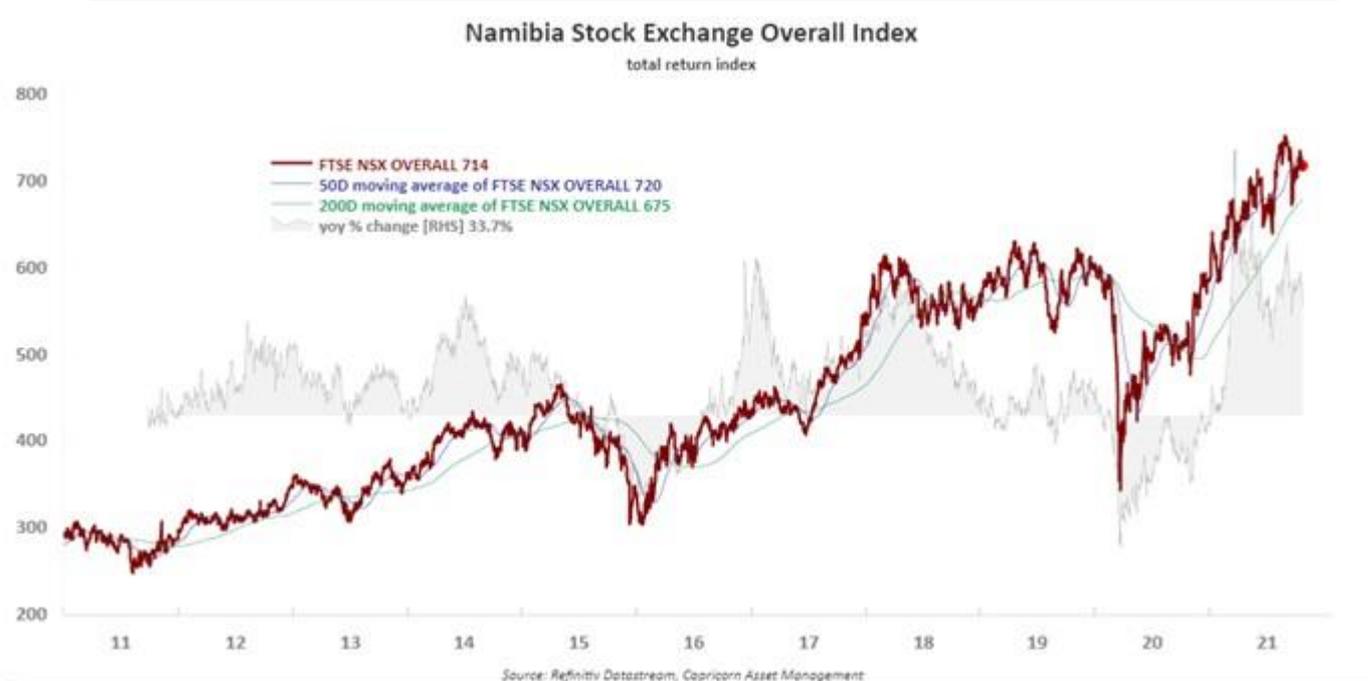




## Market Update

Monday, 25 October 2021



## Global Markets

Shares edged higher on Monday ahead of a week packed with major quarterly earnings announcements though news of trials of a property tax in China weighed on Hong Kong and mainland Chinese markets.

MSCI's index of Asia-Pacific shares outside Japan rose 0.26% while Japan's Nikkei lost 1% on softer earnings by several local companies. Australian shares rose 0.47%, supported by miners, while South Korea was up 0.5%, though these gains were balanced by more muted moves in Greater China. Chinese blue chips were flat, though an real estate index shed 3%, while the Hong Kong benchmark gained 0.18% despite a 2.6% fall in an index of Hong Kong listed mainland property firms.

The property stock declines followed a Saturday announcement by China's parliament's top decision-making body that will roll out a pilot real estate tax in some regions. Embattled developer China Evergrande Group last week appeared to avert a costly default with a last-minute bond coupon payment, and Reuters reported Monday that some bond holders had received payment.

"Although we had some news on the Evergrande front, I think we will see more pressure on the property sector, especially the smaller guys," said Carlos Casanova Asia economist at UBP pointing to authorities' efforts to ensure a correction in house prices, and the expansion of plans for a pilot property tax at a time when many property companies had bonds maturing in the coming months.

Also on investors' minds is a string of company earnings due this week. HSBC and Facebook will both publish quarterly results on Monday, in Asian trading and late U.S. hours respectively. Later in the week will be the turn of other benchmark heavyweights including tech giants Microsoft, Apple and Alphabet, and European and Asian financial behemoths from Deutsche Bank and Lloyds to China Construction Bank and Nomura.

