

ONE Minute Brief

20 January 2020

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Economic and political news

The Director of South African Airway's (SAA), Martin Kingston, has resigned from his position with immediate effect. Meanwhile, trade unions, the National Union of Metalworkers of South Africa (Numsa) and the SA Cabin Crew Association (Sacca) have reiterated their call for the rest of the SAA board to quit.

The Department of Public Enterprises stated that it is working with National Treasury to raise funds to rescue SAA after failing to pay ZAR2bn in funding by Sunday deadline. Meanwhile, President Cyril Ramaphosa's administration is accelerating the sale of government assets to fund the airline and other state-owned companies.

Eskom has indicated that it does not expect load shedding today.

News reports indicate that SA Express is facing an urgent court application for it to be placed under business rescue because it cannot pay its debts.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in resource and industrial sector stocks. The JSE All Share Index rose 1.4% to close at 59,001.87.

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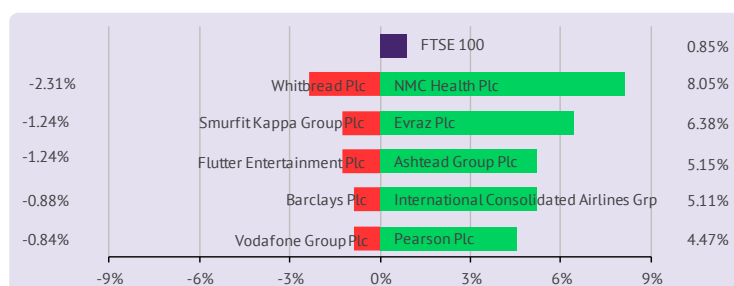


UK Market ▲

UK markets closed in the green

UK markets finished higher on Friday, amid weakness in the British Pound and supported by gains in mining sector stocks. The FTSE 100 Index advanced 0.9% to close at 7,674.56. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

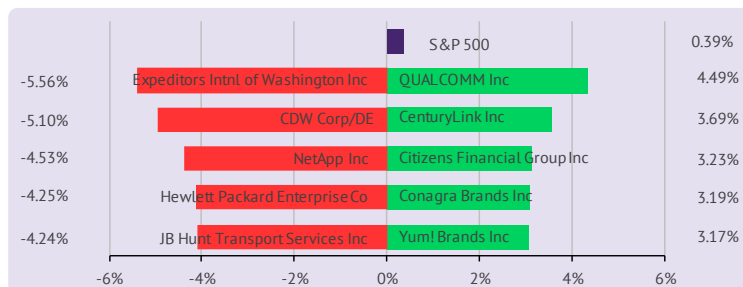
	As at 17 Jan 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	59001.87	▲	784.44	1.35	NA	3.36	3.13	3.36
JSE Top 40 (ZAR)	52735.75	▲	770.51	1.48	NA	3.78	3.51	3.78
FTSE 100(GBP)	7674.56	▲	64.75	0.85	NA	1.75	2.67	1.75
DAX 30 (EUR)	13526.13	▲	96.70	0.72	NA	2.09	0.10	2.09
CAC 40 (EUR)	6100.72	▲	61.69	1.02	NA	2.05	1.23	2.05
S&P 500 (USD)	3329.62	▲	12.81	0.39	NA	3.06	2.86	3.06
Nasdaq Composite (USD)	9388.94	▲	31.81	0.34	NA	4.64	3.54	4.64
DJIA (USD)	29348.10	▲	50.46	0.17	NA	2.84	1.74	2.84
MSCI Emerging Markets (USD)	1146.83	▲	6.21	0.54	NA	2.89	7.17	2.89
MSCI Developed World (USD)	2415.51	▲	9.34	0.39	NA	2.42	2.89	2.42

US Market ▲

US markets closed firmer

US markets closed higher on Friday, on the back of robust corporate earnings and upbeat US economic data. Data showed that US housing starts advanced more than market expectations in December. The S&P 500 Index climbed 0.3% to close at 3,329.62. Today, the S&P 500 futures are trading in the green.

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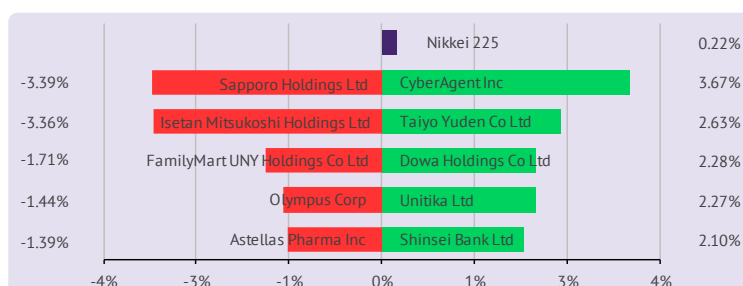


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, after the People's Bank of China (PBoC) kept its benchmark interest rate unchanged. As at 6:00 SAST, the Nikkei 225 Index is trading 0.2% higher at 24,094.39.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.2% against the South African Rand at R14.4418. With no major economic releases in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar rose against the South African Rand on Friday. On the macro front, the US housing starts jumped to the highest level since 2006 on monthly basis in December. Moreover, manufacturing production advanced on a monthly basis in December. Meanwhile, building permits declined on an annual basis in December. Additionally, the flash Michigan consumer sentiment index unexpectedly eased in January. Moreover, the JOLTs job openings dropped to its lowest level in four years in November.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R18.7807. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data showed that UK's Rightmove house price index rebounded on a monthly basis in January.

