



Economic Headlines

Thursday, 29 November 2018

Bull Case for Emerging Markets Has One Big Caveat

After a bruising 2018, emerging markets will probably be the place to make quick money next year. It's not even December, but major Wall Street investment banks have already issued their outlooks for 2019, and the mood is hopeful. Morgan Stanley went outright bullish, double-upgrading the asset class to overweight from underweight... Morgan Stanley strategist Jonathan Garner estimates growth will slump to 4 percent from 23 percent this year. While earnings increases in emerging markets will accelerate only modestly, to 7 percent from 3 percent... Emerging markets have suffered this year in part because the U.S. has been growing at the speed of a developing nation, without the associated currency or governance risks... There's a caveat to the bull case, though: China. The prospects are less clear for the elephant in the emerging markets room. To some extent, this is an issue of timing... China isn't even close to showing its hand for the new year... Beijing doesn't announce its full-year GDP growth and fiscal deficit targets until weeks after the Lunar New Year, which often falls in February... Aside from the fact that China Inc. constitutes 30 percent of the benchmark MSCI index, emerging market currencies and stocks also tend to be highly correlated with the yuan. Dollar-based global investors are quick to sell whenever the yuan dips. Developing nations, they fear, may interpret yuan weakness as Beijing weaponizing its currency and engage in some competitive devaluation themselves. But we won't have a good sense of where the yuan is likely to be until we see Beijing's 2019 budget. – [Bloomberg](#)

China Needs More Beef. South Africa's Trying to Sell It

The world's largest cattle feedlot is expanding South African beef exports beyond the Middle East to take advantage of surging demand in China and other Asian markets. Karan Beef (Pty) Ltd.'s feedlot south of Johannesburg is emblematic of a push by South African agriculture to boost exports of more niche products ranging from grapefruit and avocados to macadamia nuts. Increasingly, the emphasis is on high-value products rather than mass output of less lucrative crops like corn. With 160,000 cattle on the property, which converted from dairy to beef production in about 1980, and half a million of the animals sent to slaughter every year, the 2,500 hectare (6,178-acre) operation is the biggest feedlot on a single site globally, according to director Matthew Karan... The operation accounts for 70 percent of South Africa's beef exports and 30 percent of the local market... China's beef imports have jumped this year and are on pace for an annual record... The South African beef industry more broadly is under pressure to increase production to meet local and international demand... In October, the Karan family agreed to sell a 90 percent stake in the business to the Public Investment Corp., Africa's biggest fund manager and the custodian of South African civil servants

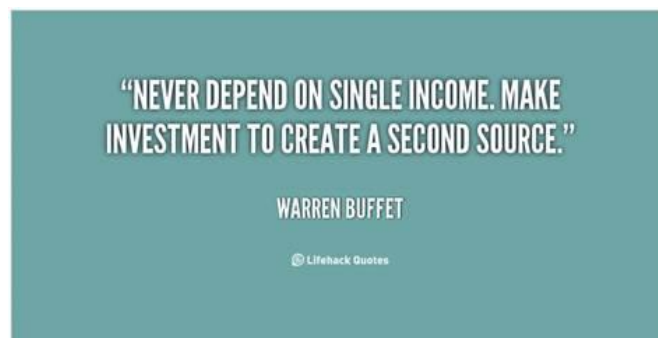
pensions, and black-owned Pelo Agricultural Ventures for 5.2 billion rand (\$374 million) in one of the biggest attempts yet to address the legacy of apartheid in South African farming. – [Bloomberg](#)

