



Market Update

Tuesday, 09 April 2019

Global Markets

Asian shares struggled to make gains on Tuesday as investors braced for key events later in the week, including the start of the U.S. earnings season and a crucial Brexit summit, while broader concerns about slowing global growth checked sentiment.

MSCI's broadest index of Asia-Pacific shares outside Japan was basically flat after brushing its highest since late August last year during the previous session. Japan's Nikkei dipped 0.15 percent, while Australian shares and Chinese blue chips held steady. E-Mini futures for the S&P 500 lost 0.15 percent. Wall Street shares delivered a mixed performance on Monday, with the Dow Jones Industrial Average losing 0.3 percent while the S&P 500 added 0.1 percent. Concerns over slowing U.S. earnings have undermined U.S. equities in recent sessions, though a strong jobs report last week helped to soothe frayed nerves. The S&P 500, however, moved on its own momentum for its eight straight session of gains and the longest winning streak since October 2017, as rallying crude prices overnight lifted energy shares.

Oil prices rose to their highest since November, driven by fighting in Libya along with ongoing supply cuts pledged by the Organization of the Petroleum Exporting Countries and U.S. sanctions against Iran and Venezuela. Broader market sentiment remained subdued as investors' focus remained on potential flashpoints, including a crucial Brexit summit as well as a meeting on trade between the European Union and China set for later on Tuesday.

Investors will also focus on a European Central Bank meeting on Wednesday and the start in earnest of the U.S. first-quarter earnings period, with analysts now expecting it to be the first quarter of contracting corporate earnings since 2016.

U.S. March inflation figures and minutes of the Federal Reserve's last policy meeting are due to be released on Wednesday. Friday's U.S. jobs report showed strong employment creation but subdued wages growth, backing the Fed's recent dovish policy tilt.

In the currency market, the euro rose slightly to \$1.1265 after booking gains of nearly 0.4 percent - its steepest one-day rise in nearly three-weeks - overnight. Sterling advanced 0.1 percent to \$1.3076, but stayed not far from last month's low of \$1.2945. Against the Japanese yen, the dollar was down 0.15 percent at 111.33 yen, inching back toward its 1-1/2-month low of 109.70 touched on March 25.

In the commodity market, oil prices hovered near their highest since November 2018 on persistent worries about tightening supplies. U.S. crude was last up 2 cents at \$64.41 a barrel, after brushing its highest since Nov. 1 last year. Brent crude futures dipped 8 cents to \$71.02, reversing course after booking a small gain early in the session.

Spot gold was up slightly at \$1,298.30 per ounce.

Source: Thomson Reuters

Domestic Markets

South Africa's rand weakened slightly on Monday, struggling to regain the momentum that lifted it to a five-week best as traders opted for caution with key local economic indicators due later in the week and offshore risks still uncertain. At 1515 GMT the rand was 0.18 percent weaker at 14.1150 per dollar compared to a close at 14.0900 on Friday.

South Africa publishes its monthly business confidence index on Wednesday followed by manufacturing and mining production figures on Thursday, data that investors will scrutinise for the economic effects of recent national electricity blackouts.

On Friday the currency rallied as far as 14.0200, its best since Feb. 28, shortly after employment data from the United States showed that nonfarm payrolls rose by 196,000 jobs last month while wage growth had slowed. But a risk-off mood as Monday's session commenced kept the rand above the 14.00 mark, a key technical and psychological level targeted by rand bulls looking to lock in the price before volatility intensifies ahead of May 8 national elections.

Bonds were slightly weaker, with the yield on the benchmark paper due in 2026 up 0.5 basis points to 8.515 percent.

In the equities market, commodity stocks topped the gainers as gold prices hit an over a week peak on Monday, on the back of a weaker dollar. A stronger platinum price also lifted platinum shares. The Johannesburg All-Share index gained 0.36 percent to 57,986 points, while the Top-40 index rose by 0.37 percent to 51,706 points.

