



Market Update

Tuesday, 17 December 2019

Global Markets

Asian shares rose to their highest in more than a year on Tuesday, as trade deal optimism and Wall Street's run to all-time highs supported sentiment, while familiar fears of a hard Brexit knocked the pound.

The mood carried MSCI's broadest index of Asia-Pacific shares outside Japan up 0.6% to its highest since July 2018. Japan's Nikkei hit its firmest in more than year, Hong Kong's Hang Seng rose almost a percent. Korea's Kospi stood at its highest since May and Shanghai blue chips rose 0.6%, while Australia's S&P/ASX 200 eked a tiny extension to Monday's big gains.

Bond markets, currencies and commodities were more circumspect, and futures trade pointed to softness in Europe and a flat open the United States after a bumper Monday. "As long as volatility remains low, momentum is probably continuing, despite the amazing year to date gains," said Kay Van-Petersen, global macro strategist at Saxo Capital Markets in Singapore. "The risk is that nobody thinks that there's anything left for the year, they're all thinking 2020."

The preliminary deal between Washington and Beijing will double U.S. exports to China, White House adviser Larry Kudlow told Fox News on Monday. The United States will also reduce some tariffs on Chinese goods under the agreement. It is not yet signed, and the Chinese side have been more circumspect in their praise, but U.S. Trade Representative Robert Lighthizer said over the weekend it is "totally done".

The three major U.S. stock indexes rose modestly, but posted record closing highs. So did the pan-European STOXX 600 index. The Dow Jones Industrial Average rose 0.4%, the S&P 500 added 0.7% and the Nasdaq almost one percentage point. For the year to date, the Nasdaq has increased its value by a third, while the other indexes are up by more than 20%.

In Britain, the FTSE 100 had its biggest daily gain in almost a year. But after the closing bell some familiar fears returned. ITV reported Prime Minister Boris Johnson would use his huge majority to reinstate a hard deadline for quitting the European Union at the end of next year, again raising the spectre of a chaotic "hard" Brexit. Sterling fell 0.6%, before recovering slightly.

Elsewhere currency markets were more pensive in the absence of many of the fine details of the trade deal. The U.S dollar recouped some of Monday's losses, though moves were modest. "Well, yeah, they've agreed a 'phase one' deal, but what's actually in it?" said Westpac analyst Imre

Speizer. "Equity markets just want to rally, so they'll pick on anything that seems remotely positive, but the other markets are maybe a little more thoughtful about exactly what's going on."

Several Chinese officials told Reuters the wording of the agreement remained a delicate issue and care was needed to ensure expressions used in text did not re-escalate tensions. Still, trade optimism kept the Chinese yuan on the strong side of 7 per dollar. The Australian dollar drifted lower as minutes of the central bank's December policy meeting showed it was open to monetary easing in February if the outlook deteriorated.

Brent crude held steady at \$65.32 per barrel, after climbing on Monday. Spot gold was flat at \$1,475.26 per ounce.

Source: Thomson Reuters

Domestic Markets

South Africa's and the NSX were closed yesterday

The US-China Trade Deal

The so-called Phase One trade deal between Washington and Beijing has been "absolutely completed," a top White House adviser said on Monday, adding that U.S. exports to China will double under the agreement. "They're ... going to double our exports to China," National Economic Council Director Larry Kudlow told Fox News Channel.

Under the trade agreement announced last week, Washington will reduce some tariffs on Chinese imports in exchange for Chinese purchases of agricultural, manufactured and energy products increasing by about \$200 billion over the next two years.

While U.S. officials have touted the deal, Chinese officials have been more cautious, emphasizing that the trade dispute has not been completely settled. "Make no mistake about it: the deal is done, the deal is completed," Kudlow later told reporters at the White House. "The deal is absolutely completed."

Asked if officials still planned to sign the deal the first week of January, Kudlow said: "That's the hope." Translations were still being worked out but he did not expect any changes to the final Phase One agreement, he added.

On Sunday, U.S. Trade Representative Robert Lighthizer said a date for senior U.S. and Chinese officials' signing of the accord has not yet been determined. Kudlow told reporters at the White House on Monday that the second phase of talks would start "pretty soon" but offered no specific date.

"Phase Two and its outcome will depend in some way on the success of Phase One. The two are going to be linked," he said. U.S. President Donald Trump has said negotiations on a Phase Two trade deal between the two economic giants would start immediately.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)		Tuesday, 17 December 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	7.04	-0.020	7.06	7.04
6 months	↓	7.38	-0.010	7.39	7.45
9 months	↓	7.69	-0.010	7.70	7.70
12 months	⇒	7.75	0.000	7.75	7.82
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC20 (BMK: R207)	⇒	7.38	0.000	7.38	7.38
GC21 (BMK: R2023)	⇒	7.38	0.000	7.38	7.36
GC22 (BMK: R2023)	⇒	8.19	0.000	8.19	8.15
GC23 (BMK: R2023)	⇒	8.29	0.000	8.29	8.25
GC24 (BMK: R186)	⇒	8.93	0.000	8.93	8.90
GC25 (BMK: R186)	⇒	8.96	0.000	8.96	8.93
GC27 (BMK: R186)	⇒	9.07	0.000	9.07	9.04
GC30 (BMK: R2030)	⇒	10.03	0.000	10.03	10.01
GC32 (BMK: R213)	⇒	10.31	0.000	10.31	10.28
GC35 (BMK: R209)	⇒	10.77	0.000	10.77	10.76
GC37 (BMK: R2037)	⇒	10.96	0.000	10.96	10.94
GC40 (BMK: R214)	⇒	11.31	0.000	11.31	11.29
GC43 (BMK: R2044)	⇒	11.48	0.000	11.48	11.47
GC45 (BMK: R2044)	⇒	11.68	0.000	11.68	11.67
GC50 (BMK: R2048)	⇒	12.00	0.000	12.00	11.99
Inflation-Linked Bonds		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	⇒	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	⇒	4.60	0.000	4.60	4.60
GI29 (BMK: NCPI)	⇒	5.72	0.000	5.72	5.72
GI33 (BMK: NCPI)	⇒	6.25	0.000	6.25	6.25
GI36 (BMK: NCPI)	⇒	6.46	0.000	6.46	6.46
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,476	0.03%	1,476	1,477
Platinum	↑	929	0.14%	928	931
Brent Crude	↑	65.3	0.18%	65.2	65.4
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⇒	1,335	0.00%	1,335	1,335
JSE All Share	⇒	56,749	0.00%	56,749	56,749
SP500	↑	3,191	0.71%	3,169	3,191
FTSE 100	↑	7,519	2.25%	7,353	7,519
Hangseng	↓	27,508	-0.65%	27,688	27,819
DAX	↑	13,408	0.94%	13,283	13,408
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⇒	15,861	0.00%	15,861	15,861
Resources	⇒	49,286	0.00%	49,286	49,286
Industrials	⇒	67,870	0.00%	67,870	67,870
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.35	-0.81%	14.47	14.39
N\$/Pound	↓	19.13	-0.78%	19.28	19.09
N\$/Euro	↓	15.99	-0.60%	16.09	16.03
US dollar/ Euro	↑	1.114	0.21%	1.112	1.114
Economic data		Namibia		RSA	
		Latest	Previous	Latest	Previous
Inflation	↓	2.5	3.0	3.6	3.7
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:

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Source: Thomson Reuters



For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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