



Market Update

Thursday, 07 February 2019

Global Markets

The Australian dollar tumbled on Wednesday after the country's central bank signaled a possible interest-rate cut in the latest indication that a global economic slowdown is tilting policymakers toward looser monetary policy, while a gauge of world equity markets edged off two-month highs.

Wall Street's benchmark S&P 500 slipped amid concerns over growth, disappointing earnings reports and another possible U.S. government shutdown in the wake of President Donald Trump's State of the Union address on Tuesday. European shares gained slightly.

Australia's central bank was the latest to signal policy easing in the face of economic headwinds. Last week, the U.S. Federal Reserve said it would be patient on further rate hikes as Fed Chairman Jerome Powell said the case for rate increases had "weakened," and the European Central Bank sounded less certain that it will start tightening policy later this year. The about-face pushed the Australian dollar down 1.62 percent against the U.S. dollar, putting it on track for its biggest daily drop since November 2016. In turn, the U.S. dollar moved higher against a basket of major currencies. "We are starting to see central banks follow Powell's lead," said Chris Gaffney, president of world markets at TIAA Bank in St. Louis. "That's what's actually contributed to this dollar rally that we have seen recently."

The dollar index, which tracks the greenback against six major currencies, rose 0.32 percent. The euro was down 0.42 percent to \$1.1364. The index was on pace for a fifth day of gains.

On Wall Street, the Dow Jones Industrial Average fell 21.22 points, or 0.08 percent, to 25,390.3, the S&P 500 lost 6.09 points, or 0.22 percent, to 2,731.61, and the Nasdaq Composite dropped 26.80 points, or 0.36 percent, to 7,375.28.

Shares of videogame makers Electronic Arts and Take-Two Interactive Software tumbled more than 10 percent after both companies gave disappointing forecasts. Still, the S&P 500 has surged more than 16 percent since Dec. 24. "After the big run-up that we have had, we are basically in more of a pause, digestion period, where we are seeing some churning but not a big overall move for the market," said Keith Lerner, chief market strategist with SunTrust Advisory Services in Atlanta.

European stocks were buoyed by gains in Italian banks and tech stocks. The pan-European STOXX 600 index rose 0.15 percent while MSCI's gauge of stocks across the globe shed 0.28 percent.

Benchmark U.S. 10-year notes last rose 3/32 in price to yield 2.6946 percent, from 2.704 percent late on Tuesday.

Signs of strong U.S. demand for distillate products and tightening global crude supply boosted oil prices, but gains were capped by the rising U.S. dollar and ongoing concerns about a global economic slowdown. U.S. crude settled up 0.7 percent at \$54.01 a barrel, while Brent settled at \$62.69 a barrel, up 1.2 percent.

Source: Thomson Reuters

Domestic Markets

South Africa's rand fell on Wednesday, in line with broad weakness in emerging market currencies, as the dollar settled near a two-week high after U.S. President Donald Trump's State of the Union speech failed to surprise currency traders. Stocks closed higher, with miners among the biggest gainers. At 1515 GMT, the rand was 0.93 percent weaker at 13.5075 per dollar compared with a close of 13.3825 in New York on Tuesday.

With activity in currency markets remaining subdued following holidays in Asia, the rand struggled to find takers as investors awaited South African President Cyril Ramaphosa's state of the nation speech on Thursday and the annual budget later in the month. "The upcoming weeks are of great importance for South Africa," UBS analysts Tilmann Kolb and Jonas David said in a note. "The State of the Nation Address on 7 February and the budget announcement on 20 February should offer clues as to how the government wants to address the increasing public debt load and strained finances of state-owned enterprises." A Reuters poll this week found the rand was likely to lose about half of the 7 percent gains made against the greenback since the start of the year over the next 12 months, pressured by fiscal constraints and weak growth.

Government bonds also weakened, with the yield on the benchmark government issue due in 2026 closing 6 basis points higher at 8.65 percent. On the bourse, the Johannesburg Stock Exchange's top-40 index closed at 48,318 points, an increase of 0.67 percent, while the broader all-share index climbed 0.67 percent to 54,574 points.

