



The Daily Brief

 Capricorn Asset Management

Economic Headlines

Tuesday, 20 November 2018

U.S. recession chances edge up, risk Fed delivers fewer hikes: Reuters poll

The Federal Reserve is still expected to raise interest rates again next month and three times next year, but a strong majority of economists polled by Reuters over the past week say the risk is it will slow that pace down. The probability of a U.S. recession in the next two years, while still low, also nudged up to a median 35 percent from 30 percent in the latest monthly Reuters survey of economists taken Nov 13-19. It held at 15 percent for the next 12 months... Gross domestic product (GDP) will expand at an annualized rate of 2.7 percent this quarter, down from 4.2 percent in the second quarter and 3.5 percent in the third. GDP growth is then forecast to slow to 2.0-2.5 percent throughout 2019 and then down to 1.8 percent by mid-2020, about half the latest reported rate. The trade war U.S. President Donald Trump launched with No. 2 world economy China has already started to hit export-sensitive economies like Germany and Japan. And an Asia-Pacific Economic Cooperation summit ended on Sunday with leaders failing to agree on a final statement for first time in the forum's history. – [Reuters](#)

Europe struggling to set up trading vehicle for Iran: Iran foreign minister

European countries are finding it difficult to set up a Special Purpose Vehicle (SPV) to allow non-dollar trade with Iran, Foreign Minister Mohammad Javad Zarif said on Tuesday, according to parliamentary news agency ICANA. The SPV would act as a clearing house that could be used to help match Iranian oil and gas exports to purchases of EU goods, circumventing U.S. sanctions which are based on the global use of the dollar for oil trading. The United States restored sanctions targeting Iran's oil, banking and transportation sectors in early November. The measures are part of a wider effort by U.S. President Donald Trump to curb Tehran's nuclear program and diminish the Islamic Republic's influence in the Middle East... The EU wanted to have the SPV set up by this month, but no country has offered to host it, six diplomats told Reuters last week. – [Reuters](#)

Oil Holds Near \$57 as Investors Weigh OPEC Plans And IEA Warning

Oil traded near \$57 a barrel as traders assessed OPEC's plans to cut production, while its key ally Russia and a top energy adviser warned suppliers against making a hasty decision on cutbacks... While trade tensions between China and America cripple the outlook for oil demand, Saudi Arabia's oil policies aim to preserve market stability, the nation's king said... West Texas Intermediate for January delivery traded at \$57.11 a barrel on the New York Mercantile Exchange, down 9 cents, at 7:29 a.m. in London. The December contract, which expired on Monday, gained 0.5 percent to \$56.76. Total volume traded was slightly below the 100-day average. Brent for January settlement dropped 43 cents to \$66.36 a barrel on the London-based ICE Futures Europe exchange. The

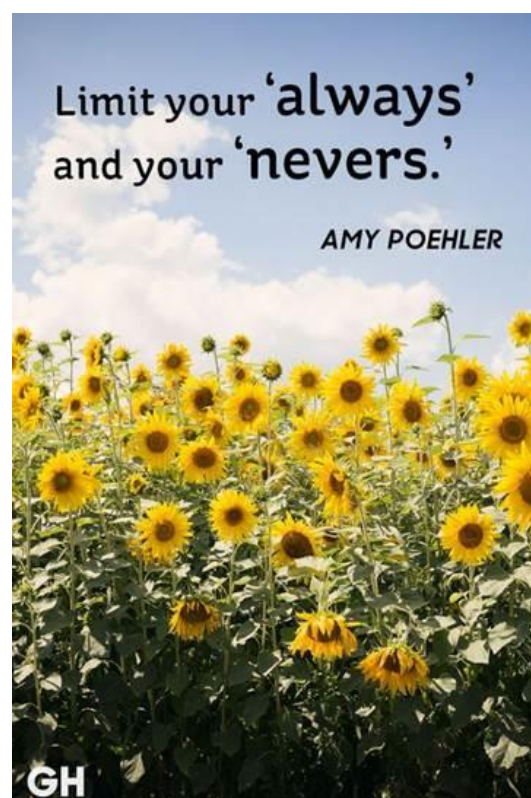
contract closed 3 cents higher at \$66.79 on Monday. The global benchmark crude traded at a \$9.42 premium to WTI for the same month. – [Bloomberg](#)

