

# ONE Minute Brief

29 November 2019

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## Economic and political news

In South Africa (SA), producer price inflation slowed to 3.0% on an annual basis in October, compared to a level of 4.1% in the prior month.

For the six months ending September, Eskom has reported a profit of ZAR1.3bn, while its debt rose to ZAR454bn from ZAR440bn at the end of March.

The South African Reserve Bank (SARB), in its Financial Stability Review report, warned that acceleration in the growth of riskier, unsecured lending will likely deteriorate SA's finances, posing risks to the country's financial stability.

News reports indicate that the South African Airways (SAA) is in need of another cash injection from the state to carry out its day-to-day operations. Separately, Parliament's Standing Committee on Public Accounts (Scopa) has given SAA deadline to submit its financial statements by next Tuesday.

The African National Congress (ANC) has threatened to take legal action over the delay in the appointment of a mayor for Johannesburg.

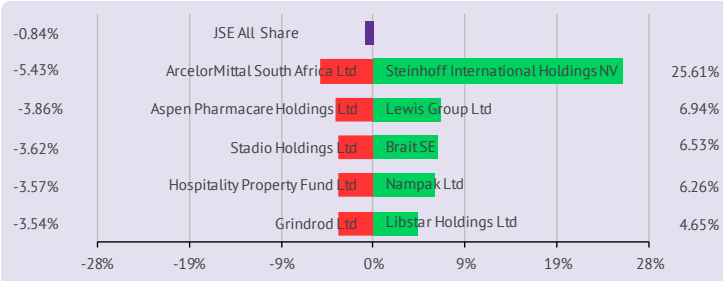
The Food and Allied Workers Union (Fawu) has threatened to sue President, Cyril Ramphosa, for retrenching over half of his Ntuba Nyoni arm staff.

## South Africa Market

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and industrial sector stocks. Data revealed that the SA's producer price inflation slowed for the sixth consecutive month in October. The JSE All Share Index fell 0.8% to close at 55,702.45.

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## UK Market

### UK markets closed in the red

UK markets finished lower yesterday, after some stocks traded ex-dividend and as the US legislation on Hong Kong raised worries over the US-China trade deal. The FTSE 100 Index declined 0.2% to close at 7,416.43. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

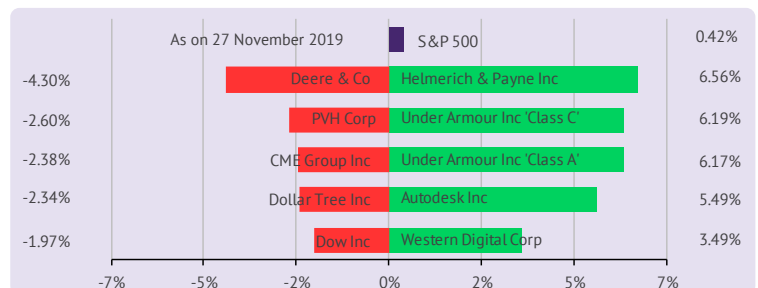
	As at 28 Nov 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55702.45	▼ -471.41	-0.84	-1.86	-1.28	2.92	5.62
JSE Top 40 (ZAR)	49470.55	▼ -440.02	-0.88	-2.01	-1.39	2.78	5.87
FTSE 100 (GBP)	7416.43	▼ -13.35	-0.18	1.22	2.32	-2.16	10.23
DAX 30 (EUR)	13245.58	▼ -41.49	-0.31	0.62	2.94	3.53	25.44
CAC 40 (EUR)	5912.72	▼ -14.12	-0.24	0.33	3.19	0.92	24.99
S&P 500 (USD)*	3153.63	▲ 13.11	0.42	NA	NA	2.04	25.80
Nasdaq Composite (USD)*	8705.18	▲ 57.24	0.66	NA	NA	3.66	31.20
DJIA (USD)*	28164.00	▲ 42.32	0.15	NA	NA	0.48	20.73
MSCI Emerging Markets (USD)	1050.39	▼ -2.54	-0.24	0.18	0.81	4.09	8.74
MSCI Developed World (USD)	2301.79	▼ -0.88	-0.04	1.23	3.06	2.45	22.18

