

ONE Minute Brief

30 January 2020

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Economic and political news

News reports indicate that the Congress of South African Trade Unions (Cosatu) has suggested to government to consider making it mandatory for private pension funds to invest part of their funds in infrastructure. The union has also asked for workers to be represented on Eskom's board.

The government plans to communicate to the US administration that the latter's review of the preferential trade agreement between the two nations could be potentially damaging for both the economies.

Health Minister, Dr Zweli Mkhize, has indicated that the nation is adequately prepared for active surveillance, early detection, isolation, case management, contact tracing and prevention of the spread of coronavirus.

Moody's has indicated that it is "a bit early" to judge the government's policy and structural reforms, considering that the agency had changed its outlook on the country's credit rating to negative just three months ago.

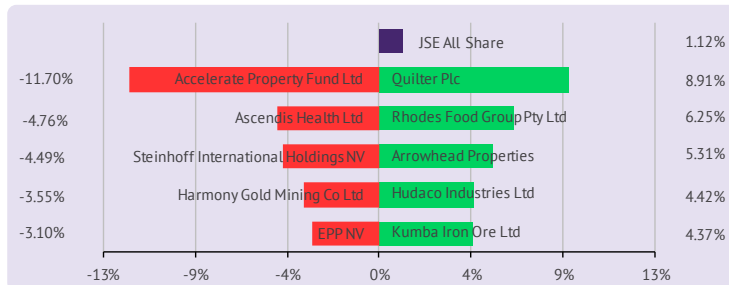
The Momentum/Unisa Household Net Wealth Index indicates that South African households' real net wealth declined by ZAR237bn in 3Q19, compared to previous quarter.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial sector stocks. The JSE All Share Index rose 1.1% to close at 56,370.72.

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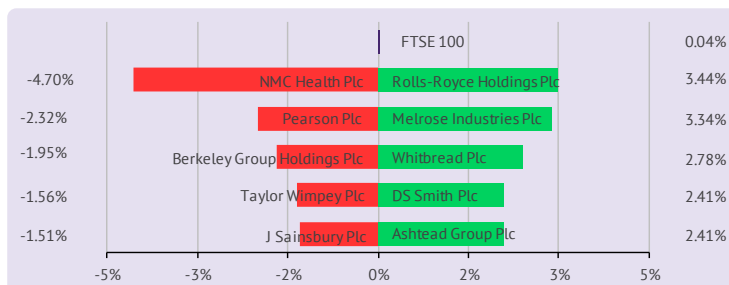


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, ahead of the US Fed's interest rate decision. The FTSE 100 Index marginally advanced to close at 7,483.57. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

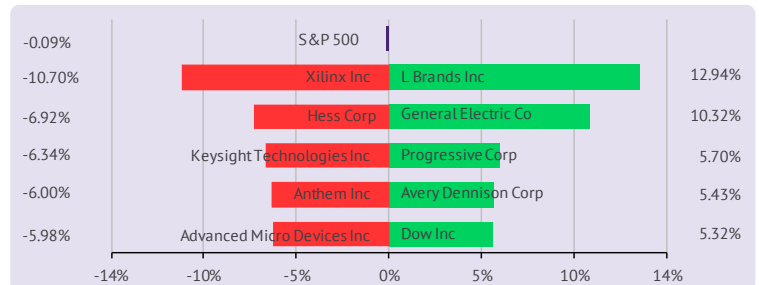
	As at 29 Jan 2020		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56370.72	▲	622.48	1.12	-1.55	-1.25	3.13	-1.25
JSE Top 40 (ZAR)	50343.61	▲	543.34	1.09	-1.70	-0.93	3.51	-0.93
FTSE 100 (GBP)	7483.57	▲	2.88	0.04	-1.35	-0.78	2.67	-0.78
DAX 30 (EUR)	13345.00	▲	21.31	0.16	-1.71	0.72	0.10	0.72
CAC 40 (EUR)	5954.89	▲	29.07	0.49	-1.15	-0.39	1.23	-0.39
S&P 500 (USD)	3273.40	▼	-2.84	-0.09	-0.67	1.32	2.86	1.32
Nasdaq Composite (USD)	9275.16	▲	5.48	0.06	-0.43	3.37	3.54	3.37
DJIA (USD)	28734.45	▲	11.60	0.04	-0.88	0.69	1.74	0.69
MSCI Emerging Markets (USD)	1097.51	▼	-4.21	-0.38	-1.95	-1.54	7.17	-1.54
MSCI Developed World (USD)	2373.52	▲	0.99	0.04	-0.91	0.64	2.89	0.64

