



Market Update

Monday, 21 October 2019

Global Markets

Asian stocks edged higher on Monday as Chinese shares reversed early losses due to hopes for progress in resolving the U.S.-China trade war and expectations for greater investment inflows into Hong Kong. MSCI's broadest index of Asia-Pacific shares outside Japan rose 0.19%. Chinese shares rose 0.13%, while Japan's Nikkei rose 0.28%.

The pound slipped from a five-month high against the dollar and the euro after the British parliament forced Prime Minister Boris Johnson to seek a delay to an Oct. 31 deadline for Britain's departure from the bloc. The vote for an extension dealt a blow to optimism that a deal agreed last week would ensure Brexit happens with little economic disruption.

Oil futures fell as lingering economic growth concerns and excess supplies of crude prompted speculators to trim their long positions.

Chinese vice premier Liu He said on Friday that China will work with the United States to address each other's concerns, and that stopping the trade war would be good for both sides and the world. Shares in Hong Kong also got a lift after Chinese bourses revised rules to allow mainland investors to buy Hong Kong-listed dual-class shares for the first time. "We've had some positive news from Liu, and allowing Chinese investors direct access to dual-listed Hong Kong shares is a another positive," said Sean Darby, global equity strategist at Jefferies in Hong Kong. "There is still a lot of money on the sidelines, and there are only eight or nine weeks left to put that money to work before we end the year. I expect markets to remain bid."

U.S. stock futures rose 0.27% in Asia as investors brace for high-profile earnings this week from Microsoft Corp, Amazon.com and others. The S&P 500 fell 0.4% on Friday partly due to worries about fallout from the U.S.-China trade war. A 15-month long trade war between the United States and China has shown few signs of a durable resolution being reached despite several rounds of talks. Financial markets have been whipsawed over this period as a steady increase in tit-for-tat tariffs have slowed global trade and raised the risk of recession for some countries. Underscoring the damage, Japan's exports fell in September for the 10th straight month, while South Korea's exports for the first 20 days of October dived 19.5% year-on-year, data on Monday showed.

Hong Kong shares erased early losses to rise 0.26%. Chinese bourses on Friday revised rules that would allow Hong Kong-listed dual-class shares to be included in the Stock Connect scheme for the first time, potentially benefiting popular tech companies such as Xiaomi Corp and Meituan

Dianping. The rule change, which will take effect on Oct. 28, could be a positive for Hong Kong shares, which have been battered during months of often violent protest against Chinese rule of the former British colony.

The pound fell 0.7% to \$1.2911 and was off about 0.4% to 86.46 pence per euro. The British government insists Brexit will take place on Oct. 31, but uncertainty over how British lawmakers will respond could weigh on sentiment for sterling. The leader of the House of Commons says the government plans to put the new Brexit deal to a debate and vote on Monday, but it is unclear if the speaker of the House will let this happen.

Elsewhere in the currency markets, the dollar edged 0.1% higher to \$1.1157 per euro but held steady at 108.49 yen.

U.S. crude dipped 0.24% to \$53.65 a barrel. Brent crude fell 0.34% to \$59.22 per barrel. Money managers cut their net long U.S. crude futures and options positions in the week to Oct. 15, the U.S. Commodity Futures Trading Commission (CFTC) said on Friday. Long bets on U.S. crude have dropped sharply in the last two weeks after a spate of weak economic figures worldwide fanned concerns about global energy demand.

Treasury prices fell in Asia. The yield on benchmark 10-year Treasury notes rose to 1.7554%. Gold, often considered safe-haven asset, was little changed at \$1,490.12 per ounce.

Domestic Markets

South Africa's rand firmed on Friday, building on gains made after the government released a long-delayed plan for electricity generation to address crippling power cuts. At 1620 GMT, the rand was up 0.3% at 14.7900 per U.S. dollar.

The South African currency rallied from near 15.00 to a session-best 14.77 on Thursday, ending a losing streak triggered by state power utility Eskom's resumption on Wednesday of nationwide controlled blackouts.

