

ONE
Minute Brief

27 January 2020

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Economic and political news

Eskom's Chief Executive Officer (CEO), Andre de Ruyter, has stated that risks associated with the unbundling and restructuring of the firm should be managed properly and that the process should not be rushed through. The CEO also indicated that some form power interruption may persist over the next 18 to 24 months as Eskom strives to rebuild capacity.

Reports indicate that South African Airways (SAA) will require another ZAR8bn from the government to execute its restructuring plan. Meanwhile, flights operated normally over the weekend and the airline promised to pay January salary to its employees.

News reports indicate that the ANC is likely to propose a new amendment to land expropriation without compensation that will shift decision-making from the nation's courts to the executive.

Autopax, a subsidiary of the Passenger Rail Agency of SA (Prasa), announced that employees will only get half their January salaries due to financial constraints and that Prasa and the Department of Transport are working on a long-term plan to turn around the business.

Key indices

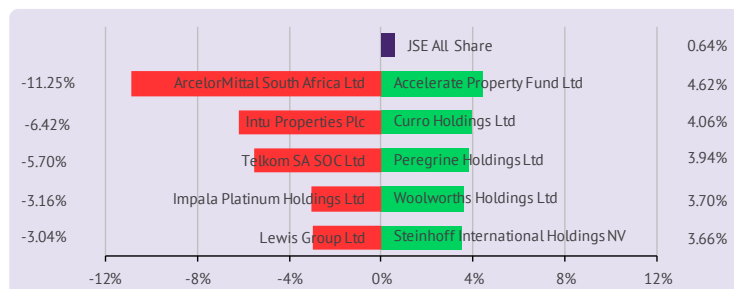
	As at 24 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57261.04	▲	366.37	0.64	NA	3.13	0.31
JSE Top 40 (ZAR)	51212.26	▲	364.68	0.72	NA	3.51	0.78
FTSE 100(GBP)	7585.98	▲	78.31	1.04	NA	2.67	0.58
DAX 30 (EUR)	13576.68	▲	188.26	1.41	NA	0.10	2.47
CAC 40 (EUR)	6024.26	▲	52.47	0.88	NA	1.23	0.77
S&P 500 (USD)	3295.47	▼	-30.07	-0.90	NA	2.86	2.00
Nasdaq	9314.91	▼	-87.57	-0.93	NA	3.54	3.82
DJIA (USD)	28989.73	▼	-170.36	-0.58	NA	1.74	1.58
MSCI Emerging Markets (USD)	1119.39	▼	-2.81	-0.25	NA	7.17	0.42
MSCI Developed World (USD)	2395.31	▼	-10.83	-0.45	NA	2.89	1.56

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in industrial sector stocks. The JSE All Share Index rose 0.6% to close at 57,261.04.

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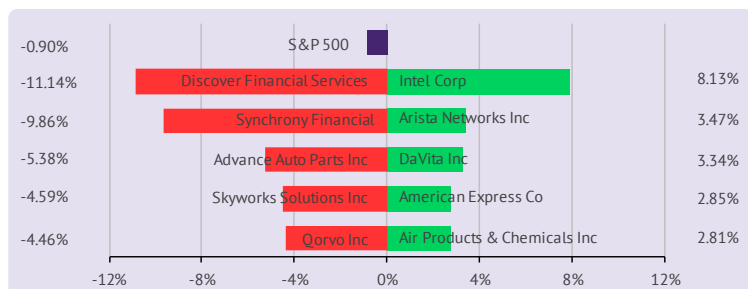


US Market ▼

US markets closed weaker

US markets closed lower on Friday, amid mounting concerns over the outbreak of the deadly coronavirus, following confirmation of the second case in the US. The S&P 500 Index dropped 0.9% to close at 3,295.47. Today, the S&P 500 futures are trading in the red.

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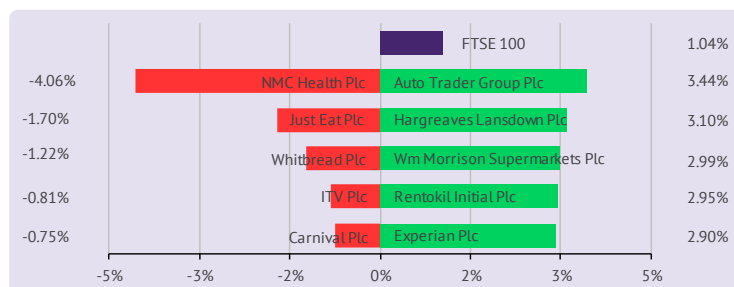


UK Market ▲

UK markets closed in the green

UK markets finished higher on Friday, after the World Health Organisation indicated that the coronavirus outbreak in China is not yet a global emergency. The FTSE 100 Index advanced 1.0% to close at 7,585.98. Today, the FTSE 100 futures are trading in positive territory.