Harmony Gold rose 7 percent despite easing gold prices, while Royal Bafokeng Platinum and Lonmin both gained more than 3 percent. Meanwhile, shares in paper and pulp maker Sappi fell more than 5 percent after it released a trading update showing an increase in net debt in the first quarter of the year, even though it continued to grow profit in a difficult environment.

Source: Thomson Reuters

My life is my message. Mahatma Gandhi

Chart of the Day – Asset Class Returns to January 2019

All returns are to calendar month end of January, except mtd which is for the first few days of February. Each table is ranked on the 12 mth returns from best to worst.

International LC € \$ £ ¥	mtd	1 mth	3 mth	6 mth	YTD	12 mth	2 yr	3 yr	5 yr	7 yr	10 yr	15 yr
MSCI AUSTRALIA	0.5%	3.5%	1.5%	-4.6%	3.5%	2.0%	6.5%	10.4%	7.0%	9.5%	9.9%	8.9%
MSCI CANADA	0.4%	8.8%	4.1%	-4.6%	8.8%	0.0%	3.5%	9.8%	5.8%	6.6%	8.8%	7.0%
RUSSELL 1000 (EOD)	0.9%	8.4%	0.5%	-3.0%	8.4%	-2.2%	11.0%	14.1%	10.7%	13.2%	15.2%	8.4%
S&P 500 COMPOSITE	0.8%	8.0%	0.3%	-3.0%	8.0%	-2.3%	11.0%	14.0%	11.0%	13.0%	15.0%	8.2%
FTSE 100	0.9%	3.6%	-1.6%	-8.4%	3.6%	-3.5%	3.2%	8.9%	5.4%	7.0%	9.4%	7.0%
MSCI WORLD US	0.5%	7.8%	0.8%	-4.8%	7.8%	-6.0%	9.0%	11.9%	7.5%	10.1%	12.1%	7.2%
NIKKEI 225 STOCK AVERAGE	0.5%	3.8%	-5.0%	-7.0%	3.8%	-8.2%	6.5%	7.9%	8.8%	15.0%	12.0%	6.2%
EURO STOXX 50	0.2%	5.6%	-0.6%	-9.6%	5.6%	-9.1%	2.4%	5.0%	4.6%	7.9%	7.7%	4.6%
HANG SENG	0.2%	8.1%	12.0%	-1.2%	8.1%	-12.0%	13.0%	17.0%	8.9%	8.5%	12.0%	8.8%
MSCI EAFE US	-0.2%	6.6%	1.3%	-7.7%	6.6%	-12.1%	6.2%	8.3%	3.1%	6.4%	8.6%	5.6%
ISHARES MSCI EMRG.MKTS	-0.6%	10.0%	12.0%	-2.5%	10.0%	-14.0%	9.7%	14.0%	4.6%	2.4%	8.8%	7.7%
DAX 30 PERFORMANCE	0.0%	5.8%	-2.4%	-13.0%	5.8%	-15.0%	-1.6%	4.5%	3.7%	8.1%	9.9%	7.0%
MSCI CHINA	0.3%	11.2%	12.0%	-6.0%	11.2%	-19.6%	14.7%	17.5%	8.8%	7.3%	10.7%	10.8%

