



Market Update

Thursday, 07 November 2019

Global Markets

Asian shares managed to cling near multi-month peaks on Thursday while bonds eked out a bounce as reports of delays in sealing a preliminary Sino-U.S. trade deal left investors frustrated at the lack of concrete progress.

MSCI's broadest index of Asia-Pacific shares outside Japan eased a slight 0.1%, just off a six-month high hit earlier in the week. Japan's Nikkei dithered either side of flat in quiet trade, having touched a 13-month top on Wednesday. South Korean stocks were up 0.1% after hitting their highest since May. Shanghai blue chips added 0.3%, while E-Mini futures for the S&P 500 were down a touch.

Reuters reported on Wednesday a meeting between U.S. President Donald Trump and Chinese President Xi Jinping to sign an interim trade deal could be delayed until December as discussions continue over terms and venue. Among various suggestions was to sign a deal after a scheduled NATO meeting in early December. "One could take the view that by not committing to meet the original deadline it gives more time for a somewhat more comprehensive agreement to be thrashed out," said Ray Attrill, head of FX strategy at National Australia Bank. "But markets have understandably jumped the other way, exhibiting a slight loss of confidence that anything more substantial than an agreement not to further lift tariffs, in return for some increase in US agricultural purchases, can be agreed by way of an initial deal."

Wall Street was underwhelmed by the news and the Dow ended Wednesday all but flat, while the S&P 500 gained 0.07% and the Nasdaq dropped 0.29%. HP Inc rose over 6% after Reuters reported U.S. printer maker Xerox Holdings Corp has made a roughly \$33 billion cash-and-stock offer for the computer group.

The pause in the risk rally helped bonds recoup a little of their recent losses. Yields on benchmark U.S. 10-year notes fell back to 1.81% from a two-month top of 1.87%. That in turn restrained the dollar, which eased to 108.77 yen from a weekly high of 109.24. The dollar was steady on a basket of currencies at 97.965. The euro was struggling to sustain any bounce at \$1.1064, perilously close to chart support at \$1.1060.

Spot gold was little changed at \$1,490.64 per ounce and well within recent tight trading ranges. Oil prices nursed losses after taking a hit from a surprisingly large build in U.S. crude inventories. U.S. crude was 2 cents lower at \$56.33 a barrel, while Brent crude was unchanged at \$61.74.

Domestic Markets

The South African rand inched weaker on Wednesday, backing away from a four-session peak as cautious investors awaited clues on the economy ahead of key manufacturing data and developments in U.S.-China trade talks.

The statistics agency publishes manufacturing data on Thursday, the first set of key indicators since last week's dismal budget speech where the finance minister slashed the 2019 economic growth forecast to 0.5%.

A Reuters survey of economists sees the sector contracting 0.6% year-on-year after August's 1.8% contraction. Foreign reserves and monthly business confidence survey data is also due on Thursday.

At 1500 GMT, the rand was 0.61% weaker at 14.835 per dollar, weaker than the overnight close of 14.7500. The rand has gained nearly 3% since Friday after ratings firm Moody's kept the country's credit status at investment level, while a global bout of demand for risk assets also supported the currency.

Volumes have since cooled and investors have avoided big bets as they scour the economic data to gauge the country's chances of avoiding a full downgrade to junk when Moody's re-values its credit in March. President Cyril Ramaphosa said on Thursday at an investment summit in Johannesburg that the 200 billion rand (\$13.5 billion) of investment pledges secured for 2019 would help ease pressure on the economy, although the rand hardly budged on the announcement.

On the bourse, stocks reached 2-month highs along with global equities as investors digested a corporate earnings season that has seen the bulk of U.S.-listed firms best analysts' expectations. The benchmark JSE Top-40 Index was up 0.86% to 51,424.22 points, while the broader All-Share Index rose 0.71 to 57,653.89, both reaching their highest rallies since mid-September.

"We're a little bit amazed at how aggressive the buying has been," said Greg Davies from Cratos Capital. "The Dow, Nasdaq, and the S&P [reached] all-time highs, so that will drag world sentiment towards equities a lot stronger. So certainly there's money flowing into stocks worldwide," Davies said.

