Economic Headlines Tuesday, 27 November 2018

Why emerging markets face a brighter outlook after a rotten 2018

After starting the year on a high note, emerging-nation equities are poised for their fifth annual decline of the past decade. The good news is that market players see clouds lifting — or at least clearing up some — for 2019. Next year could see a "triple trend reversal," with China policy easing feeding through to faster growth in the world's No 2 economy, a Federal Reserve pause in mid-2019 weakening the dollar and a hiatus in the US-China trade war, according to Morgan Stanley strategists led by Jonathan Garner. That scenario "benefits EM equities the most," they wrote in double-upgrading the asset class to overweight relative to benchmarks from underweight… The move back to emerging markets gained momentum last week as inflows to US-listed exchange-traded funds that invest across developing nations as well as those that target specific countries hit $1.28 billion, taking this year's total to $20.5 billion, according to data compiled by the Bloomberg. – Moneyweb

Clean Power Sees First Win Over Fossil Fuels in Emerging Markets

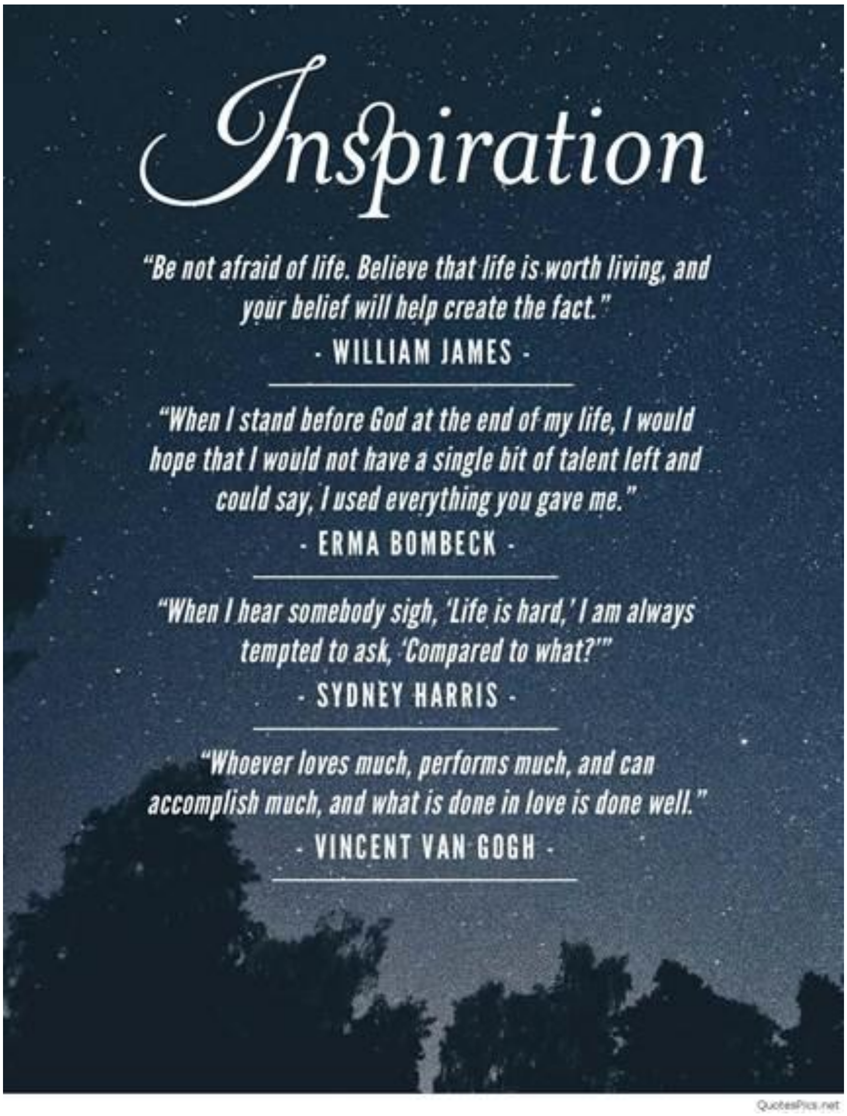
Developing countries have added more clean power capacity than fossil fuel generation for the first time ever, charging ahead of wealthier nations in the global green energy push, according to Bloomberg NEF. Wind and solar generation accounted for just over half of the 186 gigawatts of new power capacity in developing nations last year, according to BNEF's annual Climatescope survey released Tuesday. Not only that, they've added more clean energy generation than developed economies, increasing zero-carbon capacity by 114 gigawatts compared with about 63 gigawatts in richer countries… Emerging markets added the least new coal-fired power generating capacity last year since at least 2006. New coal plants in these countries slumped 38 percent from a year earlier to 48 gigawatts in 2017, which was about half of the peak in 2015, according to BNEF. – Bloomberg

