



Market Update

Thursday, 28 October 2021



Global Markets

Global stocks eased from record peaks as a stark reminder of supply chain snags in corporate earnings reports stalled their rally, while investors also looked to whether central banks may consider tightening monetary policy earlier than thought.

MSCI's gauge of world stocks, ACWI, dipped 0.05% in early Thursday trade, with Japan's Nikkei leading the loss with fall of 1.1%. Mainland Chinese shares slipped 0.2% while MSCI's broadest index of Asia-Pacific shares outside Japan ticked down 0.1%. On Wall Street overnight, the S&P 500 lost 0.51% from all-time high hit on Tuesday though the Nasdaq ended little changed, thanks to strong earnings from Microsoft and Google parent Alphabet.

Still, earning reports are also showing the largest U.S. manufacturers including General Motors, General Electric, 3M and Boeing face logistics headaches and higher costs due to global supply bottlenecks that are likely to persist into next year. GM lost 5.4% following their earnings release on Wednesday.

In Asia, Japan's robot maker Fanuc tumbled 8.5% while IT conglomerate Fujitsu shed 9.8% as their earnings showed a bigger than expected impact from chip shortages. "The working assumption in the market has been that the impact of a chip shortage will fade by the end of year. But if it remains a problem next year, investors will surely feel less confident about the outlook," said Masayuki Murata, general manager of balanced portfolio investment at Sumitomo Life Insurance.

With global supply disruption fuelling worries about inflation, investors are keeping close eye on whether the world's central banks will look to reduce their generous pandemic stimulus measures more quickly. The Bank of Canada ended its quantitative easing sooner than expected and signalled it could hike interest rates earlier than previously thought, as soon as April 2022. The BoC's action fanned expectations the U.S. Federal Reserve, too, could move faster towards rate hikes, with Fed funds rate futures pricing in two rate hikes by end-2022. The Fed is almost unanimously expected to announce tapering of its bond purchase at its policy meeting next week.

The two-year U.S. Treasuries yield rose to as high as 0.528% and last stood at 0.501%. At the start of October, it was around 0.26%. In contrast, longer-dated yields fell in part as a tighter monetary policy is likely to tame inflation down the road. The 10-year U.S. notes yields dropped to 1.545%, compared with a five-month peak of 1.705% touched a week ago.

Also helping to drive global bond yields lower was a plunge in UK Gilts yields after Britain's government cut its borrowing forecasts more than expected. The 10-year Gilt yield fell 12.8 basis points on Wednesday, its biggest decline since March 2020, to 0.982%.

In foreign exchange markets, the Canadian dollar held firm at C\$1.2362 per dollar following the BoC's surprise. Other major currencies were on hold ahead of policy announcements from the Bank of Japan and the European Central Bank later in the day, though no major changes are expected. The yen stood at 113.73 per dollar, off its four-year low of 114.695 touched last week while the euro changed hands at \$1.1600.

Oil prices fell after U.S. crude oil stockpiles rose more than expected, even as fuel inventories dropped and tanks at the nation's largest storage hub emptied further. The bigger-than-expected rise in U.S. crude stocks gave some investors an impetus to unload long positions after strong gains in recent weeks brought both the Brent and U.S. crude benchmarks to multi-year highs. Brent fell 1.8% to \$83.07 per barrel, off Monday's seven-year high of \$86.70 while U.S. crude fetched \$81.25 per barrel, down 1.7% and off Monday's peak of \$85.41, a seven-year high.

Source: Thomson Reuters Refinitiv



Domestic Markets

South Africa's rand slipped more than 1% on Wednesday, hit by subdued precious metals prices and deeper power cuts by state utility Eskom.

At 1505 GMT, the rand traded at 15.0300 against the dollar, 1.23% weaker than its previous close.

Spot gold, platinum and palladium all slipped as strong tech earnings prompted some investors to opt for riskier assets. Precious metals count among the South Africa's major exports.