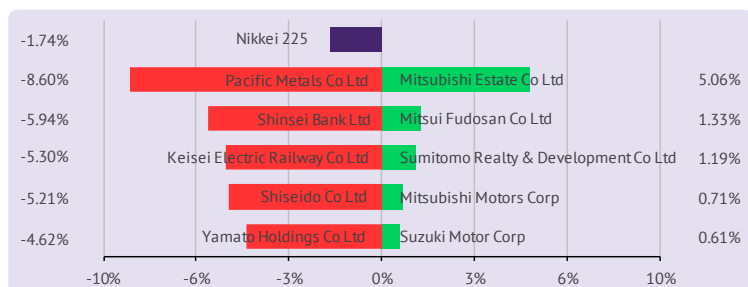
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 1.7% lower at 23,412.73.



USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R14.4441. Later today, traders will keep a close watch on the US New home sales and Dallas Fed manufacturing business index for further direction.

The US Dollar fell against the South African Rand on Friday. However, losses were limited after the services sector activity in the US strengthened for the third straight month in January. Meanwhile, the US preliminary Markit manufacturing PMI unexpectedly fell to a 3-month low in January.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R18.8583. Ahead in the day, traders will keep an eye on UK's BBA mortgage approvals for further indication.

The British Pound declined against the South African Rand on Friday. In economic news, data indicated that UK's flash Markit services PMI rose more than market expectation in January. Moreover, the preliminary Markit manufacturing PMI increased in January.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.4% higher against the South African Rand at R15.9309. Going forward, market participants will keep a tab on Germany's GfK consumer confidence index and Ifo indices for further cues.

The Euro weakened against the South African Rand on Friday. On the data front, Eurozone's preliminary Markit services PMI unexpectedly declined in January. Meanwhile, the preliminary Markit manufacturing PMI rose more than market forecast in January. Separately, Germany's flash Markit manufacturing PMI advanced more market expectation in January. Additionally, the preliminary Markit services PMI jumped more than market anticipation in January.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R9.8348.

The Australian Dollar fell against the South African Rand on Friday.

Key currencies & commodities

	Current [#]		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.4441	▼	-0.05	NA	2.81	-4.57	2.81
GBPZAR	18.8583	▼	-0.36	NA	1.37	-2.05	1.37
EURZAR	15.9309	▼	-0.33	NA	1.09	-2.82	1.09
AUDZAR	9.8348	▼	-0.31	NA	-0.15	-0.77	-0.15
EURUSD	1.1029	▲	-0.27	NA	-1.68	1.77	-1.68
GBPUSD	1.3058	▼	-0.38	NA	-1.39	2.57	-1.39
Brent (\$/barrel)	59.4	▼	-2.18	NA	-8.05	9.11	-8.05
Gold (\$/oz)	1585.3	▲	0.42	NA	3.20	3.92	3.20
Platinum (\$/oz)	1005.2	▼	0.35	NA	3.48	7.89	3.48
Copper (\$/MT)*	5899.8	▼	-0.94	NA	-4.05	5.23	-4.05

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.9% higher to trade at \$1,585.30/oz.

On Friday, gold prices rose 0.4% to close at \$1,571.90/oz, as concerns regarding the outbreak of the deadly coronavirus and its impact on the global economy boosted demand appeal for the safe haven commodity.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 2.2% to trade at \$59.41/bl.

On Friday, Brent crude oil declined 2.1% to settle at \$60.69/bl, as increasing no. of cases of the deadly coronavirus and its impact on the global economy hinted that demand for the commodity might be affected. Additionally, Baker Hughes reported that active US oil rig count rose by 3 to 676 in the last week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$1,005.20/oz.

On Friday, platinum prices climbed 0.4% to close at \$1005.20/oz.

Major South African corporate news

Pan African Resources Plc

The company, in its 1H20 operational update, announced that it is on track to deliver the full-year production guidance of 185,000oz. The company's gold sales increased by 14.7% to 92,941oz, compared to 81,014oz in the same period of the prior year. Its operations delivered a robust operational and commendable safety performance during the period.

Sasol Limited

The company, in its 1H20 production and sales update, announced that total saleable production stood at 17.90mn tonnes, compared to 18.30mn tonnes in the same period of the preceding year and total production volumes increased 4.0% compared to the corresponding period of the prior year.

Reinet Investments SCA

The company, in its 3Q20 management statement, announced that net asset value rose to EUR5.50bn from EUR4.7bn. The company repurchased 2,189,723 ordinary shares during the period for a consideration of EUR37.00mn.

Major global economic news

Eurozone

In the Eurozone, the preliminary Markit services PMI unexpectedly declined to a level of 52.20 in January, compared to a level of 52.80 in the previous month.

