



Economic Headlines

Monday, 03 December 2018

China and US hail trade truce but key obstacles remain

US President Donald Trump and Chinese President Xi Jinping both got something out of hitting pause on a trade war that threatens both of their economies, but analysts said that the tenuous truce does little to deal with the core sticking points of their economic rivalry. The White House said it will postpone a planned increase of US tariffs on Chinese goods for 90 days, while China pledged to take in more US imports. The steps temporarily pause an escalating confrontation between the world's two largest economies that has rattled world markets. Trump launched the bitter row earlier in 2018 by implementing tariffs on billions of dollars in goods from China, which he accuses of market barriers and predatory practices that Washington says make fair trade impossible. The tariffs prompted tit-for-tat responses from Beijing. After months of sabre-rattling, however, Trump praised an "amazing and productive" meeting with Xi at the Group of 20 on Saturday, and Chinese state mouthpiece Xinhua news agency said the outcome in Buenos Aires "needs to be cherished". "This is good news for both countries, and a relief for the international community," Xinhua said. The pause allows Xi to stave off an escalation of the pressure that higher tariffs would place on his country's slowing economy. At the same time, Trump — stung by the US Democrats' congressional win in midterm elections — can avoid further pain for agricultural US states whose exports of key crops such as soya beans to China have been hit, said Beijing-based political consultant Hua Po. "This was a rare opportunity for China because [the midterms] made Trump a lame president. So at this time, it was acceptable for China to maintain some bottom lines while making concessions," Hua said. But analysts said the two sides remain miles apart on key issues.- [AFP](#)

Naspers grows interim earnings 39%

Africa's largest public company said interim revenue was up 23%, thanks mostly to Tencent and MultiChoice. Naspers, Africa's largest public company, said on Friday its core headline earnings in the six months to end-September grew 39% to \$1.7bn (R23bn), thanks to its interest in China's Tencent and a healthier e-commerce business. "Naspers executed well in the first half of the 2019 financial year, generating group revenue, measured on an economic-interest basis, of \$11bn," the group said. That represents revenue growth of 23%. The e-commerce business, into which Naspers has been investing heavily using funds from MultiChoice and Tencent, reduced trading losses "materially". The classifieds unit turned profitable while trading-loss margins in online retail and payments narrowed considerably as revenues grew, the company said. At the end of September, Naspers was sitting on a cash pile of \$8.7bn thanks to the sale of its 12% stake in Indian e-commerce company Flipkart and the disposal of some of its Tencent shares earlier in the year. - [BusinessDay, Nick Hedley](#)

Cash-flush Naspers to invest R4.6bn in SA's tech sector and black-owned start-ups

Naspers is sitting on a large cash pile after trimming its stake in China's Tencent and selling its investment in India's Flipkart. Cash-flush Naspers says it will invest R4.6bn in SA's technology sector over the next three years, partly through a new fund that will put money behind black-owned start-ups. The group made the announcement on Friday at SA's inaugural investment conference, where companies pledged new investments worth a total of more than R100bn. Naspers is sitting on a large cash pile after trimming its stake in China's Tencent and selling its investment in India's Flipkart. Thanks to those sales, the group has about \$10bn on its books. About a fifth of that will go towards buying out minority shareholders of underlying group companies, while the rest will go towards new growth opportunities, particularly in classifieds, online food delivery and fintech, management has said. Naspers said on Friday that over the next three years, it would spend R3.2bn on the development of its existing technology businesses in SA, including OLX, Takealot and online food delivery service Mr D Food. It would also launch a R1.4bn start-up fund, called Naspers Foundry, in 2019. The fund would invest in and support local technology start-ups "seeking to address big societal needs". "The Naspers Foundry aims to both encourage and back South African entrepreneurs to create businesses which ensure SA benefits from this technology innovation," Naspers CEO Bob van Dijk said. - **Business Day, Nick Hedley**

GIPF Chairman to serve on the board of Capricorn Group

The Government Institutions Pension Fund's chairman, Goms Menetté, will serve on the Capricorn Investment Group's board, which owns companies such as Bank Windhoek, the group announced on Monday. Menetté's appointment, effective 23 November 2018, follows the GIPF's move in 2017 which saw the fund buying 26% shares worth N\$2 billion in Capricorn. Menetté is the deputy auditor general, and holds an MBA and a postgraduate diploma in management from Buckinghamshire Chilterns University. The group also announced on Wednesday that shareholder Capricorn Investment Holdings has bought an additional 3,6 million shares worth about N\$58 million on the market. In June 2018, Capricorn Investment Holdings owned 41% of the group. - **The Namibian**

