

# ONE Minute Brief

21 November 2019

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## Economic and political news

In South Africa (SA), consumer price inflation slowed to 3.7% on a yearly basis in October, compared to a level of 4.1% in the previous month.

According to the Department of Public Enterprises' presentation to parliament, Eskom needs around ZAR187bn to comply fully with the government's new minimum emissions standards for air quality. Separately, Eskom's acting Deputy Director General, Makgola Makololo, stated that the department expects the functional unbundling of the transmission side of things to be completed by March 2020.

The National Union of Metalworkers of SA (NUMSA) and the SA Cabin Crew Association (SACCA) have served South African Airways (SAA) with a secondary strike notice at Air Chefs, which provides inflight catering for the airline.

News reports indicate that assets belonging to several entities of Africa Global Operations (AGO), formally Bosasa, will be auctioned off over three days early next month.

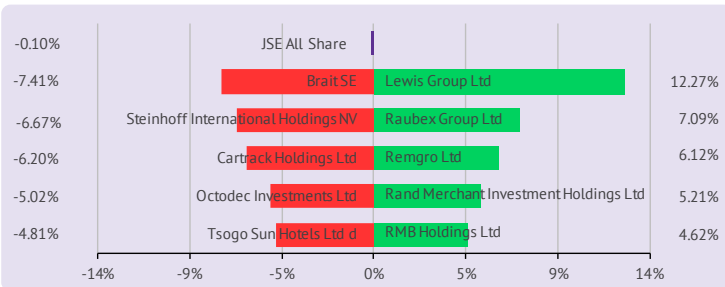
The Special Investigating Unit (SIU) stated that it is investigating the alleged misappropriation of intellectual property (IP) rights belonging to state defence company, Denel.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in industrial and resource sector stocks. The JSE All Share Index fell 0.1% to close at 57,313.44.

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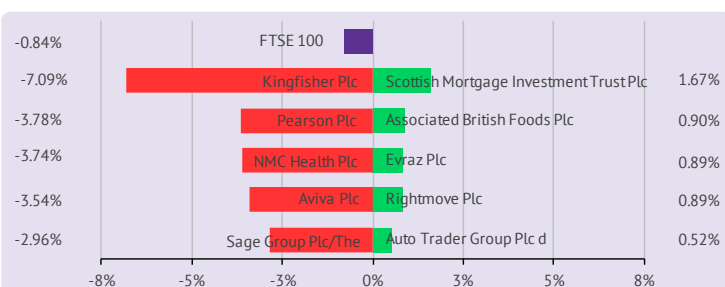


## UK Market ▼

### UK markets closed in the red

UK markets finished lower yesterday, amid rising concerns over US-China trade negotiations. The FTSE 100 Index declined 0.8% to close at 7,262.49. Today, the FTSE 100 futures are trading in negative territory.

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## Key indices

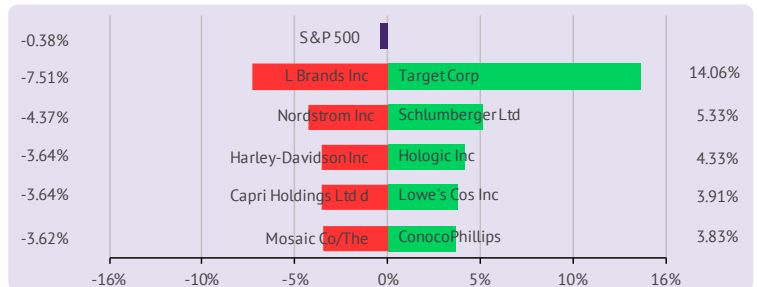
	As at 20 Nov 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57313.44	▼ -59.11	-0.10	2.25	1.57	2.92	8.68
JSE Top 40 (ZAR)	50971.63	▼ -88.71	-0.17	2.38	1.60	2.78	9.08
FTSE 100 (GBP)	7262.49	▼ -61.31	-0.84	-0.55	0.19	-2.16	7.94
DAX 30 (EUR)	13158.14	▼ -62.98	-0.48	-0.63	2.26	3.53	24.62
CAC 40 (EUR)	5894.03	▼ -15.02	-0.25	-0.76	2.87	0.92	24.59
S&P 500 (USD)	3108.46	▼ -11.72	-0.38	-0.38	2.33	2.04	24.00
Nasdaq Composite (USD)	8526.73	▼ -43.93	-0.51	-0.17	2.83	3.66	28.51
DJIA (USD)	27821.09	▼ -112.93	-0.40	-0.66	2.86	0.48	19.26
MSCI Emerging Markets (USD)	1052.00	▼ -5.16	-0.49	0.31	0.96	4.09	8.91
MSCI Developed World (USD)	2274.92	▼ -9.93	-0.43	-0.35	1.85	2.45	20.75

## US Market ▼

### US markets closed weaker

US markets closed lower yesterday, amid speculation that "phase one" trade deal between the US and China may not be signed in 2019. The S&P 500 Index dropped 0.4% to close at 3,108.46. Today, the S&P 500 futures are trading in the red.

