

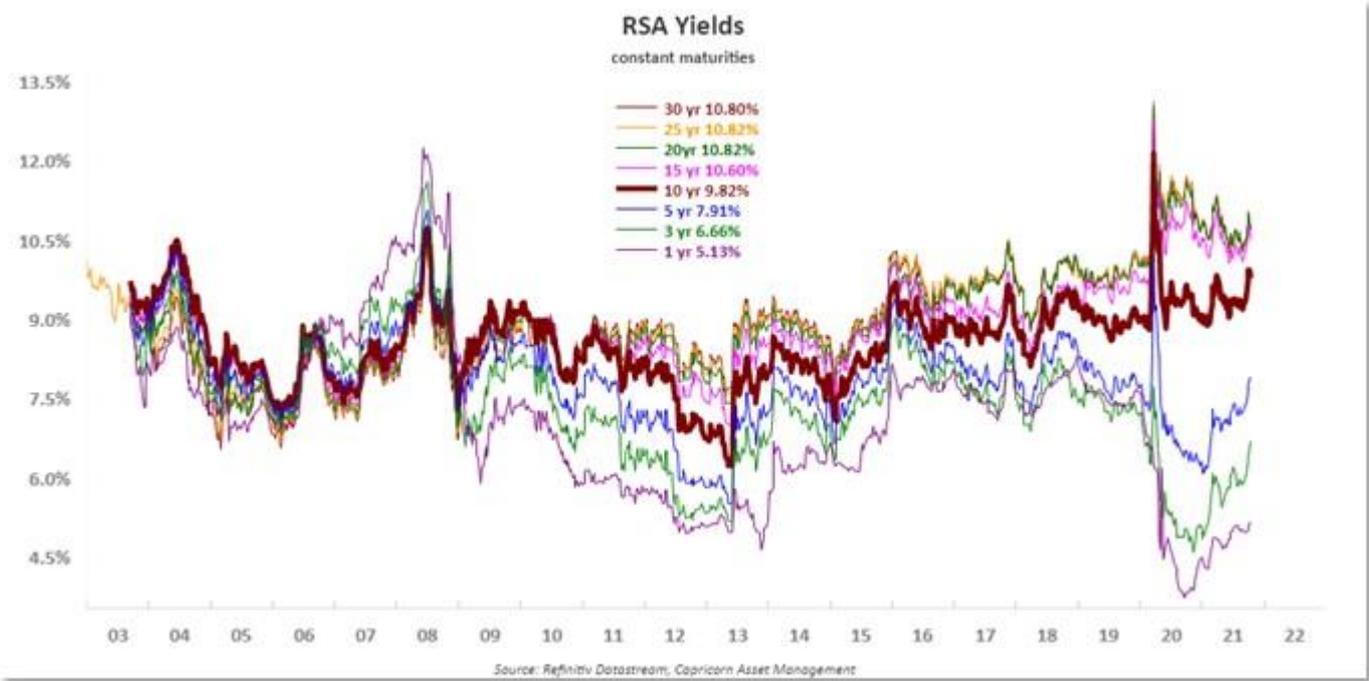


The Daily Brief

Capricorn Asset Management

Market Update

Friday, 22 October 2021



Global Markets

Tech stocks climbed in Asia on Friday, following U.S. peers higher, while Chinese property stocks rallied following a surprise interest payment by debt-ridden property developer China Evergrande Group. Meanwhile cyclical stocks dragged amid worries that central bankers will need to tighten monetary policy into slowing growth in order to tackle persistent inflation.

Regional bond yields rose with those on U.S. Treasuries, where the market priced in higher inflation by narrowing the spread between short- and long-term yields, and pushing breakeven rates to the highest since 2012. The dollar held gains from overnight - when it rose the most since the start of last week against major peers - as better jobs and housing data boosted the case for a faster tapering of Federal Reserve stimulus and earlier interest rate hikes.

Japan's Nikkei rose 0.7% led by technology shares, while energy shares were the biggest drag. The broader Topix added 0.3%, with a 0.6% jump in the Topix growth index handily outpacing a 0.1% advance for the value index. Chinese blue chips gained 0.3%, with the CSI300 Real Estate Index

rising 2.5%. Hong Kong's Hang Seng rose 0.4%, as an index tracking Hong Kong-listed mainland developer rallied 4.3%. Australia's benchmark index slipped 0.2% as commodity-linked shares fell.

