

ONE Minute Brief

22 January 2020

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Economic and political news

In South Africa (SA), the leading indicator advanced to 104.40 in November, compared to a reading of 103.90 in the previous month.

Amid deepening financial crisis, South Africa Airways (SAA) has cancelled several domestic and international flights.

Eskom's Chief Executive Officer (CEO), Andre de Ruyter, has pledged not to implement forced retrenchments at the utility. Separately, Eskom has tweeted that there will be no load shedding today.

Minister of Mineral Resources and Energy, Gwede Mantashe, has appointed seven members, namely, Senamile Masango, Joseph Shayi, Aadilah Chowan, Gregory Jerome Davids, Mashukudu James Maboa, Namane Magau and David Nicholls as chairperson to the board of the Nuclear Energy Corporation of South Africa (NECSA) for a period of three years.

News reports indicate that President, Cyril Ramaphosa, is planning to rationalise and consolidate SA's state-owned enterprises (SOEs).

Key indices

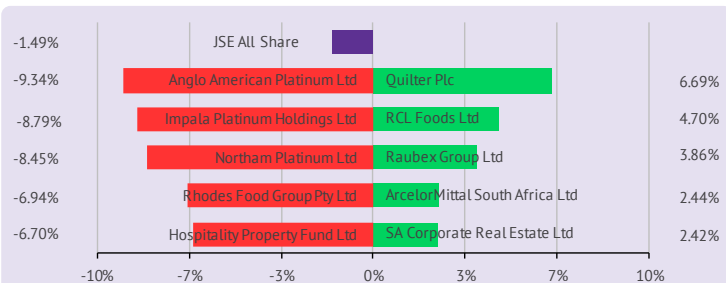
	As at 21 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57976.39	▼ -874.02	-1.49	-1.74	1.56	3.13	1.56
JSE Top 40 (ZAR)	51835.36	▼ -803.17	-1.53	-1.71	2.01	3.51	2.01
FTSE 100 (GBP)	7610.70	▼ -40.74	-0.53	-0.83	0.91	2.67	0.91
DAX 30 (EUR)	13555.87	▲ 6.93	0.05	0.22	2.32	0.10	2.32
CAC 40 (EUR)	6045.99	▼ -32.55	-0.54	-0.90	1.14	1.23	1.14
S&P 500 (USD)	3320.79	▼ -8.83	-0.27	-0.27	2.79	2.86	2.79
Nasdaq Composite (USD)	9370.81	▼ -18.14	-0.19	-0.19	4.44	3.54	4.44
DJIA (USD)	29196.04	▼ -152.06	-0.52	-0.52	2.30	1.74	2.30
MSCI Emerging Markets (USD)	1126.85	▼ -18.83	-1.64	-1.74	1.09	7.17	1.09
MSCI Developed World (USD)	2409.29	▼ -5.74	-0.24	-0.26	2.15	2.89	2.15

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in financial, gold mining and platinum sector stocks. The JSE All Share Index fell 1.5% to close at 57,976.39.

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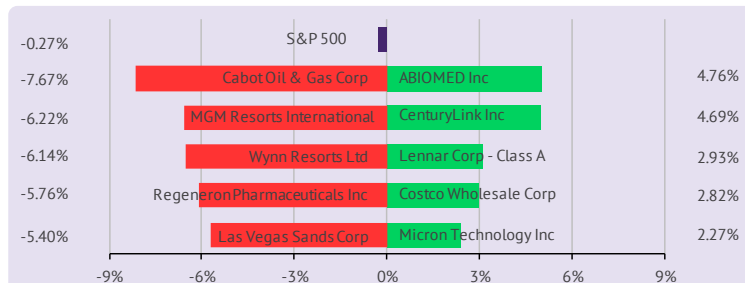


US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid worries over a viral outbreak in China and a downbeat global growth outlook from the International Monetary Fund (IMF). The S&P 500 Index dropped 0.3% to close at 3,320.79. Today, the S&P 500 futures are trading in the green.