Rubies Have Never Been More Expensive—or Ubiquitous

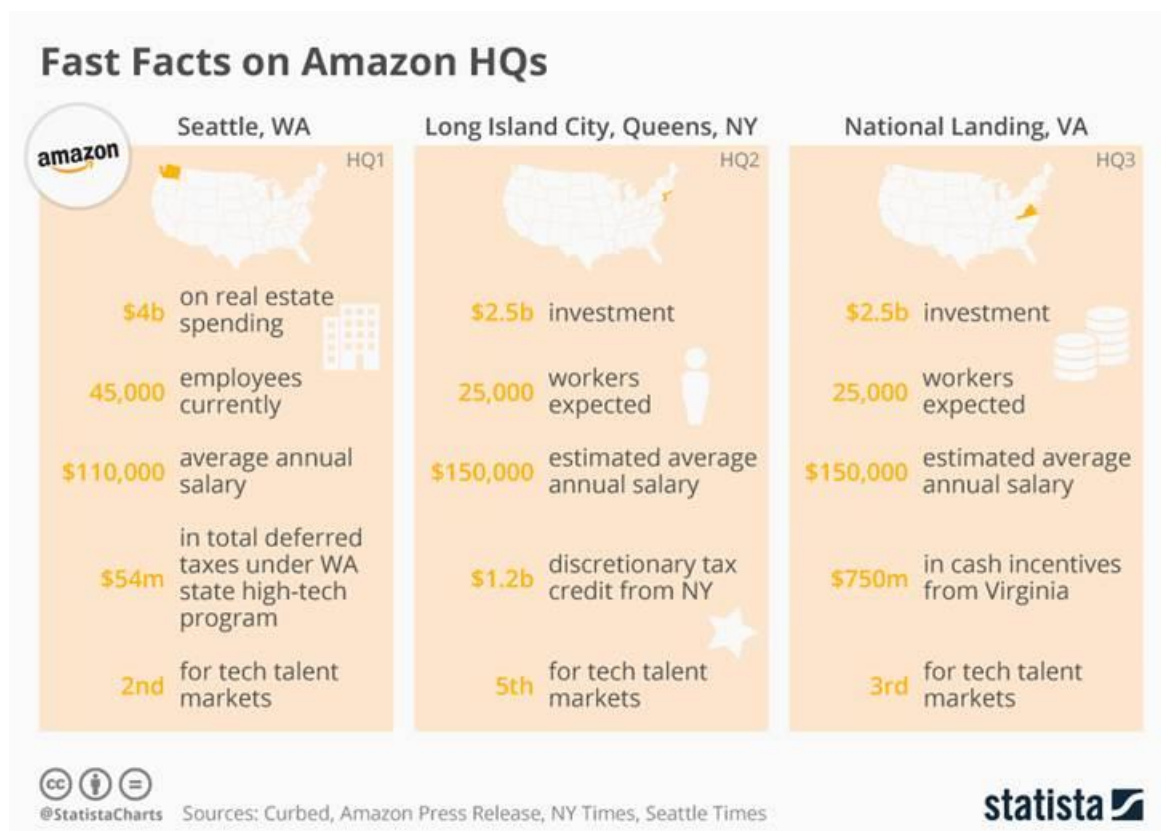
At an auction of rough rubies this summer in Singapore, a staggering 95 percent of the stones sold—almost 589,000 carats in all—for \$71.8 million. The ruddy gems have seen a more-than-fourfold price increase per carat in the past four years, with the finest rubies fetching \$1 million per carat for the first time, as much as top-tier diamonds. If a person had bought rubies a decade ago, says Seth Holehouse, co-chief executive officer at auctioneer Fortuna, it would be “like someone who bought Google stock in Year 3 vs. buying it now.” The stones have become a staple for many jewelers, including Harry Winston, Bulgari, Tiffany, and Cartier... By happenstance, though, a new source of ultrapremium rubies was discovered—and in the efficient gemstone market, prices surge when supplies become abundant and reliable. Thank a new seam, unearthed in 2009 at the Montepuez mine in Mozambique, which is majority-owned and -operated by Gemfields Group Ltd., a brand renowned for its ethical transparency. “It opened up a consistent supply, so for the first time jewelry brands could contemplate putting together collections based around rubies,” says CEO Sean Gilbertson. He estimates that his mine now supplies 30 percent of the world’s rubies. – [Bloomberg](#)

