

ONE Minute Brief

23 January 2020

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Economic and political news

In South Africa, the consumer price index (CPI) advanced 4.0% on an annual basis in December, compared to rise of 3.6% in the prior month.

News reports indicate that, as part of the business rescue process, the South African government and the African National Congress (ANC) have opted to restructure South African Airways (SAA) and retain it as a national airline.

News reports indicate that Eskom and SA's National Treasury are in talks with banks to renew a ZAR15bn government-guaranteed loan facility that the power utility announced in February last year. Separately, Eskom has indicated of a low risk of load shedding today, citing constraints in the system.

According to a research by SA's national science council, power cuts by Eskom have cost the South African economy up to ZAR120bn last year and would probably persist for the next two to three years.

Key indices

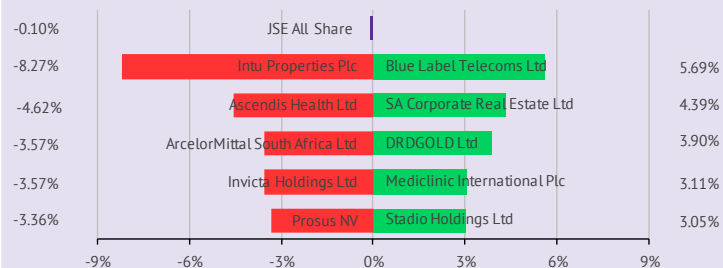
	As at 22 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57918.89	▼	-57.50	-0.10	-1.84	1.46	1.46
JSE Top 40 (ZAR)	51808.62	▼	-26.74	-0.05	-1.76	1.95	1.95
FTSE 100 (GBP)	7571.92	▼	-38.78	-0.51	-1.34	0.39	0.39
DAX 30 (EUR)	13515.75	▼	-40.12	-0.30	-0.08	2.01	2.01
CAC 40 (EUR)	6010.98	▼	-35.01	-0.58	-1.47	0.55	0.55
S&P 500 (USD)	3321.75	▲	0.96	0.03	-0.24	2.86	2.82
Nasdaq Composite (USD)	9383.77	▲	12.96	0.14	-0.06	3.54	4.58
DJIA (USD)	29186.27	▼	-9.77	-0.03	-0.55	1.74	2.27
MSCI Emerging Markets (USD)	1133.40	▲	6.55	0.58	-1.17	1.68	1.68
MSCI Developed World (USD)	2410.23	▲	0.94	0.04	-0.22	2.19	2.19

South Africa Market ▼

South African markets closed lower

South African markets closed lower for the third consecutive session yesterday, led by losses in gold mining sector stocks. The JSE All Share Index fell 0.1% to close at 57,918.89.

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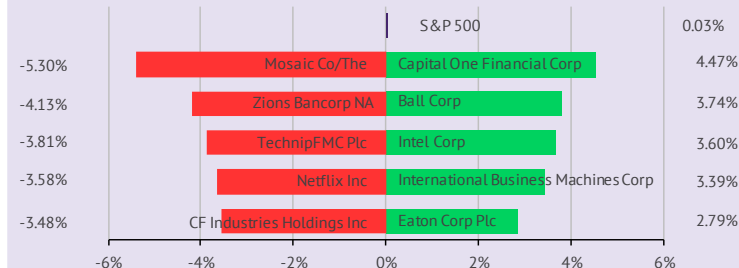


US Market ▲

US markets closed mostly firmer

US markets closed mostly higher yesterday, boosted by gains in technology sector stocks and amid news that Chinese authorities were taking measure to contain a possible coronavirus pandemic. The S&P 500 Index marginally climbed to close at 3,321.75. Today, the S&P 500 futures are trading in the red.

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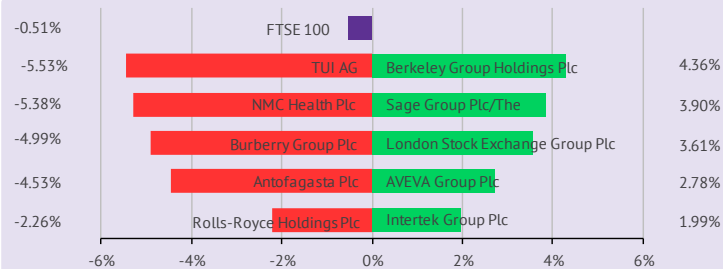


UK Market ▼

UK markets closed in the red

UK markets ended in the red yesterday, amid strength in the British Pound. Data indicated that UK's public sector net borrowing unexpectedly declined in December. The FTSE 100 Index declined 0.5% to close at 7,571.92. Today, the FTSE 100 futures are trading in negative territory.

