

The Daily Brief



Market Update

Wednesday, 21 April 2021



Global Markets

Shares and U.S. stock futures fell on Wednesday as concern about a resurgence of coronavirus cases in some countries cast doubt on the strength of global growth and demand for crude oil.

MSCI's broadest index of Asia-Pacific shares outside Japan fell 0.6%. Australian stocks dropped 1.25% and shares in China were down 0.46%. Stocks in Tokyo slumped by 1.79% due the growing likelihood that Tokyo, Osaka and surrounding areas will be put on lockdown due to a new wave of coronavirus infections. S&P 500 e-mini stock futures also dipped 0.18%.

Crude futures extended declines from a one-month high in Asian trading on speculation that coronavirus restrictions in India, the world's third-largest oil importer, will hurt energy demand. Recent optimism about rising vaccination rates in the United States, Britain, and Europe is shifting to concern that record coronavirus infections in India and the reinforcement of travel restrictions will act as a brake on the global economy.

"Renewed concerns about the global economic recovery weighed on commodity prices and commodity currencies. Many countries around the world, such as India and Brazil, set new records for infections and deaths," analysts at Commonwealth Bank of Australia said in a research note. "As long as the virus persists, there is a risk virus mutants develop and spread to other countries."

Declines in Asian shares followed a downbeat day on Wall Street. The Dow Jones Industrial Average fell 0.75%, the S&P 500 lost 0.68%, and the Nasdaq Composite fell 0.92% on Tuesday as investors sold airlines and travel-related shares due to fear of a delayed recovery in global tourism.

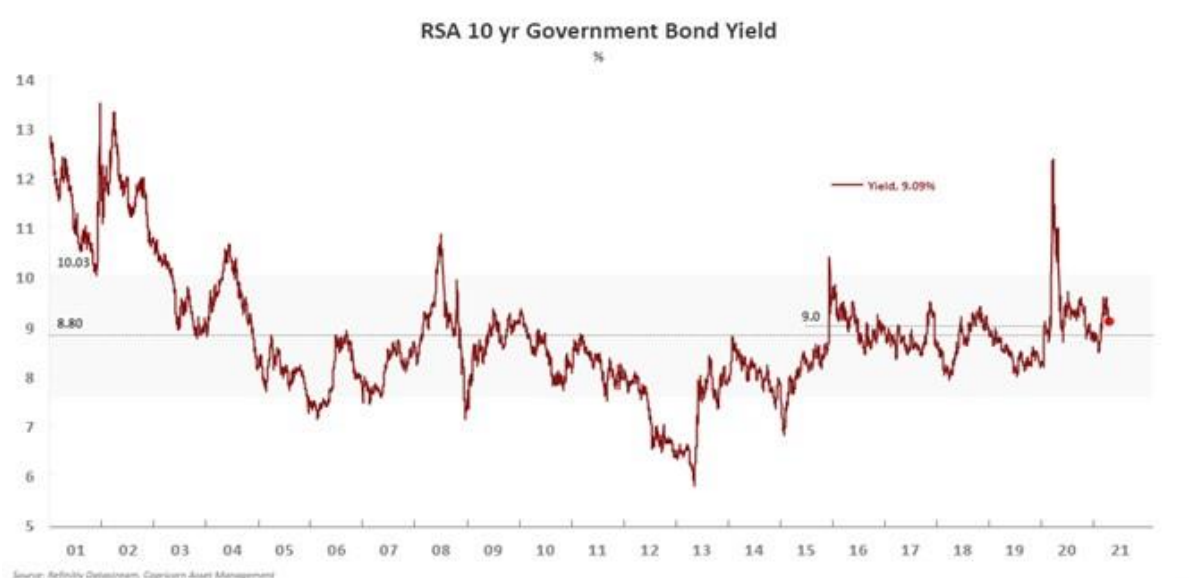
Some tech shares and companies that benefited from stay-at-home demand could face further pressure after Netflix Inc reported disappointing subscriber growth for its movie streaming service, which sent its shares down 11% in after-hours trading.

U.S. crude dipped 0.4% to \$62.42 a barrel, while Brent crude fell 0.26% to \$66.40 per barrel. India, the world's second most populous country and a major energy consumer, reported its worst daily death toll on Tuesday, with large parts of the country now under lockdown.