Mining heavyweights Impala Platinum Holdings and Anglo American Platinum (Amplats) were the biggest winners on the blue-chip index despite a slightly weaker platinum price. Impala Platinum was up 6.56% to 6.64 rand while Amplats rose 5.77 to 64.28 rand.

Bonds weakened slightly, with the yield on the benchmark paper due in 2026 adding 1 basis point to 8.405%.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Bloomberg)				07 November 2019	
Money Market TB's		Last Close	Change	Prev Close	Current Spot
3 months	↑	7.099	0.068	7.031	7.099
6 months	↑	7.257	0.024	7.233	7.257
9 months	↑	7.353	0.044	7.309	7.353
12 months	↓	7.458	-0.006	7.464	7.458
Nominal Bonds		Last Close	Change	Prev Close	Current Spot
GC20 (BMK: R207)	↓	6.515	-0.667	7.182	6.501
GC21 (BMK: R2023)	↓	8.077	-0.078	8.155	8.088
GC22 (BMK: R2023)	↓	8.110	-0.055	8.165	8.120
GC23 (BMK: R2023)	↓	8.288	-0.053	8.341	8.296
GC24 (BMK: R186)	↓	8.966	-0.001	8.967	8.967
GC25 (BMK: R186)	↑	8.987	0.003	8.984	8.990
GC27 (BMK: R186)	↓	9.080	-0.001	9.081	9.082
GC30 (BMK: R2030)	↓	9.648	-0.449	10.097	9.663
GC32 (BMK: R213)	↑	10.161	0.024	10.137	10.173
GC35 (BMK: R209)	↓	10.690	-0.042	10.732	10.698
GC37 (BMK: R2037)	↓	10.675	-0.180	10.855	10.687
GC40 (BMK: R214)	↑	11.094	0.002	11.092	11.094
GC43 (BMK: R2044)	↓	11.111	-0.048	11.159	11.235
GC45 (BMK: R2044)	↓	11.315	-0.051	11.366	11.391
GC50 (BMK: R2048)	↓	11.171	-0.058	11.229	11.250
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI22 (BMK: NCPI)	↑	4.367	0.002	4.365	4.367
GI25 (BMK: NCPI)	↓	4.651	-0.029	4.680	4.651
GI29 (BMK: NCPI)	↑	5.612	0.066	5.546	5.611
GI33 (BMK: NCPI)	↑	6.133	0.006	6.127	6.133
GI36 (BMK: NCPI)	↓	6.455	-0.046	6.501	6.454
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↑	1,490.57	0.47%	1,483.61	1,491.65
Platinum	↑	929.65	0.03%	929.41	931.59
Brent Crude	↓	61.74	-1.94%	62.96	61.69
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Local Index	↑	617.63	0.49%	614.62	617.63
JSE All Share	↑	57,652.58	0.71%	57,246.91	57,652.58
S&P 500	↑	3,076.78	0.07%	3,074.62	3,076.78
FTSE 100	↑	7,396.65	0.12%	7,388.08	7,396.65
Hangseng	↓	27,580.64	-0.39%	27,688.64	27,580.64
DAX	↑	13,179.89	0.24%	13,148.50	13,179.89
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	⇒	16,459.05	0.00%	16,459.05	16,536.13
Resources	⇒	47,099.57	0.00%	47,099.57	47,584.70
Industrials	⇒	70,300.67	0.00%	70,300.67	70,900.28
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↑	14.81	0.41%	14.75	14.84
N\$/Pound	↑	19.05	0.21%	19.01	19.06
N\$/Euro	↑	16.40	0.37%	16.34	16.41
US Dollar/ Euro	⇒	1.11	0.00%	1.11	1.11
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	3.26	3.71	4.10	4.30
Prime Rate	↓	10.25	10.50	10.00	10.00
Central Bank Rate	↓	6.50	6.75	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



Capricorn Asset Management



Bank Windhoek

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

Disclaimer

The information contained in this note is the property of Capricorn Asset Management (CAM). The information contained herein has been obtained from sources which and persons whom the writer believe to be reliable but is not guaranteed for accuracy, completeness or otherwise. Opinions and estimates constitute the writer's judgement as of the date of this material and are subject to change without notice. This note is provided for informational purposes only and may not be reproduced in any way without the explicit permission of CAM.

A member of  **Capricorn Group**
