



**Market Update**

**Tuesday, 29 October 2019**

## **Global Markets**

Asian shares rose to a three-month peak on Tuesday after Wall Street hit all-time highs amid hopes of progress in Sino-U.S. trade talks and for another dose of policy stimulus from the Federal Reserve this week. Japan's Nikkei led the way with a rise of 0.5% to reach ground last trod a full year ago, while Shanghai blue chips dithered either side of flat. MSCI's broadest index of Asia-Pacific shares outside Japan crept up 0.2% to its highest since late July.

E-Mini futures for the S&P 500 extended their gains by 0.1% and EUROSTOXX 50 futures held steady.

U.S. President Donald Trump said on Monday he expected to sign a significant part of the trade deal with China ahead of schedule but did not elaborate on the timing. The U.S. trade representative also said they were studying whether to extend tariff suspensions on \$34 billion of Chinese goods set to expire on Dec. 28 this year. "The market appears to be interpreting the improvement in trade talks as a positive sign that the U.S. will suspend its planned tariffs on \$160 billion of Chinese imports due to take place in December," said Rodrigo Catril, a senior FX strategist at National Australia Bank. "This is a big assumption as talks could easily fail again if both parties don't find a compromise."

On Wall Street, the S&P 500 gained 0.56% to score a record closing peak, while the Dow rose 0.49% and the Nasdaq 1.01%. Microsoft Corp climbed 2.46% after winning the Pentagon's \$10 billion cloud computing contract, beating out Amazon.com Inc. Google parent Alphabet Inc slipped in late NY trade after missing analysts' estimates for quarterly profit even though revenue growth topped expectations.

The embrace of risk left bonds out in the cold, and yields on two-year Treasury notes hit four-week highs at 1.667%. Bond investors are still looking forward to a likely rate cut from the Federal Reserve on Wednesday, though they also suspect officials might sound cautious on moving yet further. "Some Fed participants may hope that the October cut will be the last of this cycle," Michelle Girard, chief U.S. economist at NatWest Markets, said in a report. "However, we expect weaker data over the coming months and quarters will force the Fed to lower rates further. We look for rate cuts in October, December, March, and June, dropping the fed funds target range to 0.75%-1.00% by the middle of 2020." That view is even more aggressive than the futures market, which has 50 basis points of cuts priced in by June.

Central banks in Japan and Canada also meet this week, with talk the former might ease further if only to prevent an export-sapping bounce in its currency. The shift from safe havens was working to

weaken the yen. The dollar was firm at 108.98 yen, having reached its highest in three months, and was eyeing a major top at 109.31. It fared less well on the euro, which edged up to \$1.1097, and eased back on a basket of currencies to 97.753.

Sterling firmed after the European Union agreed to a Brexit delay of up to three months, while Prime Minister Boris Johnson lost a vote to force an election on Dec. 12. The pound was last at \$1.2848, well above its low for the month at \$1.2193.

Spot gold slipped back to \$1,492.21 per ounce, and away from last week's top around \$1,517. Oil prices were pressured by signs of rising U.S. crude stockpiles. Brent crude futures dipped 1 cent to \$61.56, while U.S. crude lost 10 cents to \$55.71 a barrel.

## Domestic Markets

South Africa's rand firmed to a new six-week high on Monday as investors looked beyond an uncertain local and global backdrop and kept buying the high-yielding currency, while stocks rose, led by chemicals firm Sasol. By 1500 GMT, the rand was 0.55% firmer at 14.5440 against the dollar, trading at its strongest levels since Sept. 13. "The main risk event will be the Medium-term Budget Policy Statement on Wednesday," Lukman Otunuga, senior research analyst at FXTM said in a note. "Should the statement paint a gloomy picture of the South African economy, the rand will be in the direct firing line."

A poll of 14 economists expects Finance Minister Tito Mboweni to expand the deficit to 6.05% of gross domestic product, up from a projection of 4.5% in February for the year that began in April, owing mainly to bailouts to state power firm Eskom. Crisis-hit Eskom was handed an additional 59 billion rand (\$4 billion) lifeline by parliament on Oct. 22, prompting criticism from opposition parties that it was a "blank cheque" which would swell borrowing. But the firm has not cut power to the national grid since last Sunday, when breakdowns at some of its coal-fired plants forced it to throttle supply, easing investor concerns and breathing wind into the rand since the beginning of the month.

