

The background features a central globe of the Earth with a blue and white color scheme. Overlaid on the globe is a network of thin, light blue lines connecting various points, with small triangles at the nodes. Scattered throughout the scene are several 3D models of red, spherical virus particles with numerous protruding spikes, resembling coronaviruses. The overall color palette is dark, with deep blues and reds.

POSITIONING FOR A RECOVERY

15 APRIL 2020

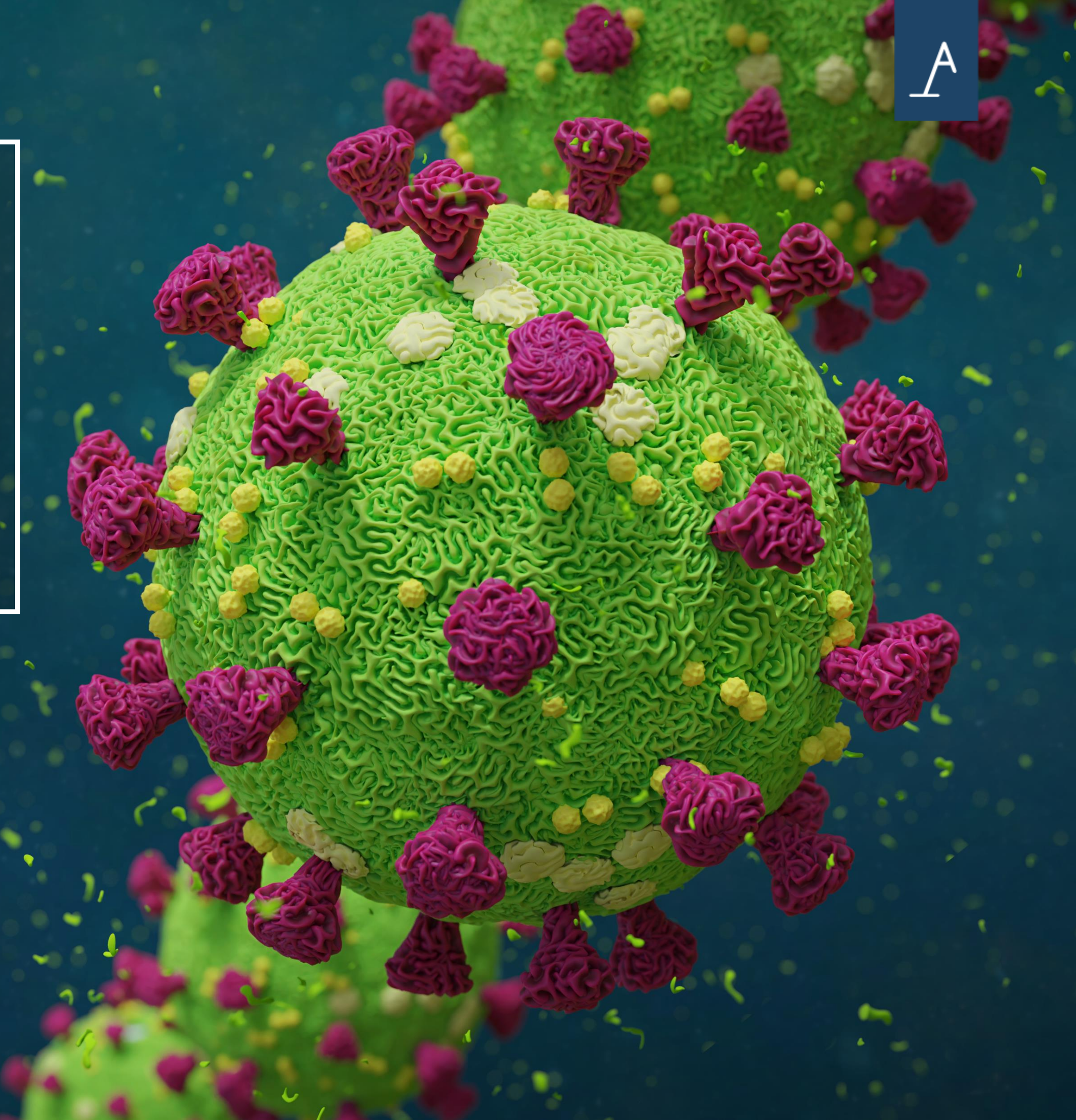
ANCHOR

NAVIGATING
CHANGE



ANCHOR FIXED INCOME MARKET UPDATE

NOLAN WAPENAAR
CO-CIO AND FUND MANAGEMENT



AGENDA

Relief Programmes

US Yields

South African Yields

The Rand



RELIEF PROGRAMMES

List of Programmes in the United States

NATURE	ESTIMATED SIZE (\$BN)	PROGRAMME
Financial Market Support	2 400	Quantitative Easing
Financial Market Support	500	Primary Market Corporate Lending Facility
Financial Market Support	250	Secondary Market Corporate Lending Facility
Financial Market Support	100	Term Asset Backed Loan Facility
