



Market Update

Thursday, 04 April 2019

Global Markets

Asian shares held near an eight-month peak on Thursday as investors awaited developments on Sino-U.S. trade talks, with both sides appearing closer to signing a deal and improved risk appetite weighing on safe-haven assets like the yen.

MSCI's broadest index of Asia-Pacific shares outside Japan took a breather after five straight days of gains took it to its highest since late August. Chinese shares started firm with the blue-chip index up 0.9 percent. Hong Kong's Hang Seng index was a tad softer. Japan's Nikkei nudged 0.2 percent higher to stay near a recent one-month top.

U.S. data out on Wednesday showed services sector activity hit a more than 19-month low in March and private payrolls grew less than expected, supporting the Federal Reserve's move to suspend interest rate hikes this year. Investors are worried about a sharp slowdown in economic growth in the first quarter.

Risk sentiment this week was helped by media reports touting progress in Sino-U.S. trade talks. Bloomberg reported on Thursday the U.S. wanted to set a 2025 target for China to meet trade pledges. The plan would see China committing to buy more U.S. commodities, including soybeans and energy products, and allow full foreign ownership for U.S. companies operating in China as a binding pledge. On Wednesday, the Financial Times reported the United States and China were closer to reaching a final trade agreement. Investors are keen to see if the ongoing talks lead to an earlier-than-anticipated meeting between U.S. President Donald Trump and his Chinese counterpart Xi Jinping to sign an accord.

Overnight, Wall Street edged higher to extend a strong start to the quarter as a rally among chipmaker shares provided a boost to the broader market. The Dow rose 0.15 percent, while the S&P 500 gained 0.21 percent and the Nasdaq 0.6 percent.

Moves in the currency market were miniscule after bigger swings overnight. All the major currencies gained on the safe-haven yen with the risk-sensitive Australian dollar touching a five-week high. The greenback was subdued on Thursday, easing against a basket of currencies to 97.051. The euro edged up to \$1.1244, while reaching a two-week top on the yen at 125.45. Sterling gained to \$1.3177 after British Prime Minister Theresa May held talks with the opposition Labour party in a bid to break the Brexit deadlock that may lead to a softer departure deal with the EU. The lower house

of Britain's parliament late on Wednesday also narrowly passed legislation which would force May to seek a delay to Brexit in order to prevent the risk of leaving without a deal on April 12.

In commodity markets, spot gold nudged up to \$1,292.21 per ounce. U.S. crude eased 6 cents to \$62.4 while Brent crude rose 1 cent to \$69.32.

Source: Thomson Reuters

Domestic Markets

South Africa's rand strengthened on Wednesday as hopes of a trade deal between the United States and China bolstered risk appetite globally, while stocks also strengthened in line with global market optimism. At 1541 GMT the rand was 0.42 percent firmer at 14.1500 per dollar compared with a close of 14.2100 in New York on Tuesday.

Demand for emerging-market currencies grew after the Financial Times reported China and the U.S. had resolved most of the issues standing in the way of a trade deal. White House economic adviser Larry Kudlow said also on Tuesday China and the United States expect to "make more headway" in trade talks this week.

The rand was hovering close to a one-month high of 14.0750 reached on Tuesday after Moody's struck a surprisingly positive note in a credit opinion, following the agency's decision on Friday to delay a review that might have removed South Africa's last investment-grade rating.

On the bourse, the markets gained with the Johannesburg All-Share index rising 1.34 percent to 57,926 points while the Johannesburg Top-40 index was up by 1.35 percent to 51,641 points.

"It's all up, it's up by 800 points. If there's a deal, people that will benefit are the emerging markets," said Greg Davies, equities trader at Cratos Capital. Among the gainers were financial shares, with ABSA up 4.22 percent to 164,60 rand and Standard Bank closing up 2.09 percent to 194.61 rand.

In fixed income, the yield on the benchmark government bond due in 2026 added a single basis point to close at 8.53 percent.

Source: Thomson Reuters

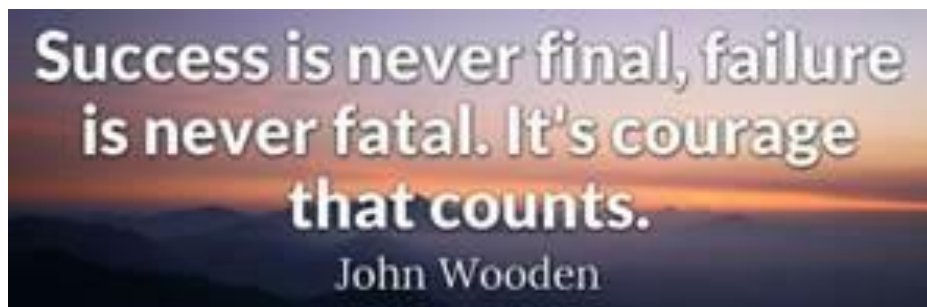


Chart of the Day

Namibian Credit Growth

PSCE Private Sector Credit Extension yoy %



Source: Thomson Reuters Datastream, Capricorn Asset Management

Market Overview

MARKET INDICATORS		04 April 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	⇒	7.31	0.000	7.31	7.31
6 months	⇒	7.88	0.000	7.88	7.88
9 months	⇒	8.15	0.000	8.15	8.15
12 months	↑	8.33	0.001	8.33	8.33
Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↑	7.91	0.040	7.87	7.92
GC24 (BMK: R186)	↑	9.49	0.025	9.47	9.50
GC27 (BMK: R186)	↑	9.72	0.025	9.70	9.73
GC30 (BMK: R2030)	↓	10.28	-0.155	10.43	10.28
GI22 (BMK: NCPI)	⇒	4.66	0.000	4.66	4.66
GI25 (BMK: NCPI)	⇒	5.11	0.000	5.11	5.11
GI29 (BMK: NCPI)	⇒	5.73	0.000	5.73	5.73
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,290	-0.24%	1,293	1,293
Platinum	↑	875	3.40%	846	876
Brent Crude	↓	69.3	-0.09%	69.4	69.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX (Delayed)	↑	1,374	1.51%	1,353	1,374
JSE All Share	↑	57,926	1.34%	57,158	57,926
SP500	↑	2,873	0.21%	2,867	2,873
FTSE 100	↑	7,418	0.37%	7,391	7,418
Hangseng	↑	29,986	1.22%	29,625	29,827
DAX	↑	11,954	1.70%	11,755	11,954
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,860	1.37%	16,631	16,860
Resources	↑	48,402	2.06%	47,423	48,402
Industrials	↑	70,321	1.02%	69,611	70,321
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.16	-0.23%	14.19	14.18
N\$/Pound	↓	18.63	0.00%	18.63	18.70
N\$/Euro	↑	15.91	0.05%	15.90	15.93
US dollar/ Euro	↑	1.123	0.29%	1.12	1.124
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	4.4	4.7	4.1	4.0
Prime Rate	⇒	10.50	10.50	10.25	10.25
Central Bank Rate	⇒	6.75	6.75	6.75	6.75

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

Source: Bloomberg

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