CDC May Invest \$1 Billion in Nigeria in Post-Brexit Africa Drive

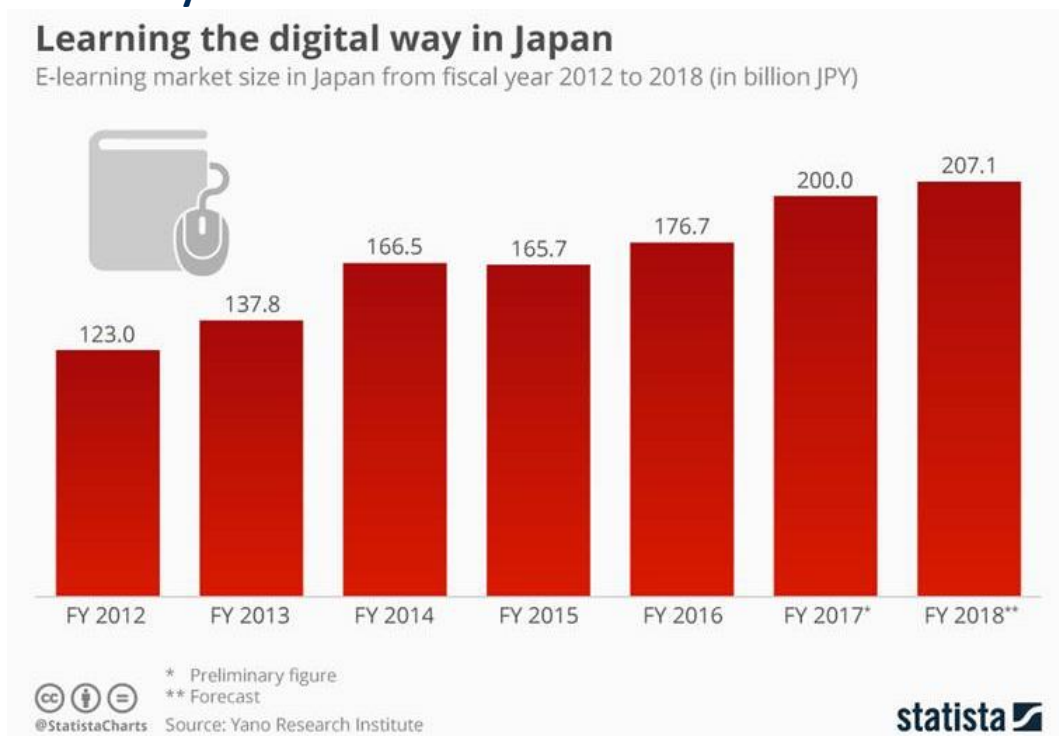
The U.K.'s development finance arm, CDC Group Plc, may invest more than \$1 billion in Nigeria over the next four years as the government looks to increase business ties with Africa after it leaves the European Union in March. CDC, which has investments ranging from listed Nigerian banks to an Ethiopian wine-maker and a safari lodge in Zimbabwe, aims to put as much as \$4.5 billion into the continent in that time, which would almost triple its existing African portfolio of roughly \$2.6 billion. The group has been active in Nigeria, where it has \$400 million of investments, for 70 years. It has injected money into companies directly as equity or debt, or through private-equity funds. U.K. Prime Minister Theresa May visited South Africa, Nigeria and Kenya earlier this year, saying she wanted the country to become the G7's biggest investor on the continent by 2022. – [Bloomberg](#)

Egypt Ends Forex Repatriation Guarantee for Overseas Investors

Egypt is shutting down a mechanism that guarantees that overseas investors can repatriate their foreign currency earnings, a move that could mean more volatility for the stagnant Egyptian pound. When the central bank designed the mechanism, Egypt was suffering from an acute shortage of foreign currency. Strict capital controls had all but paralyzed trade and foreign investors in Egyptian securities found they could not get their profits out of the country. For a fee, those who went through the scheme were guaranteed their money back. After Egypt liberalized its currency regime in November 2016, securing a \$12 billion International Monetary Fund loan, billions of dollars' worth of investments flowed into domestic government debt through the repatriation mechanism. Foreign exchange reserves recovered from near emergency levels to hit new records and the crisis receded. – [Bloomberg](#)