"This week earnings take centre stage," said Chris Weston, head of research at brokerage Pepperstone in Melbourne, in a morning note. The results will be closely watched after a strong start to the U.S. earnings season for many companies, especially financials, helped both the Dow Jones Industrial Average and the S&P 500 touch record highs last week, though the Nasdaq fell on Friday after Snap and Intel Corp's quarterly results disappointed.

The risk friendlier mood that supported equities has weighed on safe-haven currencies, as have rising energy prices which supported currencies including the Aussie and Canadian dollars. The dollar index was last at 93.521, down 0.15% on the day, heading towards its month low of 93.455 hit last week, and well off mid-October's 12-month high.

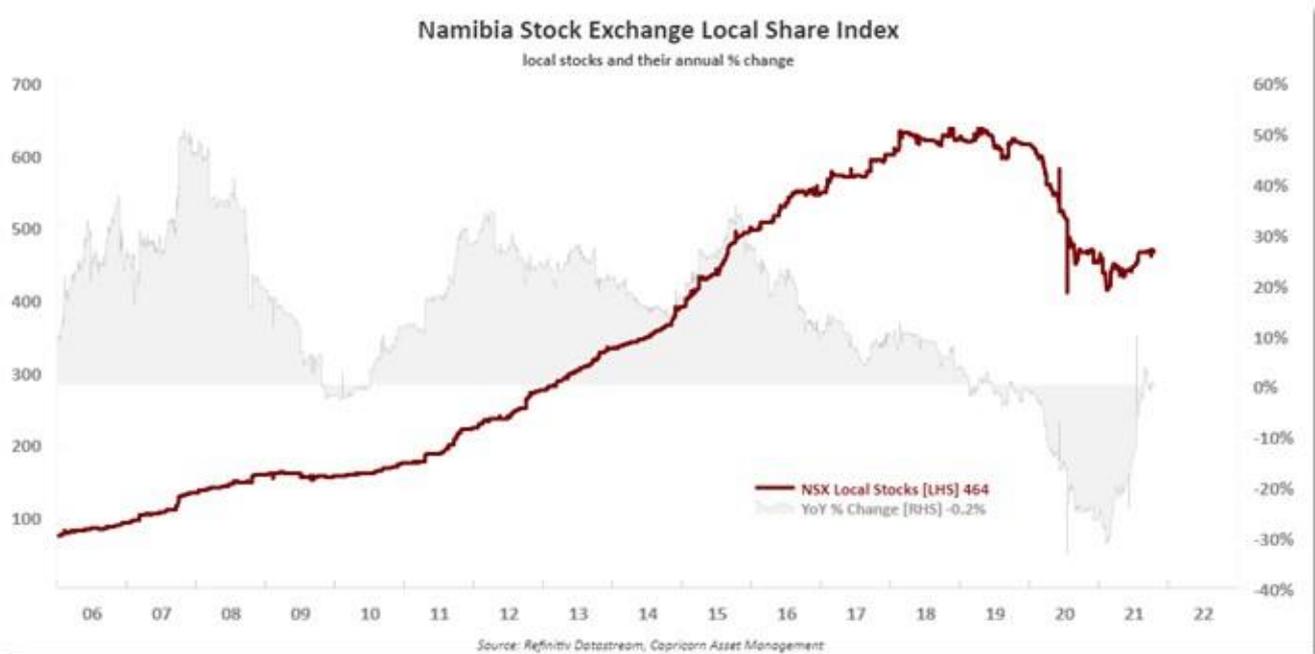
Traders are waiting for U.S. third quarter GDP figures due Thursday with a weak print likely to weigh on the dollar, according to analysts at CBA. In contrast, UBP's Casanova said a strong reading could push U.S. benchmark yields higher and drive sooner-than-expected tightening by U.S. policy makers.

Markets are still trying to position themselves for a widely expected tapering of the U.S. stimulus programme this year, and the possibility of rate hikes late in 2022. Federal Reserve Chair Jerome Powell on Friday said the U.S. central bank should start the process of reducing its support of the economy by cutting back on its asset purchases, but should not yet touch interest rates. As tapering looms, U.S. benchmark yields have been rising and yields on 10-year Treasury notes hit a five-month high of 1.7064% last week. In early Asia they were last 1.6421%.

Oil prices rose on Monday, extending pre-weekend gains, with U.S. crude hitting a seven-year high as global supply remained tight amid strong demand worldwide. Brent crude rose 0.88% to \$86.28 a barrel, while U.S. crude rose 1.11% to \$84.69, a new seven-month high.