US Market ◀▶

US markets closed mixed

US markets closed mixed yesterday, giving up initial gains, after the Fed kept rates on hold and its Chairman expressed concern about the spread of coronavirus. The S&P 500 Index dropped 0.1% to close at 3,273.40. Today, the S&P 500 futures are trading in the red.

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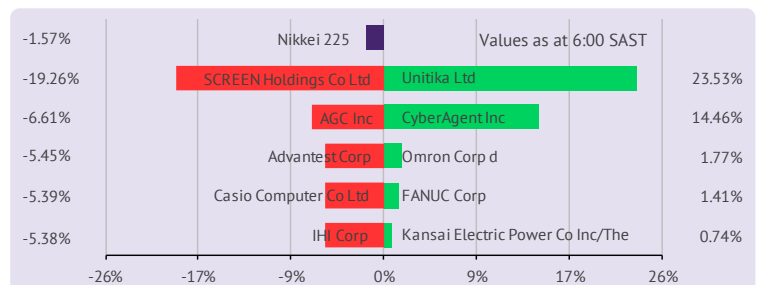


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, after the US Fed indicated that interest rates are likely to remain on hold in the near term and amid concerns over the spread of coronavirus. As at 6:00 SAST, the Nikkei 225 Index is trading 1.6% lower at 23,013.36.

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USD ZAR ▼

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R14.6385. Later today, traders will keep a close watch on the US gross domestic product and initial jobless claims for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US MBA mortgage applications advanced on a weekly basis in the week ended 24 January 2020. Meanwhile, pending home sales in the US unexpectedly declined on a monthly basis in December, while advance goods trade deficit widened in December.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R19.0547. Ahead in the day, traders will keep an eye on BoE's interest rate decision for further guidance.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's Nationwide house prices jumped to a 14-month high level in January.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R16.1252. Going forward, market participants will keep a tab on Eurozone's consumer confidence index, business climate index, and the economic sentiment indicator, along with the unemployment rate across the Eurozone, for further cues.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's consumer confidence index unexpectedly advanced in February.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R9.8571.

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	14.6385	▼	0.45	1.55	4.40	-4.57	4.40
GBPZAR	19.0547	▼	0.39	1.13	2.52	-2.05	2.52
EURZAR	16.1252	▼	0.37	1.42	2.52	-2.82	2.52
AUDZAR	9.8571	▲	0.33	0.49	0.34	-0.77	0.34
EURUSD	1.1017	▲	-0.11	-0.14	-1.81	1.77	-1.81
GBPUSD	1.3018	▼	-0.05	-0.40	-1.78	2.57	-1.78
Brent (\$/barrel)	59.2	▼	0.50	-1.45	-9.38	9.11	-9.38
Gold (\$/oz)	1585.3	▲	0.04	-0.10	3.11	3.92	3.11
Platinum (\$/oz)	977.2	▲	-1.49	-2.97	0.40	7.89	0.40
Copper (\$/MT)*	5612.8	▼	-1.10	-4.86	-8.72	5.23	-8.72

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

Gold ▲

Trading in the green

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

Yesterday, gold prices rose marginally to close at \$1,570.40/oz, as mounting concerns over fast-spreading coronavirus boosted demand for the safe haven asset.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 1% to trade at \$59.21/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$59.81/bl. Separately, the US Energy Information Administration (EIA) reported that crude oil inventories rose by 3.5mn bls in the week ended 24 January 2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.2% to trade at \$977.20/oz.

Yesterday, platinum prices dropped 1.5% to close at \$975.30/oz.

