

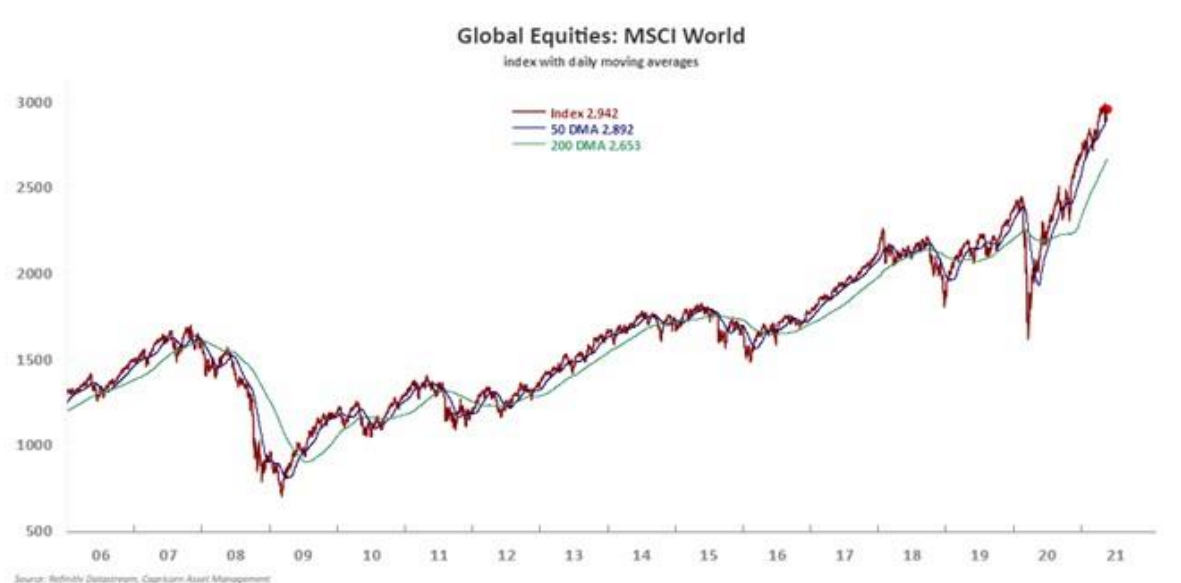
The Daily Brief



Capricorn Asset Management

Market Update

Friday, 21 May 2021



Global Markets

Asian stocks rose on Friday, setting the region up for a weekly gain, as investors tempered fears about hot inflation and the prospects of an early tapering of stimulus by the Federal Reserve.

Japan's Nikkei jumped 1%, while MSCI's broadest index of Asia-Pacific shares outside Japan added 0.6%. Taiwan's tech-heavy stock index climbed 1.8%, leading gains in the region, while Chinese blue chips added 0.3%. For the week, an index of stocks across Asia-Pacific was set for a 1.9% advance. Futures pointed to a further 0.3% rise for the S&P 500 later in the global day, following a more than 1% jump on Thursday.

Tech stocks led those gains as Treasury yields declined following a weaker-than-expected U.S. business activity reading. A decline in commodity prices, particularly oil, also undermined the thesis for too-hot inflation. "It's still a market trying to work out where inflation is going to go, and what that might mean for Fed policy somewhere down the line," said Kyle Rodda, a market analyst at IG in Melbourne. The drop in oil prices accompanied by lower bond yields has changed sentiment very quickly, he said.

The Philadelphia Federal Reserve Bank said its business activity index fell to 31.5 from 50.2 in April, its highest pace in nearly half a century. The reading was shy of economists' expectations of 43.0, a Reuters poll found, and cast doubt on how fast the economy can continue to heat up.