Banking Deals Are Happening in Europe, Just Not Where You Think

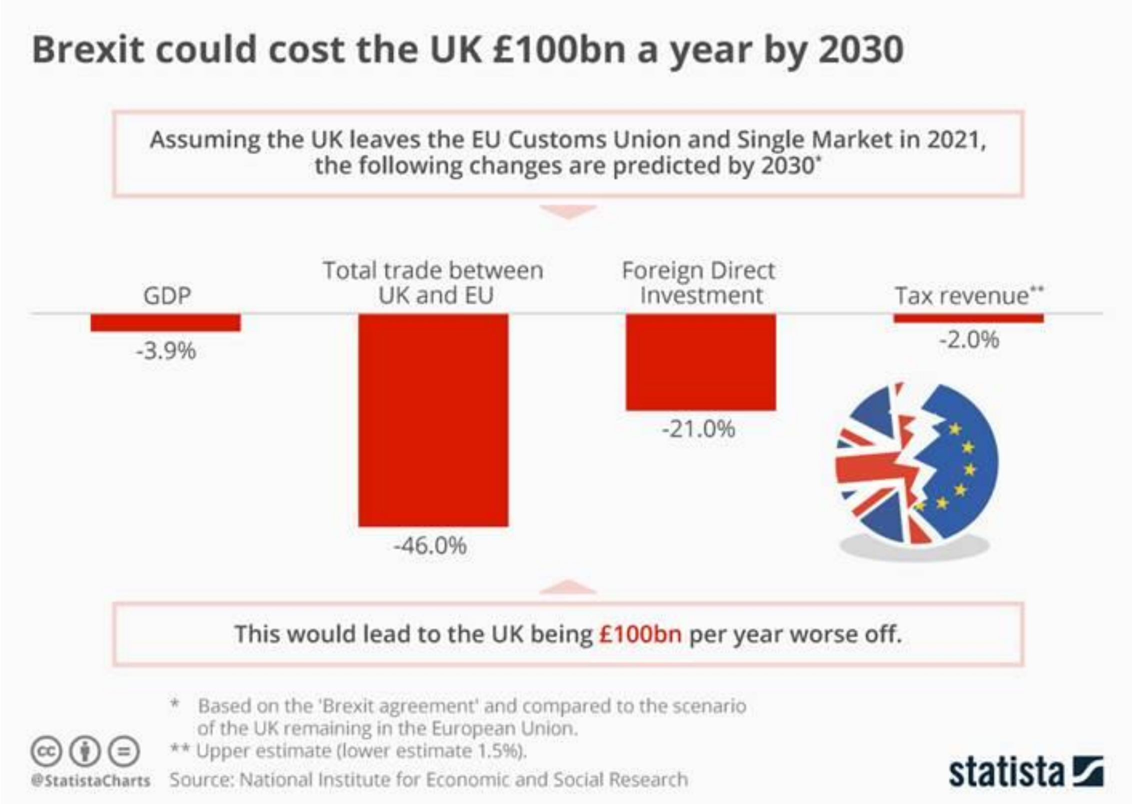
European banks are vying for dominance in one of the continent's most dynamic corners. Governments in parts of eastern Europe, where growth is outpacing the euro area, are loosening their grip on state-held assets. Serbia and Slovenia are the latest to offer stakes in their banks, opening up a potential battlefield as OTP Bank Nyrt. of Hungary, Vienna-based Raiffeisen Bank International AG and Erste Group Bank AG and financial investors seek to widen their footprint in the region. Across former communist eastern Europe, expanding loan books from higher consumer spending are making banks more attractive as takeover targets amid a reshuffling of the industry. In the Balkans, a decades-long wariness is easing about doing business in a region with a reputation of corruption, ethnic strife and economic instability… Slovenia this month sold 59.1 percent of Nova Ljubljanska Banka dd for 608.6 million euros. The bank was the chief recipient of a 3.2 billion-euro state bailout in 2013 and the EU and European Central Bank have since urged the government to sell its holding. – [Bloomberg]

