

ONE Minute Brief

17 February 2020

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Economic and political news

The Johannesburg Labour Court has dismissed a joint application by the National Union of Metalworkers of South Africa (NUMSA) and the South African Cabin Crew Association (SACCA) to halt job cuts at South African Airways (SAA).

According to the Congress of South African Trade Unions (Cosatu), the South African government is planning to cut 30,000 state jobs and freeze pay increases for three years, to cut its wage bill. Separately, South African trade union, NEHAWU, stated that current wage agreements were sacrosanct and not open for review.

News reports indicate that the South African Reserve Bank (SARB) is in the process of selling its 50% stake in African Bank.

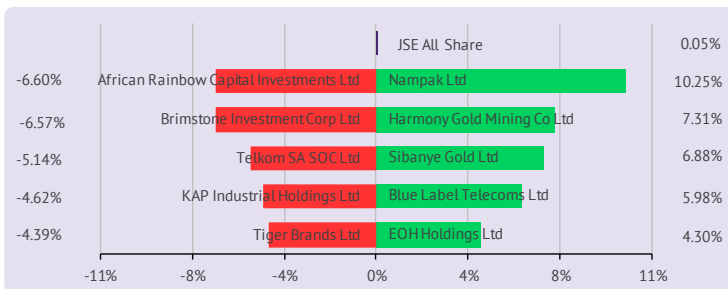
Former Old Mutual Chief Executive Officer (CEO), Peter Moyo, has filed an urgent application to prevent the company from appointing a permanent CEO.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, boosted by gains in gold and platinum mining sector stocks. The JSE All Share Index rose 0.1% to close at 57,861.76.

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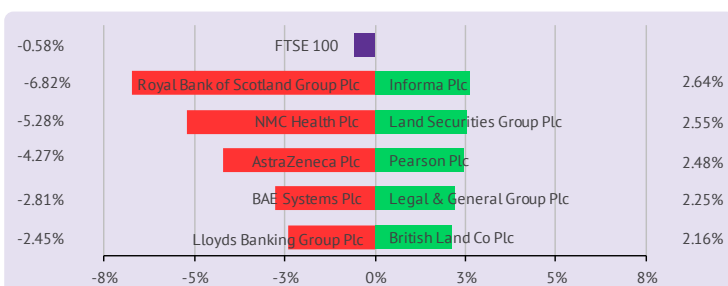


UK Market ▼

UK markets closed in the red

UK markets finished lower on Friday, following disappointing results from AstraZeneca and Royal Bank of Scotland and amid ongoing worries about the impact of the coronavirus outbreak. The FTSE 100 Index declined 0.6% to close at 7,409.13. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

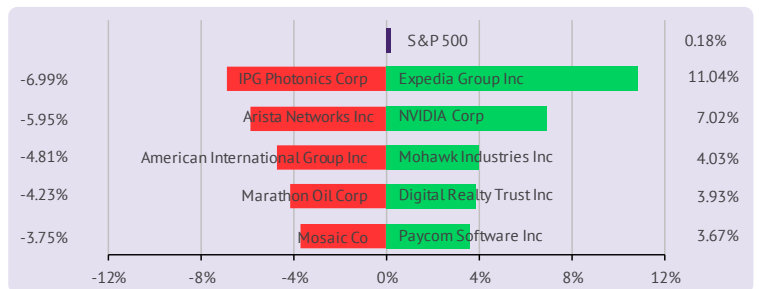
	As at 14 Feb 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	57861.76	▲	26.07	0.05	NA	3.18	-1.76	1.36
JSE Top 40 (ZAR)	52049.98	▼	-5.58	-0.01	NA	3.95	-1.46	2.43
FTSE 100 (GBP)	7409.13	▼	-42.90	-0.58	NA	1.69	-3.40	-1.77
DAX 30 (EUR)	13744.21	▼	-1.22	-0.01	NA	5.87	-2.02	3.74
CAC 40 (EUR)	6069.35	▼	-23.79	-0.39	NA	4.53	-2.87	1.53
S&P 500 (USD)	3380.16	▲	6.22	0.18	NA	4.79	-0.16	4.62
Nasdaq Composite (USD)	9731.18	▲	19.21	0.20	NA	6.34	1.99	8.45
DJIA (USD)	29398.08	▼	-25.23	-0.09	NA	4.04	-0.99	3.01
MSCI Emerging Markets (USD)	1106.30	▲	0.23	0.02	NA	4.14	-4.69	-0.75
MSCI Developed World (USD)	2431.37	▲	1.47	0.06	NA	3.80	-0.68	3.09

