



Market Update

Friday, 19 November 2021



Global Markets

Shares fell on Friday as disappointing earnings from Chinese e-commerce giant Alibaba heightened worries about Beijing's broad regulatory crackdown and slowing growth in the world's second-biggest economy.

That saw the region lag a solid Wall Street performance overnight, with MSCI's broadest index of Asia-Pacific shares outside Japan off 0.44% and set for a weekly decline of 1.2%. Tokyo's Nikkei outperformed, however, rising 0.40% after Japanese Prime Minister Fumio Kishida announced a fresh stimulus package with spending worth around 56 trillion yen (\$490 billion).

Overnight, the S&P 500 and Nasdaq notched record closing highs, boosted by upbeat corporate earnings news from companies including Nvidia. But the tone was more subdued in Asia, with the Hong Kong benchmark down sharply 1.5%, dragged down by index heavyweight Alibaba. The Chinese e-commerce firm's shares tumbled over 10% after its second-quarter results missed expectations due to slowing consumption, increasing competition and a regulatory crackdown.

The decline reflects slowing growth in China this year, analysts said, while a broad months-long regulatory crackdown by Beijing across many sectors including property and technology have weighed on investor sentiment more generally. Chinese economic data over recent months have also underlined a loss of growth momentum, with the outlook over the next 12 months more subdued than at the start of the year.

"Following substantial slowdown of National Bureau of Statistics retail data for the past two months, it is not surprising to us that (Alibaba) printed a missed quarter," said Citi analysts in a note, lowering their target price on the stock. Turmoil in China's property sector, which is struggling with a heavy debt burden and a squeeze on liquidity amid Beijing's crackdown, also remain a drag on broad global sentiment.

Hong Kong shares of Country Garden Services Holding, the property management unit of Chinese developer Country Garden, plunged 16% after it raised HK\$8 billion (\$1 billion) in a share sale. Chinese blue chips were flat, as was much of the region.

Elsewhere, major currencies were largely quiet with the dollar sitting just below a 16-month high hit against a basket of its peers earlier in the week. The yen hardly reacted to the government's stimulus news, and was headed for a small weekly loss, though at 114.27 per dollar it has also recovered since touching an almost five-year low of 114.97 a few days ago.

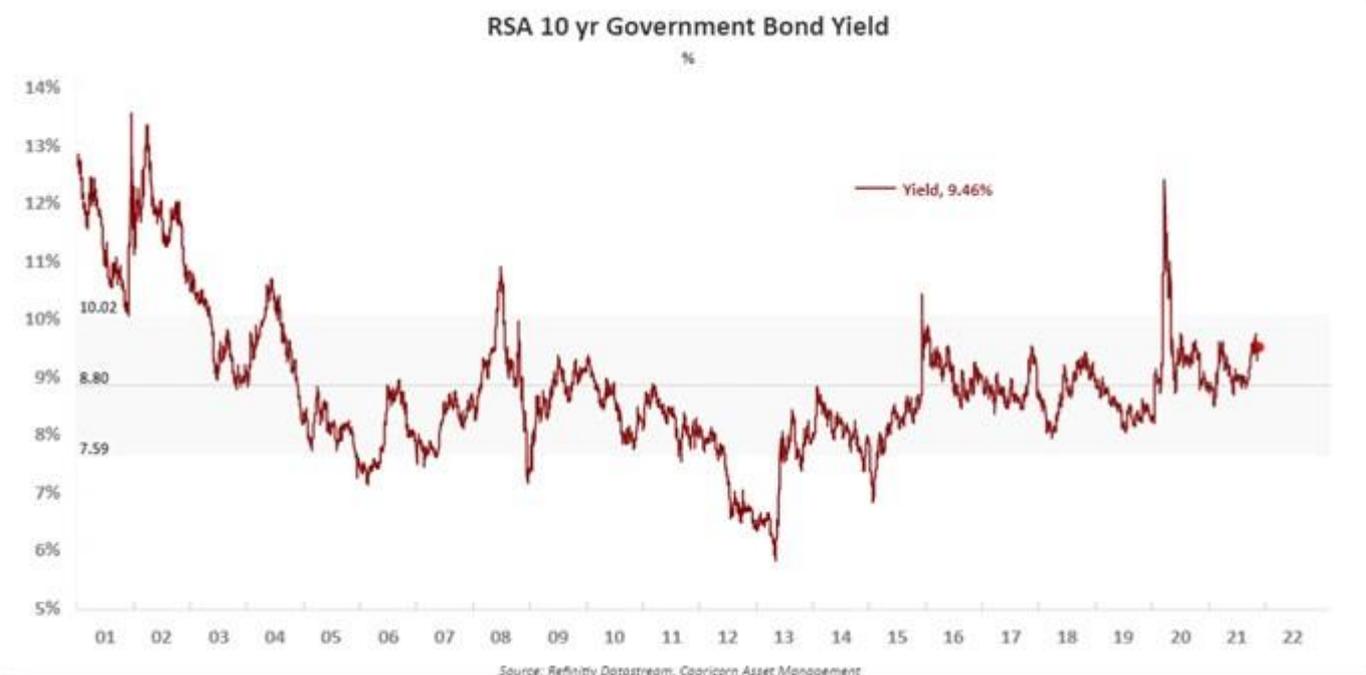
In emerging markets, a gathering currency crisis in Turkey has driven the lira to a record low after the central bank - facing political pressure - cut rates despite inflation running near 20%.

