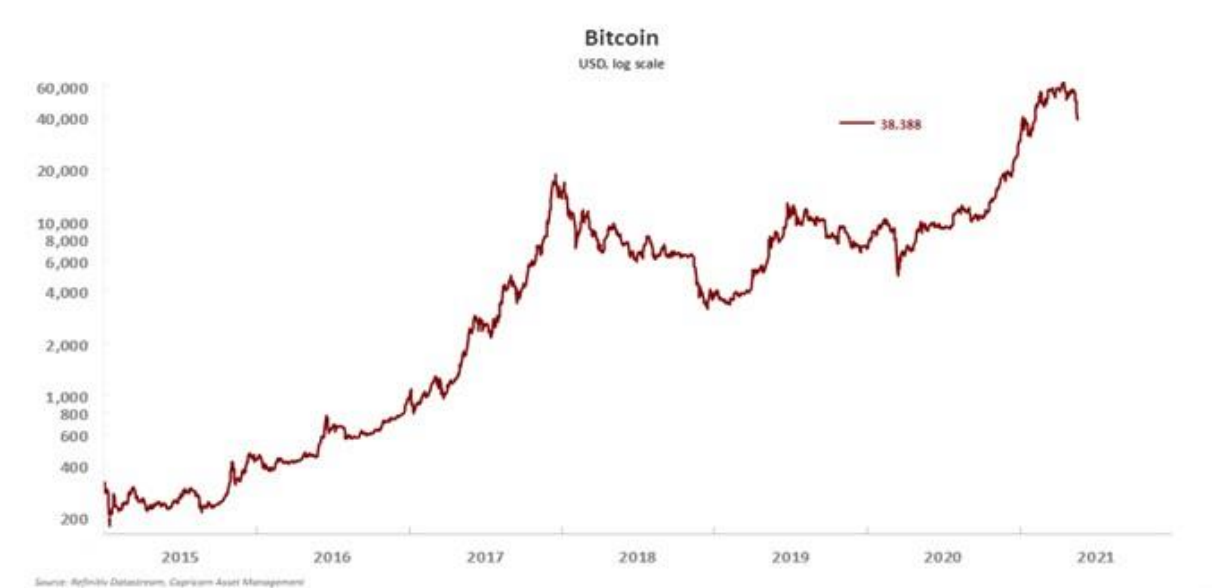




Market Update

Thursday, 20 May 2021



Global Markets

Stock markets struggled for traction on Thursday after a jittery session on Wall Street where cryptocurrencies crashed and a hint of tapering talk from the U.S. Federal Reserve drove selling in the bond market while lifting the safe-haven dollar.

MSCI's broadest index of Asia-Pacific shares outside Japan was down 0.04%. Stocks in South Korea dipped 0.34%, and Hong Kong's Hang Seng fell 0.72%, but Japan's Nikkei rose 0.43%. Euro Stoxx 50 futures were up 0.64%, German DAX futures also rose 0.64%, and FTSE futures were up 0.88%, pointing to a positive start to the European session. Bitcoin, which plunged as much as 30% to \$30,000 overnight, was struggling for support around \$39,000. U.S. stock futures were flat.

Commodities also fell, Treasuries nursed losses while the dollar held overnight gains. Fed minutes published on Wednesday said "a number" of officials thought that if the recovery holds up, it might be appropriate to "begin discussing a plan for adjusting the pace of asset purchases".

"This is very much the market view, really," ING economist Rob Carnell said on the phone from Singapore, with traders expecting strong hints over summer that the taper is coming and that policy support could start to ease in December. "This is taking us to where we think we're going to go, and

perhaps this removes a little bit of uncertainty around that - so you get a slight increase in bond yields and the dollar rallying a little bit."

