



Market Update

Thursday, 28 November 2019

Global Markets

Asian share markets fell on Thursday as concerns that tensions over Hong Kong may stymie a U.S.-China trade deal cast a pall over Thanksgiving cheer from positive U.S. economic data. U.S. President Donald Trump on Wednesday signed into law legislation backing pro-democracy protesters in Hong Kong.

China's Foreign Ministry promptly warned of unspecified "firm counter measures" in response and summoned the U.S. ambassador in Beijing. That put a lid on steady gains this week for MSCI's broadest index of Asia-Pacific shares outside Japan. The benchmark fell 0.2% on Thursday. Japan's Nikkei, Hong Kong's Hang Seng and Shanghai blue chips flitted in and out of positive territory but turned negative by the afternoon. E-Mini futures for the S&P 500 fell 0.3%, while EUROSTOXX 50 futures fell 0.2%.

The U.S-China tensions over Hong Kong were shrugged off in the Antipodes, though, with Australia's S&P/ASX 200 and New Zealand's NZ50 following Wall Street's march to hit record intraday highs. "I think it could easily get a lot worse," said Kay Van-Petersen, global macro strategist at Saxo Capital Markets in Singapore, as investors await more details on China's response. "We could potentially see a greater chance of a move downwards based on what happens in the next 24-48 hours." The next round of U.S. tariffs on Chinese goods is due to take effect on Dec. 15.

Wall Street indexes minted fresh records overnight, buoyed by trade deal hopes and data showing U.S. economic growth picked up slightly in the third quarter, rather than slowing as first reported. The Dow Jones Industrial Average rose 0.15%, the S&P 500 gained 0.42% and the Nasdaq added 0.66%. U.S. markets are closed for Thanksgiving on Thursday.

Other data showed the number of Americans filing claims for jobless benefits fell. There are signs the downturn in business investment may be drawing to a close and the U.S. Federal Reserve said the outlook was bright. "Concerns the U.S. economy may be turning down, to the point where the Fed might have to resume policy easing next year, have been somewhat assuaged," said Ray Attrill, head of FX strategy at National Australia Bank. "So relief all round."

Currency and commodity markets were more circumspect. The dollar and trade-exposed currencies were spurned for safe-havens such as the Japanese yen after Trump signed the Hong Kong bills into law. The laws are viewed as supportive for anti-government protesters in the city, since they threaten sanctions for human rights violations and seek to safeguard Hong Kong's autonomy. But

the move was denounced by China as interference in domestic affairs. "It's displeasing to the Chinese side," said Westpac FX analyst Imre Speizer. "And we are getting close to the point when this deal needs to get signed ... the market's reacting to it as though it might put a snag in the works."

The yen rose 0.1% to 109.40 yen per dollar, while riskier currencies such as the Australian dollar fell by the same margin to \$0.6764. The British pound bobbed higher after a model for pollsters YouGov, which accurately predicted the 2017 election, said Prime Minister Boris Johnson was on course to win a fat majority in parliament at the Dec. 12 election. Gold was 0.1% higher at \$1456.26 per ounce. U.S. crude dipped 0.43% to \$57.86 a barrel. Brent crude fell to \$63.86 per barrel.

Source: Thomson Reuters

Domestic Markets

NAMIBIA

Namibians voted on Wednesday in what was expected to be the toughest contest yet for the party that has ruled for three decades of independence as the southern African country wrestles with an economic crisis and its biggest corruption scandal.

President Hage Geingob, Namibia's third leader since the sparsely populated and mostly arid country freed itself from the shackles of apartheid South Africa in 1990, is seeking a second and final term from 1.3 million registered voters. Geingob's ruling SWAPO party has successfully tackled some of the problems left after decades of neglectful rule, first by Germany and then by white minority South African administrations.

SWAPO is now contending with an economy in recession for nearly three years, one of Namibia's worst droughts and its biggest graft scandal - all of which have conspired to make this vote unexpectedly tough for Geingob, who won by 87% last time. Geingob faces nine challengers including Panduleni Itula, a dentist-turned-politician who is a SWAPO member but running as an independent. Itula is popular with young people, nearly half of whom are unemployed.

The economy has been marred by a drought that ravaged agricultural export crops, as well as by unprofitably low prices for Namibia's main hard commodities, uranium and diamonds. The Bank of Namibia expects the economy to contract by 1.7% in 2019, which would be its third year of declines in a row. A scandal in which two ministers were alleged to have conspired to dole out fishing licences to Iceland's biggest fishing firm, Samherji, in return for kickbacks has also taken the shine off the ruling party.

Whether the result is close or not, a SWAPO win is likely to be controversial, especially since a court threw out a case mounted by the opposition against the use of electronic voting machines it fears will be used to cheat.