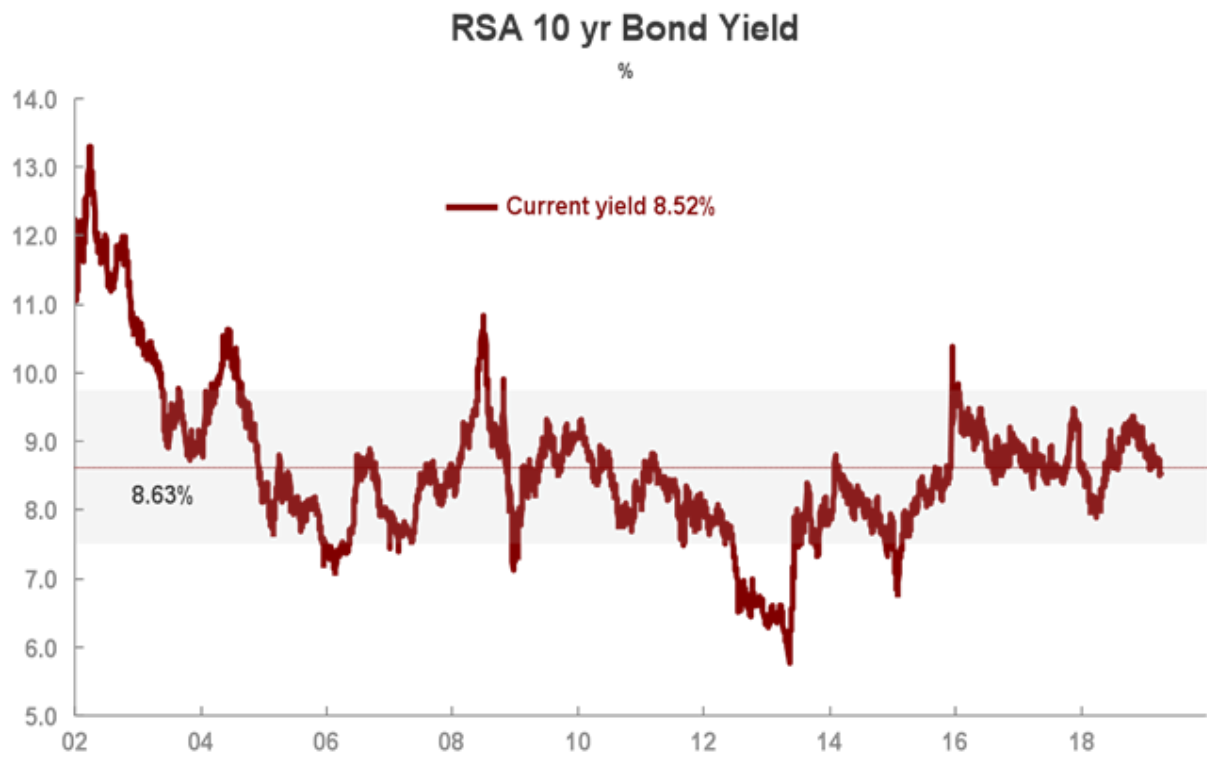
The top climbers were Royal Bafokeng Platinum, which gained by 9.36 percent to 35.98 rand, Harmony Gold which climbed 7.5 percent to 28.37 rand and Anglo American Platinum which rose 5.02 percent to 835 rand.

Also moving the market was South Africa's second-biggest grocery store chain Pick n Pay, which closed 4 percent firmer at 69.90 rand after saying it expects its full-year diluted headline earnings per share to rise up to 30 percent.

Source: Thomson Reuters



Chart of the Day



Source: Thomson Reuters Datastream, Capricorn Asset Management

Market Overview

MARKET INDICATORS		09 April 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	7.26	-0.052	7.31	7.26
6 months	↓	7.86	-0.021	7.88	7.86
9 months	↓	8.14	-0.010	8.15	8.14
12 months	↓	8.24	-0.089	8.33	8.24
Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↓	7.92	-0.030	7.95	7.91
GC24 (BMK: R186)	↑	9.42	0.010	9.41	9.41
GC27 (BMK: R186)	↑	9.62	0.010	9.61	9.72
GC30 (BMK: R2030)	↑	10.44	0.015	10.43	10.44
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	↑	1,297	0.45%	1,291	1,299
Platinum	↑	905	1.12%	895	903
Brent Crude	↑	71.1	1.08%	70.3	71.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX (Delayed)	↑	1,371	0.18%	1,368	1,370
JSE All Share	↑	57,986	0.36%	57,776	58,019
SP500	↑	2,896	0.10%	2,893	2,896
FTSE 100	↑	7,452	0.07%	7,447	7,437
Hangseng	↑	30,077	0.47%	29,936	30,123
DAX	↓	11,963	-0.39%	12,010	11,946
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,792	-0.26%	16,837	16,823
Resources	↑	48,730	1.30%	48,104	48,726
Industrials	↑	70,365	0.12%	70,278	70,409
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.10	0.18%	14.08	14.07
N\$/Pound	↑	18.42	0.38%	18.35	18.40
N\$/Euro	↑	15.88	0.58%	15.79	15.85
US dollar/ Euro	↑	1.126	0.40%	1.12	1.127
		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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