



## Market Update

Friday, 06 December 2019

### Global Markets

Asian stocks gained on Friday as investors took heart from U.S. President Donald Trump saying trade talks with China were "moving right along", and U.S. oil prices sat near 2-1/2-month highs after OPEC and other producers agreed to cut output. MSCI's broadest index of Asia-Pacific shares outside Japan was up 0.5% and Japan's Nikkei added 0.3%. Australian shares rose 0.2% and South Korea's Kospi climbed 0.8%, while China's Shanghai Composite and Hong Kong's Hang Seng index's gaining 0.1% and 0.9%, respectively.

Trump's upbeat tone in comments on Thursday was enough to spark buying, despite a lack of agreement between Washington and Beijing over whether existing tariffs should be dropped as part of a preliminary deal to end their trade war. "Many players have taken a wait-and-see attitude given a lack of fresh trading cues ahead of U.S. payrolls data and the Federal Reserve's policy meeting. But clearly, the mood is quite positive," said Yasuo Sakuma, chief investment officer at Libra Investments. Investors were hoping that the two sides will reach a compromise to at least avoid their worst fears - that the United States will go ahead with its final batch of tariffs on about \$156 billion of Chinese exports. Uncertainties over a deal have pushed some investors to the sidelines in recent sessions, while nervousness before the release of U.S. non-farm payrolls data later in the day could also curb market liquidity. Investors were also looking ahead to a Fed policy meeting on Dec. 1-11. A Reuters poll of economists and analyst showed the Fed would keep rates on hold at 1.50-1.75%.

Oil prices retreated but hovered near recent peaks after major oil exporting countries agreed on Thursday to cut output by an extra 500,000 barrels per day in the first quarter of 2020, after a nearly six-hour meeting on Thursday. Details of the agreement and how the cuts will be distributed among producers still need to be ratified at a meeting in Vienna of OPEC and non-OPEC nations, otherwise known as OPEC+, on Friday. ("The cut of an extra 500,000 barrels a day was not priced into the market, so the cut will be positive for the market if it is carried out," said Tatsufumi Okoshi, senior commodity economist at Nomura. "But since OPEC countries haven't fully complied with the existing cut, markets will probably have to wait to see how the cut will pan out," he added. Brent crude futures dipped 0.3% to \$63.20 a barrel, having struck its highest on Thursday since Nov. 28, while U.S. West Texas Intermediate (WTI) crude eased 0.2% to \$58.31 per barrel, but was not far off Thursday's 2-1/2-month high of \$59.12. The agreement coincided with the initial public offering (IPO)

of state oil firm Saudi Aramco, which was priced at the top of its range, raising \$25.6 billion in the world's biggest IPO.

In the currency market, the British pound soared on growing confidence that next week's election will give the Conservative Party the parliamentary majority it needs to deliver Brexit, ending near-term uncertainty. Sterling spiked to a seven-month high of \$1.3166 on Thursday and last stood at \$1.316, up 1.6% so far this week. It hit 2-1/2-year highs versus the euro. The euro stood at \$1.1108, near a one-month high of \$1.11165 set on Wednesday, lifted by firmer euro zone economic data. That helped push the dollar index to a one-month low of 97.356 on Thursday. The index last stood at 97.369. Against the yen, the dollar traded at 108.72 yen, having slipped slightly the previous day.

**Source: Thomson Reuters**

## **Domestic Markets**


South Africa's rand was weaker on Thursday on lingering economic weakness highlighted by the country's current account deficit and business confidence data. By 1545 GMT the rand was down 0.6% at 14.6820 per dollar from an overnight close of 14.6020.

Data from the central bank on Thursday showed the country's current account deficit has narrowed slightly but less than expected, while a measure of monthly business confidence showed businesses are still struggling with the tough economic climate and slack demand. Earlier in the week, a reading from the statistics agency showed the economy shrank 0.6% in the third quarter, raising concerns that the country could lose its last investment-grade credit rating from Moody's.