China Evergrande Group wired funds to a trustee account on Thursday for a dollar bond interest payment due Sept. 23, a source told Reuters on Friday, days before a deadline that would have plunged the embattled developer into formal default. The stock jumped 5.4%.

MSCI's index of Asia-Pacific shares outside Japan edged down 0.1%. Meanwhile, S&P 500 E-minis futures slipped 0.1% after the cash index posted a record closing high overnight, led by surging tech shares. The S&P 500 added 0.3% while the Nasdaq Composite rallied 0.6%, although the Dow Jones Industrial Average edged slightly lower.

Next week, almost all the so-called FAANG giants report earnings: Facebook, Apple, Amazon, and Google-owner Alphabet. Netflix posted its results on Oct.19, and for the quarter that ended in September, diluted earnings-per-share came in at \$3.19, beating analyst expectations of \$2.57.

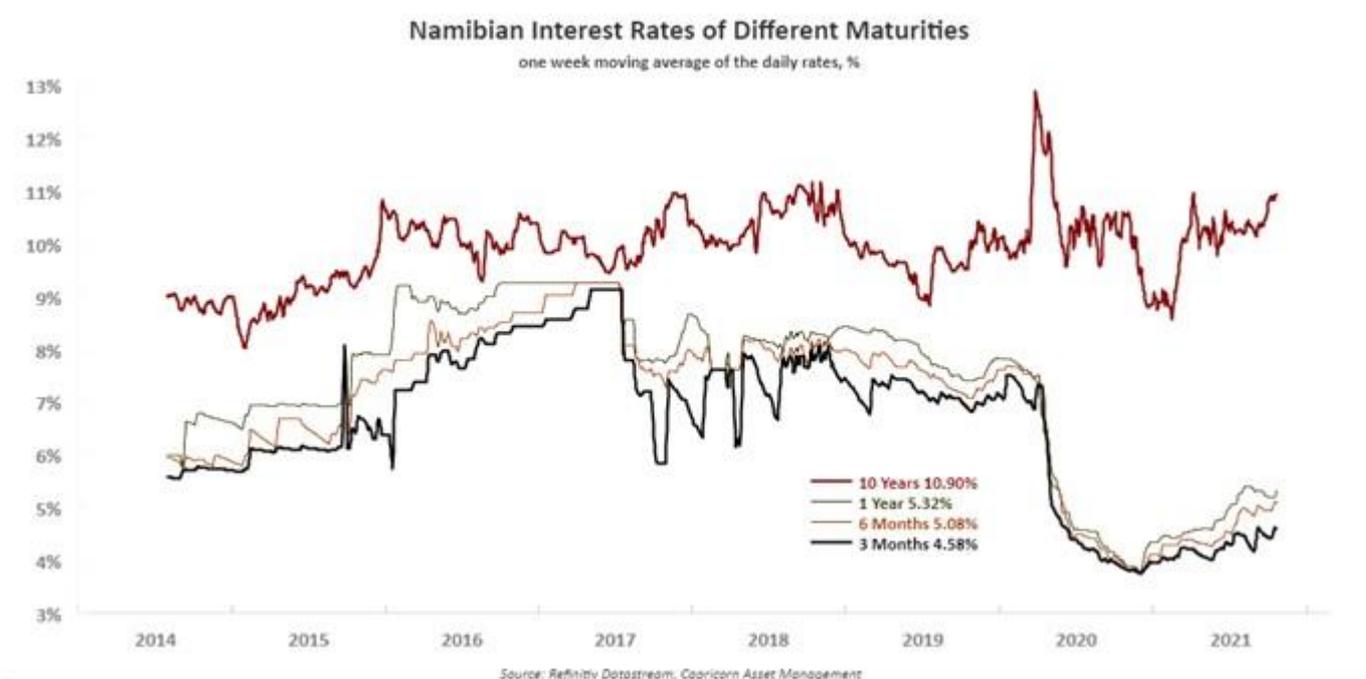
"The narrative over the last couple of days has been earnings focused and tech stocks have led the charge," said Kyle Rodda, a market analyst at IG Australia. "There's momentum there, simple as that." At the same time, he said concerns over growth and inflation has raised speculation that central banks will increase interest rates, potentially crimping growth, and that is weighing particularly heavily on cyclical shares.

