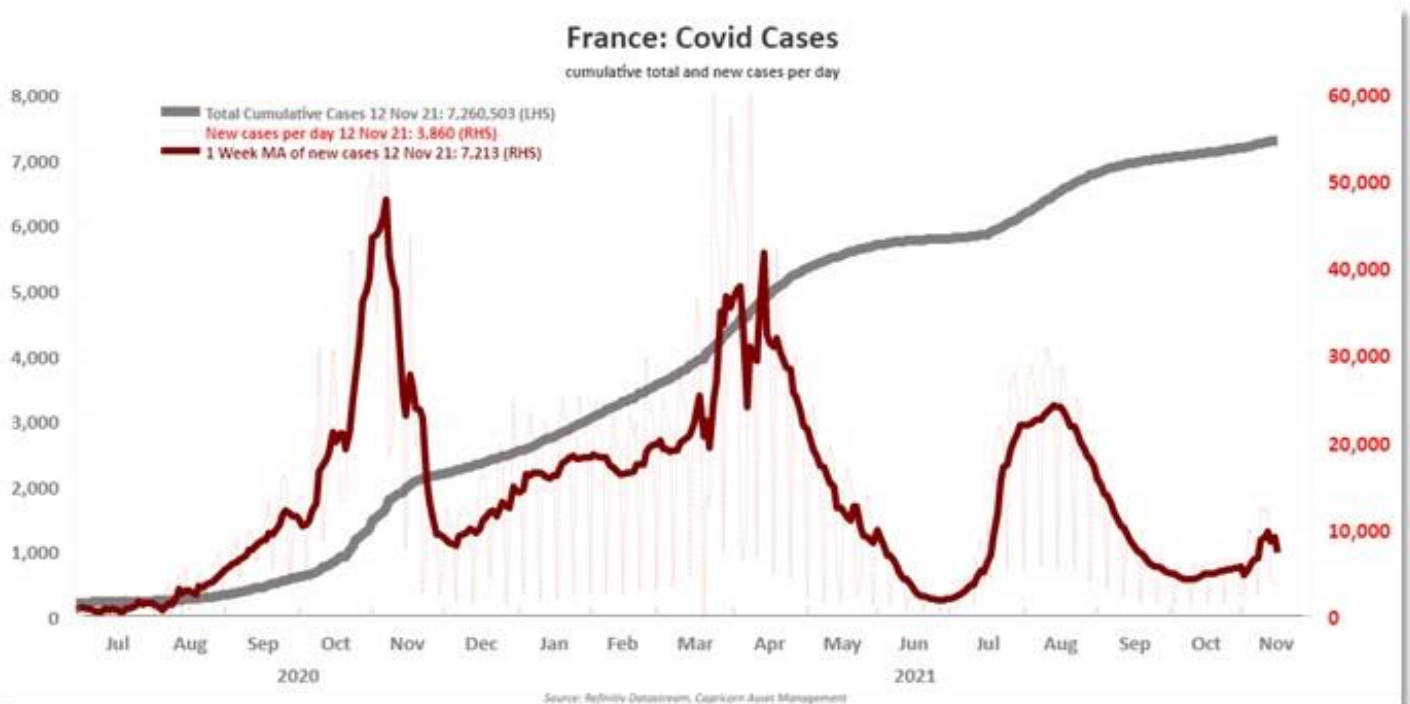
But in an extra question answered by 12 economists, a median of responses suggested there was an almost 50% chance the SARB would hike interest rates at this meeting.

In fixed income, the yield on the benchmark 2030 maturity was up 3.5 basis points to 9.435%.

Stocks rose, with the Johannesburg Stock Exchange's Top-40 Index rising 0.34% to 63,481 points and the broader All-Share Index up 0.24% to 70,091 points. Shares in drinks maker Distell fell 7% after investors were left disappointed by the price of a takeover offer by Heineken.

Corona Tracker

GLOBAL CASES		15-Nov-2021		1:22
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	
GLOBAL	253,774,357	307,110	5,357,915	



Source: Thomson Reuters Refinitiv

Conscience is the inner voice that warns us that someone might be looking.

H. L. Mencken

Market Overview

MARKET INDICATORS (Thomson Reuters)				16 November 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	4.38	-0.009	4.39	4.38
6 months	↓	4.86	-0.005	4.86	4.86
9 months	↓	5.35	-0.006	5.36	5.35
12 months	↓	5.50	-0.001	5.50	5.50
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC22 (Coupon 8.75%, BMK R2023)	↑	4.63	0.005	4.62	4.60
GC23 (Coupon 8.85%, BMK R2023)	↑	6.51	0.005	6.50	6.48
GC24 (Coupon 10.50%, BMK R186)	↓	7.58	-0.010	7.59	7.58
GC25 (Coupon 8.50%, BMK R186)	↓	7.81	-0.010	7.82	7.81
GC26 (Coupon 8.50%, BMK R186)	↓	8.78	-0.010	8.79	8.78
GC27 (Coupon 8.00%, BMK R186)	↓	9.02	-0.010	9.03	9.02
GC30 (Coupon 8.00%, BMK R2030)	↑	10.33	0.035	10.30	10.34
GC32 (Coupon 9.00%, BMK R213)	↑	11.10	0.040	11.06	11.10
GC35 (Coupon 9.50%, BMK R209)	↑	11.58	0.045	11.54	11.58
GC37 (Coupon 9.50%, BMK R2037)	↑	12.24	0.050	12.19	12.23
GC40 (Coupon 9.80%, BMK R214)	↑	13.01	0.015	13.00	13.02
GC43 (Coupon 10.00%, BMK R2044)	↑	13.24	0.005	13.24	13.25
GC45 (Coupon 9.85%, BMK R2044)	↑	13.22	0.005	13.21	13.23
GC48 (Coupon 10.00%, BMK R2048)	↑	13.25	0.015	13.24	13.26
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.48	0.015	13.47	13.49
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	↓	1,862	-0.09%	1,864	1,866
Platinum	↑	1,087	0.41%	1,083	1,087
Brent Crude	↓	82.1	-0.15%	82.2	82.8
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,472	-0.25%	1,476	1,472
JSE All Share	↑	70,091	0.24%	69,921	70,091
SP500	↓	4,683	0.00%	4,683	4,683
FTSE 100	↑	7,352	0.05%	7,348	7,352
Hangseng	↑	25,391	0.25%	25,328	25,678
DAX	↑	16,149	0.34%	16,094	16,149
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	14,078	0.85%	13,959	14,078
Resources	↓	63,926	-1.19%	64,694	63,926
Industrials	↑	94,091	1.22%	92,953	94,091
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	15.25	-0.15%	15.28	15.23
N\$/Pound	↓	20.47	-0.11%	20.49	20.44
N\$/Euro	↓	17.34	-0.87%	17.49	17.33
US dollar/ Euro	↓	1.137	-0.72%	1.145	1.138
		Namibia		RSA	
Interest Rates & Inflation		Oct 21	Sep 21	Oct 21	Sep 21
Central Bank Rate	↔	3.75	3.75	3.50	3.50
Prime Rate	↔	7.50	7.50	7.00	7.00
		Oct 21	Sep 21	Sep 21	Aug 21
Inflation	↑	3.6	3.5	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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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