Spot gold rose 0.3% to \$1,797 an ounce after posting gains for the past two weeks on rising inflation concerns. Bitcoin another asset oft-described as an inflation hedge was last at \$61,901 up 1.6% after last week's turbulent trade when it hit a new high of \$67,016.

**Source: Thomson Reuters Refinitiv**



## Domestic Markets

South Africa's rand lost its opening momentum on Friday and was set to end weaker as the euphoria around Chinese developer Evergrande's last-minute interest payment gave way to caution.

As of 1454 GMT, the rand was trading at 14.7475 against the dollar, 0.54% below its previous close and on track to end the week with a loss of over 0.8%.

The week brought in a mixed bag of news, from fears of a default by China Evergrande to strong U.S. earnings and firm commodity prices which pushed the rand to a high of 14.39 by midweek. But as dollar gained against a basket of currencies, investor sentiment switched from risk-on to risk-off. The local currency usually benefits when investors are willing to take on more risk in developing countries.

"The current value of rand is actually around its fair value and the early morning momentum was an over-reaction to Evergrande's last minute payment," said Warren Venketas, analyst at DailyFX. With the U.S. Federal Reserve tapering coming in November, investors will move away from riskier currencies, Venketas said.

China Evergrande paid a dollar bond interest payment due Sept. 23 days before a deadline that would have plunged the developer into formal default, briefly bringing faith back to emerging markets.

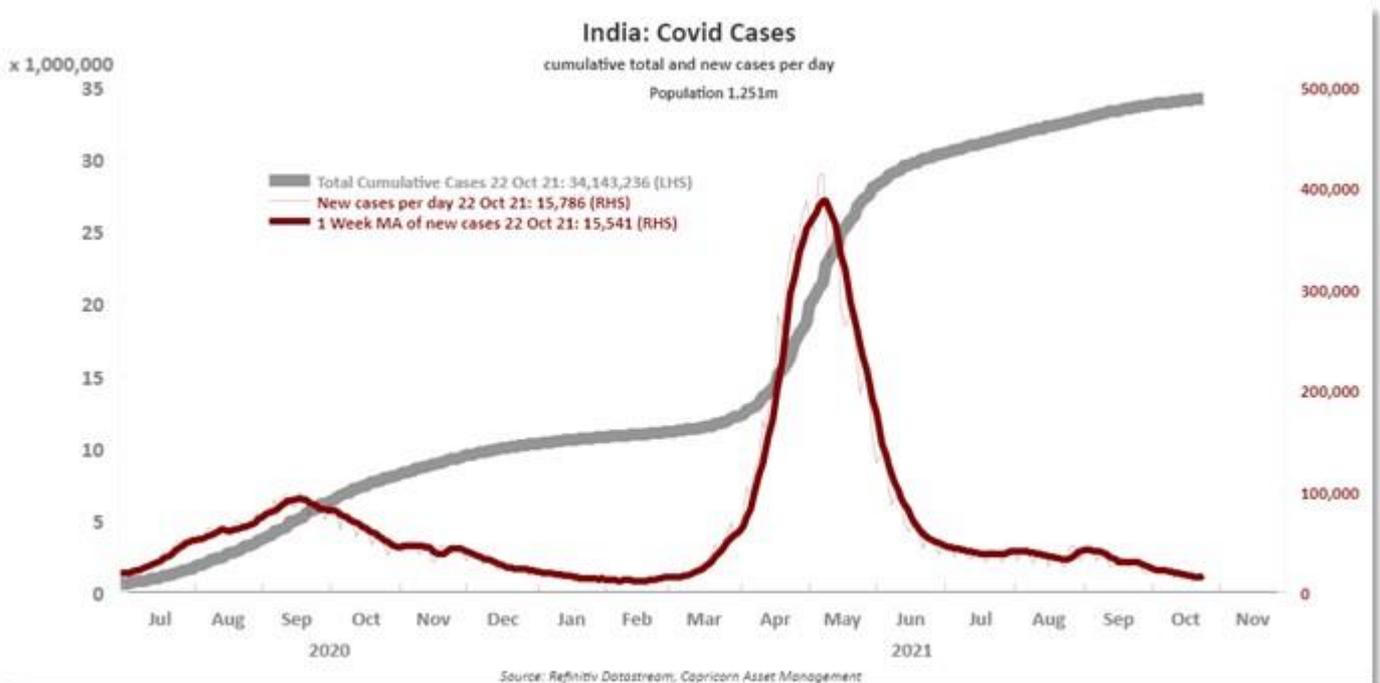
Shares on the Johannesburg Stock Exchange (JSE), however, bucked the trend and ended the day much stronger with the benchmark index closing at 7-week high on prospects of quicker global economic recovery. The day's gains were led by commodity companies which were up on higher gold and platinum prices. The JSE's resources index closed up 2.5%. Gold miner AngloGold Ashanti ended up over 5% and Gold Fields rose more than 7%.