Financial Market Support	500	Municipal Lending Facility
Total	3 750	17,8% of GDP to ensure that funding for corporate sector is available and does not freeze up.
SMME Support	2 200	CARES Act.
SMME Support	550	Paycheck Protection Programme Liquidity Facility
Total	2 750	13% of GDP to support SMME.

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30% of South Africa's GDP would amount to R900 billion of support.

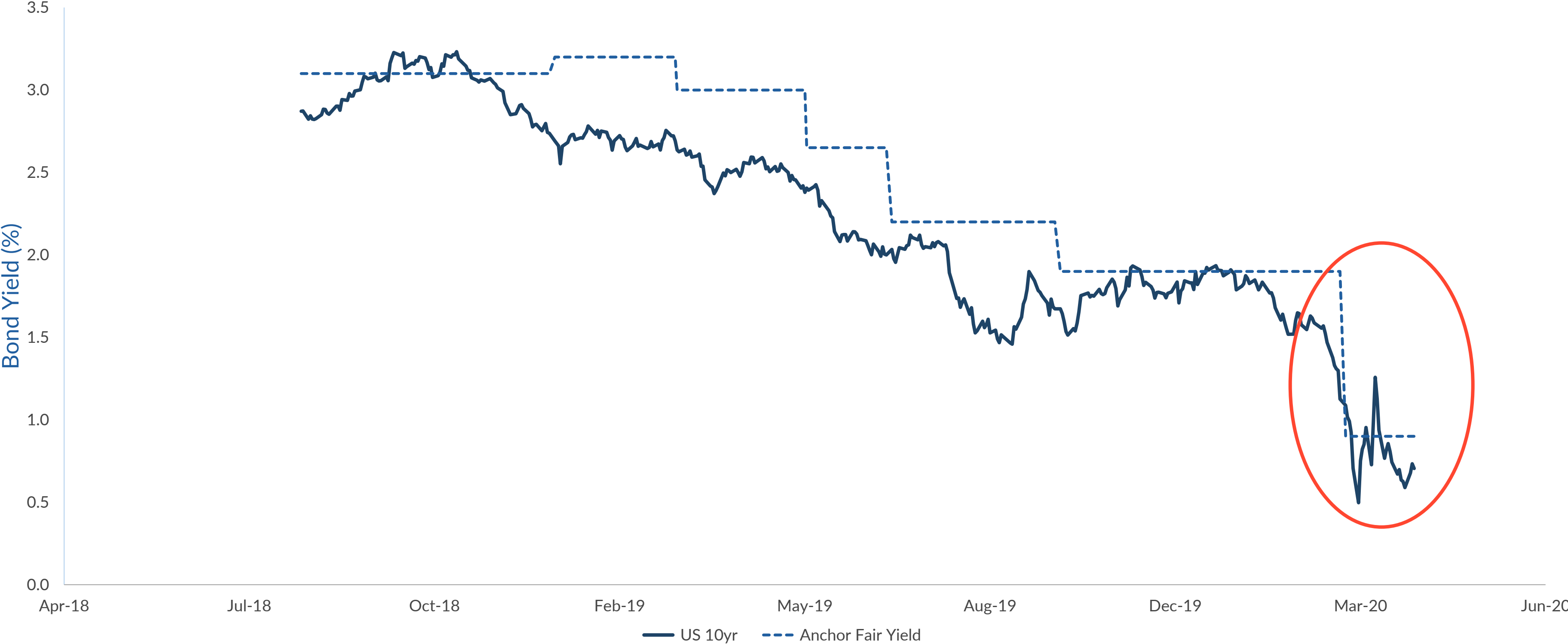
In the US, companies borrow money from the leveraged loan market and the bond market. In South Africa, companies borrow money from banks. South Africa does not need the financial market support that the US has applied and instead, the South African banks act as a buffer. We have seen regulatory relief that is specifically aimed at facilitating the banks giving assistance to the SMME market. The amount of the support from banks is difficult to quantify and it is clear that SMME's will not all be paying their rent and wages at the end of April. The costs of Lockdown will be shared by banks, landlords, businesses and labour.