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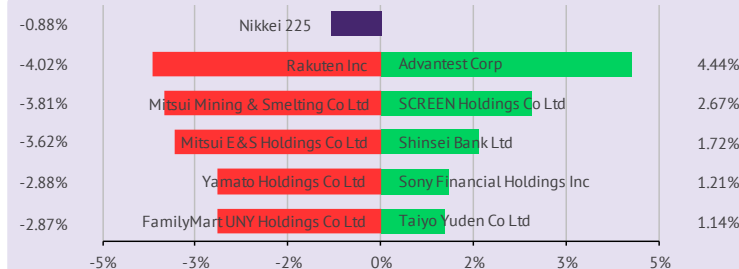


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid ongoing worries over the outbreak of a deadly virus in China. Data indicated that Japan's total trade deficit widened in December. As at 6:00 SAST, the Nikkei 225 Index is trading 0.9% lower at 23,819.78.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R14.3368. Later today, traders will keep a close watch on the US initial jobless claims and the Kansas Fed manufacturing index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications fell on a weekly basis in the week ended 17 January 2020. Moreover, the Chicago Fed National Activity Index dropped more than market forecast in December. Meanwhile, the housing price index advanced in line with market on a monthly basis in November. Additionally, existing home sales rose to its highest level in two years in December. Separately, in SA, the CPI advanced on an annual basis in January.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound slightly declined against the South African Rand to trade at R18.8236. 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. Data indicated that UK's public sector net borrowing unexpectedly dipped in December. Moreover, the CBI industrial balance of firms reporting total order book above normal advanced in January.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R15.8878. Going forward, market participants will keep a tab on the European Central Bank's (ECB) interest rate decision and Eurozone's consumer confidence index for further indications.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% firmer against the South African Rand at R9.8515. Earlier in the session, Australia's consumer inflation expectations unexpectedly advanced in January. Additionally, seasonally adjusted unemployment rate unexpectedly fell in December.

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	14.3368	▼	-1.19	-0.97	2.35	-4.57	2.35
GBPZAR	18.8236	▲	-0.49	0.09	1.44	-2.05	1.44
EURZAR	15.8878	▲	-1.14	-0.98	1.24	-2.82	1.24
AUDZAR	9.8515	▼	-1.20	-1.39	-0.32	-0.77	-0.32
EURUSD	1.1082	▼	0.10	0.01	-1.07	1.77	-1.07
GBPUSD	1.3130	▼	0.70	0.97	-0.87	2.57	-0.87
Brent (\$/barrel)	62.4	▼	-2.14	-2.53	-4.23	9.11	-4.23
Gold (\$/oz)	1557.7	▲	-0.08	-0.23	2.21	3.92	2.21
Platinum (\$/oz)	1015.8	▼	1.38	-0.35	4.57	7.89	4.57
Copper (\$/MT)*	6073.8	▼	-0.89	-2.78	-1.22	5.23	-1.22

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.1% to trade at \$1,557.70/oz.

Yesterday, gold prices fell 0.1% to close at \$1,556.70/oz, ahead of the monetary policy decision by global central banks.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.3% lower to trade at \$62.41/bl, after the American Petroleum Institute (API) reported that crude oil inventories advanced by 1.6mn bls last week.

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Yesterday, Brent crude oil declined 2.1% to settle at \$63.21/bl, on demand concerns and after International Energy Agency's (IEA) forecasted an oversupply of crude oil in the market.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally declined to trade at \$1,015.80/oz.

Yesterday, platinum prices climbed 1.4% to close at \$1015.80/oz.

Major South African corporate news

Naspers Limited

The company announced that it has sold 22mn N ordinary shares in Prosus N.V., corresponding to approximate 1.4% of the issued Prosus N Ordinary Shares, at a price per Prosus N ordinary share of EUR67.50, resulting in gross proceeds of approximately EUR1.50bn for Naspers. Following the placing, Naspers holds approximately 72.5% of the issued Prosus ordinary shares with expected placing to occur on 24 January 2020 (i.e., on a T+2 basis) on Euronext Amsterdam.

