



Market Update

Monday, 08 April 2019

Global Markets

Asian shares inched up to seven-month highs on Monday as investors cheered a rebound in U.S. payrolls and hints of more stimulus in China, though there was some caution ahead of what is likely to be a tough U.S. earnings season.

In a document published on the central government's website late on Sunday, Beijing said it would step up a policy of targeted cuts to banks' required reserve ratios to encourage financing for small and medium-sized businesses.

Chinese blue chips climbed 1.4 percent to territory not visited since March last year. MSCI's broadest index of Asia-Pacific shares outside Japan followed by gaining 0.4 percent to its highest since August. Japan's Nikkei also made its high of the year so far and was last up 0.1 percent. E-Mini futures for the S&P 500 were little moved. On Wall Street, the benchmark S&P 500 closed higher for its seventh trading day in a row last week, the longest winning streak since October 2017.

However, a test looms as major U.S. banks kick off what analysts expect to be the first quarter of contracting corporate earnings since 2016. JPMorgan Chase & Co and Wells Fargo & Co will get the ball rolling on Friday.

Minutes of the Federal Reserve's last policy meeting are due out on Wednesday. "Markets will be looking at just how dovish the FOMC has become," wrote analysts at TD Securities in a note. "We put a very low but not zero chance on a rate cut discussion; conversely rate hikes are still on the horizon for the majority of Fed officials." "The minutes are likely to show peak dovishness in terms of nervousness about the outlook."

The dollar was flat at 97.329 against a basket of currencies on Monday, but remained short of the March peak at 97.710 which marks major chart resistance. The dollar held its recent gain on the Japanese yen at 111.52, but again needs to clear the March top of 112.12 to spark a true uptrend. The euro has been undermined by a string of dismal data out of Europe and idled at \$1.1218 not far from its recent 20-month trough at \$1.1174.

Sterling had troubles of its own at \$1.3046 as time ticks away to Britain's departure from the European Union on April 12, with no deal agreed. Prime Minister Theresa May must come up with a new plan to secure a delay from EU leaders at a summit on Wednesday.

In commodity markets, spot gold was a fraction firmer at \$1,296.31 per ounce. Oil prices rose to their highest levels since Nov. 2018, driven by OPEC's ongoing supply cuts and U.S. sanctions against Iran and Venezuela. U.S. crude was last up 38 cents at \$63.46 a barrel, while Brent crude futures rose 39 cents to \$70.73.

Source: Thomson Reuters

Domestic Markets

South Africa's rand firmed on Friday, ending the first week of the new quarter more than two percent firmer as slow wage growth in the United States helped maintain demand for emerging currencies.

Stocks gained on the back of a possible trade deal between the U.S. and China. At 1530 GMT the rand was 0.32 percent firmer at 14.0675 per dollar from 14.1125 on Thursday. The currency rallied as far as 14.0200, its best since Feb. 28, shortly after employment data from the U.S. showed that while jobs increased by 196,000 wage growth had slowed, pushing the dollar lower.

Signs of progress in trade talks between China and the U.S. has bolstered demand for emerging market currencies in general but the main boost for South African assets this week came from Moody's holding the country's sovereign rating at investment grade.

The rand's run towards 14.00 could unlock further gains, analysts said, with the cluster of stop-loss triggers around the level adding momentum to the rally before an expected spike in volatility as May 8 national elections approach. A Reuters poll taken this week found the rand is likely to remain steady at over the next six months.

In equities, the Johannesburg All-Share index gained by the 0.11 percent to 57,776 points, while the Top-40 index rose 0.13 percent to 51,518 points. "For the most part, resources led the charge on the way up today. All of the gold staples were up. We've seen the market looking for quality at the moment, and the likes of Sibanye Gold were sharply up," said Independent Securities trader Ryan Woods. The gold index strengthened 1.41 percent, while the platinum basket gained rose by 1.22 percent. Sibanye Gold advanced 2.51 percent to 16,35 rand. Anglo American Platinum AMSJ.J climbed 0.9 percent to 795,06 rand.

In fixed income, the benchmark 2026 government bond firmed, with the yield down 2.5 basis points to 8.51 percent.

Source: Thomson Reuters



Chart of the Day



Market Overview

MARKET INDICATORS		08 April 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	⇒	7.31	0.000	7.31	7.27
6 months	⇒	7.88	0.000	7.88	7.86
9 months	⇒	8.15	0.000	8.15	8.11
12 months	⇒	8.33	0.000	8.33	8.24
Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↓	7.95	-0.010	7.96	7.90
GC24 (BMK: R186)	↓	9.41	-0.030	9.44	9.48
GC27 (BMK: R186)	↓	9.61	-0.030	9.64	9.71
GC30 (BMK: R2030)	↓	10.43	-0.040	10.47	10.21
GI22 (BMK: NCPI)	⇒	4.66	0.000	4.66	4.66
GI25 (BMK: NCPI)	⇒	5.11	0.000	5.11	5.11
GI29 (BMK: NCPI)	⇒	5.73	0.000	5.73	5.73
Commodities		Last close	Change	Prev close	Current Spot
Gold	↓	1,291	-0.06%	1,292	1,297
Platinum	↓	895	-0.29%	898	906
Brent Crude	↑	70.3	1.35%	69.4	70.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX (Delayed)	↑	1,368	0.44%	1,362	1,369
JSE All Share	↑	57,776	0.11%	57,711	58,018
SP500	↑	2,893	0.46%	2,879	2,893
FTSE 100	↑	7,447	0.61%	7,402	7,438
Hangseng	⇒	29,936	0.00%	29,936	30,020
DAX	↑	12,010	0.18%	11,988	11,962
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,837	0.01%	16,836	16,839
Resources	↑	48,104	0.77%	47,737	48,673
Industrials	↓	70,278	-0.13%	70,368	70,461
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.08	-0.16%	14.10	14.15
N\$/Pound	↓	18.35	-0.47%	18.44	18.48
N\$/Euro	↓	15.79	-0.21%	15.82	15.88
US dollar/ Euro	↓	1.121	-0.05%	1.12	1.122
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	4.4	4.7	4.1	4.0
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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