



Market Update

Thursday, 05 December 2019

Global Markets

Stock markets in Asia gained on Thursday on hopes that China and the United States may soon seal a preliminary deal to end their 17-month trade war, but conflicting signals from U.S. President Donald Trump kept a lid on investor optimism. Hopes that an agreement would soon emerge stemmed from a Bloomberg report on Wednesday that the two sides were close to a "phase one" deal, and U.S. President Donald Trump's remarks that the talks were going "very well" after he had earlier said it might take until late 2020 to reach an accord.

"My base case scenario is the two sides reach some deal. The pressure for a deal is immense simply because of the economic slowdown in both countries," said Shane Oliver, head of investment strategy and chief economist at AMP Capital Investors in Sydney. "However, we see increased volatility because policy uncertainty has become a constant."

As investors tilted towards optimism riskier assets rose and safe havens like the Japanese yen weakened. MSCI's broadest index of Asia-Pacific shares outside Japan gained 0.4%. Japan's Nikkei stock index gained 0.7%, Australian shares were up 1%, and in China, both blue chips and Hong Kong's Hang Seng index rose 0.3%.

U.S. stock futures fell 0.04% on Thursday in Asia after the S&P 500 gained 0.63% on Wednesday. Analysts warn that more market turbulence is possible given Sino-U.S. negotiations are very fluid. If China and the United States cannot reach an agreement soon, the next important date to watch is Dec. 15, when Washington is scheduled to impose even more tariffs on Chinese goods. Traders are also bracing for the closely-watched U.S. non-farm payrolls report due Friday to determine how well the U.S. economy is holding up amid a global slowdown. Trading will likely be thin and there will be little money chasing these unpredictable trade headlines as the year-end approaches, said Robert Carnell, chief economist and head of research for Asia-Pacific at ING in Singapore. "The motivation now (for investors) is not to lose any money if you're under water, and if you've made money, keep it that way," he said. "If you haven't positioned yet you are not going to in the next couple of weeks."

The yen traded flat 108.85 per dollar, ceding some of the previous day's gains as positive signs about the trade dispute hurt demand for safe-haven currencies. The yield on benchmark 10-year Treasury notes fell slightly to 1.7603% in Asia, retracing some of the gains made in the previous session.

U.S. crude edged 0.22% lower to \$58.21 a barrel on Thursday as a 3% rally overnight showed signs of fading. However, prices could be supported if the Organization of the Petroleum Exporting Countries, and fellow producers including Russia, approve deeper crude output cuts when they meet in Vienna on Thursday and Friday.

Source: Thomson Reuters

Domestic Markets

South Africa's rand clawed back some lost ground on Wednesday with renewed optimism that China and the United States would strike a trade deal outweighing a surprise third-quarter contraction in the local economy. U.S. President Donald Trump said on Wednesday trade talks with China were going "very well", striking a more positive tone than on Tuesday when he said a deal might have to wait until after the 2020 U.S. presidential election. At 1520 GMT, the rand was 0.34% firmer at 14.5870 per dollar. It had slipped to a session low of 14.6980 on Tuesday as the 0.6% contraction to gross domestic product (GDP) snapped the currency's four-session winning streak. A Reuters poll of analysts had forecast a marginal 0.1% quarter-on-quarter expansion.

A broad slowdown in Africa's most advanced economy, led by mining, manufacturing and agriculture, has reignited fears of credit downgrades, spooking investors that have been lured in by the currency's high yield.

Bonds were firmer on Wednesday, with the yield on the benchmark 2026 debt down 5.5 basis points at 8.43%. On the bourse, stocks rose alongside emerging market shares after a report suggesting some progress in Sino-U.S. trade talks helped offset concerns about further delays to progress in curtailing their trade war. The benchmark JSE Top-40 Index was up 1.06% to 48,809.33 points, while the broader All-Share Index rose 0.82% to 54,933.21 points.