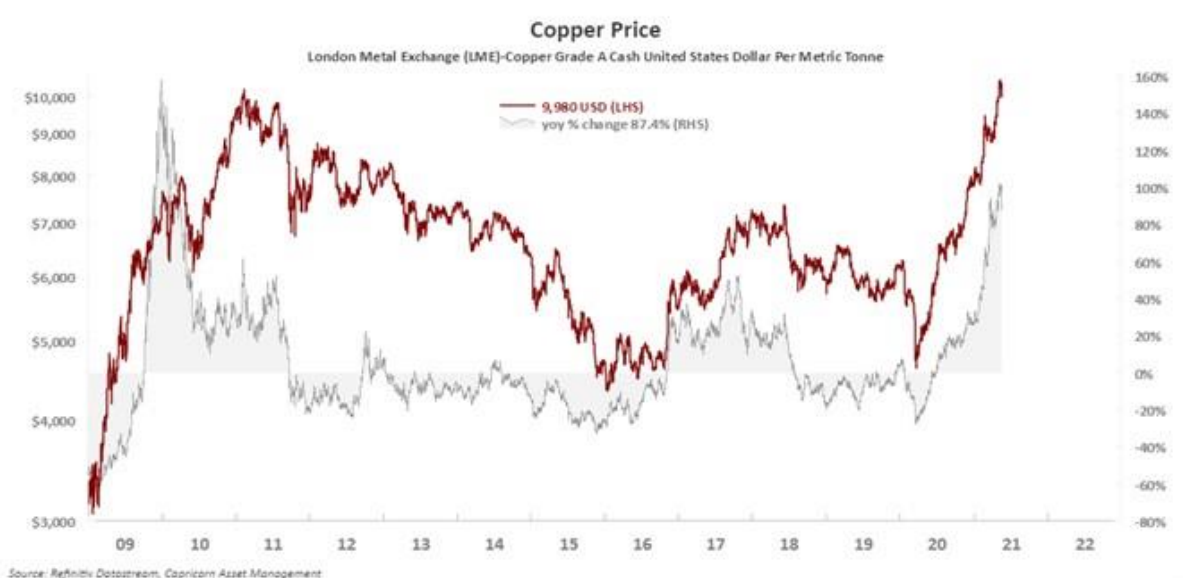
The yield on benchmark 10-year U.S. Treasuries rose 4.1 basis points overnight to 1.6830%. The dollar scraped itself off a four-month low to hover around \$1.2181 per euro. The dollar also rose through its 20-day moving average against the yen, Aussie and kiwi. It last bought 109.14 yen and the dollar index was last at 90.132.

On Wall Street overnight the S&P 500 closed 0.3% lower and the Nasdaq was flat, something of a recovery after each dropped more than 1.6% during the session.

The trigger for sharp falls in bitcoin, ether and other cryptocurrencies appeared to be China's move on Tuesday to reinforce strict curbs on crypto trading by barring financial institutions from providing transaction services. Traders said the huge run-up in prices for the asset class in recent months meant that gravity also probably played a role, as well as Tesla boss Elon Musk's apparent cooling on bitcoin over the amount of energy consumed in processing transactions.

Outages at several major trading platforms during the maelstrom, which also set ether tumbling nearly 50%, also did little to inspire confidence. Although well above overnight lows, ether and bitcoin remained under pressure on Thursday. "It's not just crypto – although that is the poster child of this movement – but SPACs, recent IPOs, ARK Innovation and Tesla, to name a few, have all lost their bid," said Chris Weston, head of research at brokerage Pepperstone in Melbourne. "For me, the overriding factor is liquidity and the timing of lower liquidity and that is having huge ramifications - we are debating, not just a slower pace of central bank asset purchases (QE), but when QE comes to an end."

Elsewhere industrial commodities fell sharply on Thursday after China said it would strengthen its management of supply and demand to curb unreasonable rises. Dalian iron ore futures shed as much as 9%, and coal futures fell 8%, triggering a downside limit. Crude oil came off overnight lows but remained under pressure on worries about fresh COVID-19 curbs in Asia crimping demand and about the U.S. rates outlook. Brent crude was last steady at \$66.84 a barrel and U.S. crude at \$63.73.