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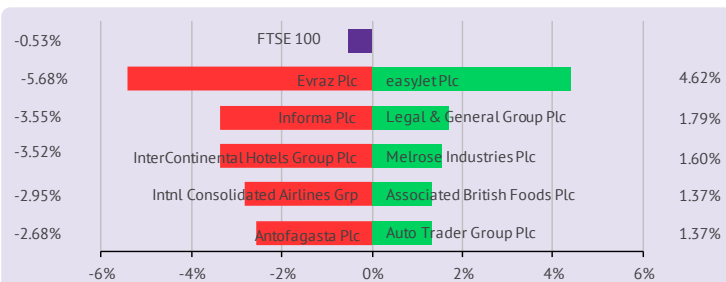


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid concerns over the spread of a new coronavirus in China. Data indicated that UK's ILO unemployment rate remained steady in the September-November 2019 period. The FTSE 100 Index declined 0.5% to close at 7,610.70. Today, the FTSE 100 futures are trading in positive territory.

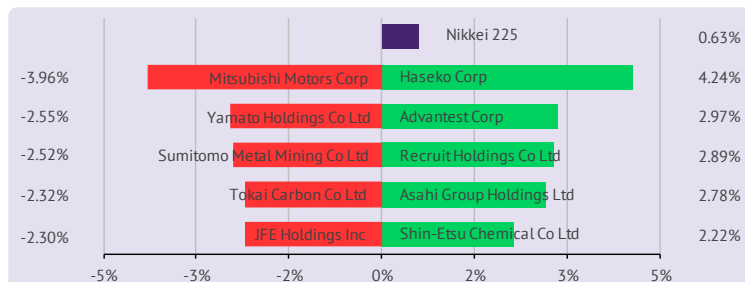
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 0.6% higher at 24,014.85.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R14.4668. Later today, traders will keep a close watch on the US house price index, existing home sales, the MBA mortgage applications and Chicago Fed National Activity Index for further direction.

The US Dollar fell against the South African Rand yesterday. Separately, in SA, the leading index rose for a second consecutive month in November.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.3% against the South African Rand to trade at R18.8615. Ahead in the day, traders will keep an eye on UK's public sector net borrowings and the CBI industrial trends survey for further indications.

The British Pound advanced against the South African Rand yesterday, as upbeat domestic jobs data diminished hopes for a rate cut next week. Data indicated that UK's ILO unemployment rate remained steady in line with market anticipations in the September-November 2019 period. Additionally, average earnings including bonus advanced more than market anticipations on an annual basis in the September-November 2019 period.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.3% lower against the South African Rand at R16.0306. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's ZEW economic sentiment index unexpectedly advanced in January. Separately, Germany's ZEW current situation index improved in January. Additionally, the ZEW economic sentiment index climbed more-than-expected in January, hitting its highest level since July 2015.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% weaker against the South African Rand at R9.8976. Earlier in the session, Australia's Westpac consumer confidence index weakened in January.

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	14.4668	▲	-0.03	0.22	3.59	-4.57	3.59
GBPZAR	18.8615	▲	0.32	0.58	1.94	-2.05	1.94
EURZAR	16.0306	▲	-0.12	0.16	2.40	-2.82	2.40
AUDZAR	9.8976	▲	-0.44	-0.19	0.89	-0.77	0.89
EURUSD	1.1081	▼	-0.12	-0.09	-1.17	1.77	-1.17
GBPUSD	1.3037	▼	0.31	0.26	-1.56	2.57	-1.56
Brent (\$/barrel)	64.4	▼	-0.94	-0.40	-2.14	9.11	-2.14
Gold (\$/oz)	1551.7	▼	-0.15	-0.15	2.28	3.92	2.28
Platinum (\$/oz)	1002.0	▼	-1.71	-1.71	3.15	7.89	3.15
Copper (\$/MT)*	6128.5	▼	-1.68	-1.90	-0.33	5.23	-0.33

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.4% to trade at \$1,551.70/oz.

Yesterday, gold prices fell 0.2% to close at \$1,557.90/oz, amid profit booking.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$64.35/bl.

Yesterday, Brent crude oil declined 0.9% to settle at \$64.59/bl, amid concerns over increasing global oil supplies and a potential slowdown in global economic growth.

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Platinum ▼

Trading marginally lower

At 06:00 SAST, platinum prices edged marginally lower to trade at \$1,002.00/oz.

Yesterday, platinum prices dropped 1.7% to close at \$1002.00/oz.

Major South African corporate news

Anglogold Ashanti Limited

The company announced details related to its joint venture partner, B2Gold Corp. The firms delivered positive results from the updated preliminary economic assessment for the Gramalote Ridge deposit at the Gramalote gold project in Colombia. The firm stated the presence of an open pit gold mine with an initial life of 13.6 years, based on current indicated and inferred mineral resources.

