



Market Update

Wednesday, 10 July 2019

Global Markets

Shares were trading water on Wednesday while rising Treasury yields kept the dollar steady, as investors waited to hear whether the world's most powerful central banker would confirm or confound expectations for a U.S. rate cut this month.

MSCI's broadest index of world stocks was little changed after three days of losses. Europe's subdued start reflected pre-event caution rather than how the day would pan out. London's FTSE edged up 0.2% and Paris also rose after better-than-expected French industrial data. Germany's Dax lagged with a loss of 0.1% and E-Mini futures for the S&P 500 were a shade lower. Japan's Nikkei had also finished lower and Chinese blue chips barely budged as data showed inflation remained subdued.

A worrying lack of inflation globally is one reason investors are counting on Federal Reserve Chair Jerome Powell to sound suitably dovish when he testifies to Congress on Wednesday. Futures still fully price in a 25-basis-point cut at the Fed's July 30-31 meeting, but they no longer suggest a half-point move. They had implied a 25% probability of an aggressive cut before an upbeat U.S. jobs report on Friday.

Overnight, Atlanta Fed President Raphael Bostic said the central bank was debating the risks and benefits of letting the U.S. economy run "a little hotter." Meanwhile, U.S. and Chinese trade officials held "constructive" talks on trade by phone on Tuesday, White House economic adviser Larry Kudlow said.

Wall Street had been duly circumspect, with the Dow ending down 0.08%, while the S&P 500 added 0.12% and the Nasdaq 0.54%.

The cooling in U.S. rate fever has seen bonds give back just a little of their rally. Yields on two-year Treasuries rose to 1.917% from their recent low of 1.696% and Europe's benchmark yields up around five basis points. That in turn has helped the dollar index against a basket of currencies rebound to 97.500 from a June low of 95.843. The dollar also gained to 108.92 yen, though the brighter French data helped the euro gain to \$1.1225, still down from its \$1.1412 level of just a couple of weeks ago.

The Mexican peso began to recover after sliding on Tuesday when Finance Minister Carlos Urzua suddenly resigned, citing "extremism" in economic policy. The Canadian dollar was on the defensive before a Bank of Canada meeting, in case policymakers tried to slow the currency's recent rally.

Gold fell 0.3% to \$1,393.68 per ounce as the dollar gained. Oil prices rose on Middle East tensions and news that U.S. stockpiles fell for a fourth week in a row. Brent crude futures gained 64 cents to \$64.80. U.S. crude was up 82 cents to \$58.65 a barrel.

Source: Thomson Reuters

Domestic Markets

South Africa's rand inched weaker early on Wednesday in subdued trading as investors looked to limit big bets ahead of a speech by the head of the United States central bank.

At 0650 GMT the rand was 0.08% weaker at 14.2075 per dollar, barely moved from a close of 14.1875 overnight as investors waited for congressional testimony by Federal Reserve Chairman Jerome Powell for clues on the odds of a near-term easing of U.S. monetary policy.

Strong U.S. jobs data last week cooled market hopes for a large rate cut at the July 30-31 Fed meeting, but a small cut is still widely expected.

With no major data due locally the rand is set to remain in a tight range for most of the session, traders said. Bonds were slightly weaker, with yield on the benchmark 2026 Government Issue up 2 basis points to 8.125%.