In equities, the benchmark JSE Top-40 Index slipped 0.5% to 48,589.71 points while the broader All-Share Index was down 0.4% at 54,779.76 points. "You've got this mood of uncertainty still as to how things are going to be fixed with (power company) Eskom and what could be done to get the economy kick-started," said Ferdi Heyneke, portfolio manager at Afrifocus Securities. Eskom implemented further power cuts on Thursday after a number of generating units broke down.

Services, trading, and distribution group Bidvest dropped 2.2% to 192.70 rand while retailer Mr. Price Group declined 1.9% to 179.60 rand. Preventing further losses were resource shares, with platinum miner Impala up 3.8%. Gold Fields rose 3.1%, helped partly by stronger gold prices. Bonds were broadly flat, with the yield on the benchmark 2026 bond at 8.43%.

**Source: Thomson Reuters**



**DON'T USE THE WEEKEND  
AS AN EXCUSE TO  
GIVE UP ON YOUR GOALS**

## Market Overview

MARKET INDICATORS		06 December 2019			
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↑	7.301	0.087	7.214	7.301
6 months	↑	7.395	0.138	7.257	7.395
9 months	↑	7.781	0.136	7.645	7.781
12 months	↑	7.748	0.072	7.676	7.748
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC20 (BMK: R207)	↑	7.294	0.088	7.206	7.266
GC21 (BMK: R2023)	↓	8.162	-0.023	8.185	8.164
GC22 (BMK: R2023)	↓	8.061	-0.020	8.081	8.058
GC23 (BMK: R2023)	↓	8.321	-0.031	8.352	8.319
GC24 (BMK: R186)	↓	9.010	-0.018	9.028	9.007
GC25 (BMK: R186)	↓	9.027	-0.017	9.044	9.028
GC27 (BMK: R186)	↓	9.260	-0.024	9.284	9.259
GC30 (BMK: R2030)	↓	9.812	-0.022	9.834	9.812
GC32 (BMK: R213)	↑	10.409	0.004	10.405	10.409
GC35 (BMK: R209)	↓	10.795	-0.019	10.814	10.795
GC37 (BMK: R2037)	↓	11.061	-0.002	11.063	11.062
GC40 (BMK: R214)	↓	11.254	-0.023	11.277	11.253
GC43 (BMK: R2044)	↓	11.634	-0.022	11.656	11.634
GC45 (BMK: R2044)	↓	11.833	-0.010	11.843	11.839
GC50 (BMK: R2048)	↓	11.998	-0.021	12.019	11.998
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI22 (BMK: NCPI)	→	4.388	0.000	4.388	4.390
GI25 (BMK: NCPI)	→	4.600	0.000	4.600	4.601
GI29 (BMK: NCPI)	↑	5.630	0.080	5.550	5.630
GI33 (BMK: NCPI)	↑	6.186	0.044	6.142	6.187
GI36 (BMK: NCPI)	↑	6.434	0.017	6.417	6.435
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	1,476.00	0.10%	1,474.59	1,473.97
Platinum	↑	898.05	0.27%	895.62	896.93
Brent Crude	↑	63.39	0.62%	63.00	63.41
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Overall Index	↓	580.07	-0.42%	582.54	580.07
JSE All Share	↑	55,309.31	0.52%	55,022.87	54,779.76
S&P 500	↑	3,117.43	0.15%	3,112.76	3,117.43
FTSE 100	↓	7,183.97	-0.06%	7,188.50	7,137.85
Hangseng	↑	26,498.37	1.07%	26,217.04	26,498.37
DAX	↓	13,083.04	-0.44%	13,140.57	13,054.80
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	→	15,408.87	0.00%	15,408.87	15,328.96
Resources	→	46,707.84	0.00%	46,707.84	46,758.58
Industrials	→	66,597.78	0.00%	66,597.78	66,082.37
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↑	14.65	0.41%	14.59	14.64
N\$/Pound	↑	19.28	0.84%	19.12	19.26
N\$/Euro	↑	16.26	0.56%	16.17	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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