\* Values as on 27 November 2019

## US Market

### US markets were closed yesterday

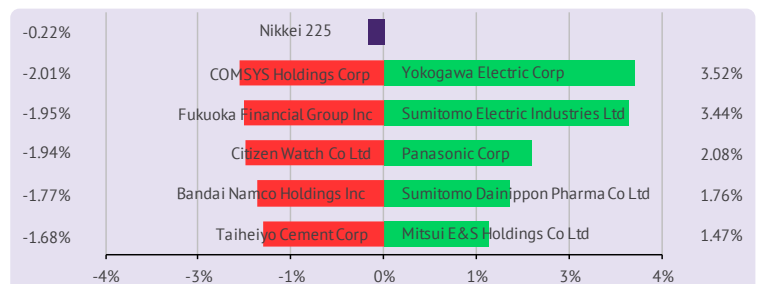
US markets were closed yesterday on account of a public holiday. Today, the S&P 500 futures are trading weaker.



## Asian Market

### Trading lower

Asian markets are trading lower this morning, as tensions in Hong Kong escalated. Data revealed that Japan's unemployment rate remained unchanged in October. The Nikkei 225 Index is trading 0.2% lower at 23,357.04



## USD ZAR ▼

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R14.7223. With no major economic releases in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand yesterday. Separately, SA's producer price inflation slowed on an annual basis in October.

## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R19.0167. Ahead in the day, traders will keep an eye on UK's consumer credit and mortgage approvals for further direction. Data indicated that the nation's GfK consumer confidence remained steady in November.

The British Pound declined against the South African Rand yesterday. Data indicated that the Nationwide house prices advanced more than market forecast on a monthly basis in November.

## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R16.2123. Going forward, market participants will keep a tab on the Eurozone's consumer price index (CPI), unemployment rate along with Germany's unemployment rate and retail sales for further indication.

The Euro weakened against the South African Rand yesterday. Data revealed that Eurozone's consumer confidence index improved in November. Additionally, region's economic sentiment indicator climbed more than market expectations in November. Meanwhile, the nation's business climate indicator unexpectedly declined in November. Additionally, Germany's CPI advanced less than market expectations on an annual basis in November.

## AUD ZAR ▼

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R9.9699. Earlier in the session, Australia's private sector credit demand advanced less than market anticipations on a monthly basis in October.

The Australian Dollar fell against the South African Rand yesterday.

## Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.7223	▼	-0.35	-0.05	-2.59	-0.23	2.53
GBPZAR	19.0167	▼	-0.40	0.50	-2.79	4.97	3.66
EURZAR	16.2123	▼	-0.24	-0.14	-3.84	2.09	-1.60
AUDZAR	9.9699	▼	-0.42	-0.27	-4.32	1.86	-1.63
EURUSD	1.1012	▲	0.09	-0.11	-1.28	2.32	-3.99
GBPUSD	1.2913	▲	-0.07	0.61	-0.23	5.31	1.24
Brent (\$/barrel)	63.6	▼	-0.30	0.76	7.13	0.62	18.72
Gold (\$/oz)**	1463.9	▲	-0.47	-0.70	-4.05	3.35	13.43
Platinum (\$/oz)**	896.3	▲	-1.79	0.31	-4.10	5.69	12.50
Copper (\$/MT)*	5869.3	▼	-0.95	0.54	1.73	1.30	-1.34

\*As of previous close, #As on 06:00 SAST \*\* 1D% change as on 27 November 2019

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.7% to trade at \$1,463.90/oz.

Trading in gold was closed yesterday on account of a public holiday in the US.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$63.61/bl.

Yesterday, Brent crude oil declined 0.3% to settle at \$63.87/bl, amid rise in the US crude inventories and renewed tensions between the US and China. Meanwhile, Baker Hughes revealed that the number of active oil rigs fell by 3 to 668 in the week ended 27 November 2019, marking its lowest level since April 2017.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$896.30/oz.

Trading in platinum was closed yesterday on account of a public holiday in the US.

## Major South African corporate news

### Bidvest Group Limited

In its 4M19 trading update, the company announced that it has delivered a resilient organic operational performance in a challenging market. It restructured from seven divisions into six which mainly impacted office and print and commercial products divisions.