In equities, the Top-40 index was up 1.6% while the broader all-share rose by 1.3%. Shares in petrochemicals group Sasol were up nearly 12% after the company announced that its joint chief executives were stepping down after a review of a project in the United States dogged by delays and rising costs. The company said Bongani Nqwababa and Stephen Cornell, the joint CEOs, who have not been found to have committed misconduct nor shown incompetence, would step down at the end of this month to restore trust in Sasol. "They are doing the right things, it's not looking that bad," said Cratos Capital equities trader Greg Davies.

Suffering losses on the day was miner AngloGold Ashanti, with shares falling 7.5%, after the firm said it expected its full-year production will be at the low end of its forecast range as output fell in the third quarter from a year ago and costs rose sharply.

The yield on the benchmark government bond was down 0.5 basis points to 8.165%.

**Source: Thomson Reuters**



## Market Overview

MARKET INDICATORS		29 October 2019			
<b>Money Market TB's</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
3 months	↑	7.099	0.068	7.031	7.099
6 months	↑	7.257	0.024	7.233	7.257
9 months	↑	7.353	0.044	7.309	7.353
12 months	↓	7.458	-0.006	7.464	7.458
<b>Nominal Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GC20 (BMK: R207)	↑	7.193	0.128	7.065	7.181
GC21 (BMK: R2023)	↓	8.015	-0.016	8.031	8.006
GC22 (BMK: R2023)	↓	8.069	-0.010	8.079	8.070
GC23 (BMK: R2023)	↓	8.209	-0.025	8.234	8.202
GC24 (BMK: R186)	↓	8.818	-0.024	8.842	8.813
GC25 (BMK: R186)	↓	8.821	-0.021	8.842	8.818
GC27 (BMK: R186)	↓	8.941	-0.026	8.967	8.919
GC30 (BMK: R2030)	↓	9.554	-0.011	9.565	9.542
GC32 (BMK: R213)	↓	10.014	-0.033	10.047	10.015
GC35 (BMK: R209)	↓	10.447	-0.026	10.473	10.440
GC37 (BMK: R2037)	↓	10.565	-0.023	10.588	10.563
GC40 (BMK: R214)	↓	10.969	-0.025	10.994	10.954
GC43 (BMK: R2044)	↓	10.996	-0.017	11.013	10.986
GC45 (BMK: R2044)	↓	11.391	-0.015	11.406	11.382
GC50 (BMK: R2048)	↓	11.656	-0.018	11.674	11.645
<b>Inflation-Linked Bonds</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
GI22 (BMK: NCPI)	↑	4.365	0.001	4.364	4.364
GI25 (BMK: NCPI)	↓	4.650	-0.021	4.671	4.663
GI29 (BMK: NCPI)	↓	5.597	-0.001	5.598	5.598
GI33 (BMK: NCPI)	↑	6.155	0.002	6.153	6.154
GI36 (BMK: NCPI)	↑	6.504	0.001	6.503	6.502
<b>Commodities</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Gold	↓	1,492.51	-0.81%	1,504.63	1,491.56
Platinum	↓	919.16	-0.80%	926.55	914.10
Brent Crude	↓	61.57	-0.73%	62.02	61.35
<b>Main Indices</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
NSX Overall Index	↑	600.85	1.42%	592.42	600.85
JSE All Share	↑	55,761.98	1.12%	55,141.98	55,761.98
S&P 500	↑	3,039.42	0.56%	3,022.55	3,039.42
FTSE 100	↑	7,331.28	0.09%	7,324.47	7,331.28
Hangseng	↓	26,760.89	-0.48%	26,891.26	26,760.89
DAX	↑	12,941.71	0.37%	12,894.51	12,941.71
<b>JSE Sectors</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
Financials	↓	15,941.79	-0.39%	16,004.63	16,181.40
Resources	↑	44,852.95	0.47%	44,644.76	45,529.43
Industrials	↓	67,543.63	-1.44%	68,533.94	68,208.49
<b>Forex</b>		<b>Last Close</b>	<b>Change</b>	<b>Prev Close</b>	<b>Current Spot</b>
N\$/US Dollar	↓	14.56	-0.48%	14.63	14.55
N\$/Pound	↓	18.72	-0.27%	18.77	18.71
N\$/Euro	↓	16.16	-0.31%	16.21	16.14
US Dollar/ Euro	→	1.11	0.00%	1.11	1.11
<b>Economic data</b>		<b>Namibia</b>		<b>RSA</b>	
		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Inflation	↓	3.26	3.71	4.10	4.30
Prime Rate	↓	10.25	10.50	10.00	10.00
Central Bank Rate	↓	6.50	6.75	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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**For enquiries concerning the Daily Brief please contact us at**

**[Daily.Brief@capricorn.com.na](mailto:Daily.Brief@capricorn.com.na)**

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