

ONE Minute Brief

18 December 2019

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Economic and political news

In South Africa (SA), the leading indicator rose to a level of 103.90 in October, compared to a level of 103.20 in the previous month.

During his briefing about the outcomes of last week's Cabinet meeting, Minister in the Presidency, Jackson Mthembu, stated that the Cabinet has approved Minister of Transport Fikile Mbalula's decision to dissolve the Passenger Rail Agency of South Africa's interim board and place it under administration. Further, he stated that Cabinet has also approved the publication of the Expropriation Bill, the Municipal Fiscal Powers and Functions Amendment Bill for public comment.

According to the Automobile Association (AA), petrol prices in SA are set to drop by 17 cents per litre while diesel price is expected to rise slightly in January 2020.

Herman Mashaba stated that he is willing to return as Johannesburg mayor as soon as 2021, if South Africans want him to.

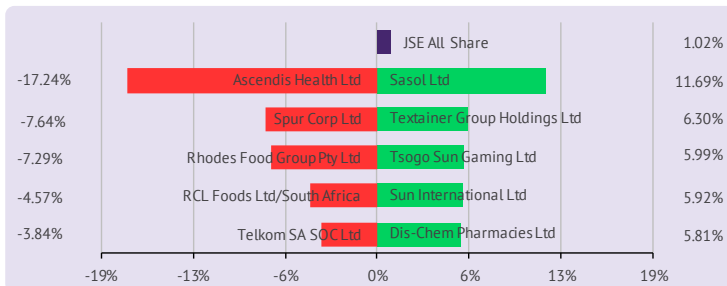
During the local launch of the IEA Coal 2019 report, Mineral Resources and Energy Minister, Gwede Mantashe, stated that a move from diesel turbines to gas turbines could ease some of the pressure on Eskom.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, on the back of a partial US-China trade deal. The JSE All Share Index rose 1.0% to close at 57,326.18.

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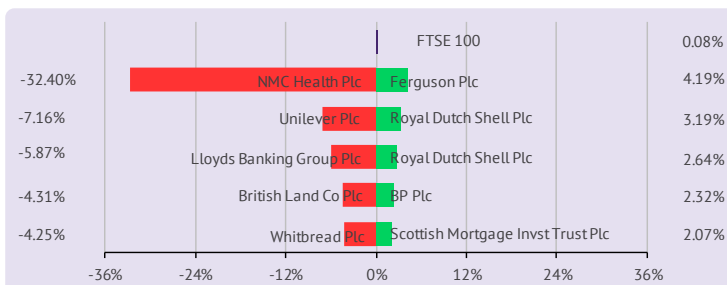


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid optimism surrounding the US-China trade deal. However, gains were limited amid fears of a no-deal Brexit. The FTSE 100 Index advanced 0.1% to close at 7,525.28. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

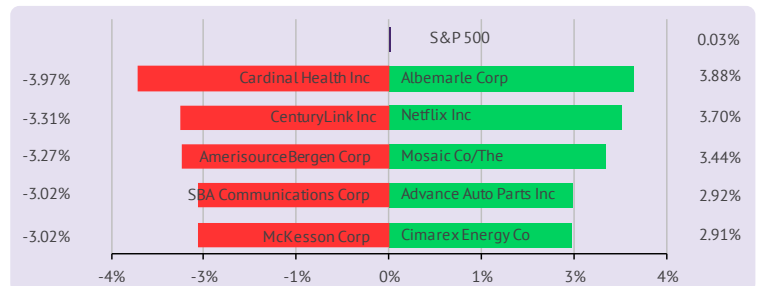
	As at 17 Dec 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57326.18	▲	577.06	1.02	1.02	3.57	-1.91	8.70
JSE Top 40 (ZAR)	50994.19	▲	495.17	0.98	0.98	3.87	-2.14	9.13
FTSE 100 (GBP)	7525.28	▲	6.23	0.08	2.34	2.43	1.35	11.85
DAX 30 (EUR)	13287.83	▼	-119.83	-0.89	0.04	0.39	2.87	25.84
CAC 40 (EUR)	5968.26	▼	-23.40	-0.39	0.83	1.07	3.06	26.16
S&P 500 (USD)	3192.52	▲	1.07	0.03	0.75	1.64	3.40	27.35
Nasdaq Composite (USD)	8823.36	▲	9.13	0.10	1.01	1.82	4.50	32.98
DJIA (USD)	28267.16	▲	31.27	0.11	0.47	0.77	3.72	21.18
MSCI Emerging Markets (USD)	1102.61	▲	14.65	1.35	1.44	6.02	-0.19	14.15
MSCI Developed World (USD)	2336.62	▼	-0.84	-0.04	0.73	1.94	2.63	24.03

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid robust housing and manufacturing data in the US. Data indicated that the industrial production rose more than market expectations in November. The S&P 500 Index marginally climbed to close at 3,192.52. Today, the S&P 500 futures are trading in the red.