US Market ▲

US markets closed mostly firmer

US markets closed mostly higher on Friday, on the back of strong corporate earnings reports. However, gains were limited following dismal US economic data. The S&P 500 Index climbed 0.2% to close at 3,380.16. Today, the S&P 500 futures are trading in the green.

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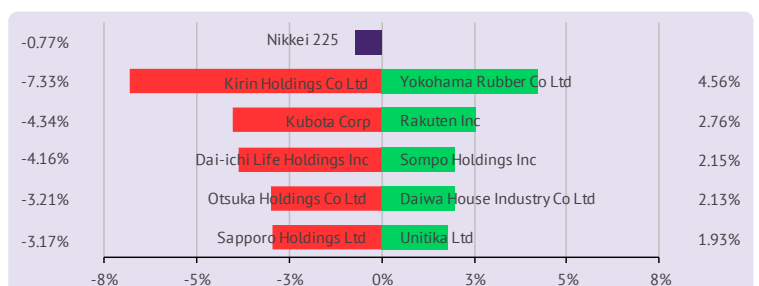


Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning, as optimism over China's efforts to contain the coronavirus was outweighed by weak Japanese economic data. As at 6:00 SAST, the Nikkei 225 Index is trading 0.8% lower at 23,505.97.

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar dropped 0.3% against the South African Rand to trade at R14.8623. With no major economic releases in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand on Friday. On the macro front, the US industrial production declined more than market forecast on a monthly basis in January. Additionally, manufacturing production declined on a monthly basis in January. Meanwhile, the Michigan consumer sentiment index unexpectedly increased to its highest level since 2018 in February. Moreover, advance retail sales climbed at par with market anticipations in January. Additionally, Business inventories rebounded in December. Separately, the South African Rand rose against the US dollar after President, Cyril Ramaphosa, announced plans to stimulate economic growth during his State of the Nation Address (SONA).

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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 R19.3913. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that UK's Rightmove house price index advanced on a monthly basis in February.

The British Pound declined against the South African Rand on Friday.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.3% lower against the South African Rand at R16.1099. Going forward, market participants will keep a tab on Eurozone's construction output for further direction.

The Euro weakened against the South African Rand on Friday. On the data front, Eurozone's economy grew at its slowest pace since early 2013 in the last quarter of 2019. Meanwhile, seasonally adjusted trade surplus widened in December. Separately, Germany's economic growth stagnated in 4Q19.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand to trade at R9.9937.

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	14.8623	▲	-0.29	NA	-0.77	7.34	6.51
GBPZAR	19.3913	▲	-0.21	NA	-1.82	6.76	4.82
EURZAR	16.1099	▲	-0.39	NA	-3.00	6.08	2.89
AUDZAR	9.9937	▲	-0.36	NA	-0.42	2.19	1.77
EURUSD	1.0839	▲	-0.09	NA	-2.36	-1.07	-3.41
GBPUSD	1.3046	▼	0.01	NA	-1.20	-0.38	-1.58
Brent (\$/barrel)	57.2	▼	1.74	NA	1.24	-14.21	-13.15
Gold (\$/oz)	1585.4	▲	0.48	NA	-0.01	3.93	3.91
Platinum (\$/oz)	970.5	▲	-0.61	NA	0.72	-0.98	-0.27
Copper (\$/MT)*	5750.8	▼	-0.37	NA	3.59	-9.72	-6.48

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,585.40/oz.