Domestic Markets

South Africa's rand weakened on Wednesday as data showed consumer price inflation rose to its highest in more than a year, but not too high to dampen expectations that the central bank will not raise interest rates on Thursday. The rand was 0.45% weaker at 14.0500 per dollar by 1500 GMT.

Headline CPI quickened to 4.4% year-on-year in April, its highest since February 2020 and close to the mid-point of the central bank's target range.

"We think that the Reserve Bank will keep rates on hold for longer than investors currently expect in order to support the economy," Jason Tuvey, senior emerging markets economist at Capital Economics, said in a note. "Indeed, fears of a third wave of COVID-19, combined with the slow vaccine rollout and harsh fiscal austerity, mean that rates will probably stay at their current low for longer than most currently anticipate."

The South African Reserve Bank (SARB) will decide on lending rates on Thursday, with polls overwhelmingly predicting another hold at 3.5%, but with a hawkish tilt. The CPI figure also means South Africa is now running a negative real rate, a situation the central bank has typically not tolerated for extended periods. It also risks turning off investors seeking high returns. Data showing South African retail sales contracted by 2.5% year on year in March also dampened the mood.

Stocks fell, with the Johannesburg Stock Exchange's Top-40 Index slipping 2.31% to 59,777 points and the broader All-Share Index closing 2% lower at 65,856 points. While some retailers suffered, the biggest losers on the blue-chip index were platinum firms, which were dragged down by a more than 2% decline in the price of the precious metal. Impala Platinum fell 8.7%, followed by Anglo American and Glencore, which were down 5.7% and 4.5% respectively.

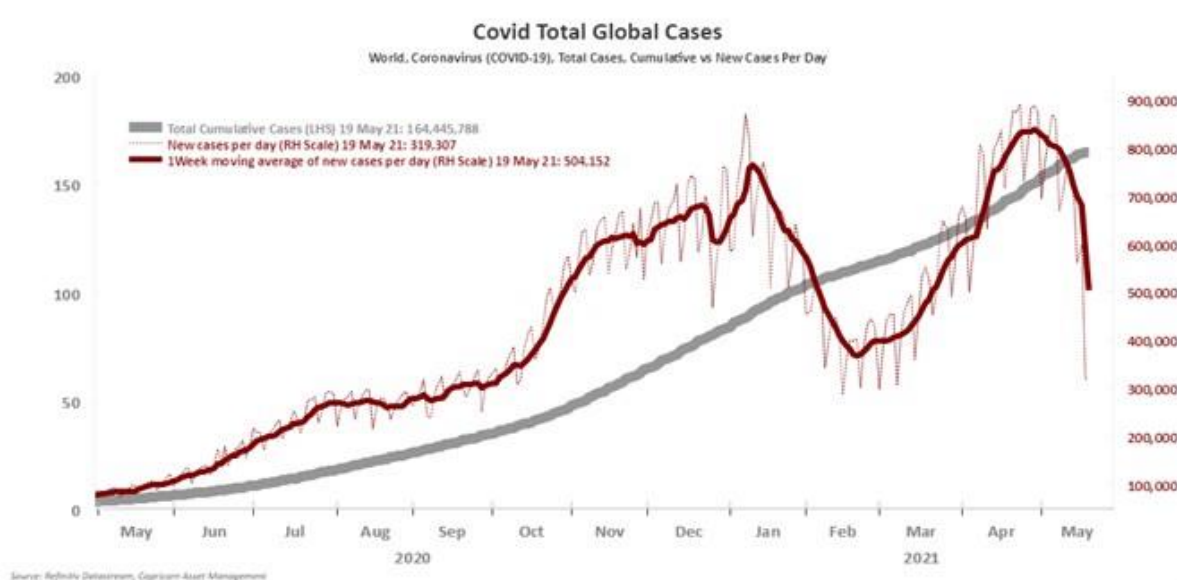
Bonds weakened, with the yield on the benchmark government issue due in 2030 adding 6 basis points to 9.13%.