Cryptocurrencies plummet, with bitcoin breaking below \$5 000

The slide in cryptocurrencies accelerated Monday, with bitcoin piercing the \$5 000 mark for the first time since October 2017, amid speculation that increased regulatory scrutiny will prompt issuers of initial coin offerings to liquidate holdings. Bitcoin declined as much as 14% during US trading hours, falling just below \$4 700 before bouncing back slightly. The largest digital currency was holding steady around \$4 862 at 10:52 a.m. in Hong Kong. Rival coins ether and litecoin were largely flat after both tumbled as much as 16% overnight. On Friday, the SEC announced its first civil penalties against two cryptocurrency companies that didn’t register their initial coin offerings as securities. Airfox and Paragon Coin will each have to pay \$250 000 in penalties to compensate investors, and will also have to register their digital tokens as securities... Bitcoin bulls may be able to take heart in some technical measures. Based on the GTI Global Strength Indicator, bitcoin is flashing oversold for the first time since August, and its most oversold level this year. In addition, it is testing its 23.6% five-year look back Fibonacci level of \$4 727 as its next support. – [Moneyweb](#)



Stats of the Day



Data Releases

Local Time	Country	Indicator Name	Period
15:30	United States	Building Permits: Number	Oct
15:30	United States	Build Permits: Change MM	Oct
15:30	United States	Housing Starts Number	Oct
15:30	United States	House Starts MM: Change	Oct
15:55	United States	Redbook MM	12 Nov, w/e
15:55	United States	Redbook YY	12 Nov, w/e
23:30	United States	API weekly crude stocks	12 Nov, w/e
23:30	United States	API weekly gasoline stk	12 Nov, w/e
23:30	United States	API weekly dist. stocks	12 Nov, w/e
23:30	United States	API weekly heating oil	12 Nov, w/e
23:30	United States	API weekly crude imports	12 Nov, w/e
23:30	United States	API weekly product imports	12 Nov, w/e
23:30	United States	API weekly crude runs	12 Nov, w/e
23:30	United States	API Cushing number	12 Nov, w/e

Source: Thomson Reuters

Market Overview

Money Market		Change	Latest
3 months	→	0.00%	7.03%
6 months	→	0.00%	7.67%
9 months	↓	-0.02%	7.97%
12 months	↓	-0.03%	8.33%
Bonds		Change	Latest
GC21 (R208 : 7.42%)	↓	-0.03%	8.28%
GC24 (R186 : 9.08%)	↓	-0.02%	10.23%
GC27 (R186 : 9.08%)	↓	-0.02%	10.33%
GC30 (R2030 : 9.53%)	↓	-0.02%	10.98%
GC32 (R213 : 9.61%)	↓	-0.02%	11.21%
GC35 (R209 : 9.77%)	↓	-0.02%	11.27%
GC37 (R2033 : 9.71%)	↓	-0.02%	11.51%
Commodities		%Change	Latest
Gold	↓	-0.10%	\$ 1,222.13
Platinum	↑	0.21%	\$ 847.98
Copper	→	0.00%	\$ 6,205.00
Brent Crude	→	0.00%	\$ 66.32
Main Indices		%Change	Latest
NSX (Delayed)	↓	-0.03%	1284.89
JSE All Share	↑	0.44%	52,327.59
S&P 500	↑	0.22%	2,736.27
FTSE 100	↑	0.44%	7,044.43
Hangseng	↑	0.72%	26,372.00
DAX	↑	0.17%	11,360.82
JSE Sectors		%Change	Latest
Financials	↑	0.52%	16,459.84
Resources	↑	0.72%	40,000.10
Industrials	↑	0.39%	62,610.39
Forex		%Change	Latest
N\$/US Dollar	↓	-0.10%	13.9790
N\$/Pound	↑	0.12%	17.9824
N\$/Euro	↓	-0.11%	15.9690
US Dollar/ Euro	↑	0.08%	1.1424
Namibia Monthly Data		Latest	Previous
Namibia Inflation (Oct 18)		5.1	4.8
Bank Prime		10.50	10.50
BoN Repo Rate		6.75	6.75

Source: Bloomberg



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