



## Market Update

Monday, 02 December 2019

### Global Markets

Oil prices slumped and a gauge of global equity markets on Friday edged away from an all-time high it nearly breached earlier in the week as doubts simmered over the outlook for signing an initial deal to ease U.S.-China trade tensions.

Gold prices rose and stocks on Wall Street slipped after China warned on Thursday it would take "firm counter measures" against U.S. President Donald Trump's decision to ratify a bill backing protesters in Hong Kong. "It is definitely a concern that the signing of the Hong Kong bill will be seen as an impediment to an agreement," said Rick Meckler, partner at Cherry Lane Investments in New Vernon, New Jersey. "At this point, investors are also using this as an opportunity to take some profits," Meckler said.

Tensions could be further frayed after two sources told Reuters that the U.S. government may expand its power to stop more foreign shipments of products with U.S. technology to China's Huawei Technologies. Selling intensified on Wall Street in the last hour of trading after the report on Huawei. All three of Wall Street's major indexes set record highs earlier in the week on hopes for an imminent "phase one" U.S.-China trade deal.

MSCI's all-country world index, which tracks shares in 49 countries, shed 0.48%, or about 4 points lower than a record peak of 550.63 it established in January 2018. Country indices for Germany and France closed slightly lower and the pan-European STOXX 600 index lost 0.44%. The dollar fell from a six-week peak against a basket of currencies as the still unsigned U.S.-China trade deal kept investors on edge at the end of a holiday-shortened week due to the Thanksgiving holiday on Thursday and early close on Friday.

On Wall Street, the Dow Jones Industrial Average fell 112.59 points, or 0.4%, to 28,051.41. The S&P 500 lost 12.65 points, or 0.40%, to 3,140.98 and the Nasdaq Composite dropped 39.70 points, or 0.46%, to 8,665.47. The MSCI world index has climbed 2.3% this month, its third straight month of gains, helped in part by hopes the world's two biggest economies are moving toward a resolution. The trade war has roiled financial markets and disrupted supply chains. The index is up 20% this year, helped by lower interest rates and injections of government stimulus around the world.

With recent data showing a pick-up in economic growth and 10-year government debt yields likely to remain under 2%, the outlook for stocks is a Goldilocks scenario, said Dev Kantesaria, founder portfolio manager of hedge fund Valley Forge Capital Management, Wayne, Pennsylvania. "We're

quite bullish on equities today and the reason for that is that the main driver of equities is interest rates," Kantesaria said. "The news on trade, the elections, tax policy, etc., is largely noise," he said.

Euro zone inflation data was the main piece of economic data in investors' sights in Europe. Inflation accelerated faster than expected in November, likely comforting European Central Bank policymakers - even if some factors pushing up prices may be temporary. The latest "flash" data showed annual inflation jumped to 1% this month from 0.7% in October, outpacing expectations for 0.9%, as volatile food prices rose more than predicted.

Germany's benchmark 10-year Bund yield last traded at -0.359%, little changed on the day and holding above one-month lows hit the previous day. French and Dutch yields were also off lows hit this week as investors fretted about U.S.-China trade talks. Benchmark 10-year notes fell in price to yield 1.7758%.

The day's rise in gold prices kept the metal from posting its biggest monthly decline in three years. Spot gold added 0.3% to \$1,462.38 an ounce. The dollar index fell 0.13%, with the euro up 0.12% to \$1.102. The Japanese yen strengthened 0.08% versus the greenback at 109.45 per dollar.

Oil prices slumped in muted, post-Thanksgiving trade but still gained for the month on expectations the Organization of the Petroleum Exporting Countries next week will extend a pact to throttle oil output beyond March. Brent crude futures fell \$1.44 to settle at \$62.43 a barrel, while West Texas Intermediate (WTI) futures settled down \$2.94 cents at \$55.17. The 5% decline was the biggest single-day fall since Sept. 17.