Eskom has blamed unforeseen breakdowns at some of its coal-burning plants, but analysts say they are a symptom of mismanagement over many years, which has seen it sink into roughly 440 billion rand (\$30 billion) of debt. The release of the new electricity generation plan, replacing a previous blueprint not updated for almost a decade, gave investors a degree of policy certainty, but Eskom still does not have a permanent chief executive.

South African government bonds traded slightly firmer, with the yield on the benchmark government paper due in 2026 down 2 basis points at 8.24%.

Stocks closed weaker, with the Johannesburg All-share index down 0.48% to 55,723 points, while the benchmark Top-40 index declined 0.41% to 49,511 points. Bank stocks fell as the index edged 1.24% lower. FirstRand slipped 1.89% to 65.99 rand, Standard Bank shed 1.44% to 179.20 rand and Rand Bank Merchant lost 1.02% to 80.17 rand. Gold stocks shone with the index up 1.76% amid global market uncertainty. Harmony rose 3.41% to 46.96 rand and AngloGold America 2.02% to 306.70 rand.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)		Friday, 18 October 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	6.84	-0.007	6.85	6.84
6 months	↓	7.07	-0.003	7.08	7.07
9 months	↓	7.26	-0.001	7.26	7.26
12 months	↓	7.39	-0.001	7.39	7.39
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC20 (BMK: R207)	↓	7.36	-0.001	7.36	7.36
GC21 (BMK: R2023)	→	7.75	0.000	7.75	7.75
GC22 (BMK: R2023)	↑	8.06	0.010	8.05	8.10
GC23 (BMK: R2023)	↑	8.55	0.010	8.54	8.60
GC24 (BMK: R186)	↑	8.83	0.010	8.82	8.89
GC25 (BMK: R186)	↑	8.82	0.010	8.81	8.87
GC27 (BMK: R186)	↑	9.03	0.010	9.02	8.98
GC30 (BMK: R2030)	↑	9.52	0.015	9.51	9.56
GC32 (BMK: R213)	↑	10.11	0.010	10.10	10.13
GC35 (BMK: R209)	↑	10.47	0.005	10.46	10.53
GC37 (BMK: R2037)	↑	10.54	0.010	10.53	10.65
GC40 (BMK: R214)	↑	11.00	0.010	10.99	11.05
GC43 (BMK: R2044)	↑	10.91	0.010	10.90	11.06
GC45 (BMK: R2044)	↑	11.38	0.010	11.37	11.43
GC50 (BMK: R2048)	↑	11.63	0.005	11.62	11.66
Inflation-Linked Bonds		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	→	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	→	4.65	0.000	4.65	4.65
GI29 (BMK: NCPI)	→	5.61	0.000	5.61	5.61
GI33 (BMK: NCPI)	→	6.19	0.000	6.19	6.19
GI36 (BMK: NCPI)	→	6.54	0.000	6.54	6.54
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,492	0.15%	1,489	1,490
Platinum	↑	887	0.48%	883	886
Brent Crude	↑	59.9	0.82%	59.4	60.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	↓	1,305	-0.27%	1,308	1,305
JSE All Share	↓	55,993	-0.17%	56,091	55,986
SP500	↑	2,998	0.28%	2,990	2,998
FTSE 100	↑	7,182	0.20%	7,168	7,180
Hangseng	↑	26,848	0.69%	26,664	26,720
DAX	↓	12,655	-0.12%	12,670	12,656
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,167	-0.10%	16,183	16,122
Resources	↓	44,138	-1.22%	44,682	44,441
Industrials	↑	70,293	0.30%	70,080	70,131
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	14.80	-0.93%	14.94	14.78
N\$/Pound	↓	19.07	-0.48%	19.17	19.04
N\$/Euro	↓	16.46	-0.47%	16.54	16.48
US dollar/ Euro	↑	1.112	0.47%	1.107	1.115
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	3.3	3.7	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



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