



Market Update

Wednesday, 25 March 2020

Global Markets

Asian shares extended their rally on Wednesday in the wake of Wall Street's massive rebound as the U.S. Congress appeared closer to passing a \$2 trillion stimulus package to mitigate the economic blow from the coronavirus pandemic.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 1.7% with Australian shares jumping 3.4% and South Korean shares gaining 3.5%. Japan's Nikkei surged 4.8%. "Japanese shares have been bolstered by aggressive buying from the Bank of Japan and pension money this week. That has prompted hedge funds to cover their short positions," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley Securities. On Tuesday, MSCI's gauge of stocks across the globe rallied 8.39%, the largest single-day gain since the wild swings seen during the height of the global financial crisis in October 2008. It rose another 0.8% in Asia on Wednesday. On Wall Street, the Dow Jones Industrial Average soared 11.37%, its biggest one-day percentage gain since 1933.

Yet, much of the large gains in stock markets pale in comparison with the brutal selloff of the past few weeks as investors braced for a deep global recession in the wake of sweeping lockdowns in many countries. U.S. S&P500 is still down almost 28% from its record peak hit just over a month ago. Wall Street futures were down 1.1% in early Asian trade.

"Many analysts have recently put out dire economic forecasts, like annualised rate of 20% fall in U.S. GDP next quarter. Europe and Japan should also see double-digit contractions," said Nobuhiko Kuramochi, chief strategist at Mizuho Securities. "I suspect the outlooks have sunk in among market players already and that the bear market has run about 80% of its course for now."

Senior Democrats and Republicans in the divided U.S. Congress said on Tuesday they were close to a deal on a \$2 trillion stimulus package to limit the economic damage from coronavirus pandemic. But it was unclear when they would be ready to vote on a bill. Investor fears about a sharp economic downturn appear to be easing somewhat after the U.S. Federal Reserve's offer of unlimited bond-buying and programmes to buy corporate debt. "Companies will see their revenues sink and indebted firms will have trouble securing cash, so governments are making the right responses," said Akira Takei, senior fund manager at Asset Management One. "The question is, while those responses are necessary in the near term, what if this continues? You can't keep helping companies

that continue to make losses. The longer this drags on, the more likely we will need to adjust to a new normal."

The biggest uncertainty is on how countries can slow the pandemic and how quickly they can lift various curbs on economic activity. U.S. President Donald Trump pressed his case for a re-opening of the U.S. economy by mid-April. But that met immediate scepticism given the rise of infections in the United States is now among the highest in the world, with the total cases reaching more than 50,000, doubling in less than 3 days recently. In particular, its financial hub of New York City suffered another quick and brutal rise in the number of infections to around 15,000, raising worries about shortage of hospital beds.

In the currency market, the dollar has slipped as a greenback liquidity crunch loosened slightly. The euro traded at \$1.0808 up 0.15% after four straight days of gains. The dollar dropped 0.3% against the yen to 110.85, off a one-month high of 111.715 touched the previous day.

Gold ticked up 0.3% to \$1,614.5 per ounce after having soared almost 5%, its biggest gains since 2008, on Tuesday. It was in part helped by concerns lockdowns in major producer South Africa could disrupt supply. Oil prices bounced back as hopes for U.S. stimulus offset fears of falling global demand. India, the world's third largest oil consumer, ordered its 1.3 billion residents to stay home for three weeks, the latest big fuel user to announce restrictions on social movement, which have destroyed demand for gasoline and jet fuel worldwide. The market remained pressured by a flood of supply after Saudi Arabia started a price war earlier this month, a move that dealt a crushing blow to markets already reeling from the pandemic. U.S crude futures rose 4.5% to \$25.10 per barrel. That is up about \$5.5, or almost 26%, from their 18-year intraday low of \$19.46 touched on Friday. Still on the month, the market is down 44%.

Source: Thomson Reuters

Domestic Markets

South African stocks rebounded sharply on Tuesday, along with global markets, on new stimulus from the U.S. Federal Reserve and resource firms soared on higher palladium and platinum prices following the announcement of a 21-day lockdown.

President Cyril Ramaphosa said on Monday South Africa, a major producer of the metals, would be in lockdown from Thursday to try to curb the spread of the coronavirus. Mining companies bracing for a heavy hit from the nationwide lockdown warned of an expected leap in costs in addition to their lost output. Analysts believe the lockdown could provide significant support to Platinum Group Metals. Palladium rose as much as 15%, on track for its biggest daily gain since 2001, and platinum gained 8.09% at 1637 GMT. Gold also rose.

Prices also rose on the new round of stimulus measures. The Fed announced unlimited quantitative easing and programmes to support credit markets on Monday to try to backstop an economy reeling from emergency restrictions on commerce to fight the coronavirus.

"With them moving directly into the corporate debt market, it means that big corporations will be able to raise even cheaper funding. That cheaper funding can then be used to have the required cash flow to get through the next few months," Asset Management firm Vestact said in a note.