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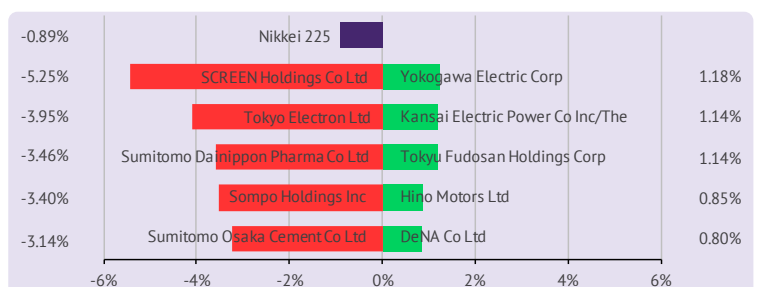


## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, amid growing tensions over Sino-US trade deal. The Nikkei 225 Index is trading 0.9% lower at 22,941.98

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## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R14.7703. Later today, traders will keep a close watch on the US initial jobless claims, the Philadelphia Fed manufacturing survey and existing home sales for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US MBA mortgage applications declined on a weekly basis in the week ended 15 November 2019. Separately, the South African Rand declined against the dollar, as the nation's inflation deteriorated more than expected in October. Data showed that SA's annual consumer price inflation slowed to its lowest level in 8 years in October.

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## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R19.0966. Ahead in the day, traders will keep an eye on UK's public sector net borrowing for further indications.

The British Pound advanced against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro marginally fell against the South African Rand to trade at R16.3586. Going forward, market participants will keep a tab on Eurozone's consumer confidence index for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's producer price index (PPI) dropped for the second consecutive month on a yearly basis in October.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar marginally fell against the South African Rand to trade at R10.0397.

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	14.7703	▲	0.12	0.47	-2.12	-0.23	3.03
GBPZAR	19.0966	▲	0.09	0.61	-2.24	4.97	4.25
EURZAR	16.3586	▲	0.06	0.66	-2.82	2.09	-0.55
AUDZAR	10.0397	▲	-0.26	0.20	-3.40	1.86	-0.69
EURUSD	1.1075	▲	-0.05	0.20	-0.71	2.32	-3.44
GBPUSD	1.2928	▲	-0.02	0.21	-0.14	5.31	1.33
Brent (\$/barrel)	62.2	▼	2.45	-1.42	4.66	0.62	15.99
Gold (\$/oz)	1471.6	▼	-0.01	0.39	-2.68	3.35	15.06
Platinum (\$/oz)	918.0	▼	0.84	2.85	-1.47	5.69	15.59
Copper (\$/MT)*	5855.0	▼	-0.04	0.51	1.48	1.30	-1.58

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices retreated 0.2% to trade at \$1,471.60/oz.

Yesterday, gold prices declined marginally to close at \$1,474.20/oz, following the release of US Federal Reserve's (Fed) meeting minutes.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$62.24/bl, amid US-China trade tensions.

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Yesterday, Brent crude oil advanced 2.5% to settle at \$62.40/bl, after the Energy Information Administration (EIA) reported that crude oil inventories advanced less-than-expected by 1.4mn bls in the week ended 15 November 2019. Adding to the positive sentiment, Russian President, Vladimir Putin, stated that Russia would continue to co-operate with the Organization of the Petroleum Exporting Countries (OPEC) to keep the global oil market balanced.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices declined 0.2% to trade at \$918.00/oz.

Yesterday, platinum prices climbed 0.8% to close at \$920.00/oz.

## Major South African corporate news

### Hosken Consolidated Investments Limited

In its FY19 trading statement, the company announced that it expects its basic EPS to be between 274.00c and 300.80c compared to 536.10c reported in the same period of the previous year.

