



Market Update

Thursday, 25 April 2019

Global Markets

Asian shares slipped on Thursday as a surprise deterioration in German and South Korean economic data rekindled fears of slowing global growth, while oil prices pulled back slightly after a sharp run-up earlier in the week. The deteriorating reading on German business morale, in a survey by the IFO economic institute, bucked expectations for a small improvement.

The Japanese yen weakened marginally to near 112 a dollar after the Bank of Japan kept policy unchanged at a review on Thursday but pledged to keep interest rates very low at least until early 2020. It had previously merely said it would keep current extremely low levels of rates for an extended period of time. The BOJ also said it would explore lending ETFs to the market.

The euro steadied after slumping to a 22-month low of \$1.114 to the U.S. dollar overnight, driven by a drop in German business confidence which highlighted the divergence between data in the euro zone and the United States. Data showing the South Korean economy unexpectedly contracted in the first quarter of the year also fueled worries about the dual-speed nature of the global economy.

MSCI's broadest index of Asia-Pacific shares outside Japan eased 0.27 percent, while Japan's Nikkei average rose 0.4 percent to 22,280.99 points. Overnight, Wall Street shrugged off some earnings misses but drifted lower at the end of the session, after the S&P 500 and the Nasdaq Composite registered record closing highs on Tuesday.

In the currency market, the dollar index, which measures the greenback versus a basket of six major peers, rose to as high as 98.189 overnight, its highest level since May 2017. The index was last quoted at 98.02, down 0.15 percent on the day.

U.S. Treasury yields fell across maturities on Wednesday as investors piled into the safe-haven asset after a slew of weak international economic data. A sharp slowdown in Australian inflation also lifted bond prices, while Premier Li Keqiang in China said authorities should not underestimate the difficulties in the Chinese economy, adding to concerns about global demand.

However, the U.S. yield curve steepened to its widest level since November at one time on Wednesday, which some investors took as a bullish sign for the economy. An inversion in the yield curve last month spooked some investors as it has preceded a recession in the past.

Also, some upbeat earnings results from major U.S. tech firms after the New York close helped to lift the mood, traders say. Microsoft Corp briefly topped \$1 trillion in value for the first time after

executives predicted continued growth for its cloud computing business, while Facebook blew past Wall Street profit estimates in the first quarter.

In commodities, oil prices hovered below six-month highs on Thursday as record U.S. output and rising crude stockpiles dampened the impact on markets of tighter U.S. sanctions on Iran and producer club OPEC's continued curbs on supply. Brent crude futures ticked down 0.1 percent to \$74.51 a barrel, while U.S. West Texas Intermediate crude futures dropped 0.2 percent to \$65.73 a barrel. Both benchmarks hit 5-1/2-month highs on Tuesday.

Investors are also awaiting the next batch of quarterly earnings and U.S. gross domestic product (GDP) data for the January-March quarter, due on Friday, for signs on whether the recent stock rally can continue. Economists polled by Reuters expect the U.S. GDP to have grown an annualised 2.1 percent in the first three months of this year, largely keeping the pace from 2.2 percent expansion in the preceding quarter.

Source: Thomson Reuters

Domestic Markets

South Africa's rand slipped to a three-week low on Wednesday as the consumer confidence index showed a decline in the first quarter of 2019, while stocks also weakened. At 1500 GMT the rand traded at 14.40 to the dollar, a 1.03 percent retreat from its New York close on Tuesday.

Investor appetite for the dollar strengthened as economic data showed sales of single-family homes jumped to a near 1-1/2-year high in March.

Consumer confidence dipped in the first quarter of 2019 to +2 from +7 in the final quarter of 2018. Consumers were neither optimistic nor pessimistic about the outlook two weeks ahead of a national election seen as a referendum on the economy.

"The consumer confidence number was very disappointing. Consumers are not confident, they don't have money, the cost of living is rising. That had a negative impact on sentiment towards the currency," said Maudi Lentsoane, portfolio manager at Lehumo Investments.

In government bonds, the yield on the benchmark issue due in 2026 rose 2 basis points to 8.57 percent.