China's Cash Crunch Brings a Dead Funding Tool Back to Life
Plans by two Chinese companies to revive a long-dormant form of equity fundraising have underscored the dilemma facing the nation's leaders as they try to ease a private-sector cash crunch without sinking the stock market. The two firms are planning public placements, a type of share sale unused in China since 2014. Their attempted reboot follows last year's tightening of restrictions on private placements, the hitherto most popular method for listed Chinese companies to sell additional shares. Policy makers clamped down on such deals in part because they were worried a flood of new stock would weigh on the $5.5 trillion market. – [Bloomberg]

Brexit could give SA-UK trade agreement more scope - British High Commissioner to SA
British High Commissioner to South Africa, Nigel Casey, has reassured that they are working hard to ensure there is no disruption in trade between Southern Africa and the United Kingdom after Brexit. There may also be more scope for areas and products that weren't previously included in trade deals under the banner of the European Union (EU), he told the Cape Town Press Club on Monday… Post-Brexit, there may also be greater room for the trade of certain products that were previously excluded because of direct competition with other EU growers. These included wine, fruit and vegetables. – [Moneyweb]



Stats of the Day



Data Releases

Local Time	Country	Indicator Name	Period
03:30	China	Turnover/sales cum Y/Y	Oct
15:55	United States	Redbook MM	19 Nov, w/e
15:55	United States	Redbook YY	19 Nov, w/e
16:00	United States	Monthly Home Price MM	Sep
16:00	United States	Monthly Home Price YY	Sep
16:00	United States	Monthly Home Price	Sep
16:00	United States	CaseShiller 20 MM SA	Sep
16:00	United States	CaseShiller 20 MM NSA	Sep
16:00	United States	CaseShiller 20 YY	Sep
17:00	United States	Consumer Confidence	Nov
17:30	United States	Texas Serv Sect Outlook	Nov
17:30	United States	Dallas Fed Services	Nov
23:30	United States	API weekly crude stocks	19 Nov, w/e
23:30	United States	API weekly gasoline stk	19 Nov, w/e
23:30	United States	API weekly dist. stocks	19 Nov, w/e
23:30	United States	API weekly heating oil	19 Nov, w/e
23:30	United States	API weekly crude imports	19 Nov, w/e
23:30	United States	API weekly product	19 Nov, w/e
23:30	United States	API weekly crude runs	19 Nov, w/e
23:30	United States	API Cushing number	19 Nov, w/e

Source: Thomson Reuters

Market Overview

Money Market		Change	Latest
3 months	↓	-0.02%	7.16%
6 months	↑	0.01%	7.76%
9 months	↑	0.01%	8.03%
12 months	→	0.00%	8.39%
Bonds		Change	Latest
GC21 (R208 : 7.13%)	↓	-0.11%	7.99%
GC24 (R186 : 8.91%)	↓	-0.01%	10.06%
GC27 (R186 : 8.91%)	↓	-0.01%	10.16%
GC30 (R2030 : 9.36%)	↓	-0.01%	10.81%
GC32 (R213 : 9.46%)	→	0.00%	11.06%
GC35 (R209 : 9.65%)	↑	0.01%	11.15%
GC37 (R2033 : 9.57%)	↑	0.01%	11.37%
Commodities		%Change	Latest
Gold	↑	0.26%	$ 1,226.18
Platinum	↑	0.29%	$ 845.98
Copper	→	0.00%	$ 6,207.00
Brent Crude	↑	1.04%	$ 59.18
Main Indices		%Change	Latest
NSX (Delayed)	↓	-0.07%	1240.22
JSE All Share	↑	1.86%	51,638.45
S&P 500	↓	-0.66%	2,632.56
FTSE 100	↑	0.88%	7,014.22
Hangseng	↑	1.73%	26,376.18
DAX	↑	1.22%	11,329.14
JSE Sectors		%Change	Latest
Financials	↑	3.22%	16,460.58
Resources	↓	-0.19%	37,092.51
Industrials	↑	2.64%	63,350.46
Forex		%Change	Latest
N$/US Dollar	↓	-0.46%	13.7966
N$/Pound	↓	-0.14%	17.7315
N$/Euro	↓	-0.21%	15.6813
US Dollar/ Euro	↑	0.26%	1.1366
Namibia Monthly Data		Latest	Previous
Namibia Inflation (Oct 18)		5.1	4.8
Bank Prime		10.50	10.50
BoN Repo Rate		6.75	6.75

Source: Bloomberg

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