

ONE Minute Brief

15 November 2019

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Economic and political news

In South Africa (SA), mining production climbed 0.2% on a yearly basis in September, compared to a revised drop of 3.0% in August. However, annual gold production dropped 2.3% in September, compared to a revised fall of 5.3% in August. Additionally, platinum production fell 2.0% on an annual basis in September, compared to a revised drop of 12.4% in August.

South African Airways (SAA) has cancelled domestic and international flights scheduled for today and tomorrow amid a strike announcement by a majority of employees over wages and job cuts. Meanwhile, the National Union of Metalworkers of SA and the South African Cabin Crew Association rejected a revised wage offer by the airline.

The South African Transport and Allied Workers Union and the Aviation Union of Southern Africa indicated that they would approach the Labour Court to interdict SAA's plan to cut 944 jobs.

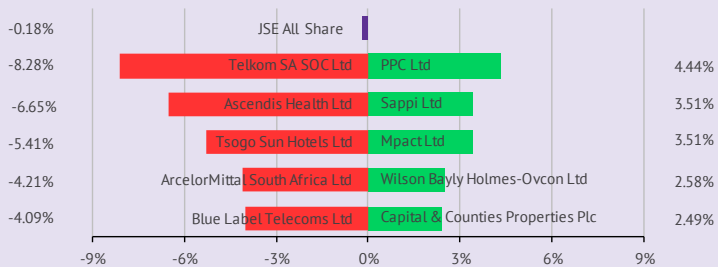
President, Cyril Ramaphosa, stated that the implementation of the African Continental Free Trade Agreement will provide opportunities for the BRICS investment partners to develop infrastructure on the continent. Separately, Chinese President Xi Jinping, in a meeting with Ramaphosa, expressed China's readiness to maintain and develop strategic partnership between the two nations.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in platinum mining and resource sector stocks. The JSE All Share Index fell 0.2% to close at 56,235.94.

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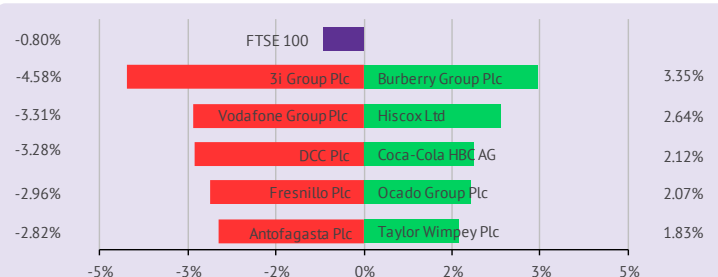


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid strength in the British Pound and as shares in 3i climbed after the company traded ex-dividend. Data revealed that UK's retail sales unexpectedly dropped on a monthly basis in October. The FTSE 100 Index declined 0.8% to close at 7,292.76. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

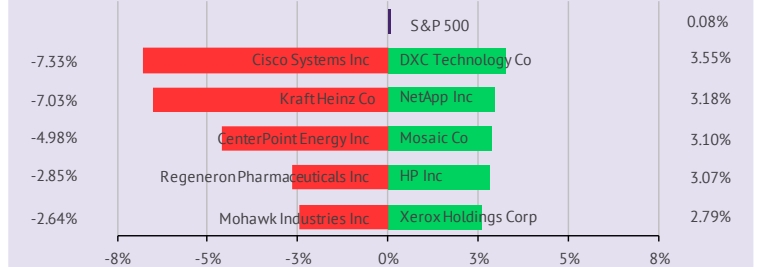
	As at 14 Nov 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56235.94	▼ -102.39	-0.18	-0.67	-0.34	2.92	6.63
JSE Top 40 (ZAR)	50012.48	▼ -103.01	-0.21	-0.78	-0.31	2.78	7.03
FTSE 100 (GBP)	7292.76	▼ -58.45	-0.80	-0.91	0.61	-2.16	8.39
DAX 30 (EUR)	13180.23	▼ -49.84	-0.38	-0.37	2.44	3.53	24.83
CAC 40 (EUR)	5901.08	▼ -6.01	-0.10	0.19	2.99	0.92	24.74
S&P 500 (USD)	3096.63	▲ 2.59	0.08	0.11	1.94	2.04	23.53
Nasdaq Composite (USD)	8479.02	▼ -3.08	-0.04	0.04	2.25	3.66	27.79
DJIA (USD)	27781.96	▼ -1.63	-0.01	0.36	2.72	0.48	19.10
MSCI Emerging Markets (USD)	1042.26	▼ -1.57	-0.15	-2.12	0.03	4.09	7.90
MSCI Developed World (USD)	2265.29	▼ -3.04	-0.13	-0.16	1.42	2.45	20.24

US Market ▼

US markets closed mostly lower

US markets closed mostly lower yesterday, weighed down by losses in technology sector stocks. Data revealed that the US initial jobless claims rose to five-month high level in the week ended 8 November 2019. The S&P 500 Index climbed 0.1% to close at 3,096.63. Today, the S&P 500 futures are trading in the green.