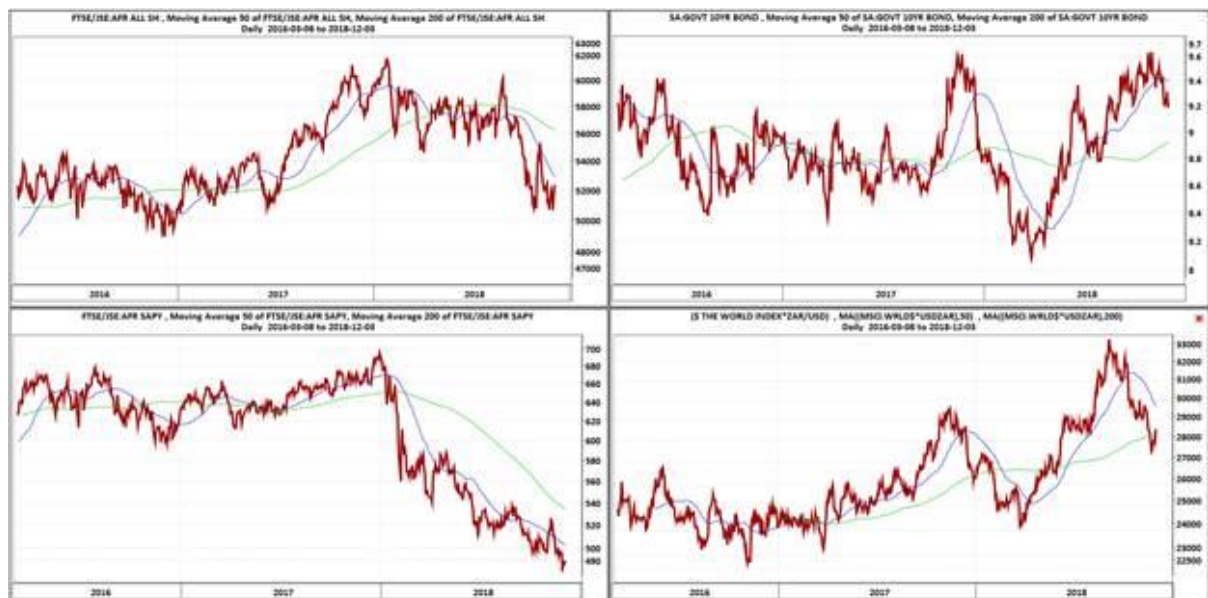
Container terminal planned at Gobabis

TransNamib Holdings and Botswana Railways have signed a Memorandum of Understanding that will see a container terminal developed at Gobabis. The agreement was signed by the chief executive officer of TransNamib, Johny Smith, and the chief executive officer of Botswana Railways, Leonard Musa, in Gaborone on Monday. "The MoU signals the beginning of a beneficial relationship to develop and enhance trade between the two countries," TransNamib spokesperson Ailly Hangula-Paulino said in a statement. Hangula-Paulino said the cooperation will help open up import and export opportunities. This will help unlock the value of the Trans-Kalahari route, even though the two countries have not yet been linked by rail. "This MoU will serve as the short- to medium-term partnership to connect the two rail companies via rail-road intermodal service," she said. She explained that the intermodal linkage from Walvis Bay to Gobabis will replace the road transportation return trip which is about 1 200 kilometres. "This agreement serves as impetus and should bring back life into rail again. We hope this serves as a starting point to assist the two governments to develop the Trans-Kalahari railway project," Hangula-Paulino said. The MoU will also help the two parties to collaborate in train plan automatisisation, signalling systems, level crossings, siding connectivity, human capital-related learnings and growth, she said. - **Nampa, the Namibian**

SA wankel op rand van afgrond, waarsku Rupert

Mense besef nie hoe naby Suid-Afrika aan 'n Zimbabwe-Argentinië-Venezuela-tipe situasie is nie, waarsku Johann Rupert, voorsitter van Remgro. Hy het Donderdag op Remgro se jaarvergadering gesê dit bekommer hom omdat mense blykbaar nie besef "in watter moeilikheid ons is nie". "Die meeste mense met wie ek praat glo Amerika gaan teen 2020 in 'n resessie wees. Pres. Donald Trump

