



Market Update

Thursday, 18 November 2021



Global Markets

Stock markets slipped on Thursday and safe havens such as government bonds, gold and the yen were supported in Asia, as a hint of uneasiness crept in over the outlook for interest rates and growth, particularly outside of the United States.

Oil prices skidded to a six-week low on concern about a supply overhang and the prospect of China, Japan and the United States dipping into their fuel reserves, with Brent futures last at \$79.77, more than 8% off last month's three-year high.

The risk-sensitive Australian dollar also fell to a six-week trough of \$0.7256.

Japan's Nikkei was down 0.6% in early trade. MSCI's index of Asian shares outside Japan dropped 0.5% and S&P 500 futures were flat after the index eased a little bit overnight. The mood was softest in Hong Kong where concern over the earnings outlook weighed on tech stocks and an almost 5% drop in heavyweight Alibaba dragged the Hang Seng about 1% lower.

"We do seem to have stalled somewhat as we head into the year end," said Jun Bei Liu, a portfolio manager at Tribeca Investment Partners in Sydney. "Investors perhaps are just taking a bit of pause," she said, in the wake of a strong U.S. results season, but as inflation and China's slowdown loom as macroeconomic headwinds.

The yen, a safe-haven asset which has also lately been sensitive to oil prices, had its sharpest one-day jump against the dollar in three months on Wednesday while gold rose almost 1% and Treasuries rallied along the curve. Gold rose a further 0.1% to \$1,869 an ounce in Asia on Thursday. The yen edged up to 113.94 per dollar.

Benchmark 10-year Treasury yields were steady in Tokyo at 1.5889% after falling about 5.5 basis points overnight.

The day ahead is quiet on the calendar, with appearances from central bankers in Australia, the United States and Europe and U.S. jobless claims data the highlights.

Against the backdrop of apparent caution is a surging U.S. dollar, as U.S. data has turned surprisingly strong just as doubts have arisen over the outlook for other major economies. On Wednesday figures showed a jump in building permits and the backlog of house construction rose to a 15-year high - underscoring strong demand on the heels of a better-than-expected retail sales report on Tuesday.

By contrast Europe is grappling with a fourth wave of COVID-19 cases and fresh restrictions to curb it, while the central bank is pushing back on pressure to raise rates. The euro has recovered from a trip below \$1.13 on Wednesday but remains shaky at \$1.1325 and is braced for its worst month on the dollar since June when the Federal Reserve had surprised investors with a hawkish shift in tone.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand advanced on Wednesday, as retail sales rose and consumer inflation came in unchanged. At 1532 GMT, the rand traded at 15.4650 against the dollar, 0.3% firmer than its previous close.

Statistics agency data showed September retail sales rose 2.1% year on year, versus expectations for a 0.2% contraction, while annual consumer inflation stayed at 5.0% in October, the same level as in September. Investors were watching both releases for clues as to whether the central bank will raise interest rates at its final monetary policy meeting of the year.

