



Market Update

Monday, 11 March 2019

Global Markets

Global stocks lost ground on Friday and the dollar softened for the first time in eight sessions after a disappointing U.S. payrolls report exacerbated concerns that the world economy was slowing.

Global economic growth worries mounted as data in China showed exports shrank 20.7 percent in February from a year earlier while imports fell 5.2 percent.

White House trade adviser Clete Willems said on Friday that Trump administration officials have not made any new plans to send a team to China for face-to-face trade talks, although negotiators have made progress. U.S. ambassador to China Terry Branstad told the Wall Street Journal that the two sides have yet to set a date for a summit as neither feels a deal is imminent.

Compounding concerns was a U.S. payrolls report that fell well short of expectations, although other measures within the report were strong, sending mixed signals to investors.

The Dow Jones Industrial Average fell 22.99 points, or 0.09 percent, to 25,450.24, the S&P 500 lost 5.86 points, or 0.21 percent, to 2,743.07 and the Nasdaq Composite dropped 13.32 points, or 0.18 percent, to 7,408.14.

While stocks on Wall Street were lower, a late day rally helped curb losses and major indexes ended near session highs. For the week, the Dow and S&P ended down 2.2 percent while the Nasdaq lost 2.5 percent. The Dow suffered a loss for its eleventh straight session, the longest losing streak since April 1972, according to S&P Dow Jones Indices.

The February data out of Beijing and mixed U.S. payrolls numbers came on the heels of a move by the European Central Bank to slash growth forecasts as it unveiled a new round of policy stimulus on Thursday.

The worries knocked European stock markets lower where the STOXX 600 index suffered its biggest daily percentage drop in a month and worst week this year. The pan-European STOXX 600 index lost 0.89 percent and MSCI's gauge of stocks across the globe shed 0.58 percent. MSCI's index was on pace for its worst week since late December.

After the mixed messages in the jobs report, the dollar weakened for the first time in eight sessions. The Swedish crown SEK= fell to a 16-year low, before reversing course, as the Riksbank joined its

central bank counterparts in Europe and Canada in adopting a cautious outlook. The dollar index .DXY fell 0.31 percent, with the euro EUR= up 0.36 percent to \$1.1232.

U.S. Treasury debt yields were lower in the wake of the payrolls report. Benchmark 10-year notes last rose 3/32 in price to yield 2.6267 percent, from 2.636 percent late on Thursday.

The growth worries, along with surging U.S. oil supply, dented oil prices. U.S. crude fell 1.04 percent to settle at \$56.07 per barrel and Brent was last at \$65.74 per barrel, down 0.84 percent on the day.

Source: Thomson Reuters

Domestic Markets

South Africa's rand hovered close to a nine-week low against the dollar in early trade on Friday, as dovish signals from the European Central Bank (ECB) and global growth concerns hurt risk assets. At 0630 GMT, the rand traded at 14.5450 per dollar, 0.24 percent weaker than its New York close of 14.5100 on Thursday.

The currency had slumped to 14.5625 on Thursday, its weakest since Jan. 3, as it tracked the euro lower after the ECB pushed back its forecast for an interest rate hike and offered banks more cheap loans.

In fixed income, the yield on the benchmark bond due in 2026 jumped 7 basis points to 8.745 percent in early trade.

"The ECB now joins other (developed markets) central banks with a dovish shift in the market, which should be good for risk assets in the long run," RMB analyst Gordon Kerr wrote in a note. "The immediate reaction is one of risk-off as the dollar makes back much of its post-FOMC losses. Poor growth prospects globally continue to remain the focus for many market participants, ensuring that risk assets remain on the back foot, as they have done for most of this week," he added.

Local factors such as woes at state power utility Eskom and President Cyril Ramaphosa's comments in parliament on Thursday that the ruling party will press ahead with plans to nationalise the South African Reserve Bank (SARB) have also weighed on sentiment.