The British Pound declined against the South African Rand on Friday, amid dismal retail sales data. Data indicated that UK's retail sales unexpectedly dropped for a fifth consecutive month in December.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.2% against the South African Rand to trade at R16.0239. Going forward, market participants will keep a tab on Germany's producer price index (PPI) for further direction.

The Euro weakened against the South African Rand on Friday. On the data front, Eurozone's final consumer price index (CPI) climbed on an annual basis in December. Additionally, current account surplus narrowed less than market anticipations in November. Meanwhile, construction output advanced less than market expectations on a yearly basis in November.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar slightly fell against the South African Rand to trade at R9.9405. Elsewhere, in China, Australia's largest trading partner, the PBoC kept its key interest rate unchanged.

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

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.4418	▲	0.38	NA	3.36	-4.57	3.36
GBPZAR	18.7807	▲	-0.21	NA	1.35	-2.05	1.35
EURZAR	16.0239	▲	-0.02	NA	2.24	-2.82	2.24
AUDZAR	9.9405	▲	0.02	NA	1.08	-0.77	1.08
EURUSD	1.1096	▲	-0.40	NA	-1.08	1.77	-1.08
GBPUSD	1.3004	▼	-0.49	NA	-1.82	2.57	-1.82
Brent (\$/barrel)	65.6	▲	0.36	NA	-1.74	9.11	-1.74
Gold (\$/oz)	1558.7	▼	0.63	NA	2.44	3.92	2.44
Platinum (\$/oz)	1019.4	=	2.38	NA	4.94	7.89	4.94
Copper (\$/MT)*	6247.3	▼	-0.06	NA	1.60	5.23	1.60

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,558.70/oz.

On Friday, gold prices rose 0.6% to close at \$1,560.30/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.1% higher to trade at \$65.59/bl, after two large crude production bases in Libya began shutting down amid a military blockade.

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On Friday, Brent crude oil advanced 0.4% to settle at \$64.85/bl. Separately, Baker Hughes reported that US oil rig count rose by 14 to 673 last week.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated marginally to trade at \$1,019.40/oz.

Yesterday, platinum prices climbed 2.4% to close at \$1019.40/oz.

Major South African corporate news

FirstRand Limited

The company announced that Mr. Gert Kruger has been appointed as Chief Risk Officer, with effect from 1 July 2020. Mr. Kruger will report to the group Chief Operating Officer, Mary Vilakazi and would be a member of the group's Strategic Executive Committee (Stratco).

Life Healthcare Group Holdings Limited

The company announced that Dr. Shrey Viranna would be stepping down as Group Chief Executive Officer (CEO) and as an Executive Director of the Board of Life Healthcare and its related subsidiaries, with immediate effect. Additionally, the current Chief Financial Officer, Pieter van der Westhuizen, has been appointed as acting Group CEO.

Mr Price Group Limited

The company, in its 3Q20 trading update, announced that the group recorded a growth in retail sales and other income of 3.5% to ZAR7.40bn, compared to the corresponding period in the prior year. Further, corporate-owned and franchise stores generated total retail sales of ZAR7.00bn, an increase of 3.3%, compared to the previous year.

Major global economic news

US

In the US, housing starts jumped 16.9% to an annual rate of 1608.00K on monthly basis in December, more than market expectations. In the previous month, the housing starts had registered a revised level of 1375.00K.

In December, building permits dropped 3.9% to an annual rate of 1416.00K in the US, compared to a revised reading of 1474.00K in the previous month.

In December, manufacturing production rose 0.2% on a monthly basis in the US, compared to a revised rise of 1.0% in the previous month.

In the US, industrial production fell 0.3% on a monthly basis in December, more than market forecast and compared to a revised rise of 0.8% in the prior month.

In January, the flash Michigan consumer sentiment index unexpectedly eased to a level of 99.10 in the US, compared to a level of 99.30 in the previous month.

In the US, the JOLTs job openings declined to 6800.00K in November. In the prior month, the JOLTs job openings had registered a revised reading of 7361.00K.

Eurozone

In December, the final consumer price index (CPI) advanced 1.3% on an annual basis in the Eurozone. In the prior month, the CPI had climbed 1.0%. The preliminary figures had also indicated a rise of 1.3%.

In the Eurozone, seasonally adjusted current account surplus narrowed to EUR33.90bn in November, less than market anticipations and compared to a revised surplus of EUR35.80bn in the previous month.