**Source: Thomson Reuters**

## **Domestic Markets**

### **NAMIBIA**

Namibia's incumbent President Hage Geingob has won the 2019 presidential election with 56.3% of the vote, the Electoral Commission of Namibia (ECN) said on Saturday, surviving the country's biggest corruption scandal, an economic recession and a fractured ruling party.

Geingob, Namibia's third leader since the sparsely populated and mostly arid country freed itself from the shackles of apartheid South Africa in 1990, was seeking a second and final term in the Nov. 27 election.

First elected in 2014 with 87% of the vote, Geingob garnered 56.3% and avoided a potential re-run against a member of his own party, Panduleni Itula, who was running as an independent. Itula, a dentist-turned-politician, trailed behind with 29.4% of the vote, and the leader of the official opposition party, McHenry Venaani, was in third position with 5.3%.

Geingob told cheering crowds that he was proud that the elections were free and fair. "I am just a proud Namibian that we could have free and fair elections, no fighting, no attacking each other, free movement was allowed," said Geingob.

In the legislative vote to choose 96 members of parliament, the ruling party lost its two-thirds majority after the ruling party secured 63 seats, down from 77 seats, while the official opposition party, Venaani's Popular Democratic Movement (PDM) party, will hold 16 seats, improving from its 2014 total of five in the legislative chamber. Opposition leader Venaani told Reuters that they were considering approaching the courts over "anomalies and irregularities" during the election.

The ECN had previously said the vote-tallying would take 48 hours, but it announced the winner after 72 hours, raising concerns over the potential for vote rigging.

A sputtering economy, one of Namibia's worst-ever droughts and the biggest corruption scandal in its history have weighed on support for Geingob.

The economy has been stuck in a recession for nearly three years, hurt by a drought that ravaged agricultural export crops, as well as by unprofitably low prices for Namibia's main hard commodities, uranium and diamonds.

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, also has taken the shine off the ruling party.

### **SOUTH AFRICA**

South Africa's rand firmed against the dollar on Friday, but the currency was stuck in a range as investors sought clarity on whether a new U.S. law backing Hong Kong protesters could derail trade negotiations between Washington and Beijing. At 1520 GMT the rand was 0.34% firmer at 14.6550 per dollar. Traders had expected the rand to trade in a range of 14.60-14.80 a dollar.

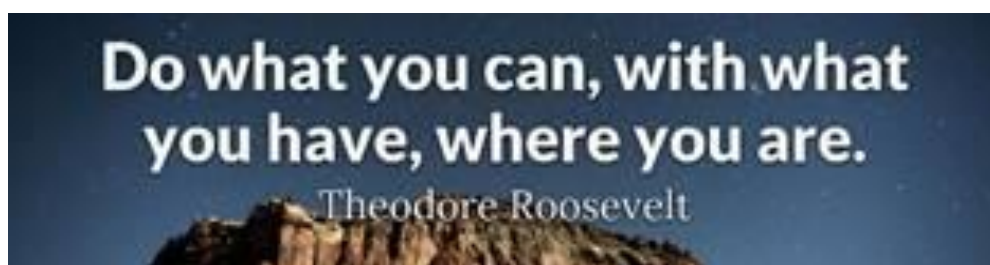
The focus was on U.S.-China trade developments after the United States backed anti-government protesters in Hong Kong, as well as domestic third-quarter gross domestic product numbers due on Tuesday.

"Rand awaits GDP data and global developments," said Bianca Botes, treasury partner at Peregrine Treasury Solutions. "China's response to the U.S.'s two new laws supporting Hong Kong protesters remains unknown and potentially harmful for the U.S. and the trade deal." Investors were uncertain about the fate of a 'phase-one' trade deal between the two economies, after Beijing warned the United States on Thursday it would take "firm counter measures" in response to the U.S. legislation.

On the bourse, the benchmark JSE Top-40 Index was down 0.76% to 49,093 points while the broader All-Share Index fell 0.63% to 55,349 points. Anglo-South African financial services group Investec closed 1.8% lower after the firm said it would sell about 10% of its asset management business, to be renamed Ninety One, when it is spun off as part of a demerger expected in March.