SOUTH AFRICA

South Africa's rand firmed on Wednesday, tracking its emerging market peers after comments from U.S. President Donald Trump spurred hopes of a resolution to the trade dispute between the United States and China.

At 1550 GMT the rand was 0.47% firmer at 14.7340 per dollar. The unit is often considered one of the most liquid currencies in emerging markets and susceptible to global signals. Trump said on Tuesday the United States and China were close to agreement on the first phase of a trade deal and

that Washington was in the "final throes" of work that would defuse a 16-month trade war with Beijing. "With 'great steps' being made with the trade deal and phase one almost done according to sources, we have seen risk-on sentiment coming to the fore and risky assets such as the equity and EM markets," Andre Botha, senior currency dealer at TreasuryONE, said in a note. "While the good news is welcome, we feel that unless the first phase of the deal is signed there is still a lot of risks that someone could do a U-turn on the deal, which could see a swift return to volatility in the market." On the bourse, stocks also inched up on the improved sentiment.

The benchmark JSE Top-40 Index rose 0.18% to 49,910 points while the broader All-Share Index also advanced 0.18% to 56,156 points. Dual-listed stocks were the biggest winners on the blue-chip index, with bank Investec up 4.27% to 84.98 rand and British American Tobacco up 2.69% to 582.36 rand.

Retailer Woolworths was down 4.85% to 54 rand after reporting that sales at its struggling clothing brand David Jones had declined by 2.1% amidst tough trading conditions in Australia.

Investment firm Brait tumbled 11.82% after announcing a recapitalisation plan to tackle unsustainable debt that would include issuing 150 million pounds of convertible bonds. In fixed income, the benchmark government issue due in 2026 dipped 4.5 basis points to 8.43%.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS		28 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)	→	7.267	0.000	7.267	7.254
GC21 (BMK: R2023)	→	8.243	0.000	8.243	8.234
GC22 (BMK: R2023)	→	8.313	0.000	8.313	8.302
GC23 (BMK: R2023)	→	8.399	0.000	8.399	8.356
GC24 (BMK: R186)	→	9.140	0.000	9.140	9.125
GC25 (BMK: R186)	→	9.161	0.000	9.161	9.146
GC27 (BMK: R186)	→	9.271	0.000	9.271	9.247
GC30 (BMK: R2030)	→	9.798	0.000	9.798	9.761
GC32 (BMK: R213)	→	10.342	0.000	10.342	10.342
GC35 (BMK: R209)	→	10.776	0.000	10.776	10.748
GC37 (BMK: R2037)	→	10.943	0.000	10.943	10.927
GC40 (BMK: R214)	→	11.297	0.000	11.297	11.257
GC43 (BMK: R2044)	→	11.662	0.000	11.662	11.608
GC45 (BMK: R2044)	→	11.906	0.000	11.906	11.853
GC50 (BMK: R2048)	→	11.920	0.000	11.920	11.862
Inflation-Linked Bonds		Last Close	Change	Prev Close	Current Spot
GI22 (BMK: NCPI)	→	4.308	0.000	4.308	4.308
GI25 (BMK: NCPI)	→	4.602	0.000	4.602	4.602
GI29 (BMK: NCPI)	→	5.529	0.000	5.529	5.530
GI33 (BMK: NCPI)	→	6.068	0.000	6.068	6.070
GI36 (BMK: NCPI)	→	6.395	0.000	6.395	6.398
Commodities		Last Close	Change	Prev Close	Current Spot
Gold	↓	1,454.44	-0.48%	1,461.39	1,457.24
Platinum	↓	894.97	-1.45%	908.18	895.21
Brent Crude	↓	64.06	-0.33%	64.27	63.81
Main Indices		Last Close	Change	Prev Close	Current Spot
NSX Overall Index	↑	587.49	0.53%	584.37	587.49
JSE All Share	↓	55,962.24	-0.16%	56,053.38	56,173.86
S&P 500	↑	3,153.63	0.42%	3,140.52	3,153.63
FTSE 100	↓	7,395.43	-0.10%	7,403.14	7,429.78
Hangseng	↓	26,893.73	-0.22%	26,954.00	26,893.73
DAX	↑	13,241.52	0.04%	13,236.42	13,287.07
JSE Sectors		Last Close	Change	Prev Close	Current Spot
Financials	↑	15,752.04	0.99%	15,597.62	15,615.65
Resources	↑	46,866.15	0.13%	46,803.95	46,882.58
Industrials	↓	69,074.06	-0.11%	69,147.38	68,713.36
Forex		Last Close	Change	Prev Close	Current Spot
N\$/US Dollar	↓	14.76	-0.27%	14.80	14.76
N\$/Pound	↑	19.07	0.16%	19.04	19.11
N\$/Euro	↓	16.23	-0.49%	16.31	16.25
US Dollar/ Euro	→	1.10	0.00%	1.10	1.10
Economic data		Namibia		RSA	
		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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