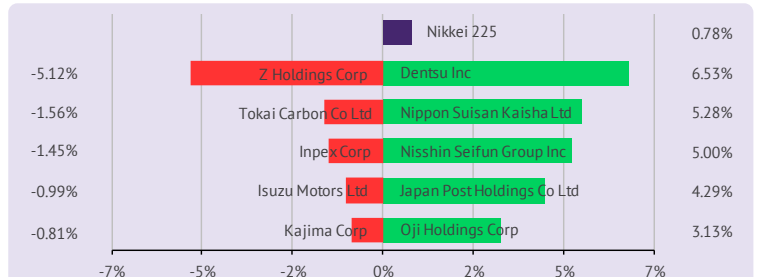
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Asian Market ▲

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.8% higher at 23,321.53.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.3% against the South African Rand to trade at R14.7833. Later today, traders will keep a close watch on the US NY Empire State manufacturing index, retail sales and industrial production for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US initial jobless claims rose more than market anticipations to a five-month high level in the week ended 08 November 2019. Meanwhile, the nation's PPI rose more than market forecast on a yearly basis in October. Separately, in SA, platinum and gold production dropped on an annual basis in September. On the other hand, mining production climbed on a yearly basis in the same month.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.3% against the South African Rand to trade at R19.0444. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. On the data front, UK's retail sales unexpectedly declined on a monthly basis in October.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.3% against the South African Rand to trade at R16.2970. Going forward, market participants will keep a tab on Eurozone's trade balance and consumer price index (CPI) for further indications.

The Euro weakened against the South African Rand yesterday. Data indicated that, Eurozone's gross domestic product (GDP) rose in line with market forecast on a quarterly basis in the third quarter of 2019. Separately, Germany's quarterly GDP unexpectedly rose in 3Q19.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R10.0492. Meanwhile, in China, Australia's largest trading partner, house prices advanced 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	14.7833	▲	-0.58	-0.19	-1.82	-0.23	3.34
GBPZAR	19.0444	▲	-0.34	0.59	-2.26	4.97	4.23
EURZAR	16.2970	▲	-0.45	-0.09	-2.97	2.09	-0.71
AUDZAR	10.0492	▲	-1.31	-1.28	-3.31	1.86	-0.60
EURUSD	1.1025	▲	0.14	0.04	-1.17	2.32	-3.88
GBPUSD	1.2879	▼	0.24	0.85	-0.46	5.31	1.00
Brent (\$/barrel)	62.6	▲	-0.14	-0.37	4.46	0.62	15.76
Gold (\$/oz)	1466.9	▼	0.69	0.72	-2.73	3.35	14.99
Platinum (\$/oz)	884.1	▲	0.91	-1.15	-5.45	5.69	10.92
Copper (\$/MT)*	5787.8	▼	-0.39	-2.08	0.32	1.30	-2.71

*As of previous close, #As on 06:00 SAST

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.4% lower to trade at \$1,466.90/oz.

Yesterday, gold prices rose 0.7% to close at \$1,473.40/oz, as optimism over US-China trade deal faded.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$62.55/bl, after the Organisation of the Petroleum Exporting Countries' (OPEC) outlook for oil demand raised hopes that the group and its allies will maintain supply curbs in their next meeting.

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Yesterday, Brent crude oil declined 0.1% to settle at \$62.28/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories rose by 2.21mn bls for the week ended 08 November 2019.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.1% to trade at \$884.10/oz.

Yesterday, platinum prices climbed 0.9% to close at \$882.80/oz.

Major South African corporate news

Barloworld Limited

In its FY19 trading statement, the company announced that it expects basic EPS to be between 865.50c and 969.80c, compared to 1,042.80c reported in the same period of the prior year. It expects its HEPS to be between 805.60c and 920.70c compared to 1,150.90c in the last year.

