



Economic Headlines

Tuesday, 08 January 2019

The South African rand strengthened against the dollar on Monday, adding to strong gains last week as dovish comments by the Federal Reserve chair hurt the U.S. currency.

At 1445 GMT the rand was more than 0.6 percent firmer at 13.8650 to the dollar after earlier striking a session best of 13.8325.

The rand fell more than 14 percent in 2018, partly weakened by U.S. interest rate hikes which boosted the dollar, but it is up 3.5 percent since the start of 2019. "The rand's gains are mostly a weaker dollar story," said Gerrit van Rooyen, economist at NKC African Economics.

Fed chair Jerome Powell said late last week that the U.S. central bank would be sensitive to the downside risks that markets are pricing in, bolstering expectations of a slowdown in the pace of U.S. interest rate increases.

Money markets have priced out a U.S. rate hike this year and are even pricing in a small probability of a rate cut in 2020. The Fed raised rates four times in 2018, detracting from the appeal of emerging market currencies like the rand and Russian rouble.

South Africa-focused investors will scrutinise manufacturing data due later in the week for clues about the health of Africa's most industrialised economy.

Economists polled by Reuters are betting that the South African economy will stage a gradual recovery, growing by 1.5 percent in 2019, after a 0.7 percent expansion last year. The economy expanded 2.2 percent in the third quarter, pulling out of recession.

On the stock market, shares ended lower, led by cigarette giant British American Tobacco BTIJ.J (BATS) following a broker downgrade of the stock. BATS lost 5.6 percent to 437.56 rand, topping the decliner's list on the benchmark index. Cowen analysts downgraded a clutch of tobacco stocks, including BATS, to 'market perform', citing falling volumes.

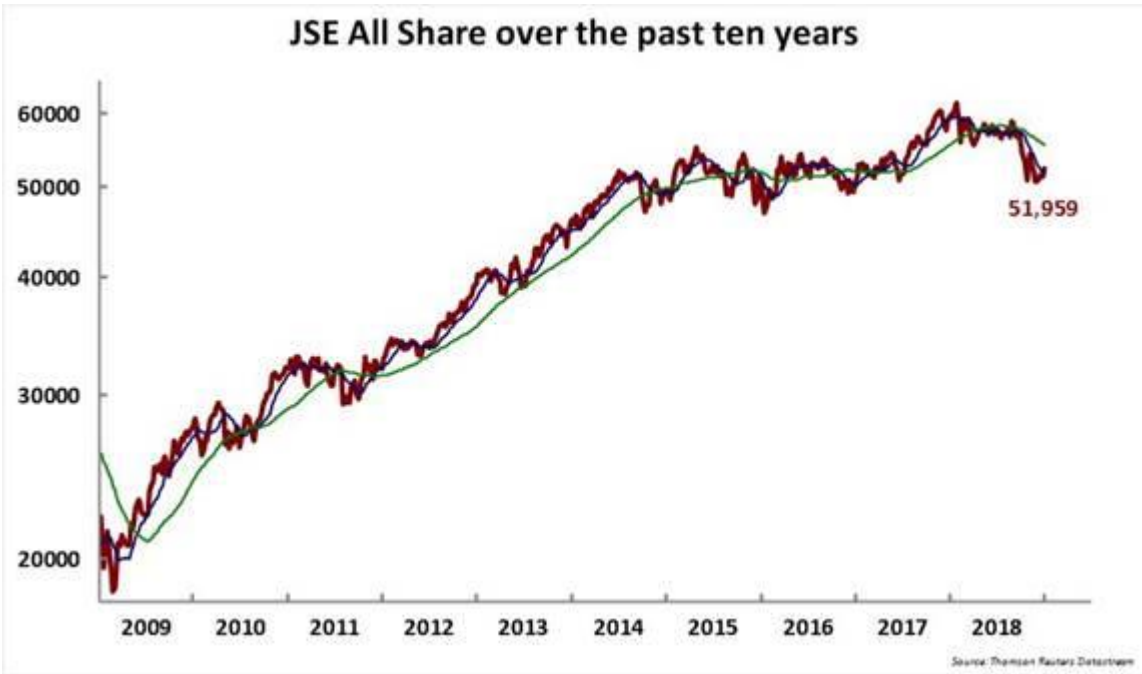
Overall, the blue-chip Top-40 index .JTOPI ended 0.7 percent lower at 45,815 and the broader All-share index .JALSH lost 0.6 percent to 51,891.

Source:

THOMSON REUTERS
EIKON



Chart of the Day



Market Overview

MARKET INDICATORS					
Money Market		Last close	Difference	Prev close	Current Spot
3 months	↓	7.33	-0.010	7.34	7.32
6 months	↓	7.96	-0.003	7.96	7.96
9 months	↓	8.27	-0.001	8.27	8.27
12 months	↓	8.41	-0.002	8.41	8.41
Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↓	7.90	-0.075	7.97	7.86
GC24 (BMK: R186)	↓	9.51	-0.085	9.59	9.46
GC27 (BMK: R186)	↓	9.99	-0.086	10.08	9.94
GC30 (BMK: R2030)	↓	10.66	-0.100	10.76	10.61
GI22 (BMK: NCPI)	→	4.74	0.000	4.74	4.74
GI25 (BMK: NCPI)	→	5.26	0.000	5.26	5.26
GI29 (BMK: NCPI)	→	5.95	0.000	5.95	5.95
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,289	0.30%	1,285	1,283
Platinum	↓	822	-0.04%	823	820
Brent Crude	↑	57.3	0.47%	57.1	57.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX (Delayed)	↓	1,296	-0.29%	1,300	1,295
JSE All Share	↓	51,959	-0.47%	52,203	52,200
SP500	↑	2,550	0.70%	2,532	2,550
FTSE 100	↓	6,811	-0.39%	6,837	6,847
Hangseng	↑	25,836	0.82%	25,626	25,875
DAX	↓	10,748	-0.18%	10,768	10,801
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,335	-0.47%	16,413	16,408
Resources	↓	40,264	-0.03%	40,274	40,346
Industrials	↓	62,190	-0.93%	62,774	62,652
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	13.88	-0.52%	13.95	13.96
N\$/Pound	↓	17.73	-0.11%	17.75	17.81
N\$/Euro	↑	15.92	0.19%	15.89	15.98
US dollar/ Euro	↑	1.147	0.71%	1.14	1.145
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↑	5.6	5.1	5.2	5.1
Prime Rate	→	10.50	10.50	10.25	10.00
Central Bank Rate	→	6.75	6.75	6.75	6.50

Source: Bloomberg

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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