



Market Update

Thursday, 07 March 2019

Global Markets

A gauge of global stocks lost ground for a third straight session on Wednesday, unable to build momentum from a jump in Chinese equities, while the Canadian dollar weakened after a dovish turn by the Bank of Canada.

Major U.S. indexes once again struggled to gain ground, with the S&P 500 appearing to have met a strong resistance point around the 2,800 level. After a strong start to the year, a lack of developments in trade negotiations between the United States and China has provided little incentive for investors to push equities higher.

The Dow Jones Industrial Average fell 132.22 points, or 0.51 percent, to 25,674.41, the S&P 500 lost 18.16 points, or 0.65 percent, to 2,771.49 and the Nasdaq Composite .IXIC dropped 70.44 points, or 0.93 percent, to 7,505.92. The S&P 500 fell for a third straight session and sixth in the last seven trading days.

Even with little on the trade front, Chinese shares surged to a nine-month high, bolstered by hopes of more stimulus measures from Beijing after China's state planner said the government would implement measures to further boost domestic consumption to counter the impact of a slowing economy.

European shares closed just below the unchanged mark, as weak results from the troubled auto sector weighed and investor confidence in a rally that has sent stocks shooting up this year showed signs of fraying. The pan-European STOXX 600 index lost 0.04 percent and MSCI's gauge of stocks across the globe shed 0.38 percent.

In the latest sign of global central bank dovishness, the Bank of Canada held interest rates steady as expected on Wednesday amid a slowing economy and said there was "increased uncertainty" around the timing of future rate increases. That in turned pushed the Canadian dollar to its lowest in about two months versus the greenback. The Canadian dollar fell 0.64 percent versus the greenback to 1.34 per dollar.

Despite the dovish lean by central banks, the Federal Reserve reported the U.S. economy continued growing in the first weeks of 2019 amid a still tight labor market in the face of a 35-day partial federal government shutdown and slowing global growth.

U.S. oil prices were lower and Brent prices edged up after data from the Energy Information Administration showed an unexpectedly sharp build in U.S. crude inventories, but a third weekly drawdown in gasoline stocks kept losses at bay. U.S. crude CLcv1 settled down 0.6 percent at \$56.22 per barrel and Brent LCOcv1 was last at \$65.99.

Source: Thomson Reuters

Domestic Markets

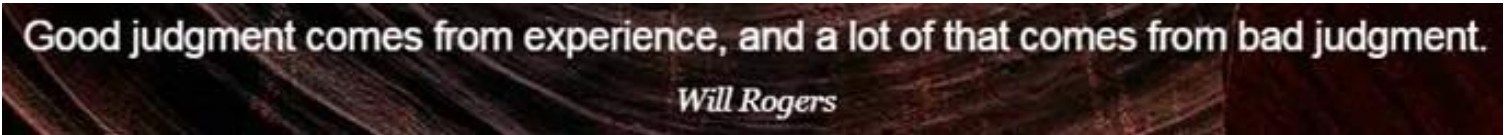
South Africa's rand weakened against the dollar on Wednesday, weighed down by a souring growth outlook as the continent's most advanced economy continued to show signs of slowing down (see chart below). Stocks firmed, led higher by bourse heavyweight and e-commerce group Naspers.

At 1515 GMT the rand was 0.28 percent weaker at 14.2100 per dollar from its New York close of 14.1725 overnight. The rand has fallen nearly 3 percent in the last week, weighed down by woes at power utility Eskom and overall mixed fortunes for emerging currencies as the greenback regained momentum and powered to near a two-week high. The currency edged firmer after Tuesday's GDP data showed the economy grew 0.8 percent in 2018, slightly higher than expected, but was back on the ropes on Wednesday after business confidence slumped to a five-month low.

Reserve Bank governor Lesetja Kganyago said on Wednesday growth was set to remain below 2 percent in 2019, while rising fuel and electricity prices posed a risk to the inflation outlook. Low inflation has boosted demand for Pretoria's debt, with the 10-year paper offering around a 3 basis point spread above U.S. Treasuries, shielding the rand from even deeper losses. The yield on the 2026 bond was 1 basis point higher at 8.69 percent at close of play.

On the bourse, the Johannesburg all-share index rose 0.42 percent to 56,053 points, while the Top-40 index gained 0.58 percent to 49,875 points. Naspers led the market higher, up 1.91 percent to 3,215.34 rand after gains in Hong Kong technology giant Tencent, in which it has a 31 percent stake. Shares in Africa's largest pay-TV business MultiChoice were unbundled to Naspers shareholders on Monday helping to further lift shares. MultiChoice listed on the JSE last week. "Naspers is heavily weighted in the index so that is definitely pushing the market up," said Cratos Capital equities trader Greg Davies.

