



**Market Update**

**Wednesday, 15 January 2020**

## **Global Markets**

Stocks slipped in Asian trade on Wednesday as investors awaited the signing of an initial U.S.-China trade deal, with sentiment somewhat dented by comments from the U.S. Treasury Secretary that tariffs would remain in place for now.

MSCI's broadest index of Asia-Pacific shares outside Japan retreated 0.40%, Japan's benchmark Nikkei and South Korea's KOSPI shed 0.46% and 0.40%, respectively, while Australian stocks added 0.33%. China's Shanghai Composite fell 0.59% and Hong Kong's Hang Seng dropped 0.72%.

Treasury Secretary Steven Mnuchin said late on Tuesday that the United States would keep in place tariffs on Chinese goods until the completion of a second phase of a U.S.-China trade agreement, triggering some profit-taking in risk assets. The news came hours before the signing of a preliminary trade agreement to ease an 18-month-old trade war between the world's two largest economies.

Wall Street stocks dipped on Tuesday, reversing earlier intraday record highs, after media reported the United States would likely maintain tariffs on Chinese goods past November's presidential election. "We should not expect further tariff relief until after the November presidential elections, suggesting today's agreement is probably as good as it gets for 2020," said Tapas Strickland, director of economics at National Australia Bank in Sydney. He added that Mnuchin's comment didn't come as a total surprise to the market and the underlying sentiment should remain intact.

U.S. Treasury yields ticked down as investors took stock of weaker-than-expected consumer prices and the expected signing of the interim trade deal, with the benchmark 10-year note yield falling to 1.807%. Markets were also weighing the impact of the U.S. government nearing publication of a rule that would vastly expand its powers to block shipments of foreign-made goods to China's Huawei, as it seeks to squeeze the blacklisted telecoms company, two sources said.

In the currency market, the Japanese yen, often perceived as a safe haven, reversed earlier losses against the dollar as news U.S. tariffs would remain on Chinese goods through the U.S. election hurt risk sentiment. The yen was last changing hands at 109.90 yen to the dollar, a shade firmer on the day, after hitting its weakest level in nearly eight months of 110.22 yen the previous day. The euro was last traded at \$1.1129 and the dollar index against a basket of currencies stood at 97.368, both steady on the day. The offshore yuan weakened to 6.905 per dollar after rising to 6.865, the strongest since July 11, on Tuesday.

China's central bank extended fresh short- and medium-term loans on Wednesday but kept the borrowing cost unchanged, as it seeks to maintain adequate liquidity in a slowing economy.

Oil prices slipped on Wednesday on worries that the pending Phase 1 trade deal between the world's two biggest crude users may not lead to more fuel demand as Washington intends to keep tariffs on Chinese goods in place. Concerns about increasing supply also pressured prices after a government report on Tuesday said that output from the United States will increase in 2020 by more than previously forecast. Brent crude dropped 0.19% to \$64.37 per barrel and U.S. West Texas Intermediate crude futures were down 0.21% at \$58.11 a barrel.

**Source: Thomson Reuters**

## Domestic Markets

South Africa's rand slumped to a one month-low on Tuesday, as data pointed to continued weakness in the economy, while a surge in Woolworths Holdings and Old Mutual led stocks higher.

A survey showed consumer confidence in Africa's most industrialised economy remained at a near-two year low in the fourth quarter, as the country struggles with prolonged power cuts and choppy economic growth. The rand tumbled more than half a percent to hit a session low of 14.5000 per dollar, its weakest since Dec. 16. The unit trimmed its losses in late afternoon trade to steady at 14.4000 as of 1535 GMT.

The focus now turns to the South African Reserve Bank's monetary policy meeting on Thursday, when it will announce its interest rate decision after keeping rates on hold at 6.5% at its last meeting. November retail sales figures are due on Wednesday and mining production data on Thursday.

"With the country's inflation rate dropping to its lowest level in almost nine years at 3.6% and economic data over the past few weeks painting a gloomy picture, the South African Reserve Bank may cut interest rates this quarter," said Lukman Otunuga, senior research analyst at FXTM.

The Johannesburg All-Share index and Top-40 index registered near one-month highs as department chain Woolworths and insurer Old Mutual posted strong gains. Also helping the equity market was optimism around the Phase 1 Sino-U.S. trade agreement expected to be signed this week.