Oceana Group Limited

In its FY19 results, the company announced that revenues dropped from ZAR7.66bn to ZAR7.65bn posted in the corresponding period of the previous year. Its diluted EPS fell 28.0% to 486.10c from 674.60c posted in the same period of the prior year.

Mediclinic International Plc

In its 1H20 results, the company announced that revenues advanced 9.0% to ZAR1.55bn from ZAR1.39 the same period of the preceding year. Its diluted EPS stood at 14.80c, compared to a loss per share of 22.80c recorded in the corresponding period of the previous year.

Sappi Limited

In its 4Q19 results, the company announced that sales decreased to USD1.45bn from USD1.54bn posted in the corresponding period of the previous year. Its diluted EPS fell 52.6% to 9.00c from 19.00c recorded in the same period of the prior year.

Netcare Limited

In its FY19 trading statement, the company announced that it expects EPS to be between 161.00c and 196.70c and its HEPS to be between 162.70c and 167.60c, compared to 49.30c reported in the same period of the previous year.

Major global economic news

US

In the US, seasonally adjusted initial jobless claims rose to 225.00K in the week ended 08 November 2019, more than market expectations. Initial jobless claims had recorded a reading of 211.00K in the prior week.

In October, the PPI advanced 1.1% on an annual basis in the US, more than market expectations. In the prior month, the PPI had climbed 1.4%.

Eurozone

In Eurozone, seasonally adjusted second estimate of GDP rose 0.2% on a quarterly basis in 3Q19, compared to a similar rise in the prior quarter. The preliminary figures had also indicated a rise of 0.2%.

In Germany, seasonally adjusted flash GDP unexpectedly rose 0.1% on a quarterly basis in 3Q19. GDP had registered a drop of 0.1% in the previous quarter.

Asia

In October, house prices climbed 7.8% on a yearly basis in China, compared to rise of 8.4% in prior month.

UK

In the UK, retail sales unexpectedly declined 0.1% on a monthly basis in October, compared to a flat reading in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Japan	06:30	Capacity Utilisation (MoM) (Sep)	✓	1.00%*	-2.90%	Monthly
 Japan	06:30	Industrial Production (MoM) (Sep) (F)	✓✓✓	1.70%*	1.40%**	Monthly
 Japan	06:30	Industrial Production (YoY) (Sep) (F)	✓✓✓	1.30%*	1.10%**	Monthly
 Eurozone	10:00	ECB's Mersch Speaks at Event in Paris	✓	-	-	As scheduled
 Eurozone	12:00	Trade Balance n.s.a. (Sep)	✓✓	EUR17.50bn	EUR14.70bn	Monthly
 Eurozone	12:00	Trade Balance s.a. (Sep)	✓✓✓	EUR19.40bn	EUR20.30bn	Monthly
 Eurozone	12:00	Consumer Price Index - Core (YoY) (Oct) (F)	✓✓✓	0.10%	1.10%**	Monthly
 Eurozone	12:00	Consumer Price Index (MoM) (Oct)	✓✓✓	0.20%	0.20%	Monthly
 Eurozone	12:00	Consumer Price Index (YoY) (Oct) (F)	✓✓✓	0.70%	0.70%**	Monthly
 US	15:30	Export Price Index (Oct)	✓	-	125.20	Monthly
 US	15:30	Import Price Index (Oct)	✓	-	125.60	Monthly
 US	15:30	NY Empire State Manufacturing Index (Nov)	✓✓	5.00	4.00	Monthly
 US	15:30	Import Price Index (MoM) (Oct)	✓	-0.20%	0.20%	Monthly
 US	15:30	Import Price Index (YoY) (Oct)	✓	-1.40%	-1.60%	Monthly
 US	15:30	Export Price Index (MoM) (Oct)	✓	-0.10%	-0.20%	Monthly
 US	15:30	Export Price Index (YoY) (Oct)	✓	-2.90%	-1.60%	Monthly
 US	16:15	Manufacturing (SIC) Production (MoM) (Oct)	✓✓✓	-	-0.50%	Monthly
 US	16:15	Industrial Production (MoM) (Oct)	✓✓✓	-0.40%	-0.40%	Monthly
 US	16:15	Capacity Utilisation (Oct)	✓	77.10%	77.50%	Monthly
 US	17:00	Business Inventories (Sep)	✓	0.10%	0.00%	Monthly
 Germany	19:00	German Buba President Weidmann speech	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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