



**Market Update**

**Friday, 10 January 2020**

## **Global Markets**

The world's shares hit a record high on Friday as a relief over de-escalation of U.S.-Iranian tensions quickly prompted investors to bet on faster global growth, especially in the technology sector.

MSCI's broadest gauge of the world's stocks in 49 countries rose a tad to hit an all-time high and its index of Asia-Pacific shares outside Japan rose 0.18%. Japan's Nikkei rose 0.34% while Australian stocks rallied 0.7% to a record high. Chinese shares were little changed. Asia's gains followed record-setting in the pan-regional STOXX 600 index in Europe and the three major stock indexes on Wall Street. The S&P 500 gained 0.67%, with its technology sector rising more than 1%. Apple gained 2.1%, helped by news that sales of its iPhones in China in December jumped more than 18% year-on-year.

Investors welcomed the report as a prelude to the upcoming visit by China's Vice Premier Liu He, head of the country's negotiation team in Sino-U.S. trade talks, to Washington next week to sign a trade deal with the United States. "We will have a symbolic event of Sino-U.S. dialogue. Given the current strength of the market, it is hard not to expect this rally to continue for the time being," said Norihiro Fujito, chief investment strategist at Mitsubishi UFJ Morgan Stanley Securities in Tokyo.

Global shares quickly erased losses that followed missile attacks from Iran targeting U.S. forces in Iraq, as the two countries moved to defuse the tension. "On top of easing tensions in Iran, optimism on U.S. corporate earnings are fuelling sentiment. The euphoria is coming back to the markets," said Masanari Takada, cross asset strategist at Nomura Securities.

While analysts expect slight declines in profits for S&P 500 companies in the last quarter, they see a solid recovery this year. Waning worries about all-out war in the Middle East pushed down gold, safe-harbour currencies and oil. Gold eased 0.3% to \$1,547.8 per ounce from a seven-year high of \$1,610.90 hit right after Iran's missile attack on Wednesday.

Against the yen, the U.S. dollar traded at 109.52 yen, having hit a two-week high of 109.58 in U.S. trade on Thursday. The euro stood little changed at \$1.1105, having fallen to \$1.10915 in the U.S. trade, its lowest in about two weeks. Sterling fell to a near two-week low against the U.S. dollar after Bank of England Governor Mark Carney said there could be a "relatively prompt response" from the bank if the current spell of economic weakness persisted. The pound last stood at \$1.3069, having fallen to as low as \$1.3014 in the previous session.

Oil prices were sharply lower from their highs hit in the wake of Iran's missile attack. U.S. West Texas Intermediate (WTI) crude fell to as low as \$58.66 per barrel on Thursday and last stood at \$59.38, down 0.3% on the day, compared to Wednesday's peak of \$65.65.

**Source: Thomson Reuters**

## Domestic Markets

The South African rand weakened slightly against the dollar on Thursday, as power cuts, weak manufacturing data and a trimmed World Bank growth forecast weighed.

The currency had steadied against the dollar earlier in the day as fears of a fresh conflict in the Middle East following the killing of Tehran's top general in a U.S. drone strike abated. At 1510 GMT, the rand traded at 14.2130 per dollar, 0.26% weaker than its previous close.

Wichard Cilliers, chief currency dealer at TreasuryOne, said easing tension in the Middle East was the main factor driving the currency market, but disappointing local news hurt the rand's ability to capitalise on positive sentiment. "It's all lingering in the background, though it's not helping [it] to strengthen too much," he said.

South Africa's troubled state power utility Eskom said it would extend power cuts until Friday morning, the latest round of blackouts that have hurt the continent's most industrialised economy. The World Bank cited concerns over electricity supply as its reason for trimming the country's growth forecast to 0.9% in 2020.

Statistics South Africa said manufacturing output contracted by 3.6% year-on-year in November. Cilliers said this had been expected, so its impact on the rand was not significant.

In fixed income, the yield on the benchmark government bond due in 2026 fell 1 basis point to 8.24%.

Stocks closed weaker, with the Johannesburg Stock Exchange's Top-40 index down 0.34% to 50,916 and the broader all-share index down by the same amount to 57,129 points. Gold producers like Goldfields, Anglo American Platinum and Sibanye-Stillwater lost some of the gains made in the past week as investors flocked to safe haven assets amid heightened tension between the United States and Iran. Goldfields, the biggest loser on the blue-chip index, dropped 4.3%. At the other end were a number of financial firms and retailers that benefit from a stronger rand.

**Source: Thomson Reuters**



## Market Overview

MARKET INDICATORS (Thomson Reuters)		Friday, 10 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	0.000	7.84	7.84
<b>Nominal Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC20 (BMK: R207)	↓	7.35	-0.040	7.39	7.35
GC21 (BMK: R2023)	⇒	7.92	0.000	7.92	7.92
GC22 (BMK: R2023)	↓	8.15	-0.015	8.17	8.13
GC23 (BMK: R2023)	↓	8.25	-0.015	8.27	8.23
GC24 (BMK: R186)	↓	8.86	-0.015	8.87	8.84
GC25 (BMK: R186)	↓	8.89	-0.015	8.90	8.87
GC27 (BMK: R186)	↓	9.44	-0.015	9.45	9.42
GC30 (BMK: R2030)	↓	9.94	-0.005	9.94	9.93
GC32 (BMK: R213)	↑	10.22	0.010	10.21	10.19
GC35 (BMK: R209)	↑	10.72	0.005	10.71	10.69
GC37 (BMK: R2037)	↑	10.89	0.005	10.89	10.87
GC40 (BMK: R214)	⇒	11.22	0.000	11.22	11.21
GC43 (BMK: R2044)	↑	11.41	0.005	11.41	11.41
GC45 (BMK: R2044)	↑	11.61	0.005	11.61	11.61
GC50 (BMK: R2048)	⇒	11.94	0.000	11.94	11.93
<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	↓	1,552	-0.22%	1,556	1,552
Platinum	↑	966	1.32%	954	972
Brent Crude	↓	65.4	-0.11%	65.4	65.3
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓	1,284	-0.41%	1,289	1,284
JSE All Share	↓	57,129	-0.34%	57,322	57,438
SP500	↑	3,275	0.67%	3,253	3,275
FTSE 100	↑	7,598	0.31%	7,575	7,609
Hangseng	↑	28,561	1.68%	28,088	28,638
DAX	↑	13,495	1.31%	13,320	13,517
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	15,394	0.27%	15,353	15,496
Resources	↓	49,097	-1.73%	49,960	49,040
Industrials	↑	70,316	0.39%	70,040	71,033
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	14.22	0.52%	14.15	14.24
N\$/Pound	↑	18.58	0.26%	18.54	18.59
N\$/Euro	↑	15.80	0.53%	15.71	15.80
US dollar/ Euro	↑	1.111	0.02%	1.110	1.109
<b>Economic data</b>		<b>Namibia</b>		<b>RSA</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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