International in ZAR	mtd	1 mth	3 mth	6 mth	YTD	12 mth	2 yr	3 yr	5 yr	7 yr	10 yr	15 yr
RUSSELL 1000 (EOD)	1.7%	0.0%	-9.7%	-1.8%	0.0%	9.3%	10.1%	7.5%	14.6%	22.1%	18.2%	13.0%
S&P 500 COMPOSITE	1.6%	-0.4%	-9.9%	-1.7%	-0.4%	9.2%	10.0%	7.4%	15.0%	22.0%	18.0%	13.0%
MSCI WORLD US	1.3%	-0.5%	-9.4%	-3.5%	-0.5%	5.0%	8.2%	5.4%	11.3%	18.8%	15.1%	11.8%
MSCI CANADA	1.4%	4.3%	-6.5%	-4.2%	4.3%	4.5%	2.3%	5.8%	6.0%	10.6%	11.1%	11.7%
NIKKEI 225 STOCK AVERAGE	0.3%	-3.5%	-11.0%	-3.1%	-3.5%	2.9%	7.5%	5.3%	11.0%	18.0%	13.0%	11.0%
MSCI AUSTRALIA	0.4%	-1.1%	-6.1%	-5.2%	-1.1%	2.6%	3.6%	5.0%	6.8%	12.0%	14.4%	13.2%
FTSE 100	1.2%	-1.3%	-8.9%	-6.9%	-1.3%	-0.3%	4.7%	0.0%	4.3%	12.0%	11.0%	9.2%
MSCI EAFE US	0.7%	-1.7%	-8.9%	-6.5%	-1.7%	-1.7%	5.3%	1.9%	6.8%	14.8%	11.5%	10.1%
HANG SENG	1.0%	-0.5%	0.6%	0.1%	-0.5%	-2.0%	12.0%	9.5%	12.0%	17.0%	14.0%	13.0%
ISHARES MSCI EMRG.MKTS	0.2%	1.8%	0.4%	-1.2%	1.8%	-3.6%	8.8%	7.7%	8.3%	11.0%	12.0%	12.0%
EURO STOXX 50	0.6%	-2.2%	-9.6%	-10.0%	-2.2%	-6.5%	4.7%	0.8%	4.8%	14.0%	9.4%	8.6%
DAX 30 PERFORMANCE	0.5%	-2.0%	-11.0%	-13.0%	-2.0%	-13.0%	0.6%	0.3%	4.0%	14.0%	12.0%	11.0%
MSCI CHINA	0.9%	5.3%	4.5%	-4.5%	5.3%	-15.7%	15.3%	9.9%	10.4%	14.8%	13.9%	17.1%

COMMODITIES in US\$	mtd	1 mth	3 mth	6 mth	YTD	12 mth	2 yr	3 yr	5 yr	7 yr	10 yr	15 yr
Gold Sub Index TR	-0.4%	3.1%	8.6%	7.6%	3.1%	-2.1%	3.8%	5.0%	0.7%	-4.4%	2.9%	7.4%
Commodity TR	0.5%	5.4%	-2.4%	-4.4%	5.4%	-8.2%	-2.5%	2.7%	-7.9%	-7.5%	-2.7%	-2.2%
Energy Index TR	0.0%	9.2%	-14.2%	-11.5%	9.2%	-8.8%	-0.6%	4.6%	-17.6%	-12.6%	-11.2%	-11.1%
Agricultur Sub Index TR	0.5%	3.0%	1.0%	-5.0%	3.0%	-9.3%	-11.0%	-5.6%	-8.5%	-7.6%	-2.5%	-2.4%
Petroleum Index TR	1.9%	13.8%	-18.1%	-18.6%	13.8%	-12.2%	2.8%	9.3%	-16.0%	-11.7%	-5.1%	-3.5%
Softs Index TR	-0.1%	4.9%	-5.2%	-2.0%	4.9%	-12.3%	-19.2%	-4.6%	-8.8%	-11.8%	-2.5%	-3.9%
WTI Crude Oil Sub Index TR	1.5%	17.9%	-18.0%	-20.0%	17.9%	-12.6%	1.0%	6.2%	-19.1%	-14.9%	-8.9%	-6.4%
Industrial Metals Index TR	1.8%	8.0%	4.4%	-3.6%	8.0%	-13.2%	2.3%	11.0%	-0.7%	-4.6%	3.0%	3.4%
Copper Sub Index TR	0.4%	6.1%	4.7%	-1.9%	6.1%	-13.9%	-0.5%	8.8%	-3.7%	-5.4%	4.9%	7.0%

