



Market Update

Tuesday, 19 November 2019

Global Markets

Asian share markets were mixed on Tuesday, as another day awaiting clearer news on the progress of U.S.-China trade negotiations left investors bereft of trading motivation.

MSCI's broadest index of Asia-Pacific shares outside Japan inched 0.2% higher as hopes for stimulus in China lifted Shanghai blue chips by 0.8% and Hong Kong's Hang Seng by 1%. Japan's Nikkei, however, shed 0.2% and South Korea's Kospi 200 dropped 0.3%. Australia's S&P/ASX 200 rose 0.4%. Volumes were light across the board. E-Mini futures for the S&P 500 were flat.

"It's subdued today for sure," said Vishnu Varathan, head of economics and strategy at Mizuho Bank's Asia Treasury Department in Singapore, adding that focus was by default on efforts to resolve the trade war between the world's two biggest economies that has dented global growth. "There are some lingering doubts over whether a phase one deal can be struck ... I think the suspicion is that there's a lot more wrinkles to iron out than initially thought." Overnight, CNBC had reported the mood in Beijing was pessimistic about the prospects of sealing an agreement. On the other hand, a new extension allowing U.S. companies to keep doing business with Chinese telecoms giant Huawei suggested something of an olive branch. Still, neither morsel shed much light on progress in U.S.-China negotiations, and this week's listless trading suggests optimism that resolution is near is beginning to run out of steam. "We're still waiting," said Michael McCarthy, chief market strategist at brokerage CMC Markets in Sydney. "The longer we go on, the more concerns will arise. The reality is the clock is ticking." The next deadline in the dispute is Dec. 15, when another round of U.S. tariffs on Chinese goods is scheduled to take effect.

Wall Street's main indexes traded mostly flat on Monday, looking for direction on trade, though they ended the day inching higher to record closing levels. The Dow Jones Industrial Average rose 0.1%. The S&P 500 gained 0.05%, and the Nasdaq Composite added 0.1%. The yield on benchmark 10-year Treasury notes rose to 1.8118% compared with its U.S. close of 1.808% on Monday.

Currency markets were similarly indecisive and range-bound. The safe-haven Japanese yen climbed as high as 108.45 per dollar before retreating to trade flat at 108.64. The Australian dollar nudged 0.2% lower to \$0.6793 after the central bank said it had seen a case for cutting rates this month. The biggest mover overnight was the British pound which headed towards \$1.30 as four polls showed Prime Minister Boris Johnson's Conservative Party tracking toward victory at the Dec.

12 election. Sterling hit a one-month high of \$1.2984 overnight, before retreating a little in Asian trade to settle around \$1.2953.

"Overall, risk-related plays will continue to be whipsawed by alternating headlines, but in the short term, risk-off plays may still have room to run as uncertainties persist," said Terence Wu, a strategist at OCBC bank in Singapore.

Spot gold, which has been closely tracking the fortunes of the Sino-U.S. trade dispute, was flat at \$1,470.03 per ounce. U.S. crude dropped 0.18% to \$56.95 a barrel. Brent crude fell to \$62.34 per barrel.

Domestic Markets

South Africa's rand weakened on Monday, as cautious investors awaited clues on monetary policy from the local central bank and some of the world's major central banks, as well as developments in U.S.-China trade talks. At 1535 GMT the rand was 0.41% weaker at 14.7850 per dollar.

South Africa's central bank decides on lending rates for the last time in 2019 on Thursday, and the regulator is expected to keep the level unchanged at 6.5%. Twenty-one of 28 economists polled by Reuters in the previous week said the repo rate would remain unchanged at the Nov. 21 meeting. The remaining seven said the monetary policy committee (MPC) would cut rates by 25 basis points.

South Africa's relatively high rates, combined with benign consumer inflation, has shielded the rand from large selloffs despite a deteriorating fiscal and economic outlook, and is set to keep it below the 15.00 mark going into year-end.