Oil prices resumed their climb on Friday, after dropping back from multi-year highs reached earlier in the week, amid continued tightness in U.S. supply. Brent crude added 0.2% to \$84.77, while U.S. West Texas Intermediate crude rose 0.2% to \$82.65.

The number of Americans filing new claims for unemployment benefits dropped last week to a 19-month low, data showed overnight, pointing to a tighter labour market. Yields on benchmark 10-year Treasury notes were at 1.6922 holding close to a five-month high of 1.7050% reached overnight. Two-year yields at 0.4484% were also close to the overnight high of 0.4560%, a level not seen since March of last year.

The dollar index, which gauges the greenback against six major rivals, was largely flat at 93.730 on Friday, maintaining the previous session's 0.2% gain. The Fed has signalled it could start to taper stimulus as soon as next month, with rate hikes following late next year. Fed Chair Jerome Powell speaks later on Friday in a panel discussion.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand, stocks and government bonds fell on Thursday as risk aversion rippled through global markets.

At 1552 GMT, the rand traded at 14.5800 against the dollar, down around 1.2% on its previous close.

The Johannesburg Stock Exchange's Top-40 index closed down 1.35%, and the yield on the government's 2030 bond rose 12 basis points to 9.475%.

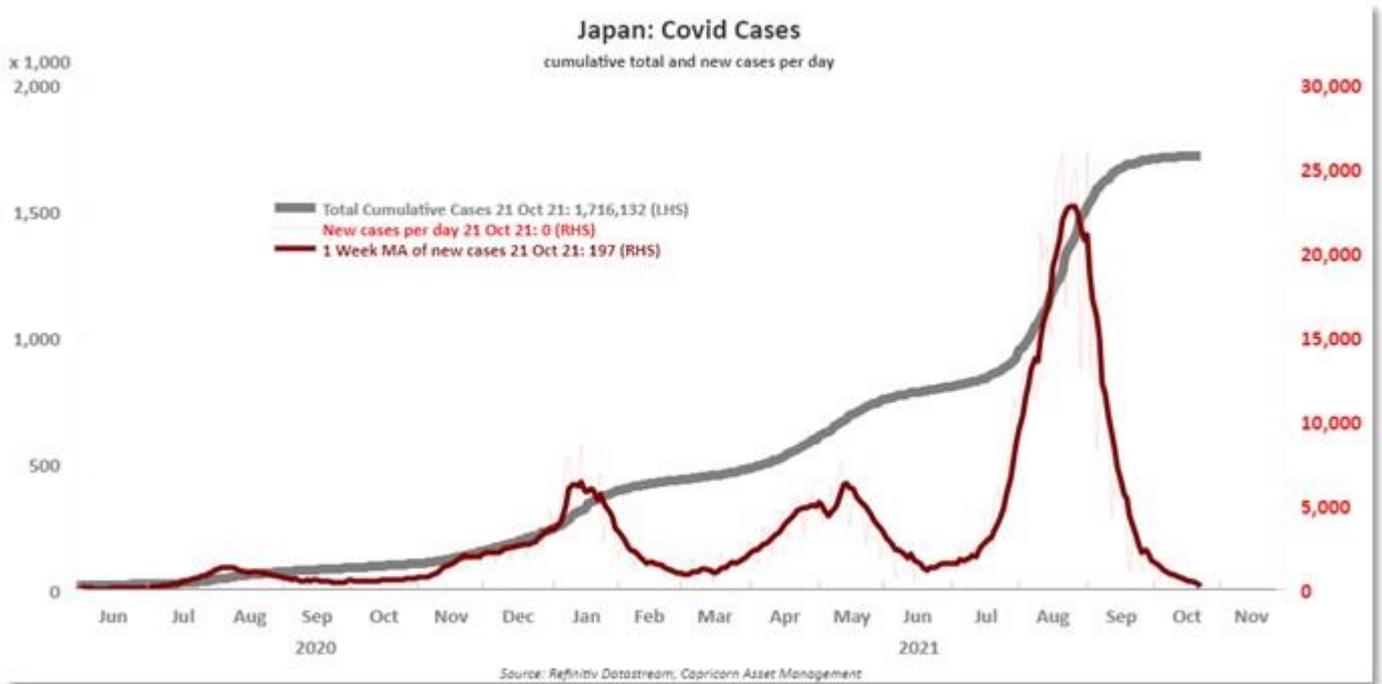
Analysts linked the sour market mood to factors including rising global inflation, an economic slowdown in China and concerns over default-threatened property developer China Evergrande Group.