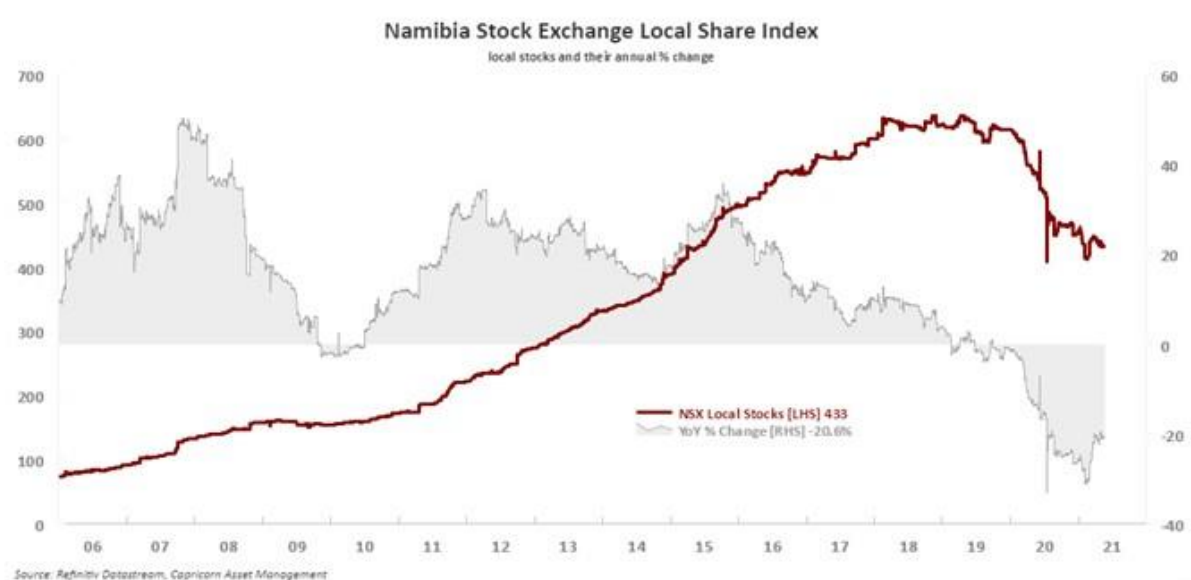
Other data on Thursday showed the number of Americans filing new claims for unemployment benefits dropped further below 500,000 last week, but jobless rolls swelled in early May, which could temper expectations for an acceleration in employment growth this month.

The Dow Jones Industrial Average rose 0.6%, while the Nasdaq Composite added 1.8%. The yield on benchmark 10-year Treasury notes held Thursday's more-than 4 basis-point decline to hover around 1.635% in Asia.

Oil prices recovered slightly after steep drops on Thursday, when diplomats said progress was made toward a deal to lift U.S. sanctions on Iran. Brent crude was 0.2% higher at \$65.21 a barrel after slumping 2.3%. West Texas Intermediate crude added 0.4% to \$62.16 a barrel following a 2.1% tumble.

In the foreign exchange market, the dollar was hovering near multi-month lows following its steepest slide in about two weeks on Thursday. The dollar index, which measures the greenback against six major peers, was at 89.755, little changed after the previous session's 0.4% decline.

In cryptocurrencies, bitcoin recovered to around \$41,650 on Friday following a wild ride this week that saw it plunge as low as \$30,066 on Wednesday for the first time since late January. The digital token rebounded after prominent backers such as Ark Invest's Cathie Wood and Tesla's Elon Musk indicated their support. Wednesday's brutal selloff was triggered by worries over tighter regulation in China and unease over the extent of leveraged positions among investors. No. 2 cryptocurrency ether was trading around \$2,900 following a drop to as low as \$1,850 on Wednesday.



Domestic Markets

South Africa's rand firmed on Thursday after the central bank kept lending rates unchanged, but said it would not hesitate to tighten policy to contain rising prices. At 1517 GMT, the rand was 0.92% firmer at 13.9625 against the dollar.

The South African Reserve Bank left its repo rate unchanged at 3.5% in a unanimous decision on Thursday, saying the current lending rate was supportive of the economic recovery. However, it warned that upside inflation risks were beginning to emerge.

"Despite a unanimous 5-0 vote to keep the repo unchanged, the hawkish tilt – important when it becomes necessary to raise rates – should not be dismissed," said Razia Khan, chief Africa economist at Standard Chartered.

Headline consumer price inflation increased to 4.4% year-on-year in April, a touch shy of the mid-point of the bank's target range of 4.5%, and its highest level since February last year, data showed on Wednesday.

On the bourse, the benchmark all-share index closed up 0.41% at 66,124 points, while the blue-chip index of top 40 companies ended up 0.49% at 60,068 points. Among the gainers, bourse heavyweight Naspers gained 1.94% after Tencent, which it holds a stake in, firmed after reporting a forecast-beating 65% rise in quarterly profit. Banking shares were also firmer, up 1.1%, with FirstRand closing up 1.79%.