Bonds edged firmer, with the yield on the benchmark 2026 paper down 2 basis points to 8.455%.

**Source: Thomson Reuters**



## Market Overview

MARKET INDICATORS (Thomson Reuters)		Monday, 02 December 2019			
<b>Money Market TB's</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
3 months	↓	7.11	-0.007	7.12	7.11
6 months	↓	7.36	-0.001	7.36	7.39
9 months	⇒	7.43	0.000	7.43	7.43
12 months	↓	7.57	-0.003	7.57	7.68
<b>Nominal Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GC20 (BMK: R207)	↓	7.37	-0.020	7.39	7.36
GC21 (BMK: R2023)	⇒	7.37	0.000	7.37	7.38
GC22 (BMK: R2023)	↓	8.40	-0.025	8.42	8.43
GC23 (BMK: R2023)	↓	8.50	-0.025	8.52	8.53
GC24 (BMK: R186)	↓	9.08	-0.020	9.10	9.11
GC25 (BMK: R186)	↓	9.11	-0.020	9.13	9.14
GC27 (BMK: R186)	↓	9.22	-0.020	9.24	9.25
GC30 (BMK: R2030)	↓	10.12	-0.015	10.13	10.16
GC32 (BMK: R213)	↓	10.39	-0.010	10.40	10.43
GC35 (BMK: R209)	↓	10.80	-0.025	10.82	10.84
GC37 (BMK: R2037)	↓	10.98	-0.025	11.01	11.02
GC40 (BMK: R214)	↓	11.36	-0.030	11.39	11.40
GC43 (BMK: R2044)	↓	11.52	-0.010	11.53	11.56
GC45 (BMK: R2044)	↓	11.72	-0.010	11.73	11.76
GC50 (BMK: R2048)	↓	12.04	-0.010	12.05	12.08
<b>Inflation-Linked Bonds</b>		<b>Last close</b>	<b>Difference</b>	<b>Prev close</b>	<b>Current Spot</b>
GI22 (BMK: NCPI)	⇒	4.40	0.000	4.40	4.40
GI25 (BMK: NCPI)	⇒	4.60	0.000	4.60	4.60
GI29 (BMK: NCPI)	⇒	5.55	0.000	5.55	5.55
GI33 (BMK: NCPI)	⇒	6.15	0.000	6.15	6.15
GI36 (BMK: NCPI)	⇒	6.39	0.000	6.39	6.39
<b>Commodities</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Gold	↑	1,464	0.40%	1,458	1,457
Platinum	↑	900	0.84%	893	892
Brent Crude	↓	62.4	-2.25%	63.9	61.2
<b>Main Indices</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
NSX Overall Index	↓	1,283	-0.09%	1,284	1,283
JSE All Share	↓	55,349	-0.63%	55,702	55,327
SP500	↓	3,141	-0.40%	3,154	3,141
FTSE 100	↓	7,347	-0.94%	7,416	7,347
Hangseng	↓	26,346	-2.03%	26,894	26,439
DAX	↓	13,236	-0.07%	13,246	13,236
<b>JSE Sectors</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
Financials	↑	15,579	0.12%	15,560	15,516
Resources	↓	46,101	-1.50%	46,803	46,261
Industrials	↓	67,797	-0.57%	68,188	67,698
<b>Forex</b>		<b>Last close</b>	<b>Change</b>	<b>Prev close</b>	<b>Current Spot</b>
N\$/US dollar	↓	14.64	-0.37%	14.69	14.68
N\$/Pound	↓	18.93	-0.20%	18.97	18.96
N\$/Euro	↓	16.12	-0.30%	16.17	16.17
US dollar/ Euro	↑	1.102	0.07%	1.101	1.102
		<b>Namibia</b>		<b>RSA</b>	
<b>Economic data</b>		<b>Latest</b>	<b>Previous</b>	<b>Latest</b>	<b>Previous</b>
Inflation	↓	3.0	3.3	3.7	4.1
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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