"Weaker metal prices continue to weigh on the domestic currency, although an escalation (in) loadshedding is further souring investor sentiment," IG senior market analyst Shaun Murison said, referring to the country's rolling power blackouts.

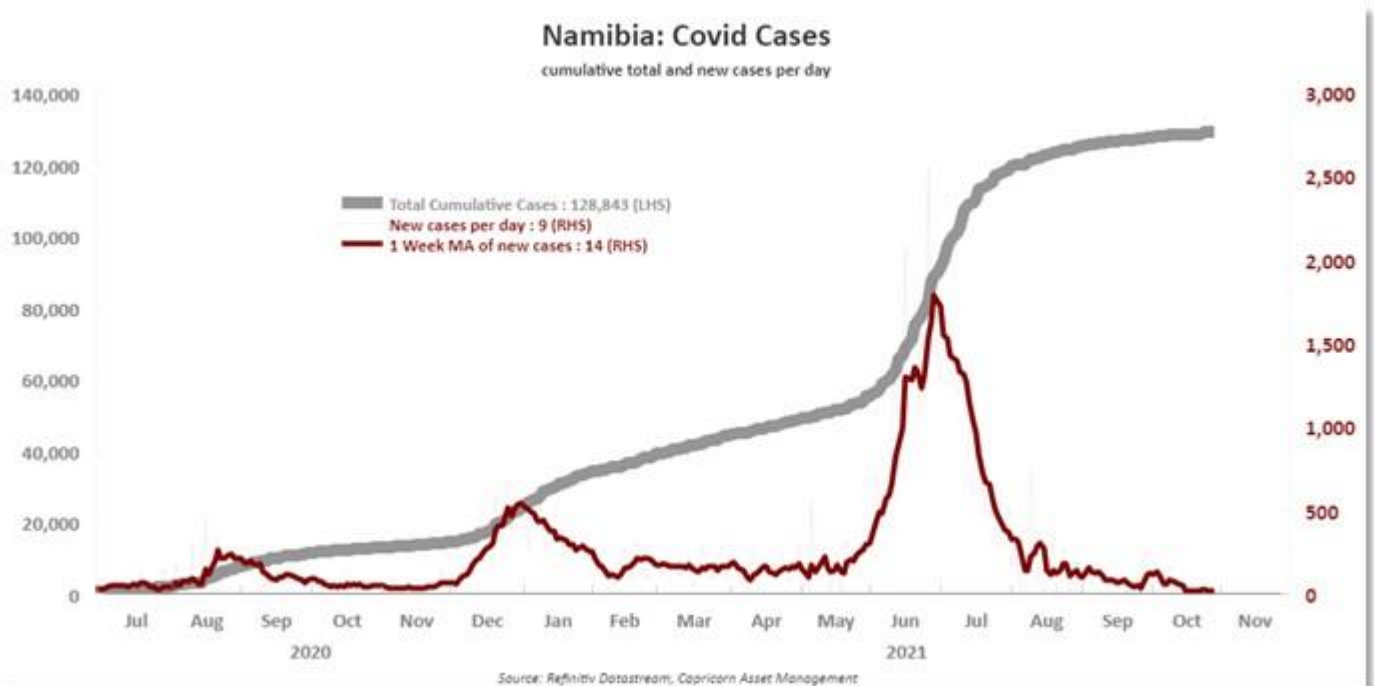
Eskom regularly implements outages because of faults at its ailing coal fleet, which has held back economic growth. It ramped up scheduled power cuts from midday on Wednesday. The outages increased from "Stage 2" to "Stage 4," requiring up to 4,000 megawatts (MW) to be shed from the national grid, until 5 a.m. (0300 GMT) on Friday.

Lower precious metal prices also dragged the Johannesburg Stock Exchange (JSE) lower. The JSE's Top-40 Index dipped 0.25% to 60,874 points and the broader All-Share Index lost 0.21% to 67,475 points. Gold and platinum stocks were the biggest losers of the day, while some firms that benefit from a weaker rand rose. Blue Label Telecoms, which majority owns South Africa's fourth-largest mobile operator Cell C, closed up 0.46% after Cell C swung back to a first-half profit from a \$513 million loss last year.