Shoprite Holdings Limited

The company, in its 1H19 operational update, announced that its core business, supermarkets RSA, achieved sales growth of 9.8% for the period. Supermarkets Non-RSA recorded a decline in sales of 3.1% in rand terms. Further, the firm's total sale of merchandise rose by 7.0% to approximately ZAR81.20bn and customer visits grew by 2.1% and product volumes by 4.4% with the group's supermarket business.

Major global economic news

US

In the US, the MBA mortgage applications dropped 1.2% on a weekly basis in the week ended 17 January 2020. In the previous week, mortgage applications had surged 30.2%.

In December, the Chicago Fed National Activity Index declined to a level of -0.35 in the US, more than market anticipations and compared to a revised level of 0.41 in the prior month.

In the US, the housing price index rose 0.2% on a monthly basis in November, in line with market forecast and compared to a similar rise in the previous month.

In December, existing home sales climbed 3.6% to a level of 5.54mn on monthly basis in the US. In the prior month, existing home sales had recorded a level of 5.35mn.

Asia

In Japan, merchandise (total) trade deficit widened to JPY152.50bn in December, more than market consensus and compared to a deficit of JPY82.10bn in the previous month.

In Australia, the consumer inflation expectations unexpectedly advanced 4.7% in January, compared to 4.0% in the previous month.


In December, seasonally adjusted unemployment rate unexpectedly fell to 5.1% in Australia, compared to 5.2% in the prior month.

UK

In the UK, public sector net borrowing unexpectedly declined to GBP4.04bn in December, compared to a revised reading of GBP4.20bn in the previous month.

In January, the CBI industrial balance of firms reporting total order book above normal rose to a level of -22.00 in the UK, more than market forecast and compared to a level of -28.00 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actuals	Previous/ **Previous est.	Frequency
 Japan	01:50	Foreign Buying Japan Bonds (17-Jan)	✓	-JPY436.40bn*	JPY205.90bn	Weekly
 Japan	01:50	Foreign Buying Japan Stocks (17-Jan)	✓	JPY263.80bn*	-JPY16.40bn	Weekly
 Japan	01:50	Japan Buying Foreign Bonds (17-Jan)	✓	JPY175.10bn*	JPY2322.40bn	Weekly
 Japan	01:50	Japan Buying Foreign Stocks (17-Jan)	✓	JPY263.80bn*	JPY128.00bn	Weekly
 Japan	01:50	Adjusted Merchandise Trade Balance (Dec)	✓✓✓	-JPY102.50bn*	-JPY60.80bn	Monthly
 Japan	01:50	Merchandise Trade Balance Total (Dec)	✓✓✓	-JPY152.50bn*	-JPY82.10bn	Monthly
 Japan	01:50	Imports (YoY) (Dec)	✓✓	-4.90%*	-15.70%	Monthly
 Japan	01:50	Exports (YoY) (Dec)	✓✓	-6.30%*	-7.90%	Monthly
 Japan	06:30	All Industry Activity Index (MoM) (Nov)	✓✓✓	-0.10%	-4.30%	Monthly
 Japan	07:00	Supermarket Sales (YoY) (Dec)	✓	-	-1.40%	Monthly
 Japan	07:00	Coincident Index (Nov) (F)	✓	95.10	95.10**	Monthly
 Japan	07:00	Leading Economic Index (Nov) (F)	✓✓✓	90.90	90.90**	Monthly
 Japan	08:00	Machine Tool Orders (YoY) (Dec) (F)	✓✓✓	-	-33.60%**	Monthly
 Japan	08:00	Machine Tool Orders (Dec)	✓	-	-	Monthly
 Eurozone	14:45	ECB Interest Rate Decision	✓✓✓	-	0.00%	As scheduled
 Eurozone	15:30	ECB Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
 US	15:30	Continuing Jobless Claims (11-Jan)	✓✓✓	1746.00K	1767.00K	Weekly
 US	15:30	Initial Jobless Claims (18-Jan)	✓✓✓	215.00K	204.00K	Weekly
 US	17:00	Leading Indicator (MoM) (Dec)	✓✓✓	-	0.00%	Monthly
 Eurozone	17:00	Consumer Confidence (Jan) (P)	✓✓✓	-7.80	-8.10	Monthly
 US	18:00	Kansas City Fed Manufacturing Activity (Jan)	✓✓✓	-6.00	-8.00	Monthly
 UK	-	CBI Distributive Trades Survey - Realised (Jan)	✓✓	-	0.00%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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