The Canadian dollar, the Mexican peso, and the Norwegian crown steadied during Asian trading after falling on Tuesday, but analysts say more declines in the currencies of major oil exporters are likely if energy prices continue to fall. The dollar index against a basket of six major currencies traded near a seven-week low, hurt by a dip in U.S. Treasury yields as some investors sought the safety of holding government debt.

Investors are closely watching an auction of 20-year Treasuries later on Wednesday, which will be an important gauge of global demand for fixed income. Ahead of the auction results, the yield on benchmark 10-year Treasury notes traded at 1.5660%, near a six-week low. Yields on 20-year Treasuries stood at 2.1531%, close to a seven-week low.

In a sign of growing risk aversion, spot gold traded at \$1,778.18 per ounce, close to a seven-week high reached on Monday.



Domestic Markets

South Africa's rand weakened on Tuesday as the dollar steadied and global investors awaited further clues on the direction of global lending rates. At 1515 GMT, the rand traded at 14.2750 versus the dollar, 0.35% below its previous close, after giving up small overnight gains.

In recent weeks the rand has tended to take its cue from global drivers including the dollar, which has been losing traction as retreating Treasury yields dented its allure. The dollar index rose around 0.2% on the day.

The demand for yield by investors facing low to zero rates in developed markets has kept the rand strong, although volatility remains high as South Africa's structural economic growth issues remain a concern.

"The unsustainability of the ZAR's recent strength is also evident in the options market, where it ranks worse in terms of implied vols (volumes) relative to other EM currencies over longer durations than it does over shorter durations," said economists at ETM analytics.

Bonds were flat, with the benchmark 2030 government issue at 9.085%.

Shares on the Johannesburg Stock Exchange (JSE) extended losses on Tuesday amid what analysts said the lack of no new triggers for a market already at a high. The benchmark FTSE/JSE all-share index shed 1.85% to end the day at 66,836 points. The blue-chip FTSE/JSE index of top 40 companies receded by 1.94% to 61,117 points.

"We are just following the global markets at the moment," said Wayne McCurrie, portfolio manager at FNB. "There is almost no good news that the market can get that's going to push it up higher," he said. The expectation of a strong U.S. earnings season which drove the market last week is already priced in, he added.

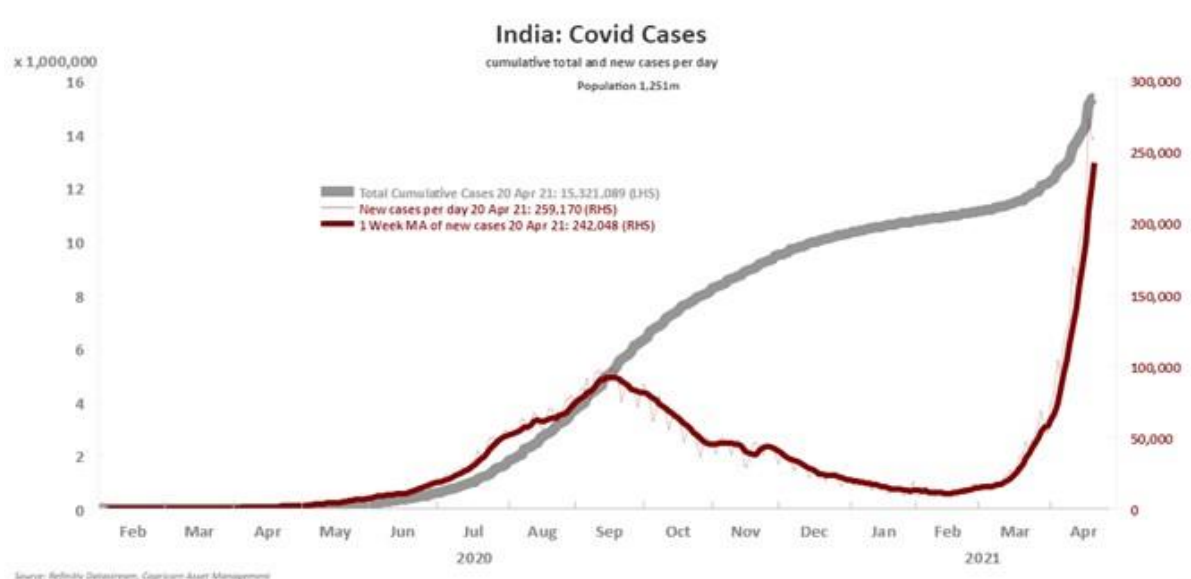
Tuesday's fall in JSE was primarily led by the country's banks, mainly its third-biggest Absa Group Ltd which shed over 4% after its Chief Executive Daniel Mminele stepped down following a rift with the bank's board. The bank index lost 2.17%.