Source: Thomson Reuters

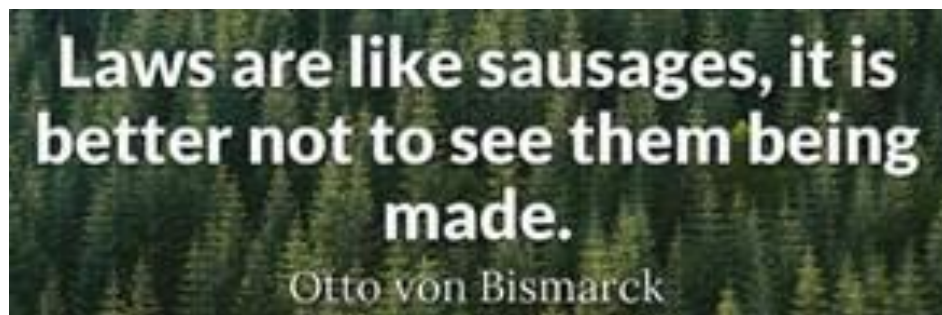
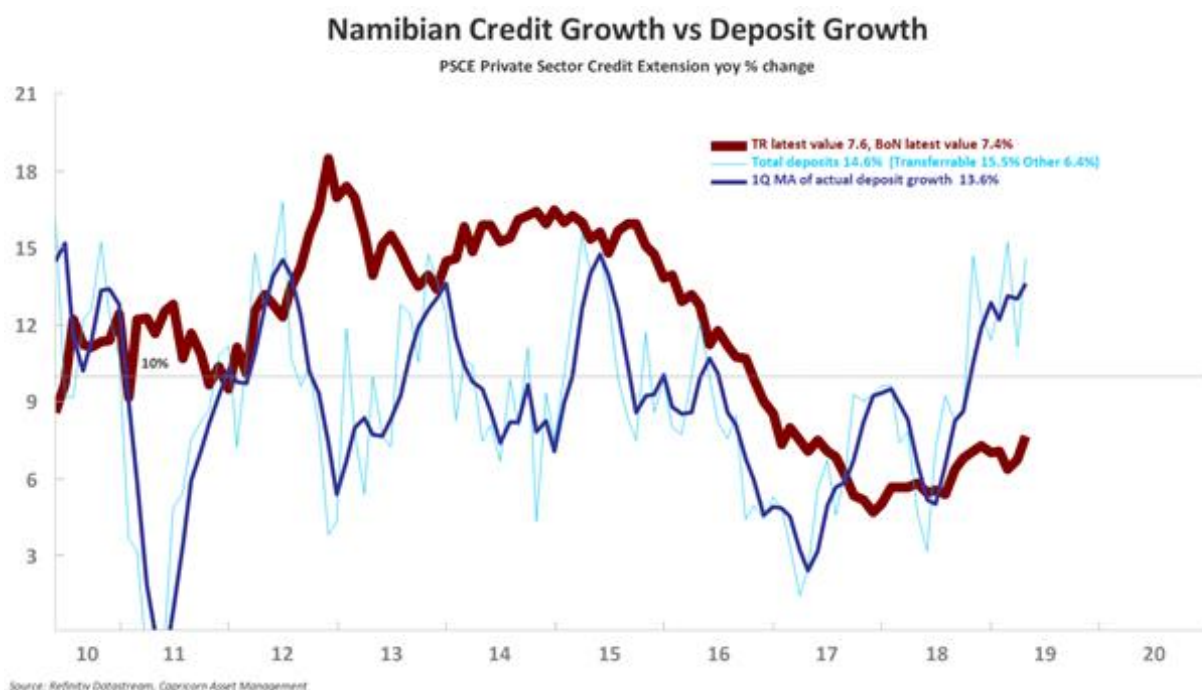


Chart of the Day – Namibia Credit Growth



Market Overview

MARKET INDICATORS		10 July 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	7.12	-0.010	7.13	7.09
6 months	↓	7.55	-0.004	7.55	7.54
9 months	↓	7.72	-0.002	7.72	7.72
12 months	↓	7.83	-0.001	7.83	7.83
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC20 (BMK: R207)	→	7.90	0.000	7.90	7.90
GC21 (BMK: R208)	→	7.35	0.000	7.35	7.35
GC22 (BMK: R2023)	↓	8.04	-0.070	8.11	8.04
GC23 (BMK: R2023)	↓	8.48	-0.063	8.54	8.48
GC24 (BMK: R186)	↓	8.74	-0.060	8.80	8.74
GC25 (BMK: R186)	→	9.41	0.000	9.41	9.41
GC27 (BMK: R186)	↓	8.91	-0.060	8.97	8.91
GC30 (BMK: R2030)	↓	9.69	-0.051	9.74	9.69
GC32 (BMK: R213)	↓	9.89	-0.050	9.94	9.89
GC35 (BMK: R209)	↓	10.34	-0.055	10.40	10.34
GC37 (BMK: R2037)	↓	10.42	-0.055	10.47	10.42
GC40 (BMK: R214)	↓	10.89	-0.050	10.94	10.89
GC43 (BMK: R2044)	→	11.10	0.000	11.10	11.10
GC45 (BMK: R2044)	↓	11.28	-0.050	11.33	11.28
GC50 (BMK: R2048)	↓	11.53	-0.040	11.57	11.53
Inflation-Linked Bonds		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	→	4.20	0.000	4.20	4.20
GI25 (BMK: NCPI)	→	4.90	0.000	4.90	4.90
GI29 (BMK: NCPI)	→	5.89	0.000	5.89	5.89
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,398	0.19%	1,395	1,396
Platinum	↓	806	-0.92%	814	815
Brent Crude	↑	64.2	0.08%	64.1	65.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX (Delayed)	↓	1,317	-1.52%	1,337	1,318
JSE All Share	↓	56,964	-1.33%	57,731	57,330
SP500	↑	2,980	0.12%	2,976	2,980
FTSE 100	↓	7,536	-0.17%	7,549	7,518
Hangseng	↓	28,116	-0.76%	28,332	28,205
DAX	↓	12,437	-0.85%	12,544	12,372
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,426	-1.75%	16,718	16,489
Resources	↓	46,004	-1.41%	46,662	46,329
Industrials	↓	70,980	-1.30%	71,912	71,531
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	→	14.17	0.00%	14.17	14.20
N\$/Pound	↓	17.67	-0.36%	17.73	17.72
N\$/Euro	↓	15.88	-0.05%	15.89	15.93
US dollar/ Euro	↓	1.121	-0.07%	1.121	1.122
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	4.1	4.5	4.5	4.4
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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