### Lewis Group Limited

In its 1H19 results, the company announced that revenues increased to ZAR3.08bn from ZAR2.90bn posted in the corresponding period of the previous year. Its diluted EPS rose 18.0% from the same period of the prior year to 211.30c. The company has declared a gross cash dividend of 120.00c per share.

### Niveus Investments Limited

In its 1H19 trading statement, the company announced that it expects its loss per share to be between 7.60c and 7.80c, compared to an EPS of 2.20c reported in the corresponding period of prior year. The company expects its headline loss per share to be between 1.30c and 3.30c, compared to 20.90c in the previous year.

### PPC Limited

In its 1H19 results, the company announced that revenues declined 12.0% to ZAR4.95bn from ZAR5.60bn the same period of the preceding year. Its headline EPS stood at 6.00c, compared with 21.00c recorded in the corresponding period of the previous year.

### Wilson Bayly Holmes-Ovcon Limited

The company announced that Mr. Louwtjie Nel has stepped down as Chief Executive Officer (CEO) of the company, with effect from 20 November 2019 at the company's AGM and will assume a position Chairman on that date. Mr Wolfgang Neff officially assumed the position of CEO of the group effective 20 November 2019. Further, Mr Mike Wylie retired at the AGM as Executive Chairman, with immediate effect.

### Sibanye-Stillwater

The company announced that it has terminated its membership of the World Platinum Investment Council.

## Major global economic news

### US

The Federal Open Market Committee (FOMC), in its October meeting minutes, indicated that interest rates are widely expected to remain unchanged in the near future. The minutes showed that the labour market remained strong and that economic activity had been rising at a moderate rate. Additionally, the Fed reiterated that policy is not on a preset course and could change if economic conditions deteriorate significantly. However, officials see downside risks surrounding the economic outlook as elevated.

In the US, the MBA mortgage applications dropped 2.2% on a weekly basis in the week ended 15 November 2019, compared to a rise of 9.6% in the previous week.

### Eurozone

In Germany, the PPI declined 0.6% on an annual basis in October, more than market expectations. In the previous month, the PPI had fallen 0.1%.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
 Japan	06:30	All Industry Activity Index (MoM) (Sep)	✓✓✓	-0.20%	0.00%	Monthly
 Japan	07:00	Supermarket Sales (YoY) (Oct)	✓	-	2.80%	Monthly
 Japan	08:00	Machine Tool Orders (YoY) (Oct) (F)	✓✓✓	-	-37.40%**	Monthly
 Eurozone	10:10	ECB's Mersch speaks in Paris	✓	-	-	As scheduled
 UK	11:30	PSNB ex Interventions (Oct)	✓	-	GBP9.40bn	Monthly
 UK	11:30	Public Sector Net Cash Requirement (Oct)	✓✓	-	GBP2.66bn	Monthly
 UK	11:30	Public Sector Net Borrowing (Oct)	✓✓	GBP8.60bn	GBP8.73bn	Monthly
 Eurozone	11:40	ECB's Guindos speaks in Brussels	✓	-	-	As scheduled
 Eurozone	12:00	OECD Economic Outlook	✓✓✓	-	-	As scheduled
 Germany	12:00	Panel discussion with Dr Sabine Mauderer at Euro Finance Week 2019	✓	-	-	As scheduled
 Germany	12:00	Press conference for the 2019 Financial Stability Review	✓✓	-	-	As scheduled
 Eurozone	14:30	ECB Account of October Policy Meeting	✓	-	-	As scheduled
 Eurozone	14:30	ECB Monetary Policy Meeting Accounts	✓✓✓	-	-	As scheduled
 US	15:30	Continuing Jobless Claims (09-Nov)	✓✓✓	1685.00K	1683.00K	Weekly
 US	15:30	Philadelphia Fed Manufacturing Survey (Nov)	✓✓	7.00	5.60	Monthly
 US	15:30	Initial Jobless Claims (16-Nov)	✓✓✓	219.00K	225.00K	Weekly
 US	15:30	Fed's Mester speech	✓✓	-	-	As scheduled
 US	17:00	Leading Indicator (MoM) (Oct)	✓✓✓	-	-0.10%	Monthly
 US	17:00	Existing Home Sales (Oct)	✓✓✓	5.47mn	5.38mn	Monthly
 US	17:00	Existing Home Sales (MoM) (Oct)	✓✓✓	1.40%	-2.20%	Monthly
 Eurozone	17:00	Consumer Confidence (Nov) (P)	✓✓✓	-7.30	-7.60	Monthly
 Eurozone	20:30	ECB's De Guindos to Speak in Madrid	✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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