In November, seasonally adjusted construction output rose 1.4% on a yearly basis in Eurozone, less than market expectations. In the previous month, construction output had recorded a revised rise of 0.9%.

UK

In the UK, retail sales unexpectedly dropped 0.6% on a monthly basis in December, compared to a revised fall of 0.8% in the previous month.

In January, the Rightmove house price index climbed 2.3% on a monthly basis in the UK. The index had recorded a drop of 0.9% in the prior month.

Asia

The PBoC, in its latest monetary policy decision, kept its key interest rate unchanged at 4.15%.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
ArcelorMittal South Africa Ltd	162	1.25	36.13	36.13
Rebosis Property Fund Ltd	38	0.00	18.75	18.75
Rhodes Food Group Pty Ltd	1720	4.48	17.30	17.30
MiX Telematics Ltd	840	8.39	16.67	16.67
African Rainbow Minerals Ltd	18782	13.12	14.76	14.76
Blue Label Telecoms Ltd	295	1.37	14.34	14.34
Northam Platinum Ltd	14123	6.21	14.25	14.25
Cartrack Holdings Ltd	2725	4.85	13.37	13.37
Royal Bafokeng Platinum Ltd	5585	10.40	12.56	12.56
Coronation Fund Managers Ltd	4439	10.70	11.11	11.11
Cie Financiere Richemont SA	12125	9.05	10.70	10.70
Bidvest Group Ltd/The	22470	4.81	9.73	9.73
Naspers Ltd	251051	5.68	9.59	9.59
South32 Ltd	2900	7.41	9.27	9.27
Sibanye Gold Ltd	3920	9.87	9.22	9.22
British American Tobacco PLC	65160	0.45	9.08	9.08
Reinet Investments SCA	29918	0.41	7.81	7.81
Impala Platinum Holdings Ltd	15461	3.67	7.73	7.73
Netcare Ltd	2096	5.70	7.71	7.71
Exxaro Resources Ltd	14100	6.66	7.52	7.52
BHP Group PLC	35109	5.63	6.46	6.46
Anglo American PLC	42417	5.52	6.35	6.35
Glencore PLC	4610	3.48	6.27	6.27
Transaction Capital Ltd	2240	2.85	6.16	6.16
Vodacom Group Ltd	12192	4.12	5.74	5.74
Discovery Ltd	12732	5.66	5.55	5.55
Trencor Ltd	960	1.05	5.49	5.49
Telkom SA SOC Ltd	3665	11.87	5.26	5.26
MAS Real Estate Inc	2006	3.56	5.03	5.03
Grindrod Ltd	527	3.33	4.77	4.77
Pick n Pay Stores Ltd	6687	7.53	4.66	4.66
Sirius Real Estate Ltd	1670	2.14	4.38	4.38
Assore Ltd	28380	8.04	4.34	4.34
Anglo American Platinum Ltd	136000	1.04	4.03	4.03
Foschini Group Ltd/The	15550	3.30	4.02	4.02
RDI REIT PLC	2509	2.20	3.94	3.94
Dis-Chem Pharmacies Ltd	2754	0.88	3.92	3.92
Libstar Holdings Ltd	788	5.77	3.82	3.82
Kumba Iron Ore Ltd	43200	5.37	3.58	3.58
Mr Price Group Ltd	18873	2.53	3.41	3.41
JSE All Share Index	59002	2.64	3.36	3.36

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actuals	Previous/ **Previous est.	Frequency
UK	02:01	Rightmove House Price Index (MoM) (Jan)	✓	2.30%*	-0.90%	Monthly
UK	02:01	Rightmove House Price Index (YoY) (Jan)	✓	2.70%*	0.80%	Monthly
Japan	06:30	Industrial Production (YoY) (Nov) (F)	✓✓✓	-8.10%	-8.10%**	Monthly
Japan	06:30	Capacity Utilisation (MoM) (Nov)	✓	0.70%	-4.50%	Monthly
Japan	06:30	Industrial Production (MoM) (Nov) (F)	✓✓✓	-0.90%	-0.90%**	Monthly
Japan	09:00	Convenience Store Sales (YoY) (Dec)	✓	-	1.00%	Monthly
Germany	09:00	Producer Price Index (MoM) (Dec)	✓✓✓	0.10%	0.00%	Monthly
Germany	09:00	Producer Price Index (YoY) (Dec)	✓✓✓	-0.60%	-0.70%	Monthly
Canada	15:30	Teranet - National Bank House Price Index (Dec)	✓	-	227.96	Monthly
Canada	15:30	Teranet - National Bank House Price Index (MoM) (Dec)	✓✓	-	0.16%	Monthly
Canada	15:30	Teranet - National Bank House Price Index (YoY) (Dec)	✓	-	1.43%	Monthly
Japan	-	Supermarket Sales (YoY) (Dec)	✓	-	-1.40%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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