Market Update **Monday, 25 November 2019**

Global Markets

Asian shares staged a cautious rally on Monday as investors dared to hope for some progress in the endless Sino-U.S. trade dispute, while the outperformance of recent U.S. economic data gave the dollar a leg up on its peers. MSCI's broadest index of Asia-Pacific shares outside bounced 0.7%, after losing 0.4% last week. Japan's Nikkei firmed 0.7%, while Australian stocks rose 0.5% and Shanghai blue chips 0.3%.

E-Mini futures for the S&P 500 added 0.2%, while EUROSTOXX 50 futures gained 0.6%. FTSE futures firmed 0.3%. On Saturday, U.S. national security adviser Robert O'Brien said an initial trade agreement with China is still possible by the end of the year, though he warned Washington would not turn a blind eye to what happens in Hong Kong. The comments add to worries that a Chinese crackdown on anti-government protests in Hong Kong could further complicate the talks.

Over the weekend, pro-democracy candidates in Hong Kong romped to a landslide and symbolic majority in district council elections in the embattled city. "The fact that talks are still happening remains a positive," said Robert Rennie, head of financial market strategy at Westpac. "Markets are showing some signs of tiring of the steady drip feed of upbeat comments from U.S. officials and no signs of a final agreement looking likely." He noted six weeks had passed since the "phase one" deal was agreed in principle yet there was still no deal in place. "Key for markets will thus be whether the Dec. 15 tariffs covering approximately $156 billion of largely technology imports are postponed and whether a deal can be signed ahead of that date, with press suggesting that these tariffs will be delayed to give negotiators more time. "Reuters reported an ambitious "phase two" trade deal was also looking less likely, according to U.S. and Beijing officials, lawmakers and trade experts.

In currency markets, the dollar had rallied on Friday when U.S. manufacturing surveys beat forecasts, just as European Union numbers disappointed. "U.S. economic data outperformed, highlighting again the resilience of the economy and that while global growth has slowed, it remains the least dirty t-shirt in the laundry basket," said Tapas Strickland, a director of economics and markets at National Australia Bank.

"For the EU data, the important takeaway was the ongoing decline in the manufacturing sector is now spreading to the larger services sector, a worrying sign for the global economy." European Central Bank President Christine Lagarde on Friday called on euro zone governments to strengthen domestic demand after a global trade war brought a decade of export-driven growth to an abrupt end. Federal Reserve Chair Jerome Powell speaks later on Monday and is expected to underline the steady outlook for rates given the better economic figures.

The euro was off at $1.1020 on Monday, having breached chart support at $1.1040, while the dollar edged up to 108.76 yen. The dollar was steady on a basket of currencies at 98.271 after gaining 0.3% last week. Spot gold was flat at $1,461.20 per ounce restrained by the bounce in the dollar.

Oil prices held near two-month highs helped by expectations of an extension to OPEC+ production cuts.

Brent crude futures firmed 17 cents to $63.58, while U.S. crude rose 13 cents to $57.90 a barrel.

Source: Thomson Reuters

Domestic Markets

S&P Global on Friday downgraded its outlook for South Africa's credit rating to negative, citing weak pace of economic growth, mounting government debt burden and liabilities related to the country's energy utility, Eskom. The downgrade significantly increases the probability of a downgrade in the sovereign rating of Africa's most industrialized economy.

South Africa is already ranked at sub-investment grade by both S&P and Fitch Ratings, while the last of the three main ratings firms, Moody's, has left it teetering on the edge of "junk" status”. "The negative outlook indicates that South Africa's debt metrics are rapidly worsening as a result of the country's low GDP growth and high fiscal deficits," S&P said.

The outlook has become increasingly bleak. Many had hoped the arrival of President Cyril Ramaphosa, who took over from scandal-hit Jacob Zuma in February 2018, could kick-start growth, but he has instead struggled with the scale of the challenge. S&P and Fitch moved South Africa's debt to sub-investment level in 2017, though the reprieve from Moody's means the country has so far not endured the spike in borrowing costs typically sparked by a downgrade from all three agencies.