COMMODITIES in ZAR	mtd	1 mth	3 mth	6 mth	YTD	12 mth	2 yr	3 yr	5 yr	7 yr	10 yr	15 yr
Gold Sub Index TR	0.4%	-4.9%	-2.4%	9.0%	-4.9%	9.4%	3.0%	-1.2%	4.2%	3.1%	5.7%	12.0%
Commodity TR	1.3%	-2.7%	-12.3%	-3.1%	-2.7%	2.6%	-3.3%	-3.3%	-4.7%	-0.2%	-0.1%	2.0%
Energy Index TR	0.9%	0.8%	-22.9%	-10.4%	0.8%	2.0%	-1.4%	-1.5%	-14.7%	-5.7%	-8.8%	-7.3%
Agricultur Sub Index TR	1.4%	-4.9%	-9.2%	-3.7%	-4.9%	1.4%	-11.7%	-11.1%	-5.3%	-0.3%	0.1%	1.8%
Petroleum Index TR	2.8%	5.0%	-26.4%	-17.6%	5.0%	-1.8%	2.0%	2.9%	-13.1%	-4.7%	-2.6%	0.6%
Softs Index TR	0.7%	-3.3%	-14.8%	-0.7%	-3.3%	-2.0%	-19.9%	-10.1%	-5.6%	-4.9%	0.1%	0.2%
WTI Crude Oil Sub Index TR	2.3%	8.8%	-26.3%	-18.9%	8.8%	-2.3%	0.2%	0.0%	-16.3%	-8.1%	-6.5%	-2.4%
Industrial Metals Index TR	2.7%	-0.3%	-6.2%	-2.3%	-0.3%	-3.0%	1.5%	4.5%	2.8%	3.0%	5.7%	7.8%
Copper Sub Index TR	1.2%	-2.2%	-5.9%	-0.6%	-2.2%	-3.7%	-1.3%	2.5%	-0.3%	2.1%	7.7%	11.6%

SA Equity In ZAR	mtd	1 mth	3 mth	6 mth	YTD	12 mth	2 yr	3 yr	5 yr	7 yr	10 yr	15 yr
JSE RESOURCE 10	0.1%	2.8%	2.0%	3.6%	2.8%	17.0%	13.0%	24.0%	-1.4%	-0.5%	4.3%	7.7%
JSE FINANCIAL 15	-2.9%	6.8%	11.0%	4.0%	6.8%	4.8%	13.0%	11.0%	13.0%	15.0%	17.0%	16.0%
JSE TOP 40	-1.6%	2.7%	4.3%	-5.0%	2.7%	-6.0%	5.2%	5.8%	6.5%	10.0%	13.0%	14.0%
JSE ALL SHARE	-1.4%	2.8%	3.8%	-4.1%	2.8%	-6.1%	4.4%	6.4%	6.9%	10.0%	13.0%	15.0%
JSE SWIX TOP 40	-2.2%	3.0%	6.0%	-6.0%	3.0%	-8.9%	4.7%	4.8%	6.9%	11.0%	14.0%	15.0%
JSE LISTED PROPERTY	-1.2%	9.2%	6.6%	4.3%	9.2%	-9.4%	-3.0%	2.8%	9.2%	11.0%	13.0%	18.0%
JSE INDUSTRIAL 25	-1.9%	1.0%	2.8%	-12.0%	1.0%	-17.0%	-0.2%	-0.8%	6.7%	14.0%	18.0%	18.0%

SA BONDS	mtd	1 mth	3 mth	6 mth	YTD	12 mth	2 yr	3 yr	5 yr	7 yr	10 yr	15 yr
SOUTH AFRICAN ALL (ALBI)	-0.3%	2.9%	7.6%	4.1%	2.9%	8.8%	9.8%	10.5%	9.1%	7.9%	8.3%	8.9%
SOUTH AFRICAN GOVT. (GOVI)	-0.3%	3.0%	7.7%	3.7%	3.0%	8.0%	9.5%	10.2%	8.9%	7.8%	8.1%	8.8%