In January, the preliminary Markit manufacturing PMI advanced to a level of 47.80 in the Eurozone, more than market anticipations and compared to a level of 46.30 in the previous month.

In Germany, the flash Markit manufacturing PMI rose to a level of 45.20 in January, beating market expectations. In the prior month, the manufacturing PMI had recorded a level of 43.70.

In January, the preliminary Markit services PMI climbed to a level of 54.20 in Germany, more than market forecast and compared to a level of 52.90 in the previous month.

US

In the US, the preliminary Markit manufacturing PMI unexpectedly dropped to a level of 51.70 in January, compared to a level of 52.40 in the previous month.

In January, the preliminary Markit services PMI rose to a level of 53.20 in the US, more than market forecast. In the prior month, the PMI had registered a level of 52.80.

UK









In the UK, the flash Markit services PMI increased to a level of 52.90 in January, compared to a level of 50.00 in the previous month.

In January, the preliminary Markit manufacturing PMI advanced to a level of 49.80 in the UK. In the prior month, the manufacturing PMI had registered a level of 47.50.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Blue Label Telecoms Ltd	329	11.53	27.52	27.52
Rebosis Property Fund Ltd	40	5.26	25.00	25.00
ArcelorMittal South Africa Ltd	142	-12.35	19.33	19.33
MiX Telematics Ltd	831	-1.07	15.42	15.42
Rhodes Food Group Pty Ltd	1688	-1.86	15.12	15.12
Transaction Capital Ltd	2424	8.21	14.88	14.88
Cartrack Holdings Ltd	2650	-2.75	10.25	10.25
Reinet Investments SCA	30465	1.83	9.78	9.78
Netcare Ltd	2064	1.64	9.47	9.47
Bidvest Group Ltd/The	22124	-1.54	8.04	8.04
Sirius Real Estate Ltd	1726	3.35	7.88	7.88
Naspers Ltd	246709	-1.73	7.70	7.70
British American Tobacco PLC	64255	-1.39	7.56	7.56
Sibanye Gold Ltd	3829	-2.32	6.69	6.69
African Rainbow Minerals Ltd	17375	-7.49	6.17	6.17
Coronation Fund Managers Ltd	4229	-4.73	5.86	5.86
Bid Corp Ltd	34800	3.70	5.39	5.39
Oceana Group Ltd	6451	1.94	4.81	4.81
Vodacom Group Ltd	12080	-0.92	4.77	4.77
MAS Real Estate Inc	2001	-0.25	4.76	4.76
Peregrine Holdings Ltd	1977	4.05	4.49	4.49
Quilter PLC	3060	4.12	4.44	4.44
Investec Ltd	8648	1.85	4.24	4.24
Pick n Pay Stores Ltd	6654	-0.49	4.15	4.15
Discovery Ltd	12529	-1.59	3.86	3.86
Investec PLC	8499	2.07	3.70	3.70
Motus Holdings Ltd	8468	0.79	3.65	3.65
Accelerate Property Fund Ltd	181	6.47	3.43	3.43
SPAR Group Ltd/The	20403	2.23	3.30	3.30
Assore Ltd	28016	-1.28	3.00	3.00
RDI REIT PLC	2483	-1.04	2.86	2.86
Metair Investments Ltd	2375	2.37	2.81	2.81
Cie Financiere Richemont SA	11260	-7.13	2.80	2.80
Royal Bafokeng Platinum Ltd	5101	-8.67	2.80	2.80
Life Healthcare Group Holdings Ltd	2533	0.52	2.76	2.76
Mpact Ltd	1529	-0.07	2.62	2.62
African Oxygen Ltd	2200	0.46	2.28	2.28
Stenprop Ltd	2418	0.30	2.16	2.16
Dis-Chem Pharmacies Ltd	2706	-1.74	2.11	2.11
BHP Group PLC	33621	-4.24	1.95	1.95
JSE All Share Index	57261	-2.95	0.31	0.31

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Spain	10:00	Total Mortgage Lending (YoY) (Nov)	✓	-	-0.50%	Monthly
 Spain	10:00	House Mortgage Approvals (YoY) (Nov)	✓	-	-2.10%	Monthly
 Germany	11:00	Ifo - Business Climate (Jan)	✓✓✓	97.00	96.30	Monthly
 Germany	11:00	Ifo - Current Assessment (Jan)	✓✓	99.40	98.80	Monthly
 Germany	11:00	Ifo - Expectations (Jan)	✓✓	95.00	93.80	Monthly
 US	17:00	New Home Sales (Dec)	✓✓✓	725.00K	719.00K	Monthly
 US	17:00	New Home Sales (MoM) (Dec)	✓✓✓	0.80%	1.30%	Monthly
 US	17:30	Dallas Fed Manufacturing Business Index (Jan)	✓✓✓	-3.10	-3.20	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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