



Market Update

Monday, 28 October 2019

Global Markets

Asian stock markets followed Wall Street higher Monday as investors looked ahead to a crowded week of corporate earnings, a possible U.S. interest rate cut and other potentially market-moving events. Benchmarks in Shanghai, Tokyo and Hong Kong all rose as fears about U.S.-Chinese trade tension and Brexit receded. Markets shrugged off soft earnings from U.S. companies including Boeing and Caterpillar. Some 160 more companies are due to announce this week including Alphabet, Apple, Facebook, General Electric and Exxon Mobil.

Investors are looking to the Federal Reserve for another U.S. interest rate cut this week. Central banks in Japan and Canada also are due to announce interest rate decisions. The U.S. Treasury is due to report which governments are deemed to manipulate their currencies to boost exports, a designation that can trigger penalties. A watch list issued in May included China, Japan and Germany. This will be "one of the most substantial data and event risk weeks of the year," said Jeffrey Halley of Oanda in a report. "Stock markets and energy will likely be punished should earnings or data from the U.S. or China disappoint."

The Shanghai Composite Index rose 0.7% to 2,975.60 and Tokyo's Nikkei 225 gained 0.3% to 22,861.59. Hong Kong's Hang Seng added 1.2% to 26,989.02. South Korea's Kospi was up 0.4% at 2,095.45 and Australia's S&P-ASX 200 gained 0.1% to 6,747.90. Taiwan advanced while markets in New Zealand, Singapore and India were closed for holidays. On Wall Street, the benchmark S&P 500 index closed Friday within 0.1% of its all-time high on July 26. The S&P 500 rose 0.4% to 3,022.55 and the Dow Jones Industrial Average gained 0.6% to 26,958.06. The Nasdaq climbed 0.7% to 8,243.12.

Investor attention shifted to corporate earnings as tension eased after Washington and Beijing resumed negotiations. Both sides have imposed tariffs on billions of dollars of each other's goods. The 15-month-old conflict has battered factories and farmers on both sides and spurred fears the global economy might tip into recession. On Monday, Vice President Mike Pence is due to deliver a speech on U.S.-China relations amid tension over protests in Hong Kong.

Investors expect the Fed to cut its benchmark rate by 0.25% following signs of U.S. economic weakness. Also, markets are watching a monthly Chinese manufacturing indicator due out Friday for signs of whether economic growth is weakening further after slowing to a three-decade low in the quarter ending in September. On Sunday, the government reported profits at China's biggest

industrial companies declined by a bigger-than-expected 2.1% from a year earlier in the first nine months of 2019. Profit at state-owned companies fell 9.6% while it rose 5.4% at private enterprises.

In Europe, the other 27 EU governments agreed Friday to grant Britain's request for an extension to its Oct. 31 deadline to leave the trade bloc. But they failed to settle on how long that delay might be. British politicians want to know the length of the delay before deciding whether to hold an early election. The EU, meanwhile, wants to know what Britain plans to do with the extra time.

Benchmark U.S. crude lost 14 cents to \$56.52 per barrel in electronic trading on the New York Mercantile Exchange. The contract added 43 cents on Friday to close at \$56.66. Brent crude, used to price international oils, shed 13 cents to \$61.60 per barrel in London. It rose 34 cents the previous session to \$61.73.

The dollar advanced to 108.75 yen from Friday's 108.66 yen. The euro gained to \$1.1082 from \$1.1080.

Domestic Markets

South Africa's rand firmed against the dollar on Friday, taking advantage of buying interest from traders eyeing Finance Minister Tito Mboweni's medium-term budget speech and a Moody's rating review next week. At 1545 GMT, the rand was 0.86% firmer at 14.5720 per dollar compared to a close of 14.6950 overnight in New York.

Mboweni is likely to raise the budget deficit because of costs related to the state-owned power utility Eskom, a Reuters poll showed. Treasury's best option will be to rely heavily on expenditure cuts and the lifting of economic growth through structural policy adjustments, said Old Mutual's chief economist Johann Els. "If the Eskom plan and MTBPS (budget) are received as acceptable and Moody's keeps our rating outlook unchanged at stable, rand and bond relief rallies are likely," Els said.

In fixed income, the yield on the benchmark government bond due in 2026 was down 4.5 basis points to 8.17%.

