



Economic Headlines

Wednesday, 07 November 2018

End of Bull Run in U.S. Stocks Poses Threat to Emerging Markets

It's as if the game were rigged. When U.S. equities rallied earlier this year, emerging-market stocks fell, and when U.S. equities declined in the past month, their developing-nation counterparts tumbled even more. As U.S. stocks threaten to end a decade-long bull market, the outlook is growing worse for emerging markets, according to Morgan Stanley strategists led by James Lord and Simon Waever. The firm's cross-asset team is underweight developing-nation shares. "Risk off in the S&P means risk off everywhere," said Anastasia Levashova, a fund manager at Blackfriars Asset Management in London. "Any profit-taking in U.S. stocks means a run into the dollar and selling EM currencies and stocks." Last month, when the S&P 500 Index slid 6.9 percent in its worst monthly decline since September 2011, 15 of the 17 emerging-market equity indexes tracked by Morgan Stanley also fell. Only shares from Brazil and Hungary showed resilience. – [Bloomberg](#)

A \$240-Billion-a-Day Market Is Leaving London Over Brexit

The City of London is being dealt another Brexit blow. CME Group Inc. is moving its European market for short-term financing, the largest in the region, out of London because the exchange operator wants to guarantee continental firms can continue to use it if there is a no-deal Brexit. The decision, which was taken before CME took over the business from NEX Group Plc last week, is the first example of a major financial market leaving the U.K. While every sizable trading venue has set up a regulated entity in the EU because of Brexit, BrokerTec -- as the business is known -- is the first to move an existing market from London to a continental European city: Amsterdam... BrokerTec isn't alone in planning for the worst. Stifel Financial Corp. is ensuring it can continue offering financial services in Europe by buying the brokerage operations of Germany's MainFirst Holding AG. And BNP Paribas SA plans to move between 85 and 90 employees from its global markets unit in London to other European financial centers in case of a hard Brexit. BrokerTec Europe currently employs as many as 90 people in London, according to a person familiar with the matter. A third of those are front office, with the remainder working in technology or support roles. – [Bloomberg](#)

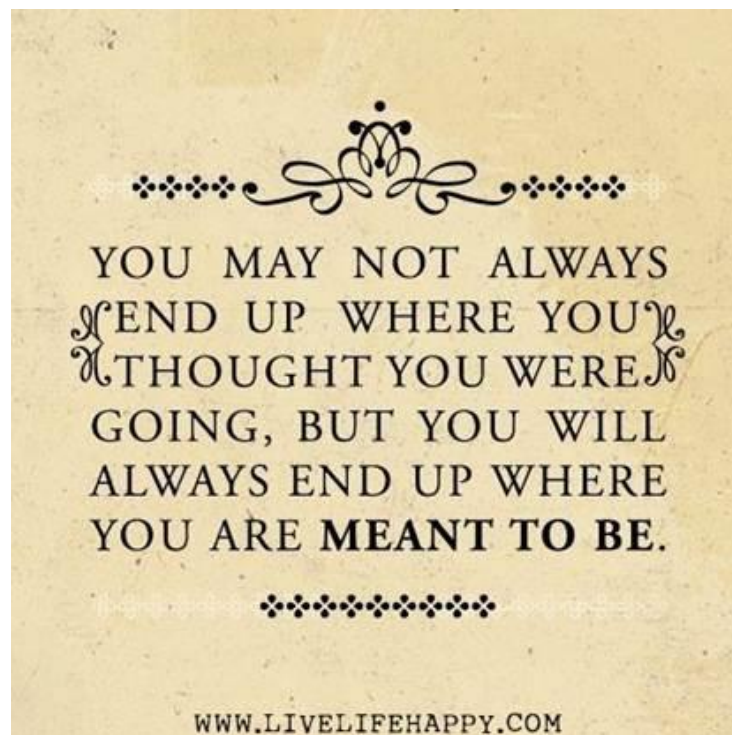
China's Central Bank Raises 20 Billion Yuan in First Bill Issuance in Hong Kong

The People's Bank of China sold 20 billion yuan (\$2.9 billion) of bills in its first issuance in Hong Kong Wednesday, a move that could reduce the offshore yuan's liquidity and support the Chinese currency. PBOC sold 10 billion yuan of three-month bills at 3.79 percent, according to a statement on the central bank's website. It issued 10 billion yuan of one-year notes at 4.2 percent, versus 2.77 percent yield on Chinese government bonds of the same tenor traded in the onshore market. Both tenors are over-subscribed, with 42.6 billion yuan of orders being placed for the three-month notes

and 32.9 billion yuan put in for the one-year bills, according to statement from the Hong Kong Monetary Authority... The offshore yuan fell 0.12 percent to 6.9321 per dollar as of 2:11 p.m. in Hong Kong, trimming an earlier loss of as much as 0.22 percent. – [Bloomberg](#)