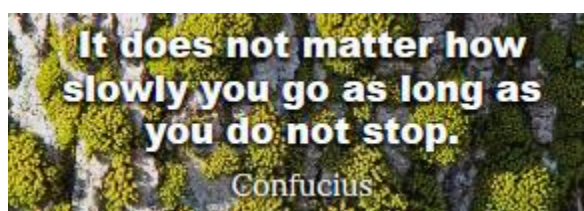
Woolworths gained 8.30% after it said it appointed Levi Strauss executive Roy Bagattini as CEO, cheering investors keen for a fresh pair of hands to tackle the department chain's struggling Australian business. Investors often said that CEO Ian Moir overpaid for upmarket Australian department chain David Jones "and when it wasn't working he continued to invest in it", Sasfin Wealth senior equity analyst Alec Abraham said. "You've got fresh eyes with no vested interest in any particular region or business that can arguably have an objective review of the business and make objective decisions on where it should be going in future," he said.

Old Mutual rose 3.25% to 19.69 rand after a South African High Court ruled that the insurer does not have to reinstate its sacked chief executive, Peter Moyo, a shift in legal fortunes for the country's No.2 insurer.

The All-Share Index closed 0.69% firmer at 57,967 points, while the Top-40 index gained 0.74% to 51,725 points, both levels last seen on Dec. 19.

The yield on the benchmark government bond due in 2026 was up 3.5 basis points at 8.26%.

**Source: Thomson Reuters**



## Market Overview

MARKET INDICATORS (Bloomberg)				15 January 2020	
<b>Money Market TB's</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
3 months	↑	7.624	0.059	7.565	7.624
6 months	↑	7.572	0.177	7.395	7.572
9 months	↑	7.817	0.036	7.781	7.817
12 months	↑	7.848	0.012	7.836	7.848
<b>Nominal Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GC20 (BMK: R207)	↓	7.787	-0.004	7.791	7.782
GC21 (BMK: R2023)	↑	8.032	0.031	8.001	8.032
GC22 (BMK: R2023)	↓	8.018	-0.001	8.019	8.017
GC23 (BMK: R2023)	↑	8.303	0.028	8.275	8.303
GC24 (BMK: R186)	↑	8.825	0.015	8.810	8.824
GC25 (BMK: R186)	↑	8.855	0.015	8.840	8.856
GC27 (BMK: R186)	↑	9.201	0.058	9.143	9.201
GC30 (BMK: R2030)	↑	9.811	0.012	9.799	9.811
GC32 (BMK: R213)	→	10.432	0.000	10.432	10.432
GC35 (BMK: R209)	↑	10.842	0.046	10.796	10.842
GC37 (BMK: R2037)	↑	11.161	0.011	11.150	11.161
GC40 (BMK: R214)	↑	11.341	0.058	11.283	11.341
GC43 (BMK: R2044)	↑	11.754	0.049	11.705	11.754
GC45 (BMK: R2044)	↑	11.901	0.039	11.862	11.901
GC50 (BMK: R2048)	↑	12.040	0.107	11.933	12.040
<b>Inflation-Linked Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GI22 (BMK: NCPI)	↓	4.374	-0.001	4.375	4.375
GI25 (BMK: NCPI)	↑	4.651	0.002	4.649	4.652
GI29 (BMK: NCPI)	→	5.708	0.000	5.708	5.708
GI33 (BMK: NCPI)	↑	6.260	0.001	6.259	6.260
GI36 (BMK: NCPI)	→	6.454	0.000	6.454	6.454
<b>Commodities</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Gold	↓	1,546.39	-0.10%	1,547.88	1,552.02
Platinum	↑	984.32	0.98%	974.78	992.07
Brent Crude	↑	64.49	0.45%	64.20	64.37
<b>Main Indices</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
NSX	↑	593.40	1.10%	586.96	593.40
JSE All Share	↑	57,967.13	0.69%	57,572.72	57,967.13
S&P 500	↓	3,283.15	-0.15%	3,288.13	3,283.15
FTSE 100	↑	7,622.35	0.06%	7,617.60	7,622.35
Hangseng	↓	28,703.63	-0.63%	28,885.14	28,703.63
DAX	↑	13,456.49	0.04%	13,451.52	13,456.49
<b>JSE Sectors</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Financials	→	15,283.56	0.00%	15,283.56	15,541.20
Resources	→	49,591.27	0.00%	49,591.27	49,329.64
Industrials	→	71,316.59	0.00%	71,316.59	72,147.61
<b>Forex</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
N\$/US Dollar	↓	14.40	-0.07%	14.41	14.36
N\$/Pound	↑	18.75	0.21%	18.71	18.72
N\$/Euro	↓	16.03	-0.06%	16.04	15.99
US Dollar/ Euro	→	1.11	0.00%	1.11	1.11
		<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Inflation	↓	2.50	3.02	3.60	3.70
Prime Rate	→	10.25	10.25	10.00	10.00
Central Bank Rate	→	6.50	6.50	6.50	6.50

**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
- NSX is a Bloomberg calculated Index

**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. The levels of and changes in the yields need to be interpreted with caution due to the illiquid nature of the domestic bond market.

Source: Bloomberg



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