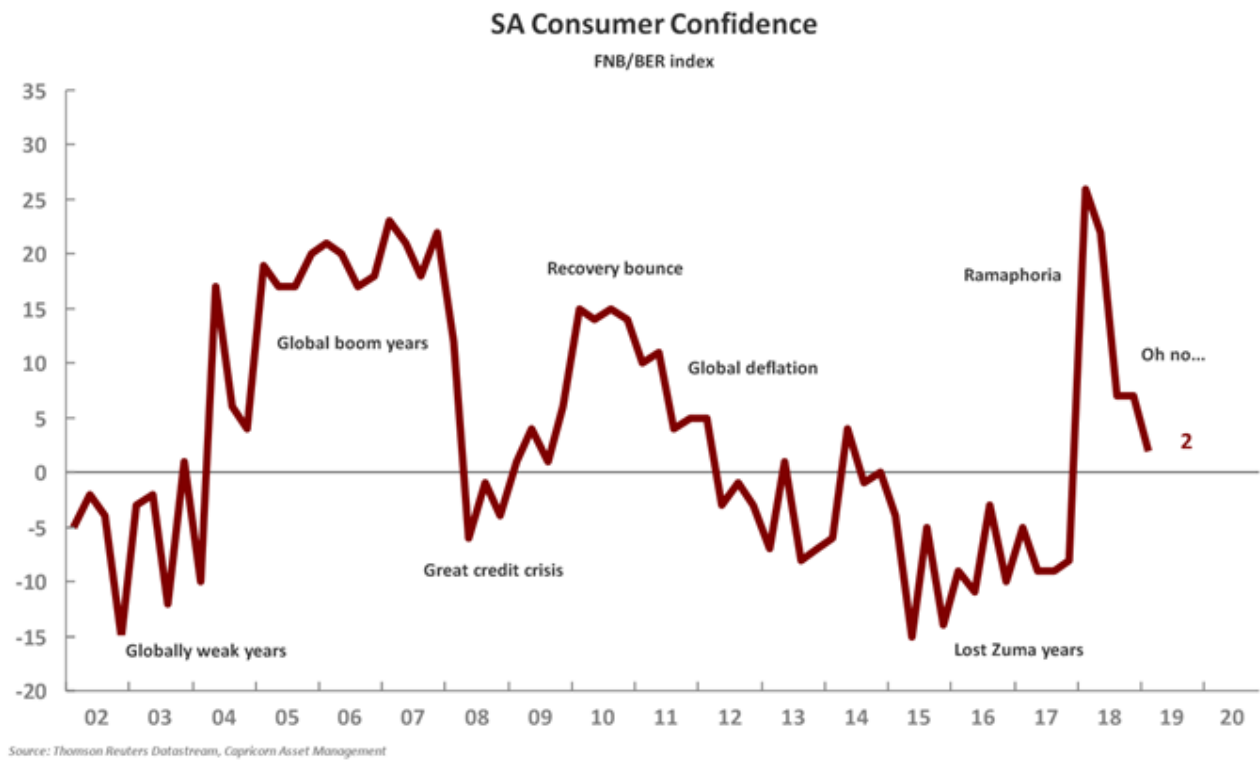
The bourse ended lower on Thursday, snapping a four-day winning streak as traders followed in the footsteps of other emerging markets.

The benchmark JSE Top-40 index ended 0.74 percent down at 52,785 while the broader All-share index slipped by almost the same margin to 59,102.

Source: Thomson Reuters



Chart of the Day



Market Overview

MARKET INDICATORS			25 April 2019		
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	↓	7.43	-0.041	7.48	7.43
6 months	↓	7.67	-0.032	7.70	7.67
9 months	↓	7.93	-0.010	7.94	7.93
12 months	↓	8.12	-0.014	8.14	8.12
Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↓	7.93	-0.040	7.97	7.98
GC24 (BMK: R186)	↑	9.47	0.020	9.45	9.49
GC27 (BMK: R186)	↑	9.68	0.020	9.66	9.70
GC30 (BMK: R2030)	↑	10.51	0.040	10.47	10.54
GI22 (BMK: NCPI)	⇒	4.54	0.000	4.54	4.54
GI25 (BMK: NCPI)	⇒	5.11	0.000	5.11	5.11
GI29 (BMK: NCPI)	⇒	5.73	0.000	5.73	5.73
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,275	0.22%	1,272	1,278
Platinum	↓	879	-0.68%	885	885
Brent Crude	↑	74.6	0.08%	74.5	75.1
Main Indices		Last close	Change	Prev close	Current Spot
NSX (Delayed)	↓	1,370	-2.25%	1,402	1,371
JSE All Share	↓	59,103	-0.74%	59,545	58,757
SP500	↓	2,927	-0.22%	2,934	2,927
FTSE 100	↓	7,472	-0.68%	7,523	7,426
Hangseng	↓	29,806	-0.53%	29,963	29,581
DAX	↑	12,313	0.63%	12,236	12,299
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↓	16,988	-1.67%	17,276	16,962
Resources	↓	47,169	-1.16%	47,721	46,984
Industrials	↓	74,059	-0.19%	74,197	73,366
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↑	14.41	0.92%	14.28	14.46
N\$/Pound	↑	18.60	0.64%	18.48	18.65
N\$/Euro	↑	16.08	0.25%	16.03	16.12
US dollar/ Euro	↓	1.115	-0.65%	1.12	1.115
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↑	4.5	4.4	4.5	4.1
Prime Rate	⇒	10.50	10.50	10.25	10.25
Central Bank Rate	⇒	6.75	6.75	6.75	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

Source: Bloomberg



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