



Market Update

Tuesday, 21 January 2020

Global Markets

Asian shares took a sudden turn for the worse on Tuesday as mounting concerns about a new strain of coronavirus in China sent a ripple of risk aversion through markets.

Safe-haven bonds and the yen edged higher as investors were reminded of the economic damage done by the SARS virus in 2003, particularly given the threat of contagion as hundreds of millions travel for the Lunar New Year holidays. "It's an essential enough development that markets will monitor it on the risk radar as, if things turn critical, it could provide a massive blow to the airline industry and a knockout punch to local tourism," said Stephen Innes, Asia Pacific market strategist at AxiCorp.

The mood swing saw MSCI's broadest index of Asia-Pacific shares outside Japan slip 1% after a steady start. Hong Kong, which suffered badly during the SARS outbreak, saw its index fall 2%. Japan's Nikkei lost 0.8% and Shanghai blue chips 1.5%, with airlines under pressure. The caution spread to E-Mini futures for the S&P 500 which eased 0.4%, while EUROSTOXX 50 futures lost 0.3%.

Investors had already been guarded after the International Monetary Fund trimmed its global growth forecasts, mostly due to a surprisingly sharp slowdown in India and other emerging markets.

There had been some relief as U.S. President Donald Trump and French President Emmanuel Macron seemed to have struck a truce over a proposed digital tax. The two agreed to hold off on a potential tariffs war until the end of the year, a French diplomatic source said.

Trump is due to deliver a speech at the World Economic Forum in Davos later on Tuesday, and trade and tariffs could be on the agenda. In a tweet late on Monday, Trump said he would be bringing "additional Hundreds of Billions of Dollars back to the United States of America! We are now NUMBER ONE in the Universe, by FAR!!!"

The Bank of Japan cited lessened trade risks when nudging up forecasts for economic growth after holding a policy meeting on Tuesday. As widely expected, the BOJ maintained its short-term interest rate target at -0.1% and a pledge to guide 10-year government bond yields around 0%, by a 7-2 vote.

Japan's yen picked up a bid on the safe-haven move and the dollar dipped to 109.92 from an early 110.17. It also gained on the euro, leaving the single currency flat on the dollar at \$1.1092. Against a basket of currencies, the dollar was steady at 97.599, just off a four-week high of 97.729. The Australia dollar took a knock from the flu worries since it attracts large numbers of Chinese tourists,

who tend to be big spenders over the Lunar New Year holidays. Australia said it would step up screening of some flights from Wuhan. The outbreak was particularly badly timed as the tourism industry has been mauled already by bushfires sweeping the country.

Spot gold edged up to \$1,566.71 per ounce, and back toward a seven-year peak of \$1,610.90 reached last week. Oil prices hesitated, having earlier gained on the risk of supply disruption in Libya. Brent crude futures eased 31 cents to \$64.89 a barrel, while U.S. crude fell 5 cents to \$58.49.

Source: Thomson Reuters

Domestic Markets

South Africa's rand was little changed early on Monday as investors held off from placing large bets while the governing African National Congress (ANC) party held an important meeting on the economy.

At 0650 GMT, the rand traded at 14.4520 versus the dollar, less than 0.1% firmer than its previous close.

ANC leaders were due to wrap up four days of meetings on Monday, with the flagging economy and struggling state-owned enterprises taking centre stage.

Statistics South Africa is scheduled to release consumer and producer inflation data this week, giving clues about whether price pressures are picking up in Africa's most industrialised economy.

Relatively benign inflation readings allowed the central bank to cut its main lending rate last week, with some analysts predicting another cut will follow in the first half of the year.

Government bonds were also flat early on Monday, with the yield on the benchmark 2026 instrument up 0.5 basis points at 8.185%.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)		Tuesday, 21 January 2020			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	7.07	-0.016	7.08	7.50
6 months	↓	7.60	-0.001	7.60	7.67
9 months	↓	7.71	-0.004	7.72	7.74
12 months	↓	7.81	-0.001	7.81	7.81
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC20 (BMK: R207)	↑	7.57	0.004	7.56	7.57
GC21 (BMK: R2023)	↓	7.74	-0.055	7.79	7.75
GC22 (BMK: R2023)	↓	7.95	-0.055	8.01	7.95
GC23 (BMK: R2023)	↓	8.05	-0.055	8.11	8.05
GC24 (BMK: R186)	↓	8.77	-0.030	8.80	8.78
GC25 (BMK: R186)	↓	8.80	-0.030	8.83	8.81
GC27 (BMK: R186)	↓	9.35	-0.030	9.38	9.36
GC30 (BMK: R2030)	↓	9.89	-0.045	9.93	9.90
GC32 (BMK: R213)	↓	10.15	-0.035	10.19	10.16
GC35 (BMK: R209)	↓	10.66	-0.050	10.71	10.66
GC37 (BMK: R2037)	↓	10.85	-0.050	10.90	10.84
GC40 (BMK: R214)	↓	11.17	-0.060	11.23	11.17
GC43 (BMK: R2044)	↓	11.37	-0.055	11.43	11.36
GC45 (BMK: R2044)	↓	11.57	-0.055	11.63	11.56
GC50 (BMK: R2048)	↓	11.91	-0.045	11.96	11.90
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	↑	1,561	0.32%	1,556	1,562
Platinum	↓	1,016	-0.25%	1,018	1,009
Brent Crude	↑	65.2	0.54%	64.9	64.6
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,312	-0.23%	1,315	1,310
JSE All Share	↓	58,850	-0.26%	59,002	58,246
SP500	⇒	3,330	0.00%	3,330	3,330
FTSE 100	↓	7,651	-0.30%	7,675	7,651
Hangseng	↓	28,796	-0.90%	29,056	28,031
DAX	↑	13,549	0.17%	13,526	13,549
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	15,326	-0.66%	15,428	15,193
Resources	↑	50,891	0.55%	50,611	50,588
Industrials	↓	73,697	-0.55%	74,105	72,495
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.50	0.37%	14.45	14.53
N\$/Pound	↑	18.86	0.38%	18.79	18.90
N\$/Euro	↑	16.09	0.43%	16.02	16.12
US dollar/ Euro	↑	1.109	0.05%	1.109	1.109
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↑	2.6	2.5	3.6	3.7
Prime Rate	↓	10.25	10.50	9.75	10.00
Central Bank Rate	↓	6.50	6.75	6.25	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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