Dollar weakens across the board as Democrats capture U.S. House majority

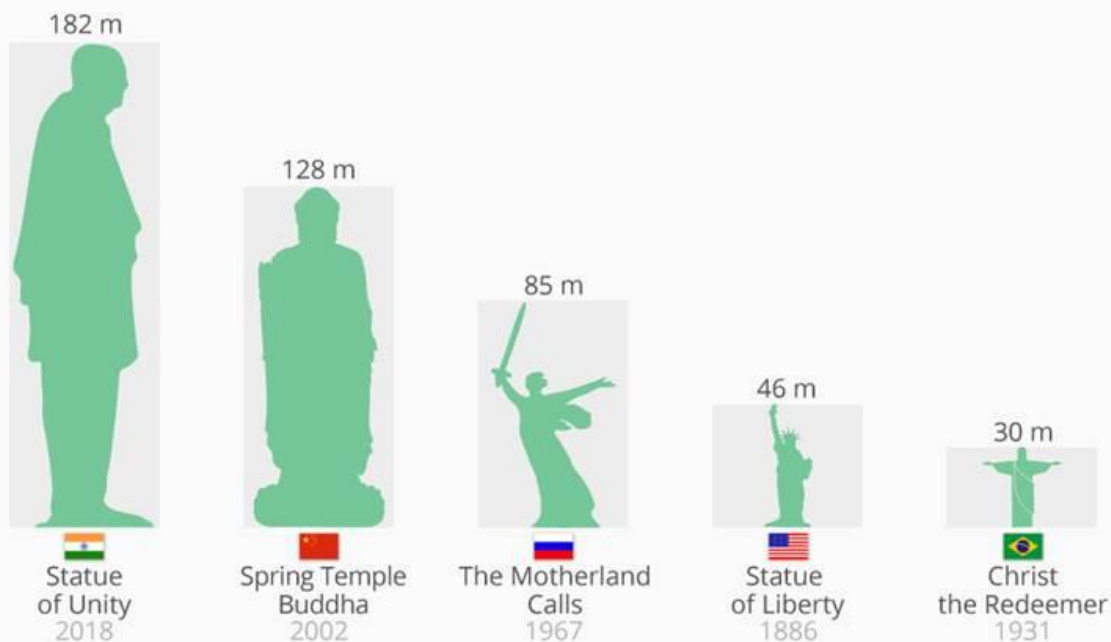
The dollar weakened versus the euro and sterling as traders reacted to the Democratic Party winning control of the U.S. House of Representatives, empowering it to block President Donald Trump's agenda and scrutinise his administration... Analysts say a split Congress may temporarily hurt the dollar because the Democratic Party's capture of the House of Representatives is likely to be seen as a repudiation of President Donald Trump and policies that have boosted corporate growth... The dollar index .DXY, a gauge of its value versus six major peers, lost 0.28 percent to trade at 96.04. The greenback has outperformed most of its key rivals this year, benefiting from a robust domestic economy and higher interest rates. – [Reuters](#)



Stats of the Day

India's Monumental New Statue in Perspective

Size comparison of some of the largest statues in the world*



* Without pedestal
 @StatistaCharts Source: Statista research

statista

Data Releases

Local Time	Country	Indicator Name	Period
08:00	South Africa	Net \$Gold & Forex Res	Oct
08:00	South Africa	Gross \$Gold & Forex Res	Oct
12:00	Euro Zone	Retail Sales MM	Sep
12:00	Euro Zone	Retail Sales YY	Sep
14:00	United States	MBA Mortgage Applications	29 Oct, w/e
14:00	United States	Mortgage Market Index	29 Oct, w/e
14:00	United States	MBA Purchase Index	29 Oct, w/e
14:00	United States	Mortgage Refinance Index	29 Oct, w/e
14:00	United States	MBA 30-Yr Mortgage Rate	29 Oct, w/e
22:00	United States	Consumer Credit	Sep
	China (Mainland)	FX Reserves (Monthly)	Oct

Source: Thomson Reuters

Market Overview

Money Market		Change	Latest
3 months	→	0.00%	7.02%
6 months	→	0.00%	7.68%
9 months	↓	-0.01%	8%
12 months	↓	-0.03%	8.38%
Bonds		Change	Latest
GC21 (R208: 7.6%)	↑	0.04%	8.46%
GC24 (R186: 9.14%)	↑	0.01%	10.44%
GC27 (R186: 9.14%)	↑	0.01%	10.54%
GC30 (R2030: 9.61%)	↑	0.01%	11.11%
GC32 (R213: 9.69%)	↑	0.01%	11.42%
GC35 (R209: 9.83%)	→	0.00%	11.33%
GC37 (R2033: 9.78%)	↑	0.01%	11.71%
Commodities		%Change	Latest
Gold	↑	0.31%	\$ 1,235.26
Platinum	↑	0.82%	\$ 871.80
Copper	→	0.00%	\$ 6,191.00
Brent Crude	↑	0.14%	\$ 72.24
Main Indices		%Change	Latest
NSX (Delayed)	↓	-1.06%	1310.04
JSE All Share	↓	-1.74%	53,957.56
S&P 500	↑	0.56%	2,738.31
FTSE 100	↓	-0.23%	7,087.24
Hangseng	↑	0.72%	26,120.96
DAX	↓	-0.29%	11,461.48
JSE Sectors		%Change	Latest
Financials	↓	-1.94%	16,480.68
Resources	↓	-0.64%	41,681.59
Industrials	↓	-2.48%	65,296.42
Forex		%Change	Latest
N\$/US Dollar	↑	0.75%	14.2615
N\$/Pound	↑	0.68%	18.5862
N\$/Euro	↑	0.66%	16.2542
US Dollar/ Euro	↓	-0.09%	1.1397
Namibia Monthly Data		Latest	Previous
Namibia Inflation (Sep 18)		4.8	4.4
Bank Prime		10.50	10.50
BoN Repo Rate		6.75	6.75

Source: Bloomberg



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