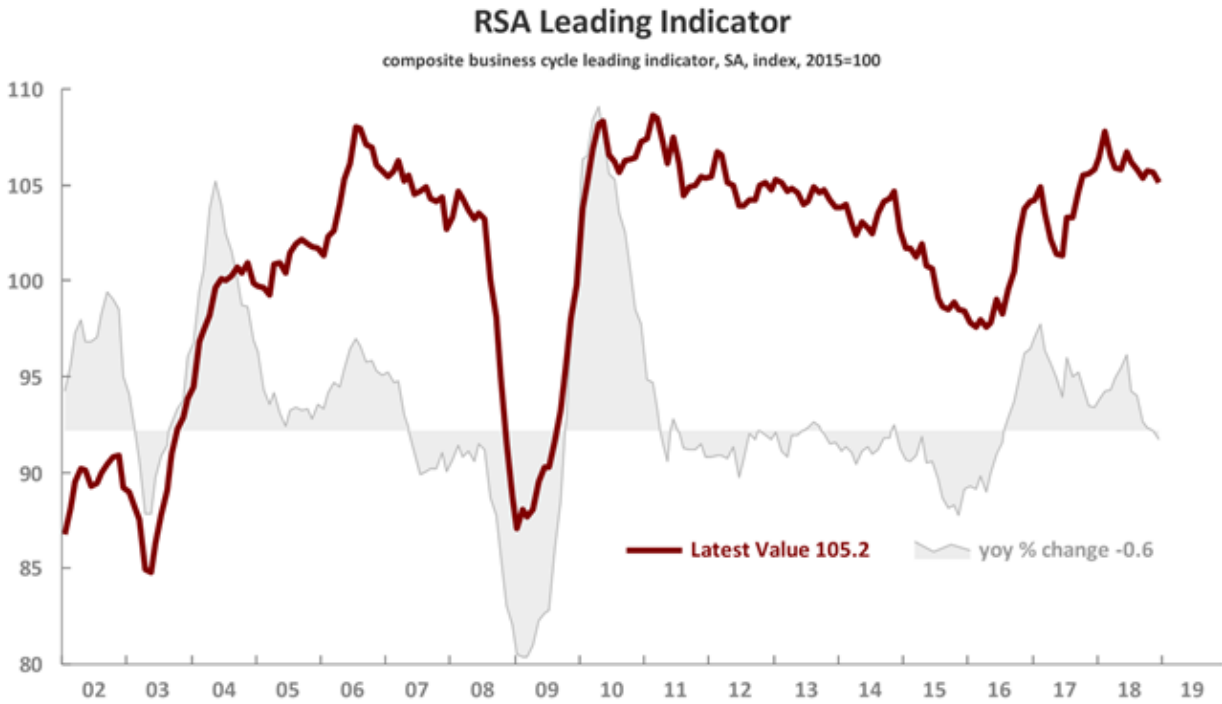
Source: Thomson Reuters



Good judgment comes from experience, and a lot of that comes from bad judgment.

Will Rogers

Chart of the Day



Source: Thomson Reuters Datastream, Capricorn Asset Management

Market Overview

MARKET INDICATORS		07 March 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	7.39	-0.025	7.42	7.38
6 months	↓	7.90	-0.011	7.92	7.90
9 months	↓	8.20	-0.009	8.21	8.20
12 months	↓	8.37	-0.004	8.38	8.37
Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↑	8.13	0.055	8.08	8.08
GC24 (BMK: R186)	↓	9.58	-0.120	9.70	9.60
GC27 (BMK: R186)	↓	9.78	-0.145	9.93	9.80
GC30 (BMK: R2030)	↓	10.57	-0.035	10.61	10.59
GI22 (BMK: NCPI)	⇒	4.79	0.000	4.79	4.79
GI25 (BMK: NCPI)	⇒	5.21	0.000	5.21	5.21
GI29 (BMK: NCPI)	⇒	5.77	0.000	5.77	5.77
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,286	-0.06%	1,287	1,285
Platinum	↓	827	-1.20%	837	826
Brent Crude	↑	66.0	0.20%	65.9	66.2
Main Indices		Last close	Change	Prev close	Current Spot
NSX (Delayed)	↑	1,350	0.38%	1,345	1,350
JSE All Share	↑	56,074	0.46%	55,815	56,074
SP500	↓	2,771	-0.65%	2,790	2,771
FTSE 100	↑	7,196	0.17%	7,183	7,196
Hangseng	↑	29,038	0.26%	28,962	28,875
DAX	↓	11,588	-0.28%	11,621	11,588
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,754	0.19%	16,722	16,754
Resources	↑	45,463	0.39%	45,288	45,463
Industrials	↑	67,991	0.80%	67,454	67,991
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.26	0.83%	14.15	14.23
N\$/Pound	↑	18.78	0.79%	18.64	18.74
N\$/Euro	↑	16.12	0.82%	15.99	16.08
US dollar/ Euro	↓	1.131	-0.01%	1.13	1.130
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	4.7	5.1	4.0	4.5
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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