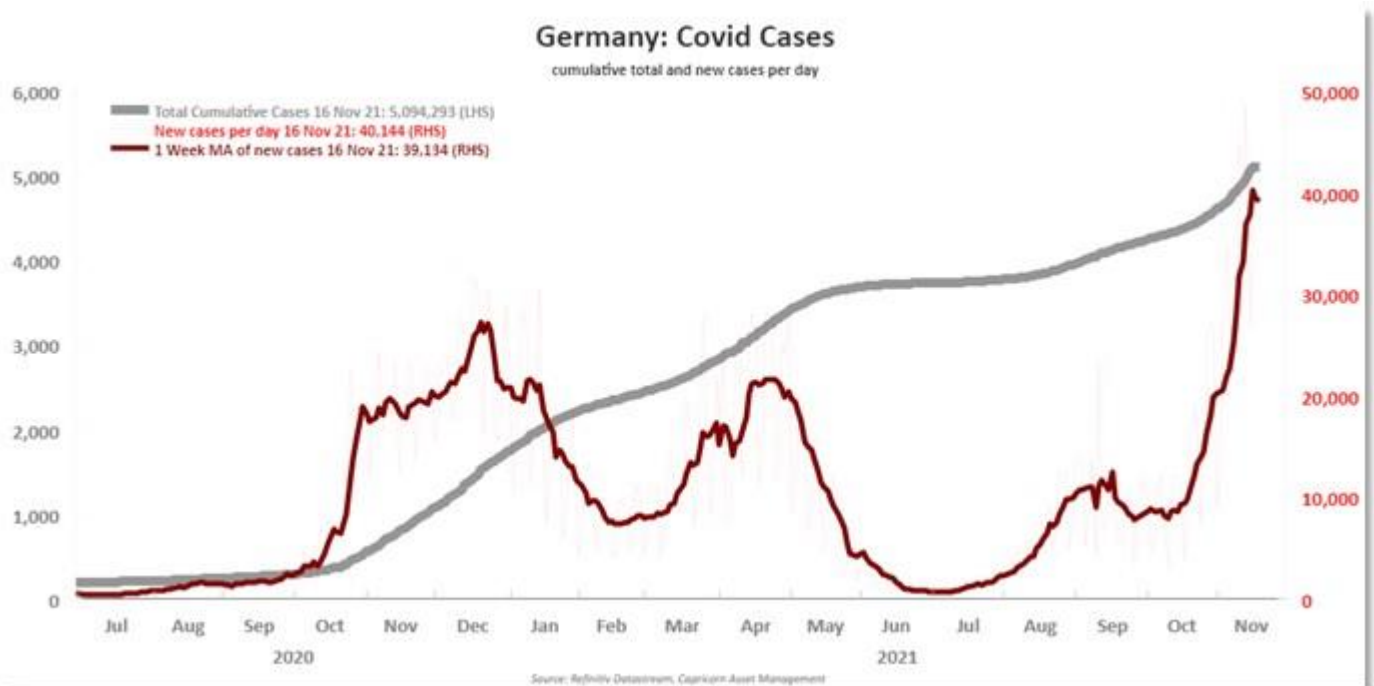
The South African Reserve Bank (SARB) will announce its latest repo rate decision at around 1300 GMT on Thursday. A Reuters poll showed economists are split on the outcome, with 13 predicting the rate will remain unchanged at 3.5% and seven expecting a 25 basis point increase. The SARB slashed rates by 300 basis points last year to a record low as the economy battled the coronavirus crisis. However, there has been a modest pickup in inflationary pressures in the second half of this year.

The Johannesburg Stock Exchange's main indexes were little changed after strong gains recently. The blue-chip Top-40 index ended the day up 0.09% at 64,337 points after setting a new record on Tuesday. The All-share index, which crossed 70,000 points on Monday for the first time, gained 0.01% to 70,942.

Wayne McCurrie, portfolio manager at FNB, said technology investors and index heavyweights Naspers and Prosus had driven the recent rally, as concerns over the Chinese government's crackdown on technology companies had subsided somewhat and local economic prospects improved. Naspers, through subsidiary Prosus, controls around 29% of Chinese technology giant Tencent Holdings. Prosus said on Tuesday that it expects a large rise in earnings per share for the first half of its 2022 fiscal year.

Corona Tracker

| GLOBAL CASES | | 17-Nov-2021 | | 21:25 |
|------------------|-----------------|-------------|--------------|-------|
| SOURCE - REUTERS | | | | |
| | Confirmed Cases | New Cases | Total Deaths | |
| GLOBAL | 254,835,427 | 330,323 | 5,372,900 | |



Source: Thomson Reuters Refinitiv

Once I knew only darkness and stillness... my life was without past or future... but a little word from the fingers of another fell into my hand that clutched at emptiness, and my heart leaped to the rapture of living.

