



## Market Update

Wednesday, 14 March 2019

### Global Markets

World equity markets advanced broadly on Wednesday after U.S. data again showed risk-friendly low inflation, which weakened the dollar, while Boeing shares gained even as the United States said it would ground the company's 737 MAX aircraft.

Shares in Europe rose on investor optimism that British lawmakers would reject leaving the European Union without a deal. A late night vote in Parliament ruled out a potentially disorderly 'no-deal' Brexit under any circumstances.

Trading in Boeing was volatile but another benign reading on inflation bolstered risk appetite and sent Wall Street's fear gauge, the CBOE Volatility Index .VIX, to its lowest point since October. U.S. producer prices edged barely higher in February, in the smallest annual increase since June 2017, the latest sign of tame inflation that supports the Federal Reserve's "patient" approach to future interest rate hikes.

Other data showed new orders for U.S.-made capital goods increased by the most in six months in January and shipments also rose, but business spending on equipment remained soft, leaving forecasts for weak first-quarter economic growth intact.

U.S. stocks advanced broadly with all 11 of the S&P 500's sectors rising, boosted by health care and energy, which also lifted shares in Europe. MSCI's gauge of stocks across the globe gained 0.51 percent while the FTSEurofirst 300 index of leading European shares closed up 0.69 percent.

On Wall Street, the Dow Jones Industrial Average rose 148.23 points, or 0.58 percent, to 25,702.89. The S&P 500 gained 19.4 points, or 0.69 percent, to 2,810.92 and the Nasdaq Composite .IXIC added 52.37 points, or 0.69 percent, to 7,643.41.

The pound rose on expectations lawmakers would reject a no-deal Brexit and gained further after the motion in Parliament paved the way for a new vote to delay departure from the EU. Sterling rose 1.72 percent to \$1.3298. The dollar index .DXY fell 0.47 percent, with the euro up 0.4 percent to \$1.1331. The Japanese yen JPY= strengthened 0.19 percent versus the greenback at 111.17 per dollar.

U.S. Treasury yields rose after falling in the previous session as risk appetite improved and equity markets steadied. Benchmark 10-year U.S. Treasury notes fell 2/32 in price to push yields up to

2.6141 percent. "After yesterday's CPI data, yields fell. So some of these are just rebound after that," said Stan Shipley, fixed income strategist at Evercore ISI in New York.

Oil futures rallied more than 1 percent as an unexpected drop in U.S. crude inventory and a forecast of slower-than-expected supply growth from the world's top crude producer boosted prices. U.S. crude stocks fell last week as refineries hiked output, the U.S. Energy Information Administration said. U.S. crude rose \$1.39 to settle at \$58.26 per barrel and Brent LCOc1 settled up 88 cents at \$67.55.

Gold hit nearly a two-week high as tepid U.S. economic data reinforced views the Fed would be patient on monetary policy. U.S. gold futures settled 0.9 percent higher at \$1,309.3 per ounce.

**Source: Thomson Reuters**

## **Domestic Markets**

South Africa's rand weakened against the dollar on Wednesday as investors stayed away from riskier assets ahead of another British parliamentary showdown over Brexit. At 1505 GMT the rand was trading at 14.4050 per dollar, 0.42 percent weaker than its New York close of 14.3450 on Tuesday.

Parliament is due to vote at 1900 GMT on whether Britain should leave the EU on March 29 without a deal. Lawmakers are widely expected to reject what would be an economically disruptive move, increasing the possibility of a delay in the departure date.

"We would expect today's motion for a 'no deal' Brexit to be comprehensively defeated," NKC African Economics said in a note. "This would lead to a vote tomorrow evening on whether the UK should ask the EU to extend the Article 50 period. We expect this motion to be approved and for the EU to agree to such an extension." Brexit ructions have tended to drive investors towards safe-haven assets.