is vasbeslote om oral handelsoorloë te voer. “Dit is vreesaanjaend soortgelyk aan die laat 1920's. Fascisme neem toe, populisme neem toe, ekstremiste word verkies en gematigde mense word stilgemaak.” Terselfdertyd, sê hy, blyk dit nou staatskaping in Suid-Afrika is erger as wat hy gedink het dit is. “Vier jaar gelede het ek hier in Suid-Afrika vir Hemingway aangehaal en gesê – 'Hoe raak jy bankrot: stadig, stadig, stadig en dan skielik'. Ek is berispe omdat ek gesê het ons is rot en kaal bestee vir radikale ekonomiese transformasie.” Rupert sê hy is geskok oor wat by die Zondokommissie van ondersoek na staatskaping aan die lig kom. “En ek het geweet dit was erg.” Rupert het twee jaar gelede op die jaarvergadering gesê hy word as teiken gebruik om die aandag van staatskaping weg te lei. Hy verwys na Eskom se skuld van meer as R400 miljard en die probleme by die Suid-Afrikaanse Lugdiens (SAL). Begin die dinge bymekaartel. Ons het werklike probleme. Maar wat doen ons? Kyk hoe gedra mense hulself in die parlement. “Dit is asof hulle (die parlementariërs) nie verstaan hoe naby ons is – as ons nie almal saamkom en saamwerk nie – aan 'n Zimbabwe-Argentinië-Venezuela-tipe situasie. “Ek sê nie dit gaan gebeur nie, maar dis die goed waaroor julle bekommerd moet wees,” het hy aan aandeelhouers gesê. Hy meen beleggers moet meer bekommerd wees oor watter maatskappye gaan oorleef as oor dinge soos die diskonto waarteen Remgro se aandeelprys tot sy netto batewaarde verhandel (waaroor hy uitgevra is). “Want glo my, as alle hel losbars gaan jy bekommerd wees oor watter maatskappye gaan oorleef.” Hy het gevra dat strestoetse op Remgro se maatskappye uitgevoer word. “Kyk wat gebeur in Zimbabwe en Venezuela en elke nou en dan in Argentinië en strestoets jou onderneming en kyk of jy gaan oorleef.” Shane Watkins, uitvoerende hoof van die batebestuurder All Weather Capital, wou weet waar Remgro geleenthede sien om sy potensiële R15 miljard in kontant te belê wat twee jaar gelede met 'n regte-uitgifte ingesamel is, en die geld wat hy vir sy belang in Unilever gekry het. Rupert het verwys na die algemeen aanvaarde wysheid dat 'n belegging in eiendom oor die ligging daarvan gaan, en gesê hier gaan dit nie oor ligging nie, maar oor tydsberekening. “Daar is tans te veel goedkoop kapitaal wat geleenthede najaag. Wees gerus, die geld sal gebruik word. Ons sal gereed wees as die tyd reg is.” - [Nellie Brand-Jonker, Netwerk24](#)



The U.S.-China Trade War: A Brief Recap



U.S. Action

- **January 22nd, 2018**
 - Tariffs against washing machines and solar cell imports
- **March 9th, 2018**
 - Signed tariffs on imported steel and aluminum from all nations
- **May 25th, 2018**
 - Announced a \$1.3 billion fine and other penalties for ZTE, the Chinese telecommunication tech company
- **June 15th, 2018**
 - Announced tariffs on \$50 billion of goods
- **July 6th, 2018**
 - Tariffs on \$34 billion of goods
- **August 23rd, 2018**
 - Tariffs on \$16 billion of goods
- **September 24th, 2018**
 - 10% tariff on \$200 billion of Chinese goods effective till the end of 2018, with potential to rise to 25% in 2019



Chinese Action

- **April 2-4, 2018**
 - Tariffs on \$3 billion of goods
- **April 17th, 2018**
 - Began collecting anti-dumping tariffs on sorghum imports from the U.S. worth \$1 billion
- **June 15th, 2018**
 - Announced tariffs on \$50 billion of goods
- **July 6th, 2018**
 - Tariffs on \$34 billion of goods
- **August 23rd, 2018**
 - Tariffs on \$16 billion of goods
- **September 24th, 2018**
 - Retaliated with tariffs on \$60 billion of goods



@StatistaCharts Source: Bloomberg

Market Overview

Money Market		Change	Latest
3 months	→	0.00%	7.15%
6 months	→	0.00%	7.75%
9 months	→	0.00%	8.03%
12 months	↓	-0.01%	8.37%
Bonds		Change	Latest
GC21 (R208 : 7.17%)	↓	-0.04%	8.03%
GC24 (R186 : 8.88%)	↓	-0.06%	10.03%
GC27 (R186 : 8.88%)	↓	-0.06%	10.13%
GC30 (R2030 : 9.33%)	↓	-0.05%	10.78%
GC32 (R213 : 9.43%)	↓	-0.05%	11.03%
GC35 (R209 : 9.61%)	↓	-0.05%	11.11%
GC37 (R2033 : 9.55%)	↓	-0.05%	11.35%
Commodities		%Change	Latest
Gold	↑	0.85%	\$ 1,230.86
Platinum	↑	1.46%	\$ 809.76
Copper	→	0.00%	\$ 6,198.00
Brent Crude	↑	4.33%	\$ 60.97
Main Indices		%Change	Latest
NSX (Delayed)	↑	0.97%	1272.41
JSE All Share	↑	3.46%	52,418.46
S&P 500	↑	0.82%	2,760.17
FTSE 100	↑	2.32%	7,141.93
Hangseng	↑	2.55%	27,182.04
DAX	↑	2.65%	11,555.04
JSE Sectors		%Change	Latest
Financials	↑	2.19%	16,556.46
Resources	↑	4.81%	38,211.89
Industrials	↑	3.94%	64,533.52
Forex		%Change	Latest
N\$/US Dollar	↓	-1.53%	13.6580
N\$/Pound	↓	-1.60%	17.4054
N\$/Euro	↓	-1.32%	15.4920
US Dollar/ Euro	↑	0.23%	1.1343
Namibia Monthly Data		Latest	Previous
Namibia Inflation (Oct 18)		5.1	4.8
Bank Prime		10.50	10.50
BoN Repo Rate		6.75	6.75

Source: Bloomberg



Capricorn Asset Management



Bank Windhoek

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