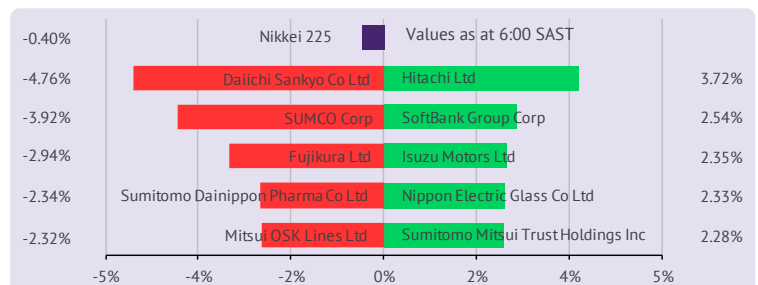
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Asian Market ▼

Trading lower

Asian markets are trading lower this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.4% lower at 23,969.05.



USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar advanced 0.2% against the South African Rand to trade at R14.4180. Later today, traders will keep a close watch on the US MBA mortgage applications for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, both, the US industrial production and manufacturing production advanced more than market forecast on a monthly basis in November. Moreover, the JOLTs job openings unexpectedly rose in October. Additionally, housing starts advanced on monthly basis in November. Further, building permits unexpectedly rose in the same month.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed marginally against the South African Rand to trade at R18.8917. Ahead in the day, traders will keep an eye on UK's consumer price index (CPI), producer price index (PPI), house price index and retail price index for further indication.

The British Pound declined against the South African Rand yesterday, as Prime Minister Boris Johnson's hard line in talks with the European Union stoked fears of a hard Brexit. Data indicated that UK's ILO unemployment rate remained steady the August-October 2019 period. Meanwhile, average earnings including bonus climbed less than market anticipations on an annual basis in the August-October 2019. Additionally, the CBI industrial trends survey orders declined in December.

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EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R16.0522. Going forward, market participants will keep a tab on Eurozone's CPI and construction output for further cues.

The Euro strengthened against the South African Rand yesterday. Data revealed that Eurozone's trade surplus widened in October.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R9.8668. Earlier in the session, Australia's Westpac leading index dropped on a monthly basis in November.

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	14.4180	▼	0.13	-1.01	-1.96	-2.85	0.26
GBPZAR	18.8917	▼	-1.40	-2.47	-0.32	-3.00	3.10
EURZAR	16.0522	▼	0.16	-0.83	-0.71	-4.08	-2.55
AUDZAR	9.8668	▼	-0.36	-1.27	-0.60	-4.73	-2.64
EURUSD	1.1133	▼	0.05	0.26	1.20	-1.20	-2.76
GBPUSD	1.3103	▼	-1.51	-1.50	1.59	-0.13	2.96
Brent (\$/barrel)	65.8	▼	1.16	1.35	9.27	1.46	22.86
Gold (\$/oz)	1480.8	▲	-0.03	-0.07	0.61	-3.25	15.09
Platinum (\$/oz)	928.7	▼	-0.16	0.11	3.27	-3.57	16.82
Copper (\$/MT)*	6172.5	▼	-0.33	1.09	5.63	1.28	3.76

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.4% to trade at \$1,480.80/oz.

Yesterday, gold prices marginally fell to close at \$1,474.60/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.5% to trade at \$65.77/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose by 4.7mn bls to 452mn bls for the week ended 13 December 2019.

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Yesterday, Brent crude oil advanced 1.2% to settle at \$66.10/bl, amid hopes that the US-China trade deal would boost demand for oil in 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$928.70/oz.

Yesterday, platinum prices dropped 0.2% to close at \$929.80oz.

Major South African corporate news

African Oxygen Limited

In its FY19 trading statement, the company announced that it expects basic EPS to be between 190.00c and 219.00c, compared to 144.80c reported in the previous year. The company expects its HEPS to be between 189.00c and 220.00c, compared to 154.90c in the preceding year.