Stocks were down, with the Johannesburg Stock Exchange's Top-40 Index slipping 0.54% to 48,858 points, and the broader all share index closing 0.61% lower at 55,141 points. Gold miners were the biggest winners of the blue-chip index for the second day in a row, with Goldfields up 1.3%, followed by Sibanye-Stillwater and AngloGold Ashanti, both up more than 1%. The miners were benefiting from a rise in the gold price, which was set for its best week in five weeks on Friday as uncertainty around Brexit, weak U.S. economic data and worries about trade pushed investors towards safe havens.

The biggest loser of the day was the world's largest brewer Anheuser-Busch InBev, whose Johannesburg-listed stock lost almost 10% after a profit warning that wiped \$13 billion of the company's market value.

Source: Thomson Reuters



Market Overview

MARKET INDICATORS (Thomson Reuters)		Monday, 28 October 2019			
Money Market TB's		Last close	Difference	Prev close	Current Spot
3 months	➔				6.84
6 months	➔				7.09
9 months	➔				7.29
12 months	➔				7.40
Nominal Bonds		Last close	Difference	Prev close	Current Spot
GC20 (BMK: R207)	⬇	7.36	-0.001	7.36	7.38
GC21 (BMK: R2023)	⬆	7.75	0.225	7.53	7.75
GC22 (BMK: R2023)	⬆	8.04	0.005	8.04	8.04
GC23 (BMK: R2023)	⬆	8.53	0.002	8.53	8.53
GC24 (BMK: R186)	⬇	8.81	-0.130	8.94	8.82
GC25 (BMK: R186)	⬇	8.80	-0.720	9.52	8.80
GC27 (BMK: R186)	➔	8.96	0.000	8.96	8.93
GC30 (BMK: R2030)	⬇	9.48	-0.695	10.18	9.47
GC32 (BMK: R213)	⬇	10.06	-0.429	10.49	10.07
GC35 (BMK: R209)	⬇	10.46	-0.690	11.15	10.47
GC37 (BMK: R2037)	⬆	10.58	0.005	10.57	10.58
GC40 (BMK: R214)	➔	10.99	0.000	10.99	10.99
GC43 (BMK: R2044)	⬇	11.00	-0.005	11.01	11.01
GC45 (BMK: R2044)	⬇	11.37	-0.005	11.37	11.38
GC50 (BMK: R2048)	⬇	11.61	-0.010	11.62	11.62
Inflation-Linked Bonds		Last close	Difference	Prev close	Current Spot
GI22 (BMK: NCPI)	➔	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	➔	4.65	0.000	4.65	4.65
GI29 (BMK: NCPI)	⬆	5.61	0.005	5.61	5.61
GI33 (BMK: NCPI)	⬆	6.21	0.021	6.19	6.21
GI36 (BMK: NCPI)	⬆	6.55	0.014	6.54	6.55
Commodities		Last close	Change	Prev close	Current Spot
Gold	⬆	1,504	0.07%	1,503	1,506
Platinum	⬆	926	0.27%	924	927
Brent Crude	⬆	62.0	0.57%	61.7	61.9
Main Indices		Last close	Change	Prev close	Current Spot
NSX Overall Index	⬆	1,306	0.23%	1,303	1,306
JSE All Share	⬇	55,142	-0.61%	55,478	55,142
SP500	⬆	3,023	0.41%	3,010	3,023
FTSE 100	⬇	7,324	-0.05%	7,328	7,324
Hangseng	⬇	26,667	-0.49%	26,798	26,898
DAX	⬆	12,895	0.17%	12,872	12,895
JSE Sectors		Last close	Change	Prev close	Current Spot
Financials	⬇	15,942	-0.39%	16,005	15,942
Resources	⬆	44,853	0.47%	44,645	44,853
Industrials	⬇	67,544	-1.44%	68,534	67,544
Forex		Last close	Change	Prev close	Current Spot
N\$/US dollar	⬇	14.63	-0.50%	14.70	14.62
N\$/Pound	⬇	18.75	-0.72%	18.89	18.74
N\$/Euro	⬇	16.20	-0.73%	16.32	16.20
US dollar/ Euro	⬇	1.108	-0.23%	1.110	1.109
		Namibia		RSA	
Economic data		Latest	Previous	Latest	Previous
Inflation	⬇	3.3	3.7	4.1	4.3
Prime Rate	⬇	10.25	10.50	10.00	10.25
Central Bank Rate	⬇	6.50	6.75	6.50	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

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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