Source: Thomson Reuters

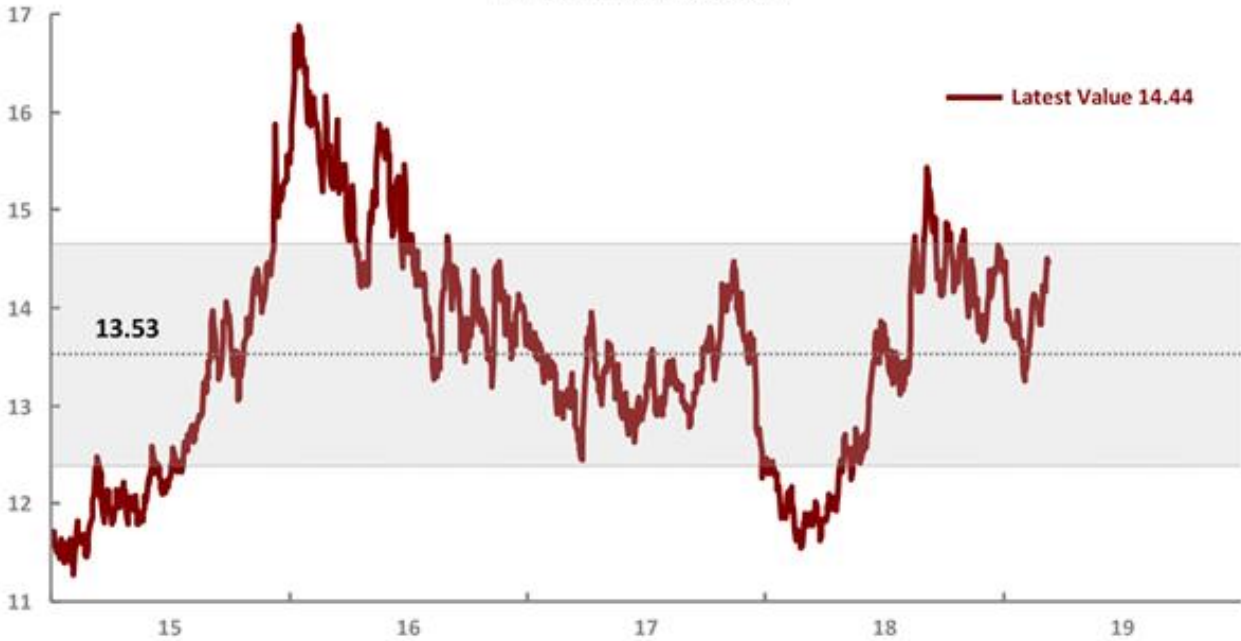
There cannot be a crisis next week. My schedule is already full.

Henry Kissinger

Chart of the Day

Exchange Rate

South African Rand to the US Dollar



Source: Thomson Reuters Datastream, Capricorn Asset Management

Market Overview

MARKET INDICATORS		11 March 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	7.38	-0.008	7.38	7.37
6 months	↓	7.90	-0.004	7.90	7.90
9 months	↓	8.19	-0.003	8.20	8.19
12 months	↓	8.37	-0.002	8.37	8.35
Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↓	8.11	-0.030	8.14	8.11
GC24 (BMK: R186)	↓	9.57	-0.015	9.58	9.58
GC27 (BMK: R186)	↓	9.77	-0.015	9.79	9.78
GC30 (BMK: R2030)	↓	10.56	-0.015	10.57	10.57
GI22 (BMK: NCPI)	→	4.79	0.000	4.79	4.79
GI25 (BMK: NCPI)	→	5.21	0.000	5.21	5.21
GI29 (BMK: NCPI)	→	5.77	0.000	5.77	5.77
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,298	0.97%	1,285	1,297
Platinum	↑	815	0.22%	813	815
Brent Crude	↓	65.7	-0.84%	66.3	66.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX (Delayed)	↓	1,339	-0.07%	1,340	1,339
JSE All Share	↓	55,489	-0.66%	55,858	55,489
SP500	↓	2,743	-0.21%	2,749	2,743
FTSE 100	↓	7,104	-0.74%	7,158	7,104
Hangseng	↓	28,228	-1.91%	28,779	28,435
DAX	↓	11,458	-0.52%	11,518	11,458
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	16,626	0.32%	16,574	16,626
Resources	↓	44,961	-1.17%	45,492	44,961
Industrials	↓	67,034	-1.06%	67,752	67,034
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.43	-0.38%	14.49	14.43
N\$/Pound	↓	18.78	-0.91%	18.95	18.73
N\$/Euro	↑	16.22	0.03%	16.21	16.21
US dollar/ Euro	↑	1.124	0.41%	1.12	1.124
Economic data		Namibia		RSA	
		Latest	Previous	Latest	Previous
Inflation	↓	4.7	5.1	4.0	4.5
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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