Major South African corporate news

Tiger Brands Limited

The company announced that the current Chief Executive Officer (CEO), Lawrence Mac Dougall has decided to step down from the position with effect from 31 January 2020, as he has reached the company's mandatory retirement age of 63. The current Chief Financial Officer (CFO), Noel Doyle, has been appointed to the CEO's role, with effect from 1 February 2020.

Major global economic news

US

The US Fed, in its latest policy meeting, kept its benchmark interest rate unchanged at 1.75%, as widely expected and signalled that interest rates will remain unchanged throughout 2020. The central bank reiterated that the labour market continues to remain robust and that economic activity has been rising at a moderate pace.

In the US, the MBA mortgage applications advanced 7.2% on a weekly basis in the week ended 24 January 2020, compared to a drop of 1.2% in the prior week.

In December, pending home sales unexpectedly dropped 4.9% on a monthly basis in the US, compared to a rise of 1.2% in the prior month.

In the US, advance goods trade deficit widened to USD68.33bn in December, compared to a revised advance goods trade deficit of USD62.99bn in the previous month.

UK

In the UK, the non-seasonally adjusted Nationwide house prices climbed 1.9% on an annual basis in January, more than market forecast and compared to an advance of 1.4% in the previous month.

Eurozone

In Germany, the consumer confidence index unexpectedly rose to a level of 9.90 in February, compared to a revised level of 9.70 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
South Africa	08:00	M3 Money Supply (YoY) (Dec)	✓	7.20%	7.35%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Dec)	✓	6.40%	6.60%	Monthly
Germany	10:55	Unemployment Rate s.a. (Jan)	✓✓✓	5.00%	5.00%	Monthly
Germany	10:55	Unemployment Change (Jan)	✓✓✓	5.00K	8.00K	Monthly
South Africa	11:30	Producer Price Index (YoY) (Dec)	✓✓	3.40%	2.30%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Dec)	✓✓	0.20%	-0.30%	Monthly
Eurozone	12:00	Services Sentiment Indicator (Jan)	✓	11.20	11.40	Monthly
Eurozone	12:00	Consumer Confidence (Jan) (F)	✓✓✓	-8.10	-8.10**	Monthly
Eurozone	12:00	Industrial Confidence (Jan)	✓	-8.70	-9.30	Monthly
Eurozone	12:00	Business Climate Indicator (Jan)	✓✓	-0.19	-0.25	Monthly
Eurozone	12:00	Economic Sentiment Indicator (Jan)	✓	101.80	101.50	Monthly
Eurozone	12:00	Unemployment Rate (Dec)	✓✓✓	7.50%	7.50%	Monthly
UK	14:00	BoE Asset Purchase Facility	✓✓✓	-	GBP435.00bn	As scheduled
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.75%	0.75%	As scheduled
UK	14:30	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
Germany	15:00	Consumer Price Index (YoY) (Jan) (P)	✓✓✓	1.70%	1.50%	Monthly
Germany	15:00	Consumer Price Index (MoM) (Jan) (P)	✓✓✓	-0.60%	0.50%	Monthly
Germany	15:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Jan) (P)	✓✓✓	-0.80%	0.60%	Monthly
Germany	15:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Jan) (P)	✓✓✓	1.70%	1.50%	Monthly
US	15:30	Personal Consumption (QoQ) (Q4) (P)	✓✓✓	-	3.20%	Quarterly
US	15:30	Personal Consumption Expenditure Core (QoQ) (Q4) (P)	✓✓✓	1.70%	2.10%	Quarterly
US	15:30	Continuing Jobless Claims (18-Jan)	✓✓✓	1733.00K	1731.00K	Weekly
US	15:30	Gross Domestic Purchases Price Index (QoQ) (Q4) (P)	✓✓✓	1.80%	1.80%	Quarterly
US	15:30	Initial Jobless Claims (25-Jan)	✓✓✓	215.00K	211.00K	Weekly
US	15:30	Gross Domestic Product Annualised (QoQ) (Q4) (P)	✓✓✓	2.10%	2.10%	Quarterly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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