RSA Equity Sectors	mtd	1 mth	3 mth	6 mth	YTD	12 mth	2 yr	3 yr	5 yr	7 yr	10 yr	15 yr
Platinum	2.5%	12.0%	31.0%	61.0%	12.0%	24.0%	1.7%	18.0%	-13.0%	-12.0%	-5.2%	0.7%
Diversified mining	0.4%	4.7%	8.8%	15.0%	4.7%	22.0%	16.0%	35.0%	4.3%	2.4%	6.4%	8.8%
Gold	-2.0%	6.1%	25.0%	38.0%	6.1%	18.0%	-0.3%	2.0%	3.5%	-8.4%	-4.7%	-2.4%
Banks	-3.6%	7.6%	15.0%	3.9%	7.6%	9.1%	21.0%	23.0%	19.0%	17.0%	19.0%	19.0%
Paper	0.1%	4.4%	-6.8%	-10.0%	4.4%	6.3%	6.8%	11.0%	18.0%	28.0%	21.0%	10.0%
Short term insurance	1.0%	2.6%	-2.1%	1.9%	2.6%	4.8%	16.0%	25.0%	16.0%	16.0%	21.0%	19.0%
Life insurance	-1.5%	3.4%	6.1%	7.2%	3.4%	3.4%	14.0%	10.0%	12.0%	18.0%	21.0%	15.0%
Metals	0.7%	18.0%	15.0%	21.0%	18.0%	2.6%	26.0%	98.0%	-1.6%	-3.3%	4.0%	13.0%
Chemicals	0.3%	-5.1%	-17.0%	-21.0%	-5.1%	-5.3%	1.8%	2.0%	-0.1%	8.7%	11.0%	12.0%
Retail food drug	-1.6%	-2.2%	0.6%	-5.1%	-2.2%	-7.2%	8.2%	8.4%	10.0%	9.8%	16.0%	23.0%
Property	-1.2%	9.2%	6.6%	4.3%	9.2%	-9.4%	-3.0%	2.8%	9.2%	11.0%	13.0%	18.0%
Naspers	-2.8%	5.1%	17.0%	-6.0%	5.1%	-9.9%	20.0%	15.0%	22.0%	34.0%	35.0%	33.0%
Financial services	-1.9%	2.6%	-0.9%	-7.6%	2.6%	-10.0%	-5.4%	-5.5%	4.8%	9.4%	12.0%	14.0%
General industrials	-2.6%	4.4%	8.9%	2.2%	4.4%	-12.0%	3.7%	7.4%	10.0%	14.0%	17.0%	20.0%
Holding co's	-0.5%	-7.4%	-17.0%	-15.0%	-7.4%	-15.0%	-11.0%	-8.4%	3.1%	9.3%	11.0%	13.0%
Travel and leisure	-0.9%	-6.7%	-3.9%	-9.7%	-6.7%	-15.0%	-14.0%	-3.7%	-1.9%	4.8%	5.6%	11.0%
Retail gen furn cloth	-3.8%	-5.3%	1.9%	-0.6%	-5.3%	-16.0%	0.9%	0.6%	8.1%	8.0%	16.0%	17.0%
Beverages	1.5%	6.3%	0.8%	-12.0%	6.3%	-17.0%	-11.0%	-15.0%	3.8%	11.0%	15.0%	17.0%
Construction	-0.1%	0.5%	-5.5%	-4.2%	0.5%	-19.0%	-4.2%	5.2%	-12.0%	-8.2%	-5.4%	4.9%
Richemont	1.1%	-3.0%	-16.0%	-20.0%	-3.0%	-20.0%	-5.7%	-2.5%	-1.0%	12.0%	21.0%	NA
Technology	-2.1%	-2.1%	3.5%	-3.1%	-2.1%	-22.0%	-28.0%	-15.0%	-6.1%	1.9%	14.0%	9.9%
Telecom	-2.2%	-3.9%	2.6%	-17.0%	-3.9%	-26.0%	-10.0%	-6.6%	-6.2%	2.0%	5.7%	12.0%
Health care	-1.6%	1.6%	-2.6%	-24.0%	1.6%	-28.0%	-22.0%	-16.0%	-5.4%	6.0%	12.0%	15.0%
Food producers	-2.2%	-0.7%	-0.2%	-19.0%	-0.7%	-29.0%	-12.0%	1.7%	5.3%	7.0%	11.0%	16.0%
British American Tobacco	1.3%	-0.7%	-26.0%	-34.0%	-0.7%	-39.0%	-21.0%	-15.0%	1.7%	8.2%	10.0%	NA
Steinhoff	1.8%	-3.5%	-7.8%	-33.0%	-3.5%	-76.0%	-84.0%	-72.0%	-48.0%	-31.0%	-16.0%	NA