Helen Keller

Market Overview

| MARKET INDICATORS (Thomson Reuters) | | 18 November 2021 | | | |
|---------------------------------------|---|-------------------|-------------------|-------------------|---------------------|
| Money Market TB Rates % | | Last close | Difference | Prev close | Current Spot |
| 3 months | ↓ | 4.30 | -0.083 | 4.38 | 4.30 |
| 6 months | ↑ | 4.84 | 0.017 | 4.83 | 4.84 |
| 9 months | ↑ | 5.33 | 0.017 | 5.31 | 5.33 |
| 12 months | ↑ | 5.49 | 0.044 | 5.45 | 5.49 |
| Nominal Bond Yields % | | Last close | Difference | Prev close | Current Spot |
| GC22 (Coupon 8.75%, BMK R2023) | ↓ | 4.50 | -0.030 | 4.53 | 4.50 |
| GC23 (Coupon 8.85%, BMK R2023) | ↓ | 6.38 | -0.030 | 6.41 | 6.38 |
| GC24 (Coupon 10.50%, BMK R186) | ↓ | 7.50 | -0.060 | 7.56 | 7.51 |
| GC25 (Coupon 8.50%, BMK R186) | ↓ | 7.73 | -0.060 | 7.79 | 7.74 |
| GC26 (Coupon 8.50%, BMK R186) | ↓ | 8.70 | -0.060 | 8.76 | 8.71 |
| GC27 (Coupon 8.00%, BMK R186) | ↓ | 8.93 | -0.060 | 8.99 | 8.94 |
| GC30 (Coupon 8.00%, BMK R2030) | ↓ | 10.25 | -0.105 | 10.35 | 10.36 |
| GC32 (Coupon 9.00%, BMK R213) | ↓ | 11.02 | -0.120 | 11.14 | 11.02 |
| GC35 (Coupon 9.50%, BMK R209) | ↑ | 11.70 | 0.035 | 11.66 | 11.70 |
| GC37 (Coupon 9.50%, BMK R2037) | ↑ | 12.35 | 0.040 | 12.31 | 12.35 |
| GC40 (Coupon 9.80%, BMK R214) | ↓ | 13.02 | -0.050 | 13.07 | 13.11 |
| GC43 (Coupon 10.00%, BMK R2044) | ↑ | 13.38 | 0.055 | 13.32 | 13.38 |
| GC45 (Coupon 9.85%, BMK R2044) | ↑ | 13.35 | 0.055 | 13.30 | 13.35 |
| GC48 (Coupon 10.00%, BMK R2048) | ↑ | 13.40 | 0.065 | 13.33 | 13.40 |
| GC50 (Coupon 10.25%, BMK: R2048) | ↑ | 13.63 | 0.065 | 13.56 | 13.63 |
| 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 | ↑ | 1,867 | 0.92% | 1,850 | 1,866 |
| Platinum | ↓ | 1,057 | -0.37% | 1,061 | 1,059 |
| Brent Crude | ↓ | 80.3 | -2.61% | 82.4 | 80.0 |
| Main Indices | | Last close | Change | Prev close | Current Spot |
| NSX Overall Index | ↑ | 1,496 | 1.03% | 1,480 | 1,496 |
| JSE All Share | ↑ | 70,942 | 0.01% | 70,938 | 70,942 |
| SP500 | ↓ | 4,689 | -0.26% | 4,701 | 4,689 |
| FTSE 100 | ↓ | 7,291 | -0.49% | 7,327 | 7,291 |
| Hangseng | ↓ | 25,650 | -0.25% | 25,714 | 25,305 |
| DAX | ↑ | 16,251 | 0.02% | 16,248 | 16,251 |
| JSE Sectors | | Last close | Change | Prev close | Current Spot |
| Financials | ↑ | 14,132 | 0.74% | 14,029 | 14,132 |
| Resources | ↑ | 65,186 | 0.43% | 64,905 | 65,186 |
| Industrials | ↓ | 95,178 | -0.50% | 95,652 | 95,178 |
| Forex | | Last close | Change | Prev close | Current Spot |
| N\$/US dollar | ↓ | 15.46 | -0.18% | 15.49 | 15.46 |
| N\$/Pound | ↑ | 20.84 | 0.22% | 20.80 | 20.86 |
| N\$/Euro | ↓ | 17.50 | -0.18% | 17.53 | 17.51 |
| US dollar/ Euro | ⇒ | 1.132 | 0.00% | 1.132 | 1.132 |
| | | 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 | Oct 21 | Sep 21 |
| Inflation | ↑ | 3.6 | 3.5 | 5.0 | 5.0 |

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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