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		19-May-2021		17:40
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	164,432,801	307,183	3,546,453	114,031,226

The number of new cases is distorted by cut-off times.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)				20 May 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	→	3.99	0.000	3.99	3.99
6 months	↑	4.26	0.009	4.26	4.26
9 months	↑	4.46	0.016	4.44	4.46
12 months	↑	4.56	0.017	4.55	4.56
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.63	0.080	4.55	4.62
GC22 (Coupon 8.75%, BMK R2023)	↑	5.57	0.080	5.49	5.57
GC23 (Coupon 8.85%, BMK R2023)	↑	5.47	0.080	5.39	5.47
GC24 (Coupon 10.50%, BMK R186)	↑	7.73	0.045	7.68	7.73
GC25 (Coupon 8.50%, BMK R186)	↑	7.74	0.045	7.69	7.74
GC26 (Coupon 8.50%, BMK R186)	↑	7.74	0.045	7.69	7.74
GC27 (Coupon 8.00%, BMK R186)	↑	8.03	0.045	7.98	8.03
GC30 (Coupon 8.00%, BMK R2030)	↑	9.44	0.060	9.38	9.42
GC32 (Coupon 9.00%, BMK R213)	↑	10.45	0.010	10.44	10.45
GC35 (Coupon 9.50%, BMK R209)	↓	11.36	-0.005	11.37	11.35
GC37 (Coupon 9.50%, BMK R2037)	↓	11.83	-0.030	11.86	11.84
GC40 (Coupon 9.80%, BMK R214)	↓	12.64	-0.040	12.68	12.65
GC43 (Coupon 10.00%, BMK R2044)	↓	12.95	-0.035	12.98	12.95
GC45 (Coupon 9.85%, BMK R2044)	↓	13.23	-0.035	13.26	13.23
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.24	-0.040	13.28	13.25
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	↑	3.96	0.069	3.89	3.96
GI25 (Coupon 3.80%, BMK NCPI)	→	4.00	0.000	4.00	4.00
GI29 (Coupon 4.50%, BMK NCPI)	→	5.65	0.000	5.65	5.65
GI33 (Coupon 4.50%, BMK NCPI)	→	6.80	0.000	6.80	6.80
GI36 (Coupon 4.80%, BMK NCPI)	→	7.35	0.000	7.35	7.35
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,870	0.07%	1,868	1,873
Platinum	↓	1,191	-2.23%	1,218	1,199
Brent Crude	↓	66.7	-2.98%	68.7	67.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,388	-3.31%	1,435	1,388
JSE All Share	↓	65,856	-2.08%	67,255	65,856
SP500	↓	4,116	-0.29%	4,128	4,116
FTSE 100	↓	6,950	-1.19%	7,034	6,950
Hangseng	→	28,594	0.00%	28,594	28,470
DAX	↓	15,114	-1.77%	15,387	15,114
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	12,620	-0.54%	12,689	12,620
Resources	↓	67,666	-4.40%	70,784	67,666
Industrials	↓	82,913	-1.03%	83,774	82,913
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.09	0.71%	13.99	14.06
N\$/Pound	↑	19.89	0.20%	19.85	19.86
N\$/Euro	↑	17.15	0.32%	17.10	17.14
US dollar/ Euro	↓	1.217	-0.39%	1.222	1.219
		Namibia		RSA	
Interest Rates & Inflation		Apr 21	Mar 21	Apr 21	Mar 21
Central Bank Rate	→	3.75	3.75	3.50	3.50
Prime Rate	→	7.50	7.50	7.00	7.00
		Apr 21	Mar 21	Apr 21	Mar 21
Inflation	↑	3.9	3.1	4.4	3.2

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 a Bloomberg calculated Index

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.

Source: Thomson Reuters



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