Corona Tracker

GLOBAL CASES SOURCE - REUTERS		21-Apr-2021		5:48
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	142,473,371	558,029	3,174,911	94,169,034

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

Source: Thomson Reuters



Imagination is everything. It is the preview of life's coming attractions.

Albert Einstein

Market Overview

MARKET INDICATORS (Thomson Reuters)				21 April 2021	
Money Market TB Rates %		Last close	Difference	Prev close	Current Spot
3 months	↔	4.20	0.000	4.20	4.20
6 months	↔	4.41	0.000	4.41	4.41
9 months	↔	4.72	0.000	4.72	4.72
12 months	↑	4.75	0.007	4.74	4.75
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↑	4.24	0.226	4.02	4.75
GC22 (Coupon 8.75%, BMK R2023)	↓	5.57	-0.030	5.60	5.57
GC23 (Coupon 8.85%, BMK R2023)	↓	5.47	-0.030	5.50	5.47
GC24 (Coupon 10.50%, BMK R186)	↑	7.51	0.005	7.51	7.51
GC25 (Coupon 8.50%, BMK R186)	↑	7.52	0.005	7.52	7.52
GC26 (Coupon 8.50%, BMK R186)	↑	7.52	0.005	7.52	7.52
GC27 (Coupon 8.00%, BMK R186)	↑	7.81	0.005	7.81	7.81
GC30 (Coupon 8.00%, BMK R2030)	↓	9.38	-0.005	9.39	9.39
GC32 (Coupon 9.00%, BMK R213)	↓	10.45	-0.010	10.46	10.45
GC35 (Coupon 9.50%, BMK R209)	↑	11.44	0.020	11.42	11.44
GC37 (Coupon 9.50%, BMK R2037)	↑	11.92	0.020	11.90	11.92
GC40 (Coupon 9.80%, BMK R214)	↑	12.68	0.025	12.65	12.68
GC43 (Coupon 10.00%, BMK R2044)	↑	13.00	0.025	12.97	13.00
GC45 (Coupon 9.85%, BMK R2044)	↑	13.28	0.025	13.25	13.28
GC50 (Coupon 10.25%, BMK: R2048)	↑	13.29	0.030	13.26	13.29
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)	↔	4.00	0.000	4.00	4.00
GI29 (Coupon 4.50%, BMK NCPI)	↔	5.73	0.000	5.73	5.73
GI33 (Coupon 4.50%, BMK NCPI)	↔	6.85	0.000	6.85	6.85
GI36 (Coupon 4.80%, BMK NCPI)	↔	7.35	0.000	7.35	7.35
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,777	0.45%	1,769	1,783
Platinum	↓	1,187	-1.57%	1,206	1,189
Brent Crude	↓	66.6	-0.72%	67.1	66.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,365	-2.43%	1,400	1,365
JSE All Share	↓	66,836	-1.85%	68,094	66,836
SP500	↓	4,135	-0.68%	4,163	4,135
FTSE 100	↓	6,860	-2.00%	7,000	6,860
Hangseng	↑	29,136	0.10%	29,106	28,598
DAX	↓	15,130	-1.55%	15,368	15,130
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	12,162	-2.06%	12,417	12,162
Resources	↓	68,586	-1.72%	69,786	68,586
Industrials	↓	86,452	-2.10%	88,303	86,452
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.30	0.61%	14.21	14.32
N\$/Pound	↑	19.93	0.22%	19.88	19.93
N\$/Euro	↑	17.21	0.56%	17.11	17.22
US dollar/ Euro	↔	1.203	0.00%	1.203	1.203
		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
		Mar 21	Feb 21	Feb 21	Jan 21
Inflation	↑	3.1	2.7	2.9	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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