"Given how trade uncertainty and global growth fears have encouraged central banks across the globe to ease monetary policy, all eyes will be on the South African Reserve Bank's rate decision later in the week," said Lukman Otunuga, senior research analyst at FXTM. "Should the SARB adopt a cautious stance and express concerns over the South African economy, the rand will be thrown in the direct firing line."

Globally, focus is on minutes of the U.S. Federal Reserve's October meeting expected on Wednesday, while markets also await the first major speech by European Central Bank President Christine Lagarde on Friday.

On the bourse, the Top-40 index rose 0.82% while the broader all-share closed 0.74% higher. Gainers included technology investment company Prosus, rising 2.5% after the firm said it expected a rise of between 3% and 9% in "core headline earnings per share" from continuing operations for its fiscal first half year ended Sept. 30. Dutch-based Prosus was spun out of South Africa's Naspers in a Sept. 11 initial public offering, and Naspers retains a 73.8% stake. Naspers shares closed 2.37% higher.

Bonds weakened, with the yield on the benchmark 2026 government issue inching up 2.5 basis point to 8.405%.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)		Tuesday, 19 November 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↑	6.95	0.004	6.94	6.96
6 months	↑	7.23	0.002	7.22	7.22
9 months	↑	7.36	0.002	7.36	7.36
12 months	↑	7.45	0.002	7.45	7.45
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC20 (BMK: R207)	→	7.37	0.000	7.37	7.37
GC21 (BMK: R2023)	→	7.32	0.000	7.32	7.32
GC22 (BMK: R2023)	↑	8.33	0.020	8.31	8.36
GC23 (BMK: R2023)	↑	8.43	0.020	8.41	8.46
GC24 (BMK: R186)	↑	9.02	0.020	9.00	9.05
GC25 (BMK: R186)	↑	9.05	0.020	9.03	9.08
GC27 (BMK: R186)	↑	9.16	0.020	9.14	9.19
GC30 (BMK: R2030)	↑	10.02	0.035	9.98	10.05
GC32 (BMK: R213)	↑	10.29	0.040	10.25	10.31
GC35 (BMK: R209)	↑	10.70	0.050	10.65	10.72
GC37 (BMK: R2037)	↑	10.88	0.050	10.83	10.91
GC40 (BMK: R214)	↑	11.25	0.050	11.20	11.28
GC43 (BMK: R2044)	↑	11.39	0.050	11.34	11.42
GC45 (BMK: R2044)	↑	11.59	0.050	11.54	11.62
GC50 (BMK: R2048)	↑	11.92	0.045	11.87	11.95
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)	↓	5.51	-0.044	5.55	5.55
GI33 (BMK: NCPI)	↓	6.01	-0.135	6.15	6.15
GI36 (BMK: NCPI)	↓	6.30	-0.090	6.39	6.39
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,471	0.25%	1,467	1,472
Platinum	↑	894	0.50%	889	899
Brent Crude	↓	62.4	-1.36%	63.3	62.3
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,327	-0.27%	1,330	1,327
JSE All Share	↑	56,467	0.74%	56,055	56,467
SP500	↑	3,122	0.05%	3,120	3,122
FTSE 100	↑	7,308	0.07%	7,303	7,308
Hangseng	↑	26,681	1.35%	26,327	27,009
DAX	↓	13,207	-0.26%	13,242	13,207
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,236	-0.31%	16,287	16,236
Resources	↑	46,433	0.65%	46,132	46,433
Industrials	↑	69,301	1.49%	68,282	69,301
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.80	0.65%	14.70	14.80
N\$/Pound	↑	19.16	1.07%	18.96	19.19
N\$/Euro	↑	16.38	0.83%	16.24	16.40
US dollar/ Euro	↑	1.107	0.18%	1.105	1.108
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	3.0	3.3	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



Capricorn Asset Management



Bank Windhoek

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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