Market Update Wednesday, 24 November 2021

Global Markets

Share markets were jittery in early Asia on Wednesday as trading was buffeted by a step-up in U.S. Treasury yields as well as volatile oil prices in the face of price-cooling moves by the United States and other nations. MSCI's index of Asia-Pacific shares outside Japan slid 0.24%, while Japan's benchmark Nikkei stock price index fell 1.13%, as it returned from holiday and caught up with global falls the day before.

Oil steadied a day after rising 3% to a one-week high, even after the U.S. said it would release millions of barrels of oil from strategic reserves in coordination with China, India, South Korea, Japan and Britain to try and cool prices after repeated calls for more crude failed to sway OPEC+ producers. Brent crude futures reversed early losses to rise 0.15% to $82.43 a barrel and U.S. crude futures rose 0.33% to $78.76 a barrel.

"There's a lot going on at the moment," said senior Asia economist Carlos Casanova at Swiss private bank UBP. "10-year yields are rising, and the U.S. dollar is strong, which is a little bit disruptive for

Asian markets as a lot of the currencies (apart from the Chinese yuan) will depreciate and there will be some outflows on the back of widening real rate differentials." However, "Chinese asset classes have been holding up relatively well," he said, attributing the strength to the People's Bank of China removing several hawkish references from Friday's quarterly monetary policy statement, indicating central bank support later this year or early next, "which will provide a floor for equities."

Overnight, yields on 10-year U.S. Treasury notes rose more than 5 basis points to as high as 1.684% while yields on 30-year Treasury bond gained 6 basis points. Two-year U.S. Treasury yields slipped having touched their highest level since March 2020 on Monday.

"There's a risk that the Fed may speed up tapering (of its bond-buying stimulus programme) and that in turn means the timetable for tightening may be brought forward, contributing to the stronger dollar," said currency strategist Sim Moh Siong at Bank of Singapore. Investors will be scrutinising the minutes of the U.S. Federal Reserve policy committee's November meeting to be published later in the global day for signs that the pace of tapering could accelerate.

Non-interest bearing gold which had reacted poorly to the rise in Treasury yields, recovered a little. The spot price was last at $1,794 up 0.2% but still close to Tuesday's two-week low.

Major currencies are largely trading based on market expectations of central banks' interest rate normalisation schedules. New Zealand's central bank lifted interest rates for the second time in as many months on Wednesday, driven by rising inflationary pressure and as an easing of coronavirus restrictions supported economic activity. However, with markets having been open to the possibility of a larger hike, the New Zealand dollar wobbled on the news before ending marginally weaker at $0.6928.

Next on the agenda in Asia is the Bank of Korea (BOK), which has its policy meeting Thursday. All but one of 30 economists in a Nov. 15-22 Reuters poll predicted the BOK would raise its base interest rate by 25 basis points to 1.00%, with the dissenter anticipating a larger hike.

Otherwise, currency markets paused for breath on Wednesday as the dollar largely held onto recent gains against most peers on the back of rising Treasury yields. However, the greenback did manage to edge up marginally to hit a four-and-a-half-year top of 115.22 yen.

Source: Thomson Reuters Refinitiv

Domestic Markets

The South African rand slipped further on Tuesday, trading near a one-year low, as the dollar held firm on bets for U.S. interest rate increases after Federal Reserve Chair Jerome Powell was nominated for a second term. At 1526 GMT, the rand traded at 15.8875 against the dollar, roughly 0.2% weaker than its previous close.

U.S. President Joe Biden on Monday nominated Powell over another candidate who markets considered more dovish, reinforcing market expectations of U.S. rate rises next year. Higher rates in developed countries tend to drain capital away from higher-yielding but riskier emerging markets such as South Africa.

Riskier assets have also been shaken up over recent sessions amid surging COVID-19 cases in Europe and renewed curbs, dousing investor hopes of a quicker recovery in consumption and economic growth worldwide.

A leading South African business cycle indicator dipped in September, data released on Tuesday showed, but it had little impact on the rand.

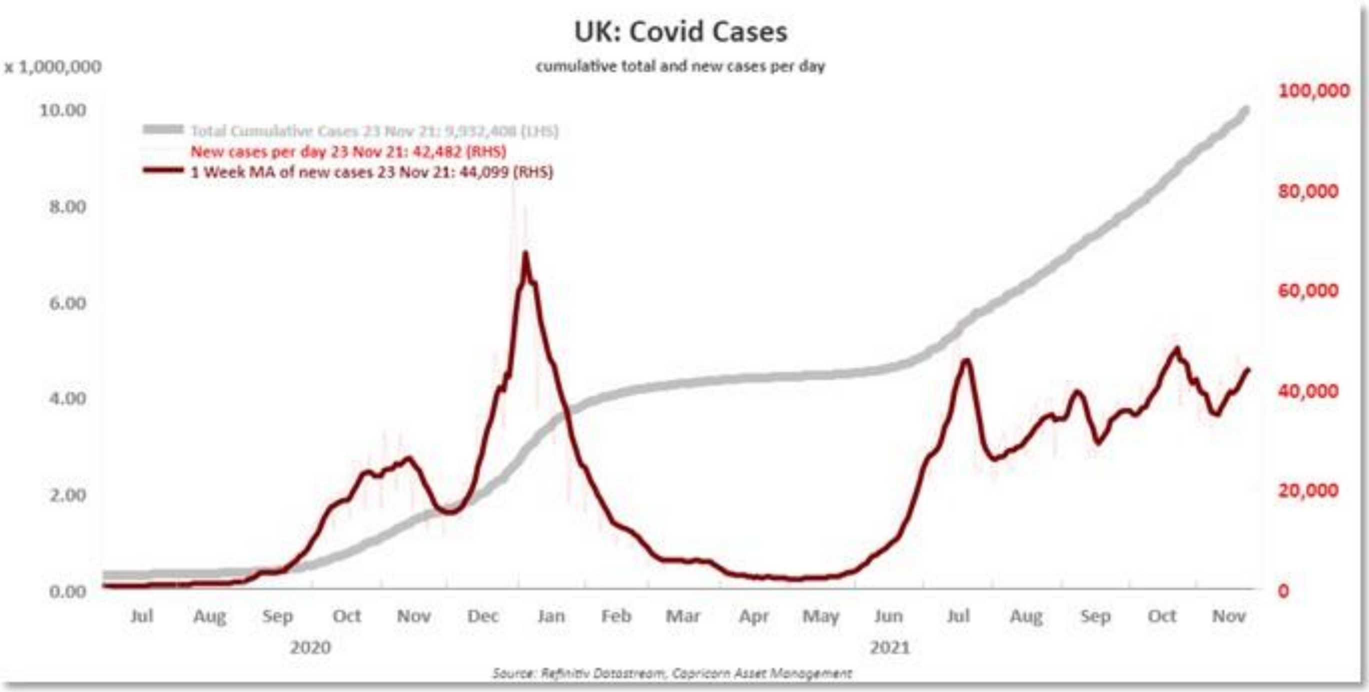
The government's benchmark 2030 bond weakened on Tuesday, with the yield up 9 basis points to 9.685%, extending a price fall from a day earlier.