Financial services company Discovery and grocers Shoprite were at the top of the blue-chip index with Discovery gaining 4.03% to 113.52 rand while Shoprite rose 3.46% to 131.79 rand. Telecommunications groups Vodacom and MTN made modest gains after MTN announced that it would "vigorously" oppose recommendations of the Competition Commission after the regulator instructed the two companies to lower data prices. Vodacom rose by 1.31% while MTN was up 0.95%. Preventing further gains were gold miners Sibanye and AngloGold Ashanti, which declined off the back of weaker gold prices. Sibanye was down 2.71% while rival AngloGold dipped 2.69%.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS		05 December 2019			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↑	7.214	0.115	7.099	7.214
6 months	↑	7.395	0.138	7.257	7.395
9 months	↑	7.645	0.215	7.43	7.645
12 months	↑	7.676	0.103	7.573	7.676
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC20 (BMK: R207)	↓	7.206	-0.017	7.223	7.192
GC21 (BMK: R2023)	↑	8.185	0.002	8.183	8.185
GC22 (BMK: R2023)	↓	8.081	-0.016	8.097	8.076
GC23 (BMK: R2023)	↓	8.352	-0.003	8.355	8.352
GC24 (BMK: R186)	↑	9.028	0.001	9.027	9.026
GC25 (BMK: R186)	↑	9.044	0.004	9.040	9.044
GC27 (BMK: R186)	↓	9.284	-0.012	9.296	9.281
GC30 (BMK: R2030)	↑	9.834	0.001	9.833	9.834
GC32 (BMK: R213)	↓	10.405	-0.037	10.442	10.394
GC35 (BMK: R209)	↑	10.814	0.015	10.799	10.814
GC37 (BMK: R2037)	↓	11.063	-0.021	11.084	11.062
GC40 (BMK: R214)	↑	11.277	0.014	11.263	11.276
GC43 (BMK: R2044)	↑	11.656	0.008	11.648	11.656
GC45 (BMK: R2044)	↑	11.843	0.002	11.841	11.844
GC50 (BMK: R2048)	↑	12.019	0.021	11.998	12.019
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI22 (BMK: NCPI)	→	4.388	0.000	4.388	4.388
GI25 (BMK: NCPI)	→	4.600	0.000	4.600	4.601
GI29 (BMK: NCPI)	→	5.550	0.000	5.550	5.550
GI33 (BMK: NCPI)	→	6.142	0.000	6.142	6.143
GI36 (BMK: NCPI)	→	6.417	0.000	6.417	6.418
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↓	1,474.59	-0.20%	1,477.61	1,474.89
Platinum	↓	895.62	-1.56%	909.78	892.75
Brent Crude	↑	63.00	3.58%	60.82	62.98
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↑	582.54	1.08%	576.33	582.54
JSE All Share	↓	54,955.57	-0.12%	55,022.87	54,955.57
S&P 500	↑	3,112.76	0.63%	3,093.20	3,112.76
FTSE 100	↓	7,174.92	-0.19%	7,188.50	7,174.92
Hangseng	↑	26,217.04	0.59%	26,062.56	26,217.04
DAX	↓	13,126.17	-0.11%	13,140.57	13,126.17
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	↑	15,408.87	1.16%	15,232.57	15,396.47
Resources	↑	46,707.84	0.75%	46,358.96	46,900.85
Industrials	↑	66,597.78	1.18%	65,818.46	66,234.47
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	14.59	-0.34%	14.64	14.66
N\$/Pound	↑	19.12	0.53%	19.02	19.27
N\$/Euro	↓	16.17	-0.31%	16.22	16.26
US Dollar/ Euro	→	1.11	0.00%	1.11	1.11
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	3.02	3.26	3.70	4.10
Prime Rate	→	10.25	10.25	10.00	10.00
Central Bank Rate	→	6.50	6.50	6.50	6.50

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

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.

Source: Thomson Reuters



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