



Market Update

Friday, 11 October 2019

Global Markets

Asian shares and U.S. stock futures rose on Friday after U.S. President Donald Trump said he would meet with China's top trade negotiator, while sterling retreated after rallying on revived hopes of a possible Brexit deal.

Investors' renewed appetite for riskier assets weighed on the safe-haven yen and U.S. Treasury prices, while oil stayed firm on comments about possible supply cuts from the head of OPEC. In early Asian trade, MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.5%, following on from gains on Wall Street. S&P e-mini futures added 0.2%. Australian shares climbed 0.8%, while Japan's Nikkei stock index gained 0.9%.

The more bullish market mood came after a first day of trade talks between top U.S. and Chinese negotiators that Trump characterised as "very, very good." A White House official said the talks had gone "probably better than expected" and a U.S. Chamber of Commerce official briefed by both sides raised the possibility of a currency agreement this week. "Freezing tariffs at current levels are unlikely to reverse the current trade driven slowdown in economic growth, and the uncertainty around unresolved structural issues such as IP theft and subsidies to state own enterprises are likely to remain deterrents for a pick-up in much needed capital expenditure," analysts at National Australia Bank said in a morning note. "On this score details on a potential currency pact will be important," they said.

The dollar rose 0.1% against the yen to 108.07, while the euro was flat at \$1.1004 and the pound was slightly lower, fetching \$1.2432. The dollar index, which tracks the greenback against a basket of six major rivals, was down at 98.663 after posting its biggest daily drop in five weeks on waning safe-haven demand for the currency. The British pound jumped nearly 2% on Thursday, its biggest daily gain since March, after Irish Prime Minister Leo Varadkar said a Brexit deal could be clinched by the end of October after what he called a very positive meeting with his British counterpart, Boris Johnson.

The move away from safe havens also lifted the yield on benchmark 10-year Treasury notes to 1.6716% compared with a U.S. close of 1.656% on Thursday. Yields rose across the curve, with two-year notes yielding 1.5464% compared with a U.S. close of 1.53%.

In commodity markets, oil prices remained higher after the head of OPEC said the organisation could take action to balance oil markets, including a deeper cut in oil supplies. U.S. crude was up 0.43% to \$53.78 a barrel and global benchmark Brent crude was up 0.46% at \$59.37 per barrel.

Rising risk appetite tarnished gold's appeal, pushing spot gold down 0.16% to \$1,491.65 per ounce.

Domestic Markets

South Africa's rand firmed on Thursday, as the dollar retreated on global markets, with safe-haven demand for the U.S. currency waning as investors grew optimistic about a trade deal between the United States and China.

At 1530 GMT, the rand traded at 15.0650 versus the dollar, 0.72% stronger than its previous close. "USD/ZAR15.00 is a viable breaking point if the US-Sino trade negotiations prove meaningful yet should the discourse crumble, moves to the upside will be far more severe," RMB analyst Nema Ramkhelawan-Bhana said in a note.

The dollar index, a gauge of the greenback's value against six major currencies, was on track for its biggest daily drop in five weeks.

Chinese Vice Premier Liu He said on Thursday China is willing to reach an agreement with the United States on matters that both sides care about so as to prevent friction from leading to any further escalation. Trade talks between the two countries started on Thursday.

On the stock market, the Top-40 index closed 1.49% higher at 49,032 points while the broader all-share was up 1.33% to 55,060. Shares in cement company PPC Ltd jumped more than 6% to 3.80 rand after the firm said that Chief Financial Officer Tryphosa Ramano, who was also an executive director, will step down on Oct. 31.

In fixed income, the yield on the benchmark government bond due in 2026 dipped 1.5 basis points to 8.225%.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)		Friday, 11 October 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	➡	7.06	0.000	7.06	6.92
6 months	➡	7.18	0.000	7.18	7.13
9 months	➡	7.35	0.000	7.35	7.27
12 months	➡	7.50	0.000	7.50	7.40
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC20 (BMK: R207)	⬇	7.36	-0.001	7.37	7.36
GC21 (BMK: R2023)	⬇	7.57	-0.180	7.75	7.75
GC22 (BMK: R2023)	⬆	8.12	0.065	8.06	8.09
GC23 (BMK: R2023)	⬆	8.60	0.065	8.54	8.56
GC24 (BMK: R186)	⬆	9.51	0.700	8.81	8.84
GC25 (BMK: R186)	⬆	8.86	0.065	8.80	8.82
GC27 (BMK: R186)	⬆	9.08	0.065	9.01	9.04
GC30 (BMK: R2030)	⬆	9.54	0.065	9.48	9.50
GC32 (BMK: R213)	⬆	10.14	0.065	10.08	10.10
GC35 (BMK: R209)	⬆	10.48	0.065	10.42	10.40
GC37 (BMK: R2037)	⬆	10.56	0.065	10.50	10.51
GC40 (BMK: R214)	⬆	11.06	0.065	11.00	10.97
GC43 (BMK: R2044)	⬆	10.97	0.065	10.91	10.92
GC45 (BMK: R2044)	⬆	11.44	0.065	11.38	11.39
GC50 (BMK: R2048)	⬆	11.71	0.065	11.64	11.65
Inflation-Linked Bonds		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	➡	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	➡	4.65	0.000	4.65	4.65
GI29 (BMK: NCPI)	➡	5.61	0.000	5.61	5.61
GI33 (BMK: NCPI)	➡	6.19	0.000	6.19	6.19
GI36 (BMK: NCPI)	➡	6.54	0.000	6.54	6.54
Commodities		Last close	Change	Prev close	Current Spot
Gold	⬇	1,494	-0.75%	1,505	1,499
Platinum	⬆	899	0.84%	892	904
Brent Crude	⬆	59.1	1.34%	58.3	60.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,263	2.22%	1,236	1,263
JSE All Share	⬆	55,072	1.35%	54,339	55,072
SP500	⬆	2,938	0.64%	2,919	2,938
FTSE 100	⬆	7,186	0.28%	7,167	7,186
Hangseng	⬆	25,708	0.10%	25,683	26,311
DAX	⬆	12,164	0.58%	12,094	12,164
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬆	15,590	1.85%	15,307	15,590
Resources	⬆	44,616	1.97%	43,756	44,616
Industrials	⬆	68,812	0.93%	68,176	68,812
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	15.05	-0.75%	15.16	15.00
N\$/Pound	⬆	18.72	1.17%	18.50	18.67
N\$/Euro	⬇	16.56	-0.44%	16.63	16.52
US dollar/ Euro	⬆	1.100	0.32%	1.097	1.102
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	⬆	3.7	3.6	4.3	4.0
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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