Major global economic news

US

In the US, industrial production climbed 1.1% on a monthly basis in November, more than market forecast. In the previous month, industrial production had recorded a revised drop of 0.9%.

In November, manufacturing production climbed 1.1% on a monthly basis in the US. In the prior month, manufacturing production had registered a revised drop of 0.7%.

In October, the JOLTs job openings unexpectedly rose to a level of 7267.00K in the US, compared to a revised reading of 7032.00K in the previous month.

In the US, the housing starts increased 3.2% to an annual rate of 1365.00K in November. Housing starts had registered a revised level of 1323.00K in the previous month.

In the US, building permits unexpectedly rose 1.4% to an annual rate of 1482.00K in November, compared to a level of 1461.00K in the previous month.

UK

In the UK, the ILO unemployment rate remained steady at 3.8% in the August-October 2019 period.

In December, the CBI industrial trends survey orders dropped to a level of -28.00 in the UK, compared to a level of -26.00 in the prior month.

In the UK, average earnings including bonus advanced 3.2% on an annual basis in the August-October 2019, less than market anticipations and compared to a revised rise of 3.7% in the July-September 2019 period.

Asia

In Australia, the Westpac leading index dropped 0.1% on a monthly basis in November, compared to a revised drop of 0.2% in the previous month.

In November, Japan posted a merchandise (total) trade deficit of JPY82.10bn, compared to a revised surplus of JPY15.70bn in the previous month.

Eurozone

In the Eurozone, seasonally adjusted trade surplus widened to EUR24.50bn in October, compared to a revised surplus of EUR18.70bn in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Merchandise Trade Balance Total (Nov)	✓✓✓	-JPY82.10bn*	JPY17.30bn	Monthly
Japan	01:50	Adjusted Merchandise Trade Balance (Nov)	✓✓✓	-JPY60.80bn*	-JPY34.70bn	Monthly
Japan	01:50	Imports (YoY) (Nov)	✓✓	-15.70%*	-14.80%	Monthly
Germany	09:00	Producer Price Index (MoM) (Nov)	✓✓✓	0.10%	-0.20%	Monthly
Germany	09:00	Producer Price Index (YoY) (Nov)	✓✓✓	-0.60%	-0.60%	Monthly
Germany	11:00	IFO - Business Climate (Dec)	✓✓✓	95.50	95.00	Monthly
Germany	11:00	IFO - Current Assessment (Dec)	✓✓	98.10	97.90	Monthly
Germany	11:00	IFO - Expectations (Dec)	✓✓	93.00	92.10	Monthly
UK	11:30	Retail Price Index Ex Mort Int.Payments (YoY) (Nov)	✓✓	-	2.10%	Monthly
UK	11:30	Consumer Price Index (MoM) (Nov)	✓✓✓	0.20%	-0.20%	Monthly
UK	11:30	Retail Price Index (YoY) (Nov)	✓✓	2.10%	2.10%	Monthly
UK	11:30	PPI Core Output n.s.a. (YoY) (Nov)	✓✓	1.20%	1.30%	Monthly
UK	11:30	Consumer Price Index (YoY) (Nov)	✓✓✓	1.40%	1.50%	Monthly
UK	11:30	Consumer Price Index Core (YoY) (Nov)	✓✓✓	1.70%	1.70%	Monthly
UK	11:30	Producer Price Index - Input n.s.a. (YoY) (Nov)	✓	-2.50%	-5.10%	Monthly
UK	11:30	Retail Price Index (MoM) (Nov)	✓✓✓	0.10%	-0.20%	Monthly
UK	11:30	Producer Price Index - Output n.s.a. (MoM) (Nov)	✓	0.10%	-0.10%	Monthly
UK	11:30	Producer Price Index - Output n.s.a. (YoY) (Nov)	✓✓	0.80%	0.80%	Monthly
Eurozone	12:00	Construction Output s.a. (MoM) (Oct)	✓✓✓	-	0.70%	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Nov) (F)	✓✓✓	-0.30%	-0.30%**	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Nov) (F)	✓✓✓	1.30%	1.30%**	Monthly
Eurozone	12:00	Construction Output w.d.a. (YoY) (Oct)	✓	2.40%	-0.70%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Nov) (F)	✓✓✓	1.00%	1.00%**	Monthly
US	14:00	MBA Mortgage Applications (13-Dec)	✓	-	3.80%	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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