



**Market Update**

**Thursday, 09 January 2020**

## **Global Markets**

Asian stocks rebounded on Thursday and oil edged up as the United States and Iran backed away from the brink of further conflict in the Middle East and investors unwound safety plays.

U.S. President Donald Trump responded overnight to an Iranian attack on U.S. forces with sanctions, not violence. Iran offered no immediate signal it would retaliate further over a Jan. 3 U.S. strike that killed one of its senior military commanders.

MSCI's broadest index of Asia-Pacific shares outside Japan rose 1%, as did Hong Kong's Hang Seng and Shanghai blue chips, reversing Wednesday's losses. Japan's Nikkei rose 1.8%, lifting stocks to their highest for the year so far, while Australian stocks climbed 1% to just below December's record high.

"I think today is a bit of a relief rally," said Shane Oliver, Chief Economist at AMP Capital in Sydney. "Yesterday, investors were fearing the worst, that this was the escalation now underway. The news overnight has been more along the lines that Iran pulled its punches and Trump is toning things down," he said, "which is seen by investors as substantially reducing the risk of a war."

Investors quit the safe-haven Japanese yen, sending it sliding from a three-month high to a two-week low of 109.25 yen per dollar.

Oil now sits just about where it was before the killing of the Iranian commander, Qassem Soleimani, in Baghdad, a strike that raised fears of an escalating regional conflict. Brent futures prices crept up from month lows hit overnight to \$65.84 per barrel, about where they began the year.

Gold gave back sharp gains made on Wednesday but remains dearer than before Soleimani's death, in an indication that investors' fears have not completely evaporated. It drifted higher to \$1,560.00 per ounce.

**Source: Thomson Reuters**

## **Domestic Markets**

South Africa's rand regained ground against the dollar in late trade on Wednesday, as fears of an immediate escalation in a conflict between the United States and Iran receded and markets rolled back an earlier sell-off.

Stocks, however, didn't return to positive territory after investors moved to ditch risky assets following Iranian missile strikes on bases hosting U.S. troops in retaliation for the killing of Tehran's top general.

By 1435 GMT, the rand traded at 14.2370 per dollar, 0.54% stronger than its previous close.

Jacques Nel, head of Africa Macro at NKC African Economics said dovish statements from Iran following the strike and an uncharacteristically calm response from the United States had prompted a correction to the major sell-off seen earlier on Wednesday. "The only major development on the local front would have been the PMI release, which, while still weak, would not have disappointed as expectations would not have been too positive," Nel added.

South Africa's seasonally-adjusted Absa Purchasing Managers' Index (PMI), published on Wednesday, fell deeper into a contraction in December, following a slump in new sales orders and business activity due to power cuts.

Problems at state-run power utility Eskom, which generates more than 90% of South Africa's power, have left it struggling to keep the lights on. It is widely viewed as the biggest risk to South Africa's already flagging economy.

Eskom said it could have to implement overnight power cuts for the second consecutive night on Wednesday, a scenario which would likely weigh on the rand. Developments in the situation at Eskom are expected to be a key driver in the coming weeks.

The Johannesburg Stock Exchange's Top-40 index closed 0.12% lower at 51,090 points, while the broader all-share index lost 0.11% to 57,322 points. This followed a trend in stock markets around the world as investors waited for a statement on Iran by U.S. President Donald Trump, due at 1600 GMT on Wednesday.

Some stocks benefitted from the tensions, however. Gold producers like Anglo American Platinum and Sibanye-Stillwater rose as investors flocked to safe haven assets.

In fixed income, the yield on the benchmark government bond due in 2026 was down 1.5 basis points to 8.25%.

**Source: Thomson Reuters**



## Market Overview

MARKET INDICATORS (Thomson Reuters)		Thursday, 09 January 2020			
<b>Money Market TB's</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	⇒	7.04	0.000	7.04	7.04
6 months	⇒	7.45	0.000	7.45	7.45
9 months	⇒	7.70	0.000	7.70	7.70
12 months	↑	7.84	0.018	7.82	7.84
<b>Nominal Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC20 (BMK: R207)	⇒	7.39	0.000	7.39	7.39
GC21 (BMK: R2023)	↓	7.92	-0.055	7.97	7.97
GC22 (BMK: R2023)	↓	8.17	-0.015	8.18	8.15
GC23 (BMK: R2023)	↓	8.27	-0.015	8.28	8.25
GC24 (BMK: R186)	↓	8.87	-0.015	8.89	8.84
GC25 (BMK: R186)	↓	8.90	-0.015	8.92	8.87
GC27 (BMK: R186)	↓	9.45	-0.015	9.47	9.42
GC30 (BMK: R2030)	↓	9.94	-0.005	9.95	9.92
GC32 (BMK: R213)	↓	10.21	-0.005	10.21	10.18
GC35 (BMK: R209)	↑	10.71	0.020	10.69	10.69
GC37 (BMK: R2037)	↑	10.89	0.020	10.87	10.86
GC40 (BMK: R214)	↑	11.22	0.020	11.20	11.20
GC43 (BMK: R2044)	↑	11.41	0.030	11.38	11.38
GC45 (BMK: R2044)	↑	11.61	0.030	11.58	11.58
GC50 (BMK: R2048)	↑	11.94	0.025	11.91	11.92
<b>Inflation-Linked Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (BMK: NCPI)	⇒	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	⇒	4.60	0.000	4.60	4.60
GI29 (BMK: NCPI)	⇒	5.72	0.000	5.72	5.72
GI33 (BMK: NCPI)	⇒	6.25	0.000	6.25	6.25
GI36 (BMK: NCPI)	⇒	6.46	0.000	6.46	6.46
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↓	1,556	-1.15%	1,574	1,546
Platinum	↓	954	-1.78%	971	952
Brent Crude	↓	65.4	-4.15%	68.3	65.5
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓	1,289	-0.10%	1,291	1,286
JSE All Share	↓	57,322	-0.11%	57,384	57,614
SP500	↑	3,253	0.49%	3,237	3,253
FTSE 100	↑	7,575	0.01%	7,574	7,575
Hangseng	↓	28,088	-0.83%	28,322	28,450
DAX	↑	13,320	0.71%	13,227	13,320
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↓	15,353	-0.08%	15,365	15,540
Resources	↑	49,960	0.40%	49,762	49,678
Industrials	↓	70,040	-0.48%	70,381	70,878
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	14.15	-0.90%	14.28	14.15
N\$/Pound	↓	18.54	-1.10%	18.74	18.55
N\$/Euro	↓	15.71	-1.33%	15.93	15.73
US dollar/ Euro	↓	1.110	-0.43%	1.115	1.111
		<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Inflation	↓	2.5	3.0	3.6	3.7
Prime Rate	↓	10.25	10.50	10.00	10.25
Central Bank Rate	↓	6.50	6.75	6.50	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

**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



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