

ONE Minute Brief

11 December 2019

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Economic and political news

In South Africa (SA), manufacturing production dropped 0.8% on an annual basis in October, compared to a decline of 2.4% in September.

Eskom announced that load-shedding had been downgraded to stage 2 and would continue overnight and into Wednesday.

Mineral Resources and Energy Minister, Gwede Mantashe, has announced short- and medium-term interventions to meet SA's energy demands and address its electricity and energy challenges, including procuring electricity directly from independent power producers (IPPs). Separately, the Democratic Alliance wants Gwede Mantashe to be fired over the current power outages in the country.

The Economic Freedom Fighters (EFF) has accused Public Enterprises Minister, Pravin Gordhan and Eskom chair Jabu Mabuza of deliberately sabotaging Eskom so as to build a case for privatisation of electricity.

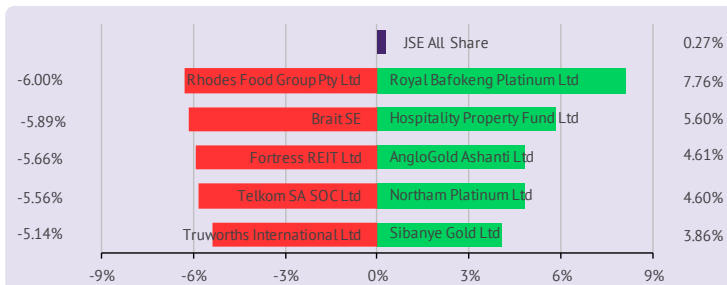
President, Cyril Ramaphosa, is expected to meet Eskom officials over the ongoing energy crisis.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, buoyed by gains in resource and mining sector stocks. Data revealed that SA's manufacturing output fell for fifth straight month in October. The JSE All Share Index rose 0.3% to close at 55,417.93.

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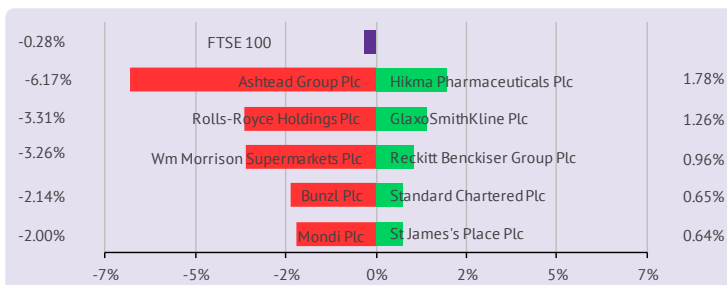


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid dismal UK economic data. Data showed that Britain's economy grew at its slowest annual pace in October. The FTSE 100 Index declined 0.3% to close at 7,213.76. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

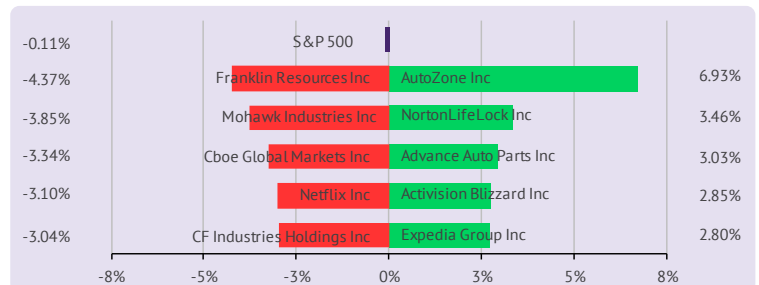
	As at 10 Dec 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55417.93	▲	148.73	0.27	0.20	0.12	-1.91	5.08
JSE Top 40 (ZAR)	49225.73	▲	205.85	0.42	0.33	0.27	-2.14	5.35
FTSE 100 (GBP)	7213.76	▼	-20.14	-0.28	-0.36	-1.81	1.35	7.22
DAX 30 (EUR)	13070.72	▼	-34.89	-0.27	-0.73	-1.25	2.87	23.79
CAC 40 (EUR)	5848.03	▲	10.78	0.18	-0.41	-0.97	3.06	23.62
S&P 500 (USD)	3132.52	▼	-3.44	-0.11	-0.43	-0.27	3.40	24.96
Nasdaq Composite (USD)	8616.18	▼	-5.64	-0.07	-0.47	-0.57	4.50	29.85
DJIA (USD)	27881.72	▼	-27.88	-0.10	-0.48	-0.60	3.72	19.52
MSCI Emerging Markets (USD)	1049.50	▼	-1.61	-0.15	0.05	0.91	-0.19	8.65
MSCI Developed World (USD)	2289.67	▼	-2.91	-0.13	-0.29	-0.11	2.63	21.54

