



Market Update

Monday, 25 February 2019

Global Markets

Stocks rose in major markets across the world on Friday on bets of progress in trade talks between China and the United States, while crude futures hit their highest level in more than three months supported by ongoing supply cuts.

U.S. President Donald Trump said on Friday that there was a very good chance the United States would strike a deal with China to end their trade war and that he was inclined to extend his March 1 deadline to reach an agreement. U.S. and Chinese negotiators meeting in Washington had made progress and would extend this week's round of negotiations by two days, he said.

Main stock indexes on Wall Street rose as the optimistic trade talk more than offset signs of slower growth in both U.S. earnings and the economy, with the S&P 500 posting a fourth consecutive week of gains. The Dow Jones Industrial Average rose 181.18 points, or 0.7 percent, to 26,031.81, the S&P 500 gained 17.79 points, or 0.64 percent, to 2,792.67 and the Nasdaq Composite added 67.84 points, or 0.91 percent, to 7,527.55. The Dow rose for the ninth consecutive week.

Overnight, shares in Asia were buoyed by a late rally in Chinese shares, with the main blue-chip index rising more than 2 percent to a near seven-month high. Emerging market stocks rose 0.73 percent after touching the highest level since August. MSCI's broadest index of Asia-Pacific shares outside Japan closed 0.7 percent higher, while Japan's Nikkei .N225 lost 0.18 percent.

Trade talks and a growing number of policy U-turns by global central banks have propped up equities in recent weeks, although this week saw the first outflows from emerging market debt and equity funds since October 2018, Bank of America Merrill Lynch strategists said, citing EPFR data.

Oil prices touched their highest level in more than three months, supported by OPEC supply cuts as well as the trade developments. New record U.S. oil supply, however, limited gains in post-settle trade. U.S. crude rose 0.37 percent to \$57.17 per barrel and Brent was last at \$67.00, down 0.1 percent on the day.

In currencies, the U.S. dollar was little changed against a basket of peers. The dollar index fell 0.05 percent, with the euro down 0.03 percent to \$1.1331. The Japanese yen strengthened 0.03 percent versus the greenback at 110.68 per dollar. Sterling was last trading at \$1.3053, up 0.03 percent on the day.

The Australian dollar recovered a day after falling more than 1 percent after Reuters reported the Chinese port of Dalian had barred imports of Australian coal indefinitely. China said on Friday that imports would continue, but customs has stepped up checks on foreign cargoes. Separate comments by Reserve Bank of Australia Governor Philip Lowe that a rate increase may be appropriate next year also helped to boost the Aussie dollar. The Aussie dollar recently gained 0.56 percent versus the greenback at 0.7128.

Despite gains on risky assets, safe-haven U.S. Treasuries also gained in price. Benchmark 10-year notes last rose 10/32 in price to yield 2.6536 percent, from 2.688 percent late on Thursday. The 30-year bond last rose 18/32 in price to yield 3.0159 percent, from 3.045 percent late on Thursday.

Spot gold added 0.4 percent to \$1,328.20 an ounce. U.S. gold futures GCcv1 gained 0.21 percent to \$1,330.60 an ounce. Copper rose 1.52 percent to \$6,477.00 a tonne.

Source: Thomson Reuters

Domestic Markets

South Africa's rand strengthened against the dollar on Friday, putting it on track to end a week marked by the annual budget higher, after Moody's signalled the nation's spending plans did not weaken its policy credibility.

Stocks rose, with Truworths International among the big gainers after management presented a detailed half-year results.

The rand rose 0.37 percent to 13.9675 to the dollar by 1607 GMT compared with the previous day's close of 14.0200 in New York and the week's low of 14.3700 on the day of the budget.

On Thursday, Moody's, the last of the big three ratings agencies to maintain an investment grade on South Africa, said that the government's decision to raise its spending ceiling by 16 billion rand (\$1.14 billion) did not weaken fiscal policy credibility. Attention had turned to rating agencies' reaction to the budget, which included a bleaker outlook for economic growth and debt and a bailout for struggling state-run power firm Eskom, after concern it could prompt a downgrade.

But Nedbank analysts Mehul Daya and Walter de Wet wrote in a note on Friday that market reaction had been too negative. "The main talking point in South Africa financial markets over the past couple of days has been the rand's ability to contain weakness and in fact strengthen after the 2019 National Budget," they said. They added the budget had been presented in the "most credible form possible, which would mean South Africa could avert a credit downgrade by Moody's but we could still see a negative outlook."

Government bonds firmed, with the yield on benchmark 2026 paper easing 1 basis points to 8.715 percent.

On the bourse, the Johannesburg all-share index rose 0.92 percent to 55,992 points, while the top-40 index climbed 1.08 percent to 49,735 points. Middle to high-end fashion retailer topped the Top-40 index, rising 5.44 percent to 76.02 after the firm provided more context on its half-year results released on Thursday and announced the launch of new concept stores in the UK and South Africa to boost sales there.

Blue Label Telecoms closed 3.81 percent stronger to 5.45 rand after it said a consortium had agreed to take a minority stake in South Africa's third largest mobile carrier Cell C, of which it owns 45 percent. It said the deal would help the debt-ridden company.

Source: Thomson Reuters

Market Overview

MARKET INDICATORS		25 February 2019			
Money Market		Last close	Difference	Prev close	Current Spot
3 months	↓	6.76	-0.007	6.77	6.78
6 months	↓	7.62	-0.007	7.63	7.62
9 months	↓	8.05	-0.003	8.06	8.05
12 months	↓	8.29	-0.002	8.29	8.28
Bonds		Last close	Difference	Prev close	Current Spot
GC21 (BMK: R208)	↓	8.03	-0.120	8.15	7.99
GC24 (BMK: R186)	↓	9.61	-0.115	9.72	9.70
GC27 (BMK: R186)	↓	9.81	-0.115	9.93	9.79
GC30 (BMK: R2030)	↓	10.63	-0.115	10.75	10.62
GI22 (BMK: NCPI)	↓	4.79	-0.034	4.82	4.79
GI25 (BMK: NCPI)	↑	5.21	0.036	5.17	5.21
GI29 (BMK: NCPI)	↓	5.77	-0.083	5.85	5.77
Commodities		Last close	Change	Prev close	Current Spot
Gold	↑	1,328	0.35%	1,323	1,329
Platinum	↑	841	2.63%	819	843
Brent Crude	↑	67.1	0.07%	67.1	67.0
Main Indices		Last close	Change	Prev close	Current Spot
NSX (Delayed)	↑	1,366	0.83%	1,355	1,366
JSE All Share	↑	55,993	0.92%	55,484	55,993
SP500	↑	2,793	0.64%	2,775	2,793
FTSE 100	↑	7,179	0.16%	7,167	7,179
Hangseng	↑	28,816	0.65%	28,630	28,959
DAX	↑	11,458	0.30%	11,423	11,458
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	↑	17,160	0.41%	17,090	17,160
Resources	↑	45,902	0.99%	45,452	45,902
Industrials	↑	66,612	1.33%	65,739	66,612
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	↓	13.98	-0.22%	14.01	13.91
N\$/Pound	↓	18.25	-0.19%	18.28	18.18
N\$/Euro	↓	15.86	-0.15%	15.88	15.79
US dollar/ Euro	↑	1.134	0.06%	1.13	1.135
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	↓	4.7	5.1	4.0	4.5
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

For enquiries concerning the Daily Brief please contact us at

Daily.Brief@capricorn.com.na

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