Shares on the Johannesburg Stock Exchange (JSE) rose for a second consecutive day and both major indexes closed at their highest yet as recovery in mining and local financial companies held the momentum. The JSE bucked a global trend where most major indexes either fell or stayed muted as concerns over Powell's nomination stoked concerns of higher interest rate, which would make the cost of capital dearer.

The blue-chip index of top 40 companies ended up 0.28% to 64,566 points while the benchmark all-share index was at 71,015 points. The resources index, which represents, amongst others, a basket of gold and platinum companies, gained over 1.5%.

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		24-Nov-2021	4:35
	Confirmed Cases	New Cases	Total Deaths
GLOBAL	258,241,494	433,826	5,419,587



Source: Thomson Reuters Refinitiv

Never forget the three powerful resources you always have available to you: love, prayer, and forgiveness.

H. Jackson Brown, Jr.

Market Overview

MARKET INDICATORS (Thomson Reuters)					24 November 2021
Money Market TB Rates %		**Last close**	**Difference**	**Prev close**	**Current Spot**
3 months	↓	4.36	-0.018	4.38	4.36
6 months	↓	5.03	-0.005	5.04	5.03
9 months	↑	5.43	0.014	5.42	5.43
12 months	↑	5.54	0.007	5.53	5.54
Nominal Bond Yields %		**Last close**	**Difference**	**Prev close**	**Current Spot**
GC22 (Coupon 8.75%, BMK R2023)	↑	4.63	0.030	4.60	4.62
GC23 (Coupon 8.85%, BMK R2023)	↑	6.51	0.030	6.48	6.50
GC24 (Coupon 10.50%, BMK R186)	↑	7.66	0.050	7.61	7.67
GC25 (Coupon 8.50%, BMK R186)	↑	7.89	0.050	7.84	7.90
GC26 (Coupon 8.50%, BMK R186)	↑	8.86	0.050	8.81	8.87
GC27 (Coupon 8.00%, BMK R186)	↑	9.10	0.050	9.05	9.11
GC30 (Coupon 8.00%, BMK R2030)	↑	10.56	0.070	10.49	10.56
GC32 (Coupon 9.00%, BMK R213)	↑	11.33	0.090	11.24	11.35
GC35 (Coupon 9.50%, BMK R209)	↑	11.89	0.090	11.80	11.89
GC37 (Coupon 9.50%, BMK R2037)	↑	12.54	0.085	12.45	12.53
GC40 (Coupon 9.80%, BMK R214)	↑	13.28	0.060	13.22	13.31
GC43 (Coupon 10.00%, BMK R2044)	↑	13.53	0.085	13.45	13.53
GC45 (Coupon 9.85%, BMK R2044)	↑	13.51	0.085	13.42	13.50
GC48 (Coupon 10.00%, BMK R2048)	↑	13.53	0.085	13.45	13.53
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.76	0.085	13.68	13.76
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	↓	1,790	-0.85%	1,805	1,795
Platinum	↓	969	-4.20%	1,012	981
Brent Crude	↑	82.3	3.27%	79.7	82.4
Main Indices		**Last close**	**Change**	**Prev close**	**Current Spot**
NSX Overall Index	↑	1,511	0.46%	1,504	1,511
JSE All Share	↑	71,015	0.21%	70,866	71,015
SP500	↑	4,691	0.17%	4,683	4,691
FTSE 100	↑	7,267	0.15%	7,255	7,267
Hangseng	↓	24,652	-1.20%	24,951	24,773
DAX	↓	15,937	-1.11%	16,116	15,937
JSE Sectors		**Last close**	**Change**	**Prev close**	**Current Spot**
Financials	↓	14,068	-0.17%	14,092	14,068
Resources	↑	66,659	1.64%	65,586	66,659
Industrials	↓	94,355	-0.58%	94,905	94,355
Forex		**Last close**	**Change**	**Prev close**	**Current Spot**
N$/US dollar	↑	15.82	0.58%	15.73	15.82
N$/Pound	↑	21.16	0.42%	21.07	21.17
N$/Euro	↑	17.79	0.69%	17.67	17.79
US dollar/ Euro	↑	1.125	0.11%	1.123	1.124
		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 listeds

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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