The risk-sensitive rand had gained on Wednesday as September local inflation data reinforced the view of some traders that the central bank will raise interest rates next month.

The South African Reserve Bank has kept its main lending rate on hold at a record low of 3.5% for its past seven meetings, lagging other emerging market central banks like those of Russia and Brazil which have tightened monetary policy substantially.

On the Johannesburg bourse's blue-chip index, Thursday's gainers included luxury goods company Richemont and retailer Mr Price which both rose around 1.3%. Fallers included miner Exxaro and petrochemical firm Sasol, which dropped 5.4% and 4.7% respectively.

Corona Tracker



Source: Thomson Reuters Refinitiv

I can live for two months on a good compliment.

Mark Twain

Market Overview

MARKET INDICATORS (Thomson Reuters)				22 October 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↓	4.57	-0.023	4.60	4.57
6 months	↓	5.07	-0.047	5.12	5.07
9 months	↑	5.33	0.115	5.22	5.33
12 months	↑	5.32	0.056	5.27	5.32
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC22 (Coupon 8.75%, BMK R2023)	⇒	4.70	0.000	4.70	4.70
GC23 (Coupon 8.85%, BMK R2023)	⇒	6.16	0.000	6.16	6.16
GC24 (Coupon 10.50%, BMK R186)	↑	7.54	0.095	7.44	7.54
GC25 (Coupon 8.50%, BMK R186)	↑	7.77	0.095	7.67	7.77
GC26 (Coupon 8.50%, BMK R186)	↑	8.74	0.095	8.64	8.74
GC27 (Coupon 8.00%, BMK R186)	↑	8.74	0.095	8.64	8.74
GC30 (Coupon 8.00%, BMK R2030)	↑	10.37	0.120	10.25	10.37
GC32 (Coupon 9.00%, BMK R213)	↑	11.20	0.130	11.07	11.20
GC35 (Coupon 9.50%, BMK R209)	↑	12.19	0.135	12.06	12.19
GC37 (Coupon 9.50%, BMK R2037)	↑	12.53	0.140	12.39	12.53
GC40 (Coupon 9.80%, BMK R214)	↑	13.44	0.140	13.30	13.44
GC43 (Coupon 10.00%, BMK R2044)	↑	13.50	0.145	13.35	13.50
GC45 (Coupon 9.85%, BMK R2044)	↑	13.55	0.145	13.40	13.55
GC48 (Coupon 10.00%, BMK R2048)	↑	13.00	0.150	12.85	13.00
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.83	0.150	13.68	13.83
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	⇒	3.89	0.000	3.89	3.89
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)	⇒	6.16	0.000	6.16	6.03
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.92	0.000	7.92	7.84
GI36 (Coupon 4.80%, BMK NCPI)	⇒	7.71	0.000	7.71	8.05
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,783	0.05%	1,782	1,787
Platinum	↓	1,049	-0.17%	1,050	1,053
Brent Crude	↓	84.6	-1.41%	85.8	84.2
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,432	-1.81%	1,458	1,432
JSE All Share	↓	66,058	-1.25%	66,895	66,058
SP500	↑	4,550	0.30%	4,536	4,550
FTSE 100	↓	7,190	-0.45%	7,223	7,190
Hangseng	↓	26,018	-0.45%	26,136	26,164
DAX	↓	15,473	-0.32%	15,523	15,473
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	13,820	-1.35%	14,008	13,820
Resources	↓	61,431	-2.80%	63,203	61,431
Industrials	↓	85,433	-0.06%	85,486	85,433
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.54	0.83%	14.42	14.64
N\$/Pound	↑	20.05	0.59%	19.93	20.19
N\$/Euro	↑	16.90	0.59%	16.80	17.01
US dollar/ Euro	↓	1.162	-0.24%	1.165	1.163
Interest Rates & Inflation		Namibia		RSA	
		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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