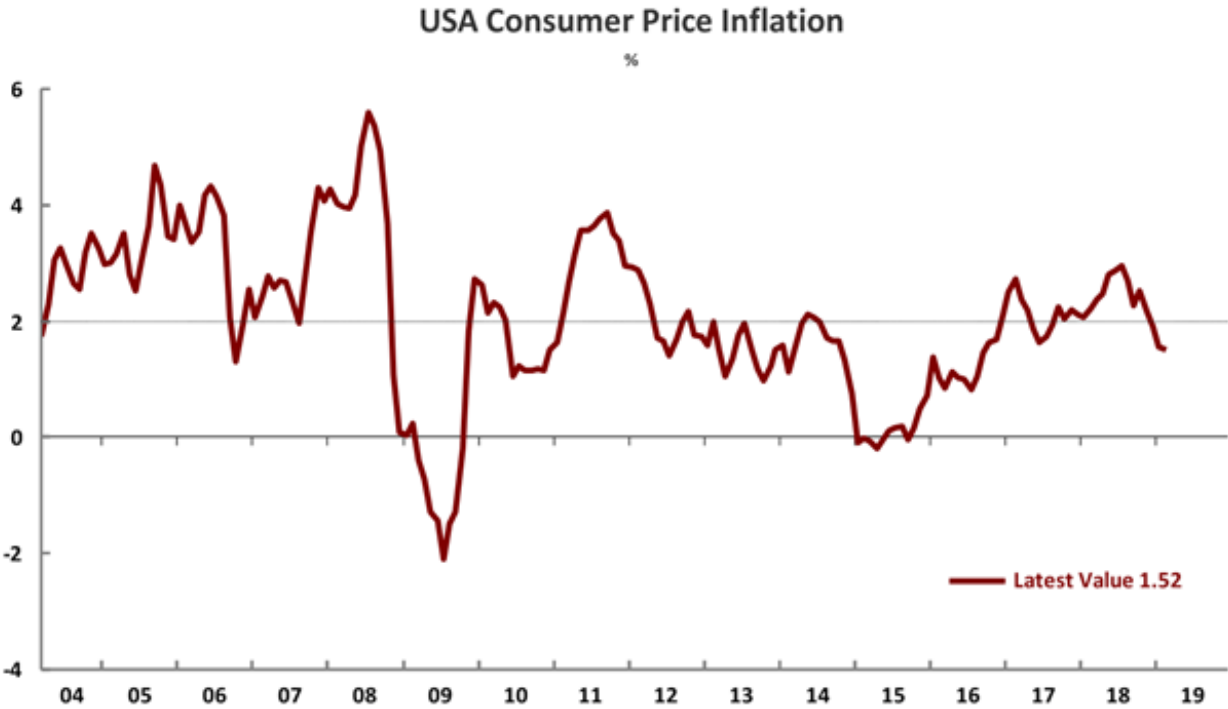
In fixed income, the yield on the benchmark government bond due in 2026 ended 4.5 basis points higher at 8.72 percent.

Shares edged higher, with the Johannesburg Stock Exchange's top-40 index closing up 0.24 percent at 49,584 points and the broader all-share index up 0.23 percent at 55,829 points. Libstar Holdings surged more than 13 percent after the food producer declared a maiden cash dividend despite falling earnings.

**Source: Thomson Reuters**



# Chart of the Day



Source: Thomson Reuters Datastream

## Market Overview

MARKET INDICATORS		14 March 2019			
<b>Money Market TB's</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↓	7.33	-0.025	7.36	7.33
6 months	↓	7.88	-0.010	7.89	7.88
9 months	↓	8.18	-0.010	8.19	8.18
12 months	↓	8.34	-0.004	8.35	8.34
<b>Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC21 (BMK: R208)	↓	8.14	-0.025	8.17	8.17
GC24 (BMK: R186)	↑	9.61	0.020	9.59	9.64
GC27 (BMK: R186)	↑	9.82	0.025	9.80	9.85
GC30 (BMK: R2030)	↑	10.62	0.025	10.59	10.65
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
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	1,309	0.56%	1,302	1,304
Platinum	⇒	838	0.00%	838	831
Brent Crude	↑	67.6	1.32%	66.7	67.8
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX (Delayed)	↓	1,322	-0.88%	1,334	1,322
JSE All Share	↑	55,829	0.23%	55,700	55,829
SP500	↑	2,811	0.69%	2,792	2,811
FTSE 100	↑	7,159	0.11%	7,151	7,159
Hangseng	↓	28,807	-0.39%	28,921	28,769
DAX	↑	11,572	0.42%	11,524	11,572
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↓	16,339	-1.04%	16,511	16,339
Resources	↑	45,670	1.14%	45,155	45,670
Industrials	↑	67,895	0.28%	67,703	67,895
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↑	14.42	0.48%	14.35	14.46
N\$/Pound	↑	19.23	2.52%	18.75	19.19
N\$/Euro	↑	16.33	0.83%	16.19	16.36
US dollar/ Euro	↑	1.133	0.35%	1.13	1.132
		<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
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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