U.S. benchmark Treasury yields were steady at 1.5924%. "The UST market is consolidating within recent ranges is awaiting new catalysts to shift valuations. ... there is a lot already in the price and as a result, progress toward higher yields is likely to be slow and defined by momentum shifts and sentiment swings," said analysts at Westpac in a note.

Oil prices were steady in early Asia. U.S. crude was flat at \$79 a barrel. Brent crude rose 0.06% to \$81.33 per barrel. On Thursday, oil fell to six-week lows after Reuters reported, citing sources, that the Biden administration asked some of the world's largest oil consuming nations - including China, India and Japan - to consider releasing crude stockpiles in a coordinated effort to lower global energy prices.

Spot gold rose 0.18%.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand fell on Thursday, hurt by contagion from a sharp drop in the Turkish lira and signals from the domestic central bank that interest rate increases will probably be slower than markets have priced in.

At 1517 GMT, the rand traded at 15.7050 against the dollar, around 1.4% weaker than its previous close.

The South African Reserve Bank raised its main lending rate by 25 basis points to 3.75%, which would normally support the rand, but some traders focused on the gradual rate path the monetary policy committee appeared to favour.

"The pace of policy tightening will likely be much slower than what the market had priced for," said Kieran Siney, co-head of financial markets at ETM Analytics.

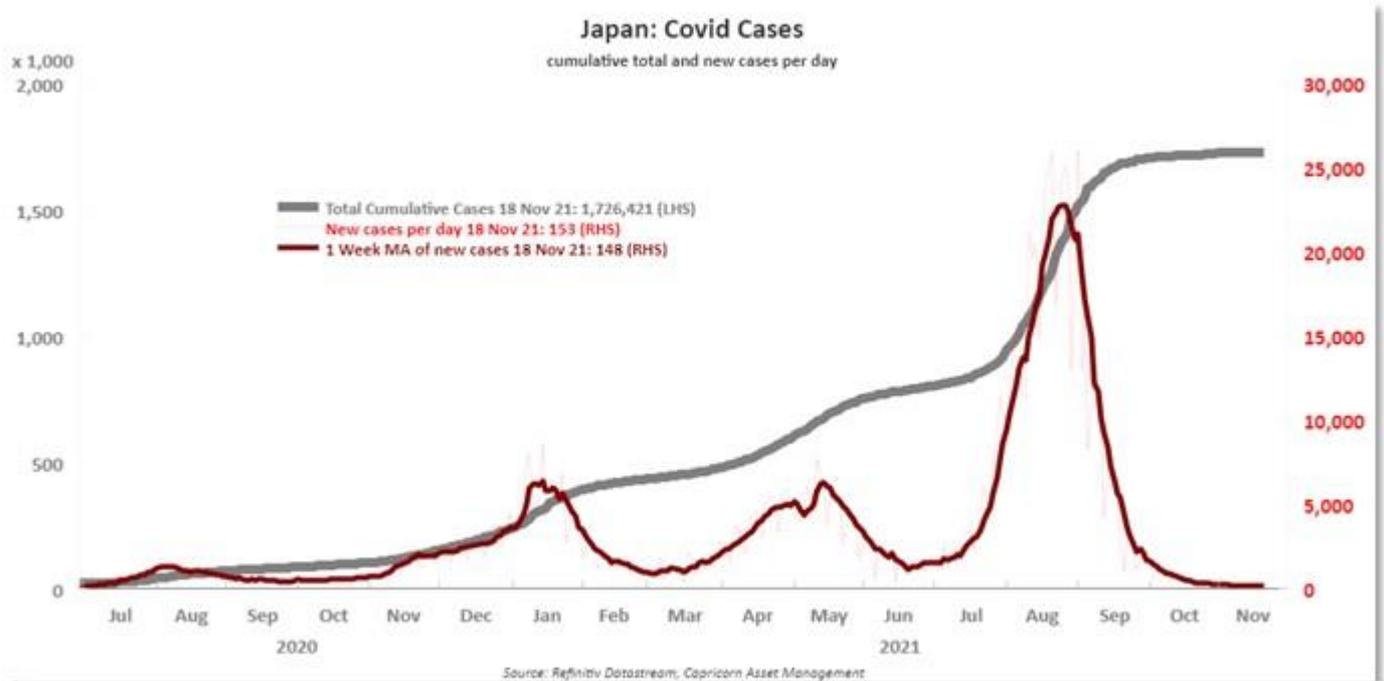
Razia Khan at Standard Chartered said the rand was weakening in sympathy with the lira, which plunged more than 3% after Turkey's central bank defied inflation of 20% to slash interest rates by another 100 basis points.