The government's 2030 bond was slightly weaker, with the yield rising 0.5 basis points to 9.515%.

Corona Tracker

GLOBAL CASES		28-Oct-2021		4:49	
SOURCE - REUTERS					
		Confirmed Cases	New Cases	Total Deaths	
GLOBAL		245,018,802	335,915	5,203,032	



Source: Thomson Reuters Refinitiv

Seek not the favor of the multitude; it is seldom got by honest and lawful means. But seek the testimony of few; and number not voices, but weigh them.

Immanuel Kant

Market Overview

MARKET INDICATORS (Thomson Reuters)		28 October 2021			
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	⇒	4.52	0.000	4.52	4.52
6 months	↓	4.93	-0.004	4.93	4.93
9 months	↓	5.31	-0.004	5.32	5.31
12 months	↓	5.44	-0.002	5.44	5.44
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC22 (Coupon 8.75%, BMK R2023)	↑	4.80	0.055	4.74	4.80
GC23 (Coupon 8.85%, BMK R2023)	↑	6.26	0.055	6.20	6.26
GC24 (Coupon 10.50%, BMK R186)	↑	7.54	0.005	7.53	7.54
GC25 (Coupon 8.50%, BMK R186)	↑	7.77	0.005	7.76	7.77
GC26 (Coupon 8.50%, BMK R186)	↑	8.74	0.005	8.73	8.74
GC27 (Coupon 8.00%, BMK R186)	↑	8.74	0.005	8.73	8.74
GC30 (Coupon 8.00%, BMK R2030)	↑	10.41	0.005	10.41	10.41
GC32 (Coupon 9.00%, BMK R213)	↑	11.24	0.010	11.23	11.24
GC35 (Coupon 9.50%, BMK R209)	↓	12.19	-0.005	12.19	12.19
GC37 (Coupon 9.50%, BMK R2037)	↓	12.55	-0.005	12.55	12.55
GC40 (Coupon 9.80%, BMK R214)	↓	13.44	-0.010	13.45	13.44
GC43 (Coupon 10.00%, BMK R2044)	↓	13.49	-0.010	13.50	13.49
GC45 (Coupon 9.85%, BMK R2044)	↓	13.54	-0.010	13.55	13.54
GC48 (Coupon 10.00%, BMK R2048)	↓	12.99	-0.010	13.00	12.99
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.82	-0.010	13.83	13.82
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)	⇒	6.03	0.000	6.03	6.03
GI33 (Coupon 4.50%, BMK NCPI)	⇒	7.84	0.000	7.84	7.84
GI36 (Coupon 4.80%, BMK NCPI)	⇒	8.05	0.000	8.05	8.05
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,797	0.23%	1,793	1,800
Platinum	↓	1,010	-1.66%	1,028	1,012
Brent Crude	↓	84.6	-2.11%	86.4	83.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,457	-0.54%	1,465	1,457
JSE All Share	↓	67,475	-0.21%	67,615	67,475
SP500	↓	4,552	-0.51%	4,575	4,552
FTSE 100	↓	7,253	-0.33%	7,278	7,253
Hangseng	↓	25,629	-1.57%	26,038	25,619
DAX	↓	15,706	-0.33%	15,757	15,706
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	14,054	0.19%	14,027	14,054
Resources	↓	63,082	-0.85%	63,620	63,082
Industrials	↑	87,253	0.12%	87,147	87,253
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.97	1.23%	14.79	15.08
N\$/Pound	↑	20.58	1.09%	20.36	20.72
N\$/Euro	↑	17.37	1.33%	17.15	17.50
US dollar/ Euro	↑	1.160	0.08%	1.160	1.160
		Namibia		RSA	
Interest Rates & Inflation		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.



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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