US Market ▼

US markets closed weaker

US markets closed lower yesterday, ahead of the US Federal Reserve's (Fed) rate decision and looming tariff deadline. The S&P 500 Index dropped 0.1% to close at 3,132.52. Today, the S&P 500 futures are trading in the red.

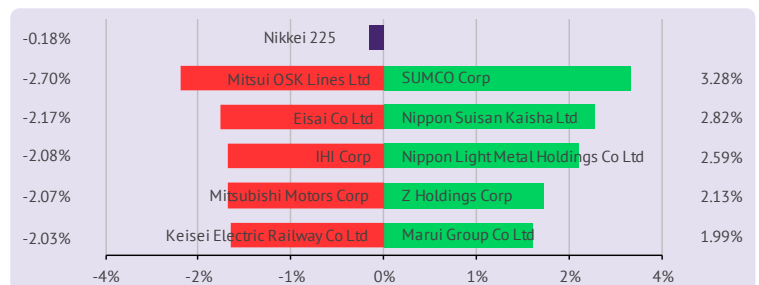
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Asian Market ▲

Trading mixed

Asian markets are trading mostly higher this morning. Data revealed that Japan's producer price index (PPI) rose on a yearly basis in November. The Nikkei 225 Index is trading 0.2% lower at 23,367.22.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R14.7988. Later today, traders will keep a close watch on the US Fed's interest rate decision and monetary policy statement, consumer price index (CPI) and the MBA mortgage applications for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the NFIB small business optimism index advanced more than market expectations in November. Separately, the South African Rand declined against the Dollar, amid ongoing power crisis in the country. Data showed that SA's manufacturing production declined for fifth consecutive month on an annual basis in October.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R19.4485. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, amid anticipations that the British Conservatives party will win a majority in Parliament during December general election. Data indicated that UK's gross domestic product (GDP) remained flat in the three months to October, hitting its lowest level since March 2012. Moreover, industrial production advanced less than market anticipations on a monthly basis in October. Further, visible trade deficit widened in October. Meanwhile, manufacturing production climbed more than market consensus on a monthly basis in October.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro slightly climbed against the South African Rand to trade at R16.4151. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's ZEW economic sentiment index unexpectedly rose in December. Separately, Germany's ZEW current situation index improved in December. Additionally, the ZEW economic sentiment index rebounded to its highest level in two years in December.

AUD ZAR ▼

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.0834. Earlier in the session, Australia's Westpac consumer confidence index dropped in December.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current [#]		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.7988	▼	0.81	1.15	0.82	-2.85	3.10
GBPZAR	19.4485	▲	0.94	1.27	2.70	-3.00	6.23
EURZAR	16.4151	▼	1.09	1.47	1.59	-4.08	-0.29
AUDZAR	10.0834	▼	0.61	0.66	1.58	-4.73	-0.51
EURUSD	1.1092	=	0.25	0.29	0.67	-1.20	-3.27
GBPUSD	1.3139	▼	0.07	0.12	1.79	-0.13	3.15
Brent (\$/barrel)	63.9	▼	0.14	-0.08	6.36	1.46	19.59
Gold (\$/oz)	1467.9	▲	0.23	0.24	-0.20	-3.25	14.15
Platinum (\$/oz)	920.8	▼	2.68	2.64	2.47	-3.57	15.92
Copper (\$/MT)*	6069.8	▲	0.38	1.81	3.88	1.28	2.03

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.4% to trade at \$1,467.90/oz.

Yesterday, gold prices rose 0.2% to close at \$1,462.60/oz, as investors await US Fed's monetary policy meeting and US-China trade deal update.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.7% lower to trade at \$63.90/bl., after the American Petroleum Institute (API) reported that crude oil inventories rose by 1.4mn bls to 447mn last week.