### Vodacom Group Limited

The company announced that Mr. Till Streichert, Chief Financial Officer (CFO) and Executive Director, has resigned from his position to pursue an opportunity outside. Further, he would step down from the Board on or around 30 June 2020 or such earlier date as may be mutually agreed.

## Major global economic news

### Eurozone

In November, the economic sentiment indicator climbed to a level of 101.30 in the Eurozone, more than market expectations. In the previous month, the economic sentiment indicator had registered a level of 100.80.

In the Eurozone, the business climate indicator unexpectedly declined to a level of -0.23 in November, compared to a revised reading of -0.20 in the previous month.

In November, the final consumer confidence index climbed to a level of -7.20 in the Eurozone, compared to a level of -7.60 in the prior month. The preliminary figures had also indicated a rise to -7.20.

In Germany, the preliminary CPI rose 1.1% on an annual basis in November, less than market expectations. In the prior month, the CPI had registered a similar rise.

### Asia

In Australia, private sector credit demand climbed 0.1% on a monthly basis in October, less than market anticipations and compared to an advance of 0.2% in the previous month.

In Japan, the Tokyo CPI rose 0.8% on a yearly basis in November, more than market consensus and compared to an advance of 0.4% in the prior month.

In October, the unemployment rate remained steady at 2.4% in Japan.

In Japan, flash industrial production declined 4.2% on a monthly basis in October, more than market forecast. In the prior month, industrial production had recorded a rise of 1.7%.

### UK

In November, the GfK consumer confidence index remained unchanged at -14.00 in the UK, at par with market anticipations.

In the UK, seasonally adjusted Nationwide house prices advanced 0.5% on a monthly basis in November, more than market consensus. House prices had advanced 0.2% in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Unemployment Rate (Oct)	✓✓	2.40%*	2.40%	Monthly
Japan	01:30	Tokyo CPI ex Fresh Food (YoY) (Nov)	✓✓✓	0.60%*	0.50%	Monthly
Japan	01:30	Job-To-Applicant Ratio (Oct)	✓	1.57*	1.57	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (Nov)	✓✓✓	0.80%*	0.40%	Monthly
Japan	01:50	Industrial Production (YoY) (Oct) (P)	✓✓✓	-7.40%*	1.30%	Monthly
Japan	01:50	Industrial Production (MoM) (Oct) (P)	✓✓✓	-4.20%*	1.70%	Monthly
UK	02:01	GfK Consumer Confidence (Nov)	✓✓✓	-14.00*	-14.00	Monthly
Japan	06:00	Vehicle Production (YoY) (Sep)	✓	-	-2.20%	Monthly
Japan	07:00	Annualised Housing Starts (Oct)	✓✓	-	0.90mn	Monthly
Japan	07:00	Construction Orders (YoY) (Oct)	✓	-1.60%	-6.80%	Monthly
Japan	07:00	Housing Starts (YoY) (Oct)	✓	-7.60%	-4.90%	Monthly
Japan	07:00	Consumer Confidence Index (Nov)	✓✓	35.40	36.20	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Oct)	✓	6.90%	6.11%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Oct)	✓	6.70%	6.19%	Monthly
Germany	09:00	Retail Sales (MoM) (Oct)	✓✓✓	-	0.10%	Monthly
Germany	09:00	Retail Sales (YoY) (Oct)	✓✓✓	1.10%	3.40%	Monthly
Germany	10:55	Unemployment Change (Nov)	✓✓✓	-	6.00 K	Monthly
Germany	10:55	Unemployment Rate s.a. (Nov)	✓✓✓	-	5.00%	Monthly
UK	11:30	Net Lending Sec. on Dwellings (Oct)	✓✓	-	GBP3.80bn	Monthly
UK	11:30	Net Consumer Credit (Oct)	✓✓	GBP0.90bn	GBP0.83bn	Monthly
UK	11:30	Mortgage Approvals (Oct)	✓✓✓	65.50K	65.92 K	Monthly
Eurozone	12:00	Unemployment Rate (Oct)	✓✓✓	-	7.50%	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Nov) (P)	✓✓✓	-	1.10%	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Nov)	✓✓✓	-	0.10%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Nov) (F)	✓✓✓	-	0.70%**	Monthly
South Africa	14:00	Trade Balance (Oct)	✓✓	-	ZAR5.16bn	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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