Johannesburg-listed stocks dipped, with the All-share index closing down 0.11% at 70,867 points. Financial services group Investec was an outlier, rising 1.9% after it reported a more than two-fold rise in profit and said it would distribute a 15% stake in asset manager NinetyOne to shareholders.

The yield on the government's 2030 bond dipped 1 basis point to 9.455%, reflecting a slightly firmer price.

Corona Tracker

GLOBAL CASES		19-Nov-2021		6:20
SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	
GLOBAL	255,546,553	433,910	5,382,419	



Source: Thomson Reuters Refinitiv

Follow effective action with quiet reflection. From the quiet reflection will come even more effective action.

Peter Drucker

Market Overview

MARKET INDICATORS (Thomson Reuters)				19 November 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	4.29	-0.008	4.30	4.29
6 months	↓	4.84	-0.005	4.84	4.84
9 months	↓	5.32	-0.006	5.33	5.32
12 months	↓	5.49	-0.002	5.49	5.49
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC22 (Coupon 8.75%, BMK R2023)	↑	4.55	0.045	4.50	4.55
GC23 (Coupon 8.85%, BMK R2023)	↑	6.43	0.045	6.38	6.43
GC24 (Coupon 10.50%, BMK R186)	↑	7.53	0.035	7.50	7.53
GC25 (Coupon 8.50%, BMK R186)	↑	7.76	0.035	7.73	7.76
GC26 (Coupon 8.50%, BMK R186)	↑	8.73	0.035	8.70	8.73
GC27 (Coupon 8.00%, BMK R186)	↑	8.97	0.035	8.93	8.97
GC30 (Coupon 8.00%, BMK R2030)	↑	10.35	0.105	10.25	10.35
GC32 (Coupon 9.00%, BMK R213)	↑	11.13	0.105	11.02	11.13
GC35 (Coupon 9.50%, BMK R209)	↓	11.68	-0.020	11.70	11.68
GC37 (Coupon 9.50%, BMK R2037)	↓	12.32	-0.025	12.35	12.32
GC40 (Coupon 9.80%, BMK R214)	↑	13.10	0.080	13.02	13.11
GC43 (Coupon 10.00%, BMK R2044)	↓	13.35	-0.030	13.38	13.35
GC45 (Coupon 9.85%, BMK R2044)	↓	13.32	-0.030	13.35	13.32
GC48 (Coupon 10.00%, BMK R2048)	↓	13.35	-0.045	13.40	13.35
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.58	-0.045	13.63	13.58
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	↓	1,858	-0.46%	1,867	1,860
Platinum	↓	1,048	-0.88%	1,057	1,057
Brent Crude	↑	81.2	1.20%	80.3	81.9
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,492	-0.29%	1,496	1,492
JSE All Share	↓	70,867	-0.11%	70,942	70,867
SP500	↑	4,705	0.34%	4,689	4,705
FTSE 100	↓	7,256	-0.48%	7,291	7,256
Hangseng	↓	25,320	-1.29%	25,650	24,915
DAX	↓	16,222	-0.18%	16,251	16,222
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	14,208	0.54%	14,132	14,208
Resources	↓	64,665	-0.80%	65,186	64,665
Industrials	↑	95,390	0.22%	95,178	95,390
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	15.69	1.49%	15.46	15.62
N\$/Pound	↑	21.18	1.59%	20.84	21.07
N\$/Euro	↑	17.84	1.94%	17.50	17.73
US dollar/ Euro	↑	1.137	0.44%	1.132	1.136
		Namibia		RSA	
Interest Rates & Inflation		Nov 21	Oct 21	Nov 21	Oct 21
Central Bank Rate	⇒	3.75	3.75	3.75	3.50
Prime Rate	⇒	7.50	7.50	7.25	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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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