To just match the SMME support that we have seen in the US, South Africa would need to spend R390 billion. South Africa has so far announced support packages that are less than 4% of GDP if we include the benefits of the 2.25% interest rate cuts that we have seen in 2020.



US BONDS – WHY NOT ZERO (OR NEGATIVE)?

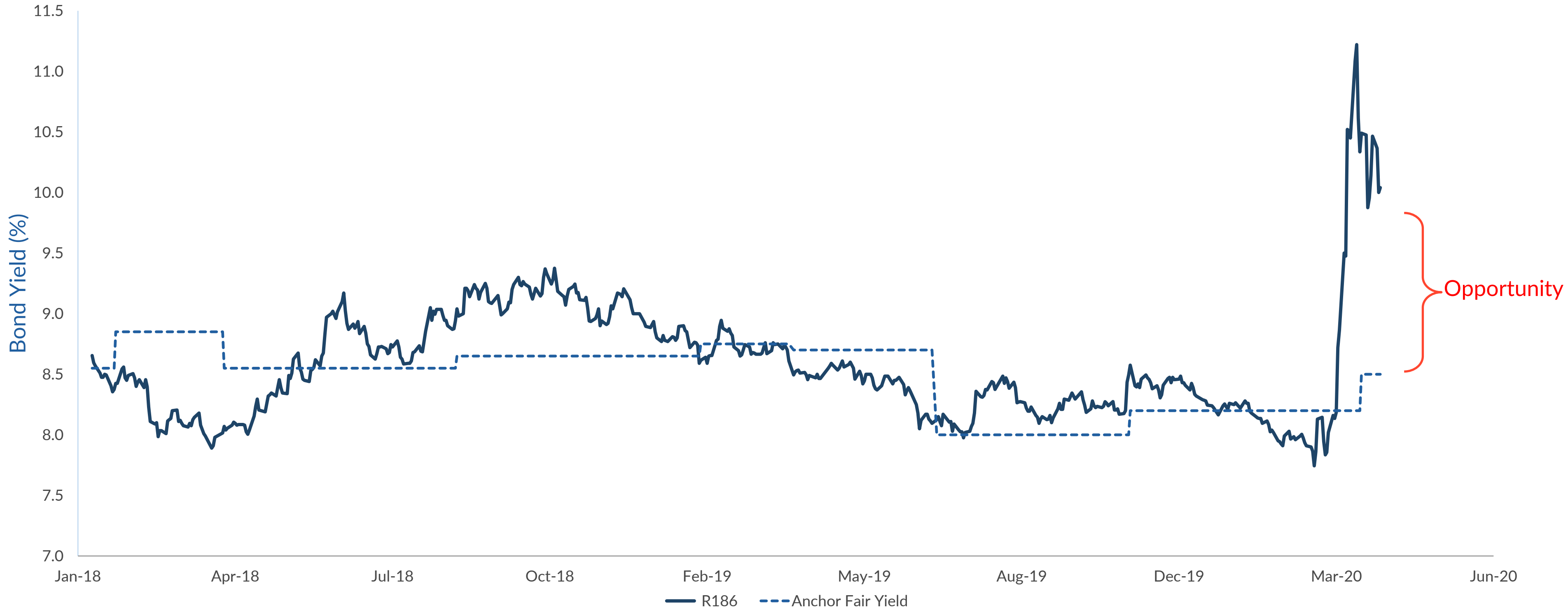
ANCHOR US BOND YIELD MONITORING





DOMESTIC BONDS – EXTREME BY ANY MEASURE

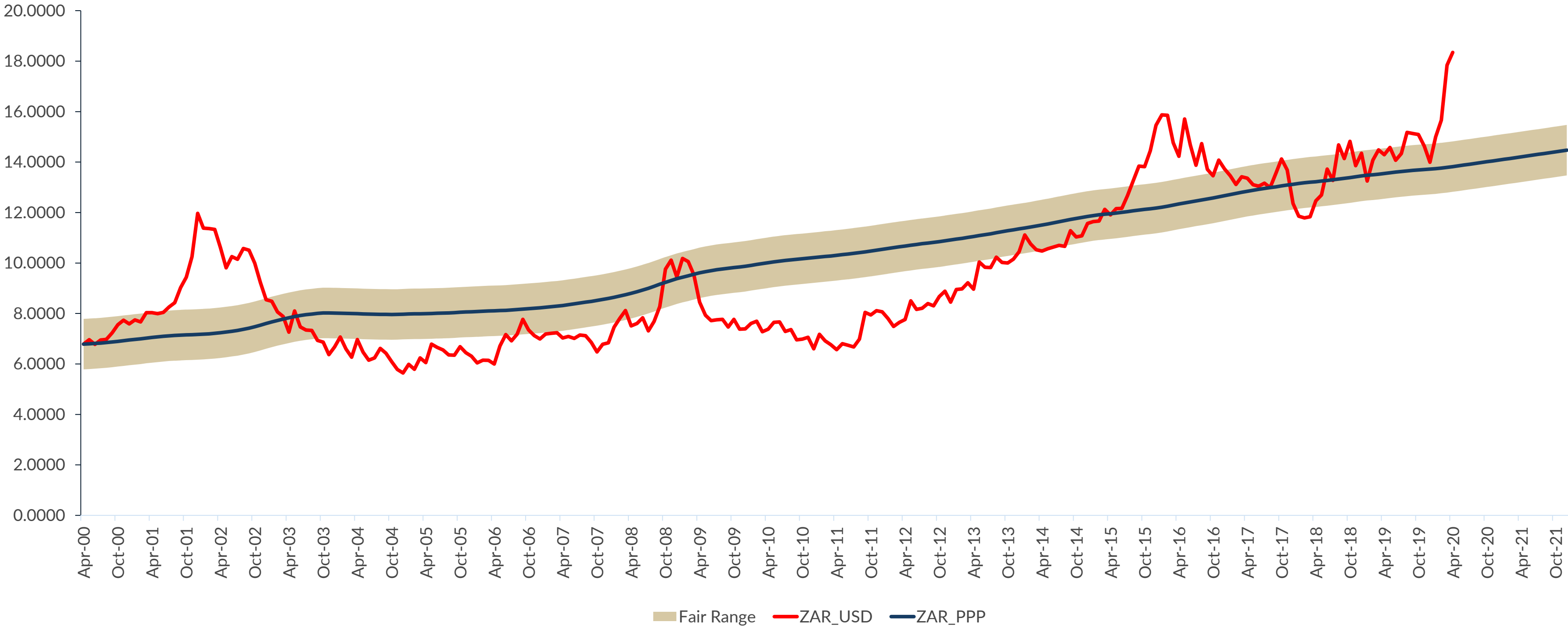
ANCHOR SA BOND YIELD MONITORING





CURRENCY - VERY STRETCHED

ACTUAL ZAR/USD VS ZAR PPP MODEL





THANK YOU

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