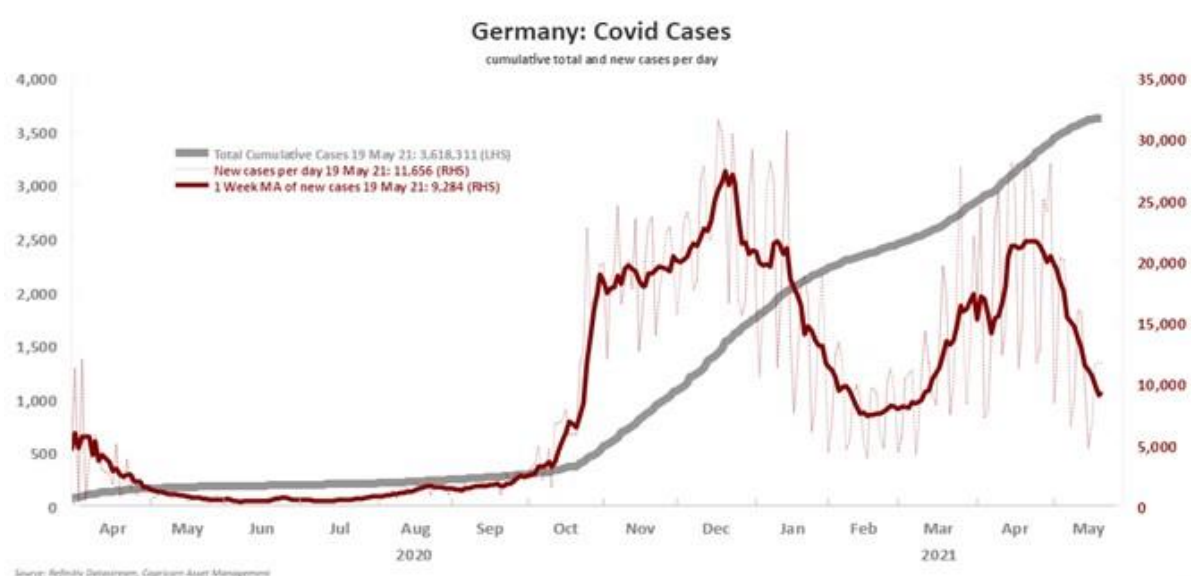
Bonds firmed, with the yield on the benchmark 2030 government issue down 8.5 basis points to 9.040%.

Corona Tracker

GLOBAL CASES SOURCE - REUTERS				
	Confirmed Cases	New Cases	Total Deaths	Total Recovered
GLOBAL	164,844,095	276,110	3,553,169	114,515,553

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

Source: Thomson Reuters



This most beautiful system of the sun, planets, and comets, could only proceed from the counsel and dominion of an intelligent and powerful Being.

Isaac Newton

Market Overview

MARKET INDICATORS (Thomson Reuters)				21 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	↑	4.27	0.008	4.26	4.27
9 months	↑	4.47	0.017	4.46	4.47
12 months	↑	4.58	0.017	4.56	4.58
Nominal Bond Yields %		Last close	Difference	Prev close	Current Spot
GC21 (Coupon 7.75%, BMK R208)	↓	4.57	-0.055	4.63	4.57
GC22 (Coupon 8.75%, BMK R2023)	↓	5.52	-0.055	5.57	5.51
GC23 (Coupon 8.85%, BMK R2023)	↓	5.42	-0.055	5.47	5.41
GC24 (Coupon 10.50%, BMK R186)	↓	7.66	-0.070	7.73	7.64
GC25 (Coupon 8.50%, BMK R186)	↓	7.67	-0.070	7.74	7.65
GC26 (Coupon 8.50%, BMK R186)	↓	7.67	-0.070	7.74	7.65
GC27 (Coupon 8.00%, BMK R186)	↓	7.96	-0.070	8.03	7.94
GC30 (Coupon 8.00%, BMK R2030)	↓	9.35	-0.085	9.44	9.35
GC32 (Coupon 9.00%, BMK R213)	↓	10.38	-0.070	10.45	10.37
GC35 (Coupon 9.50%, BMK R209)	↓	11.31	-0.050	11.36	11.31
GC37 (Coupon 9.50%, BMK R2037)	↓	11.80	-0.025	11.83	11.80
GC40 (Coupon 9.80%, BMK R214)	↓	12.61	-0.030	12.64	12.59
GC43 (Coupon 10.00%, BMK R2044)	↓	12.92	-0.025	12.95	12.91
GC45 (Coupon 9.85%, BMK R2044)	↓	13.20	-0.025	13.23	13.19
GC50 (Coupon 10.25%, BMK: R2048)	↓	13.21	-0.025	13.24	13.21
Inflation-Linked Bond Yields %		Last close	Difference	Prev close	Current Spot
GI22 (Coupon 3.55%, BMK NCPI)	↔	3.96	0.000	3.96	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	↑	1,877	0.38%	1,870	1,875
Platinum	↑	1,196	0.43%	1,191	1,200
Brent Crude	↓	65.1	-2.33%	66.7	65.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	1,394	0.39%	1,388	1,394
JSE All Share	↑	66,124	0.41%	65,856	66,124
SP500	↑	4,159	1.06%	4,116	4,159
FTSE 100	↑	7,020	1.00%	6,950	7,020
Hangseng	↓	28,450	-0.50%	28,594	28,438
DAX	↑	15,370	1.70%	15,114	15,370
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	12,729	0.87%	12,620	12,729
Resources	↓	67,509	-0.23%	67,666	67,509
Industrials	↑	83,655	0.89%	82,913	83,655
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	13.97	-0.88%	14.09	13.98
N\$/Pound	↓	19.82	-0.35%	19.89	19.84
N\$/Euro	↓	17.08	-0.44%	17.15	17.10
US dollar/ Euro	↑	1.223	0.44%	1.217	1.224
		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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