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Yesterday, Brent crude oil advanced 0.1% to settle at \$64.34/bl, amid optimism over US-China trade deal.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$920.80/oz.

Yesterday, platinum prices climbed 2.7% to close at \$922.60/oz.

Major South African corporate news

Nampak Limited

The company announced that Mr. Erik Smuts has been appointed as the Executive Director and Chief Executive Officer (CEO), with effect from 15 January 2020.

Major global economic news

UK

In the UK, GDP recorded a flat reading on a monthly basis in October. In the prior month, GDP had dropped 0.1%.

In the August-October 2019 period, the NIESR GDP estimate remained flat in the UK.

In the UK, goods trade deficit widened to GBP14.49 bn in October, compared to a revised deficit of GBP11.52bn in the prior month.

In October, industrial production advanced 0.1% on a monthly basis in the UK, less than market anticipations and compared to a drop of 0.3% in the prior month.

In the UK, manufacturing production climbed 0.2% on a monthly basis in October, more than market forecast and compared to a fall of 0.4% in the previous month.

Eurozone

In Eurozone, the ZEW economic sentiment index unexpectedly jumped to a level of 11.20 in December, compared to a level of -1.00 in the previous month.

In Germany, the ZEW current situation index improved to -19.90 in December, compared to a level of -24.70 in the previous month.

In December, the ZEW economic sentiment index climbed to a level of 10.70 in Germany, compared to a level of -2.10 in the prior month.

Asia










In Japan, the producer price index unexpectedly advanced 0.1% on a yearly basis in November, compared to a drop of 0.4% in the prior month.

In Australia, the Westpac consumer confidence index dropped 1.9% to a level of 95.10 on a monthly basis in December, compared to a level of 97.00 in the previous month.

US

In the US, the NFIB small business optimism index rose to a level of 104.70 in November, more than market expectations. In the previous month, the index had recorded a level of 102.40.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	01:50	Producer Price Index (MoM) (Nov)	✓	0.20%*	1.10%	Monthly
 Japan	01:50	Producer Index (YoY) (Nov)	✓	0.10%*	-0.40%	Monthly
 Japan	01:50	BSI Large Manufacturing (QoQ) (Q4)	✓✓	-7.80%*	-0.20%	Quarterly
 Japan	03:30	JPY BoJ Deputy Governor Amamiya Speech	✓	-	-	As scheduled
 South Africa	13:00	Retail Sales (MoM) (Oct)	✓✓	-	0.50%	Monthly
 South Africa	13:00	Retail Sales (YoY) (Oct)	✓✓	-	0.20%	Monthly
 US	14:00	MBA Mortgage Applications (06-Dec)	✓	-	-9.20%	Weekly
 US	15:30	Consumer Price Index Core s.a. (Nov)	✓	-	265.06	Monthly
 US	15:30	Consumer Price Index n.s.a. (MoM) (Nov)	✓	-	0.23%	Monthly
 US	15:30	Consumer Price Index n.s.a. (Nov)	✓	257.22	257.35	Monthly
 US	15:30	Consumer Price Index Ex Food & Energy (MoM) (Nov)	✓✓✓	0.20%	0.20%	Monthly
 US	15:30	Consumer Price Index Ex Food & Energy (YoY) (Nov)	✓✓✓	2.30%	2.30%	Monthly
 US	17:30	DOE Cushing OK Crude Inventory (Barrels) (06-Dec)	✓✓✓	-	-302.00 K bls	Weekly
 US	17:30	DOE Distillate Inventory (06-Dec)	✓✓✓	-	3063.00 K bls	Weekly
 US	17:30	DOE Gasoline Inventories (06-Dec)	✓✓✓	-	3385.00 K bls	Weekly
 US	17:30	EIA Crude Oil Stocks Change (Barrels) (06-Dec)	✓✓✓	-3.05 mn bls	-4.86 mn bls	Weekly
 US	21:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled
 US	21:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
 US	21:00	Monthly Budget Statement (Nov)	✓✓✓	-USD196.50bn	-USD134.50bn	Monthly
 US	21:00	Fed Interest Rate Decision	✓✓✓	1.75%	1.75%	As scheduled
 US	21:30	FOMC Press Conference	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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