Stats of the Day



Data Releases

Local Time	Country	Indicator Name	Period
08:00	South Africa	M3 Money Supply YY	Oct
08:00	South Africa	Pvt Sector Credit Ext.	Oct
11:30	South Africa	PPI MM	Oct
11:30	South Africa	PPI YY	Oct
12:00	Euro Zone	Business Climate	Nov
12:00	Euro Zone	Economic Sentiment	Nov
12:00	Euro Zone	Industrial Sentiment	Nov
12:00	Euro Zone	Services Sentiment	Nov
12:00	Euro Zone	Consumer Confid. Final	Nov
12:00	Euro Zone	Cons Infl Expec	Nov
12:00	Euro Zone	Selling Price Expec	Nov
15:30	United States	Personal Consump Real MM	Oct
15:30	United States	Personal Income MM	Oct
15:30	United States	Consumption, Adjusted MM	Oct
15:30	United States	Core PCE Price Index MM	Oct
15:30	United States	Core PCE Price Index YY	Oct
15:30	United States	PCE Price Index MM	Oct
15:30	United States	PCE Price Index YY	Oct
15:30	United States	Corn Export Sales New	19 Nov, w/e
15:30	United States	Corn Export Sales Net	19 Nov, w/e
15:30	United States	Corn Exp Sale Next Yr Net	19 Nov, w/e
15:30	United States	Corn Exp Sales Net Total	19 Nov, w/e
15:30	United States	Soybean Export Sales New	19 Nov, w/e
15:30	United States	Soybean Export Sales Net	19 Nov, w/e
15:30	United States	Soybean Exp Sale Next Yr Net	19 Nov, w/e
15:30	United States	Soybean Exp Sale Net Total	19 Nov, w/e
15:30	United States	Soybeanmeal Exp Sale Net	19 Nov, w/e
15:30	United States	Soymeal Exp Sls Next Yr Net	19 Nov, w/e
15:30	United States	Soybn Meal Exp Sls Net Total	19 Nov, w/e
15:30	United States	Soybeanoil Exp Sales Net	19 Nov, w/e
15:30	United States	Soybn Oil Exp Sls Nxt Yr Net	19 Nov, w/e
15:30	United States	Soybn Oil Exp Sls Net Total	19 Nov, w/e
15:30	United States	Wheat Export Sales New	19 Nov, w/e
15:30	United States	Wheat Export Sales Net	19 Nov, w/e
15:30	United States	Wheat Exp Sale Next Yr Net	19 Nov, w/e
15:30	United States	Wheat Exp Sale Net Total	19 Nov, w/e
15:30	United States	Beef Export Sales New	19 Nov, w/e
15:30	United States	Beef Export Sales Net	19 Nov, w/e
15:30	United States	Up Cotton Exp Sales New	19 Nov, w/e
15:30	United States	Up Cotton Exp Sales Net	19 Nov, w/e
15:30	United States	US Pork Export Sales New	19 Nov, w/e
15:30	United States	US Pork Export Sales Net	19 Nov, w/e
15:30	United States	Initial Jobless Claims	19 Nov, w/e
15:30	United States	Jobless Claims 4-Wk Avg	19 Nov, w/e
15:30	United States	Continued Jobless Claims	12 Nov, w/e
17:00	United States	Pending Homes Index	Oct
17:00	United States	Pending Sales Change MM	Oct
	United States	Dallas Fed PCE	Oct

Source: Thomson Reuters

Market Overview

Money Market		Change	Latest
3 months	→	0.00%	7.16%
6 months	↑	0.01%	7.75%
9 months	↑	0.01%	8.03%
12 months	↑	0.01%	8.39%
Bonds		Change	Latest
GC21 (R208 : 7.21%)	↑	0.08%	8.07%
GC24 (R186 : 9.04%)	↑	0.04%	10.19%
GC27 (R186 : 9.04%)	↑	0.04%	10.29%
GC30 (R2030 : 9.5%)	↑	0.04%	10.95%
GC32 (R213 : 9.6%)	↑	0.04%	11.20%
GC35 (R209 : 9.78%)	↑	0.03%	11.28%
GC37 (R2033 : 9.71%)	↑	0.04%	11.51%
Commodities		%Change	Latest
Gold	↓	-0.10%	\$ 1,213.85
Platinum	↓	-0.23%	\$ 831.98
Copper	→	0.00%	\$ 6,121.50
Brent Crude	↓	-1.46%	\$ 59.52
Main Indices		%Change	Latest
NSX (Delayed)	↓	-0.02%	1269.54
JSE All Share	↑	1.29%	52,013.98
S&P 500	↑	0.33%	2,682.17
FTSE 100	↓	-0.08%	7,011.20
Hangseng	↑	1.33%	26,682.56
DAX	↑	0.20%	11,332.06
JSE Sectors		%Change	Latest
Financials	↓	-0.29%	16,435.71
Resources	↑	1.60%	37,219.97
Industrials	↑	2.28%	64,410.06
Forex		%Change	Latest
N\$/US Dollar	↑	0.29%	13.9681
N\$/Pound	↑	0.58%	17.8592
N\$/Euro	↑	0.25%	15.7635
US Dollar/ Euro	↓	-0.04%	1.1285
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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