Foreign Exchange Rates	mtd	1 mth	3 mth	6 mth	YTD	12 mth	2 yr	3 yr	5 yr	7 yr	10 yr	15 yr
EURUSD CURRENCY	0.1%	0.2%	-1.2%	2.1%	0.2%	8.5%	-2.9%	-1.8%	3.3%	1.9%	1.1%	0.6%
EURZAR CURRENCY	-1.2%	8.6%	10.3%	2.3%	8.6%	-2.9%	-2.1%	4.3%	-0.2%	-5.5%	-1.5%	-3.5%
GBPZAR CURRENCY	-0.7%	5.5%	8.7%	0.3%	5.5%	-3.1%	-1.2%	9.2%	1.0%	-4.8%	-1.6%	-1.9%
US\$ Index	0.3%	0.5%	1.6%	-1.1%	0.5%	-6.8%	-2.0%	-1.3%	3.3%	2.7%	1.1%	0.6%
JPYZAR CURRENCY	-2.1%	9.0%	15.7%	2.9%	9.0%	-10.2%	2.6%	10.1%	-4.7%	-11.9%	-4.4%	-4.3%
USDZAR CURRENCY	-1.2%	8.3%	11.6%	0.1%	8.3%	-10.5%	0.8%	6.2%	-3.4%	-7.3%	-2.6%	-4.1%
CNYZAR CURRENCY	-1.9%	11.2%	16.1%	1.8%	11.2%	-16.0%	2.2%	5.6%	-5.4%	-8.1%	-2.4%	-2.7%

Market Overview

MARKET INDICATORS			07 February 2019		
Money Market		Last close	Difference	Prev close	Current Spot
3 months	↓	7.00	-0.013	7.01	6.97
6 months	↓	7.74	-0.020	7.76	7.73
9 months	↓	8.11	-0.008	8.11	8.10
12 months	↓	8.32	-0.005	8.33	8.32
Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↑	8.10	0.030	8.07	8.04
GC24 (BMK: R186)	↑	9.55	0.040	9.51	9.62
GC27 (BMK: R186)	↑	9.76	0.040	9.72	9.78
GC30 (BMK: R2030)	↑	10.51	0.020	10.49	10.53
GI22 (BMK: NCPI)	→	4.82	0.000	4.82	4.82
GI25 (BMK: NCPI)	→	5.31	0.000	5.31	5.31
GI29 (BMK: NCPI)	→	5.85	0.000	5.85	5.85
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,306	-0.67%	1,315	1,304
Platinum	↓	803	-1.59%	816	803
Brent Crude	↑	62.7	1.15%	62.0	62.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX (Delayed)	↑	1,346	0.23%	1,343	1,346
JSE All Share	↑	54,574	0.67%	54,209	54,574
SP500	↓	2,732	-0.22%	2,738	2,732
FTSE 100	↓	7,173	-0.06%	7,177	7,173
Hangseng	→	27,990	0.00%	27,990	27,990
DAX	↓	11,325	-0.38%	11,368	11,325
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	17,225	0.56%	17,129	17,225
Resources	↑	42,868	0.23%	42,768	42,868
Industrials	↑	64,987	0.91%	64,398	64,987
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	13.53	1.27%	13.36	13.56
N\$/Pound	↑	17.50	1.19%	17.29	17.53
N\$/Euro	↑	15.37	0.80%	15.25	15.39
US dollar/ Euro	↓	1.136	-0.46%	1.14	1.136
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	5.1	5.6	4.5	5.2
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

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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