Source: Thomson Reuters

Market Overview

MARKET INDICATORS					25 November 2019
Money Market TB's		**Last Close**	**Change**	**Prev Close**	**Current Spot**
3 months	↑	7.214	0.115	7.099	7.214
6 months	↑	7.395	0.138	7.257	7.395
9 months	↑	7.43	0.003	7.427	7.43
12 months	↑	7.573	0.081	7.492	7.573
Nominal Bonds		**Last Close**	**Change**	**Prev Close**	**Current Spot**
GC20 (BMK: R207)	↓	7.332	-0.035	7.367	7.317
GC21 (BMK: R2023)	↑	8.211	0.015	8.196	8.205
GC22 (BMK: R2023)	↑	8.289	0.040	8.249	8.287
GC23 (BMK: R2023)	↑	8.303	0.031	8.272	8.303
GC24 (BMK: R186)	↑	9.076	0.018	9.058	9.074
GC25 (BMK: R186)	↑	9.096	0.018	9.078	9.095
GC27 (BMK: R186)	↑	9.162	0.009	9.153	9.161
GC30 (BMK: R2030)	→	9.697	0.000	9.697	9.696
GC32 (BMK: R213)	↑	10.297	0.067	10.230	10.291
GC35 (BMK: R209)	↓	10.663	-0.017	10.680	10.663
GC37 (BMK: R2037)	↑	10.865	0.011	10.854	10.866
GC40 (BMK: R214)	↑	11.184	0.003	11.181	11.184
GC43 (BMK: R2044)	↑	11.425	0.022	11.403	11.424
GC45 (BMK: R2044)	↓	11.549	-0.167	11.716	11.543
GC50 (BMK: R2048)	↓	11.457	-0.264	11.721	11.440
Inflation-Linked Bonds		**Last Close**	**Change**	**Prev Close**	**Current Spot**
GI22 (BMK: NCPI)	↑	4.306	0.002	4.304	4.307
GI25 (BMK: NCPI)	↑	4.601	0.002	4.599	4.601
GI29 (BMK: NCPI)	↑	5.526	0.002	5.524	5.527
GI33 (BMK: NCPI)	→	6.069	0.000	6.069	6.069
GI36 (BMK: NCPI)	↑	6.389	0.001	6.388	6.389
Commodities		**Last Close**	**Change**	**Prev Close**	**Current Spot**
Gold	↓	1,461.93	-0.17%	1,464.41	1,459.29
Platinum	↓	891.35	-2.62%	915.32	893.73
Brent Crude	↓	63.39	-0.91%	63.97	63.71
Main Indices		**Last Close**	**Change**	**Prev Close**	**Current Spot**
NSX Overall Index	↑	601.13	0.27%	599.53	601.13
JSE All Share	↑	56,946.16	0.33%	56,759.62	56,946.16
S&P 500	↑	3,110.29	0.22%	3,103.54	3,110.29
FTSE 100	↑	7,326.81	1.22%	7,238.55	7,326.81
Hangseng	↑	26,982.54	1.46%	26,595.08	26,982.54
DAX	↑	13,163.88	0.20%	13,137.70	13,163.88
JSE Sectors		**Last Close**	**Change**	**Prev Close**	**Current Spot**
Financials	↓	16,287.89	-0.31%	16,338.76	16,249.14
Resources	↑	46,418.42	1.49%	45,739.18	46,745.19
Industrials	↑	70,049.85	0.19%	69,914.34	70,306.32
Forex		**Last Close**	**Change**	**Prev Close**	**Current Spot**
N$/US Dollar	↑	14.72	0.27%	14.68	14.68
N$/Pound	↓	18.90	-0.32%	18.96	18.89
N$/Euro	↓	16.22	-0.06%	16.23	16.20
US Dollar/ Euro	↓	1.10	-0.90%	1.11	1.10
		Namibia		**RSA**	
Economic data		**Latest**	**Previous**	**Latest**	**Previous**
Inflation	↓	3.02	3.26	3.70	4.10
Prime Rate	→	10.25	10.25	10.00	10.00
Central Bank Rate	→	6.50	6.50	6.50	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

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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