The mining index jumped 14.41%, with Sibanye-Stillwater and Impala Platinum leading the gainers. The lockdown is likely to have big consequences for an economy that had already tipped

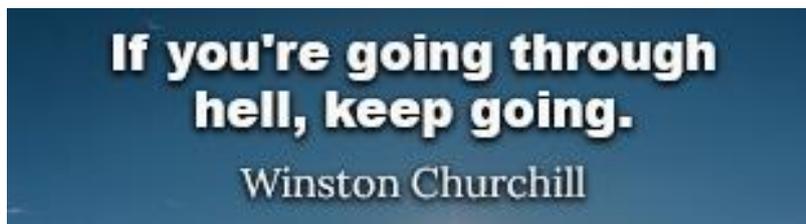
into recession in the final quarter of last year, but the measures were widely praised as the decisive, tough action needed to contain the outbreak.

The JSE's Top-40 index closed 8.23% firmer at 37,550 points, and the broader all-share index climbed 7.53% to 41,149 points. The banking sector rose 9.05%, and retailers climbed 5.11%.

In the currency market, South Africa's rand rose against a weaker dollar, also boosted by the promise of unlimited dollar funding from the Fed, which helped risk sentiment globally. At 1705 GMT, the rand traded at 17.4720 per dollar, 2.12% stronger than its previous close.

Bonds took a tumble, with the yield on the 10-year instrument due in 2030 gaining 5 basis points to 12.355%.

Source: Thomson Reuters



Corona Tracker

GLOBAL CASES			As of 24-Mar-2020	
SOURCE - WORLD HEALTH ORGANIZATION				
	Cases		Deaths	
	Confirmed	New	Confirmed	New
Western Pacific Region	96,580	943	3,502	29
European Region	1,95,511	24,087	10,189	1,447
Eastern Mediterranean Region	27,215	1,840	1,877	136
Regions of the Americas	49,444	12,428	565	100
South-East Asia	1,990	214	65	7
African Region	1,305	315	26	3
Total	3,72,757	39,827	16,231	1,722

It should read 372,757 total cases.

Market Overview

MARKET INDICATORS (Thomson Reuters)		Wednesday, 25 March 2020			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	6.13	-0.247	6.38	6.13
6 months	↓	6.54	-0.098	6.64	6.54
9 months	↓	6.58	-0.090	6.67	6.58
12 months	↓	6.70	-0.027	6.73	6.70
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC20 (BMK: R207)	↓	6.89	-0.009	6.89	6.86
GC21 (BMK: R208)	↓	6.62	-0.200	6.82	6.62
GC22 (BMK: R2023)	↓	7.99	-0.225	8.21	7.99
GC23 (BMK: R2023)	↓	8.85	-0.225	9.08	8.85
GC24 (BMK: R186)	↑	11.47	0.135	11.34	11.47
GC25 (BMK: R186)	↑	11.65	0.135	11.52	11.65
GC27 (BMK: R186)	↑	12.22	0.135	12.09	12.22
GC30 (BMK: R2030)	↑	12.86	0.050	12.81	12.86
GC32 (BMK: R213)	↑	13.68	0.060	13.62	13.68
GC35 (BMK: R209)	↑	14.06	0.010	14.05	14.06
GC37 (BMK: R2037)	↓	14.14	-0.075	14.21	14.14
GC40 (BMK: R214)	↓	14.36	-0.105	14.46	14.36
GC43 (BMK: R2044)	↓	14.73	-0.120	14.85	14.73
GC45 (BMK: R2044)	↓	14.87	-0.120	14.99	14.87
GC50 (BMK: R2048)	↓	15.18	-0.125	15.30	15.18
Inflation-Linked Bonds		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	→	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	→	4.60	0.000	4.60	4.60
GI29 (BMK: NCPI)	→	5.98	0.000	5.98	5.98
GI33 (BMK: NCPI)	→	6.70	0.000	6.70	6.70
GI36 (BMK: NCPI)	→	6.99	0.000	6.99	6.99
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,610	3.67%	1,553	1,604
Platinum	↑	708	10.19%	643	729
Brent Crude	↑	27.2	0.44%	27.0	27.8
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↑	816	10.41%	739	816
JSE All Share	↑	41,149	7.53%	38,267	41,149
SP500	↑	2,447	9.38%	2,237	2,447
FTSE 100	↑	5,446	9.05%	4,994	5,446
Hangseng	↑	22,663	4.46%	21,696	23,143
DAX	↑	9,701	10.98%	8,741	9,701
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	8,750	7.00%	8,178	8,750
Resources	↑	33,069	13.53%	29,129	33,069
Industrials	↑	60,236	5.47%	57,113	60,236
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	17.60	-0.48%	17.68	17.60
N\$/Pound	↑	20.69	1.33%	20.42	20.76
N\$/Euro	↑	18.99	0.14%	18.96	19.01
US dollar/ Euro	↑	1.079	0.62%	1.072	1.080
Economic data		Namibia		RSA	
		Latest	Previous	Latest	Previous
Inflation	↑	2.5	2.1	4.6	4.5
Prime Rate	↓	9.00	10.00	8.75	9.75
Central Bank Rate	↓	5.25	6.25	5.25	6.25

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: Bloomberg



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