A strong batch of U.S. earnings and a technology stock rally added to the sentiment with the benchmark all-share index closing up 1.5% at 67,050 points. The blue-chip index of top 40 companies ended the week with a gain of 1.66% to 60,525 points.

Bonds fell with the yield on the benchmark government bond due in 2030 rising 11 basis points to 9.585%.

## Corona Tracker

GLOBAL CASES		25-Oct-2021	
SOURCE - REUTERS		3:05	
	Confirmed Cases	New Cases	Total Deaths
GLOBAL	243,706,509	192,559	5,181,442



Source: Thomson Reuters Refinitiv

Failure will never overtake me if my determination to succeed is strong enough.

Og Mandino

## Market Overview

MARKET INDICATORS (Thomson Reuters)		25 October 2021			
<b>Money Market TB Rates %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↓	4.57	-0.005	4.57	4.57
6 months	↓	5.07	-0.005	5.07	5.07
9 months	↑	5.35	0.014	5.33	5.35
12 months	↑	5.35	0.022	5.32	5.35
<b>Nominal Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC22 (Coupon 8.75%, BMK R2023)	↑	4.81	0.110	4.70	4.81
GC23 (Coupon 8.85%, BMK R2023)	↑	6.27	0.110	6.16	6.27
GC24 (Coupon 10.50%, BMK R186)	↑	7.64	0.105	7.54	7.64
GC25 (Coupon 8.50%, BMK R186)	↑	7.87	0.105	7.77	7.87
GC26 (Coupon 8.50%, BMK R186)	↑	8.84	0.105	8.74	8.84
GC27 (Coupon 8.00%, BMK R186)	↑	8.84	0.105	8.74	8.84
GC30 (Coupon 8.00%, BMK R2030)	↑	10.48	0.110	10.37	10.48
GC32 (Coupon 9.00%, BMK R213)	↑	11.31	0.110	11.20	11.31
GC35 (Coupon 9.50%, BMK R209)	↑	12.27	0.080	12.19	12.25
GC37 (Coupon 9.50%, BMK R2037)	↑	12.62	0.090	12.53	12.61
GC40 (Coupon 9.80%, BMK R214)	↑	13.52	0.085	13.44	13.50
GC43 (Coupon 10.00%, BMK R2044)	↑	13.58	0.085	13.50	13.56
GC45 (Coupon 9.85%, BMK R2044)	↑	13.63	0.085	13.55	13.61
GC48 (Coupon 10.00%, BMK R2048)	↑	13.08	0.080	13.00	13.06
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.91	0.080	13.83	13.89
<b>Inflation-Linked Bond Yields %</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
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)	↓	6.03	-0.133	6.16	6.03
GI33 (Coupon 4.50%, BMK NCPI)	↓	7.84	-0.077	7.92	7.84
GI36 (Coupon 4.80%, BMK NCPI)	↑	8.05	0.336	7.71	8.05
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	1,792	0.55%	1,783	1,798
Platinum	↓	1,041	-0.77%	1,049	1,043
Brent Crude	↑	85.5	1.09%	84.6	86.3
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↑	1,443	0.78%	1,432	1,443
JSE All Share	↑	67,051	1.50%	66,058	67,051
SP500	↓	4,545	-0.11%	4,550	4,545
FTSE 100	↑	7,205	0.20%	7,190	7,205
Hangseng	↑	26,127	0.42%	26,018	26,149
DAX	↑	15,543	0.46%	15,473	15,543
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	13,849	0.21%	13,820	13,849
Resources	↑	62,969	2.50%	61,431	62,969
Industrials	↑	86,659	1.44%	85,433	86,659
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	14.74	1.36%	14.54	14.80
N\$/Pound	↑	20.27	1.07%	20.05	20.38
N\$/Euro	↑	17.17	1.59%	16.90	17.24
US dollar/ Euro	↑	1.165	0.22%	1.162	1.165
		<b>Namibia</b>		<b>RSA</b>	
<b>Interest Rates &amp; Inflation</b>		<b>Sep 21</b>	<b>Aug 21</b>	<b>Sep 21</b>	<b>Aug 21</b>
Central Bank Rate	↔	3.75	3.75	3.50	3.50
Prime Rate	↔	7.50	7.50	7.00	7.00
		<b>Sep 21</b>	<b>Aug 21</b>	<b>Sep 21</b>	<b>Aug 21</b>
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

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**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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