Redefine Properties Limited

The company announced that it has entered into an agreement with Madison International Holdings VII LLC, in terms of which Madison will acquire a 46.5% equity interest in Redefine's Polish logistics property portfolio held through European Logistics Investment B.V ('ELI'), of which Redefine Europe B.V ('Redefine Europe'), a wholly-owned subsidiary of Redefine currently holds 95.0%, with the remaining 5.0% of ELI currently held by associates of Griffin Real Estate sp. z o.o. ('Griffin'). Madison has agreed in terms of the agreement, to a total equity commitment of EUR150,000,000. Griffin has agreed to acquire a further 2.0% interest in ELI from Redefine Europe and has agreed to a total equity commitment of EUR13,374,000.

BHP Group Plc

The company, in its 1H19 operational update, announced that the Escondida unit costs tracking was below full year guidance, largely as a result of higher by-product credits with 0 all major projects under development are as per plan. Further, in copper exploration, the third phase of the drilling program at Oak Dam in South Australia is in progress and is expected to be completed in the June 2020 quarter.

Cashbuild Limited

The company, in its 2Q20 operational update, announced that revenues edged 4.0% down, compared to the same period in the prior year, following a lower than expected December trade. The 302 existing stores revenue declined by 7.0% and the 19 new stores positively contributed 3.0%.

Major global economic news

Eurozone

In the Eurozone, the ZEW economic sentiment index unexpectedly jumped to a level of 25.60 in January, compared to a level of 11.20 in the previous month.

In Germany, the ZEW current situation index climbed to a level of -9.50 in January, more than market forecast and compared to a level of -19.90 in the previous month.

In January, the ZEW economic sentiment index rose to a level of 26.70 in Germany, beating market expectations and compared to a level of 10.70 in the prior month.

UK

In the UK, the ILO unemployment rate remained steady at 3.8% in the September-November 2019 period, in line with market expectations.

In the September-November 2019 period, average earnings including bonus advanced 3.2% on an annual basis in the UK, more than market anticipations. In the August-October 2019 period, average earnings including bonus had registered a similar rise.

Asia

In Australia, the Westpac consumer confidence index fell 1.8% to a level of 93.40 on a monthly basis in January, compared to a level of 95.10 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Japan	06:00	Tokyo Condominium Sales (YoY) (Dec)	✓	-	-4.90%	Monthly
Japan	07:30	Nationwide Department Store Sales (YoY) (Dec)	✓	-	-6.00%	Monthly
Japan	07:30	Tokyo Department Store Sales (YoY) (Dec)	✓	-	-4.70%	Monthly
France	09:45	Business Climate (Jan)	✓	-	106.00	Monthly
France	09:45	Business Survey Overall Demand (Jan)	✓	-	-1.00	Monthly
France	09:45	Own-Company Production Outlook (Jan)	✓	-	7.00	Monthly
France	09:45	Production Outlook Indicator (Jan)	✓	-	-6.00	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Dec)	✓✓	4.00%	3.60%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Dec)	✓✓	0.30%	0.10%	Monthly
UK	11:30	PSNB ex Interventions (Dec)	✓	-	GBP5.60bn	Monthly
UK	11:30	Public Sector Net Cash Requirement (Dec)	✓✓	-	GBP9.86bn	Monthly
UK	11:30	Public Sector Net Borrowing (Dec)	✓✓	-GBP4.60bn	-GBP4.88bn	Monthly
UK	13:00	CBI Trends Selling Prices (Jan)	✓✓	-	6.00	Monthly
UK	13:00	CBI Business Optimism (1/)	✓	-	-44.00	Quarterly
UK	13:00	CBI Industrial Trends Survey - Orders (Jan)	✓	-23.00	-28.00	Monthly
US	14:00	MBA Mortgage Applications (17-Jan)	✓	-	30.20%	Weekly
US	15:30	Chicago Fed National Activity Index (Dec)	✓✓✓	-0.30	0.56	Monthly
US	15:55	Redbook Index (YoY) (17-Jan)	✓	-	5.00%	Weekly
US	15:55	Redbook Index s.a. (MoM) (17-Jan)	✓	-	-0.20%	Weekly
US	16:00	Housing Price Index (MoM) (Nov)	✓	0.20%	0.20%	Monthly
US	17:00	Existing Home Sales (Dec)	✓✓✓	5.43mn	5.35mn	Monthly
US	17:00	Existing Home Sales (MoM) (Dec)	✓✓✓	1.20%	-1.70%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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