On Friday, gold prices rose 0.5% to close at \$1,582.70/oz, amid ongoing concerns about the economic impact of the coronavirus outbreak.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$57.21/bl.

On Friday, Brent crude oil advanced 1.7% to settle at \$57.32/bl, as reports of oil purchases by Chinese refiners eased concerns about a slowdown in oil demand. Separately, Baker Hughes reported that US oil rig count rose by 2 to 678 last week.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$970.50/oz.

On Friday, platinum prices dropped 0.6% to close at \$ 968.80/oz.

Major South African corporate news

AECI Limited

In its FY19 trading statement, the company announced that it expects EPS to be between ZAR1.17 and ZAR1.27, compared to 938.00c in the same period of the prior year. Further, the company expects its HEPS to be between ZAR1.12 and ZAR1.17, compared to ZAR1.05 last year.

Sibanye Gold Limited

In its FY19 operating update, the company announced that revenues rose by 44.0% due to a recovery in the operating performance in 2H19 and increased contributions from DRDGOLD and the Marikana operations, combined with a significant increase in precious metals prices. The company expects a basic EPS of 2.50c, compared to a loss per share of 110.40c in the corresponding period of the previous year. The company expects headline loss per share of 40.20c compared to HEPS of 0.70c in the preceding year.

Resilient REIT Limited

In its 1H20 results, the company announced that revenues decreased to ZAR1.90bn from ZAR1.91bn posted in the corresponding period of the previous year. However, its basic EPS rose to 148.52c from the same period of the prior year.

Major global economic news

US

In the US, advance retail sales rose 0.3% on a monthly basis in January, in line with market expectations and compared to a revised rise of 0.2% in the previous month.

In January, industrial production dropped 0.3% on a monthly basis in the US, more than market forecast and compared to a revised fall of 0.4% in the prior month.

In the US, manufacturing production fell 0.1% on a monthly basis in January, compared to a revised rise of 0.1% in the previous month.

In February, the Michigan consumer sentiment index unexpectedly advanced to a level of 100.90 in the US. In the previous month, the index had recorded a level of 99.80.

In the US, business inventories advanced 0.1% in December, compared to a drop of 0.2% in the earlier month.

UK

In the UK, the Rightmove house price index climbed 0.8% on a monthly basis in February. The Rightmove house price index had recorded a rise of 2.3% in the previous month.

Eurozone

In Germany, seasonally adjusted flash gross domestic product (GDP) remained flat on a quarterly basis 4Q19, compared to a revised advance of 0.2% in the previous quarter.

In 4Q19, seasonally adjusted second estimate of GDP climbed 0.1% in the Eurozone. In the previous quarter, GDP had recorded a revised rise of 0.3%. The preliminary figures had recorded an advance of 0.3%.

In the Eurozone, seasonally adjusted trade surplus widened to EUR22.20bn in December, compared to a revised surplus of EUR19.10bn in the previous month.


Asia

In Japan, annualised GDP dropped 6.3% on an annual basis in 4Q19, more than market forecast and compared to 1.8% in the previous quarter.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Steinhoff International Holdings NV	175	28.68	94.44	108.33
Net 1 UEPS Technologies Inc	7588	18.86	44.45	47.14
Rebosis Property Fund Ltd	40	-4.76	-4.76	25.00
Reinet Investments SCA	34632	3.82	7.35	24.80
Transaction Capital Ltd	2600	0.50	6.25	23.22
Montauk Holdings Ltd	4500	-18.99	13.75	18.42
Naspers Ltd	270750	3.18	10.03	18.19
Sibanye Gold Ltd	4210	12.51	7.73	17.30
MiX Telematics Ltd	830	-3.49	1.22	15.28
Royal Bafokeng Platinum Ltd	5697	6.69	9.58	14.81
Impala Platinum Holdings Ltd	16455	12.13	16.29	14.65
Rhodes Food Group Pty Ltd	1675	2.57	3.01	14.24
Pan African Resources Plc	244	1.24	-3.94	12.96
Quilter PLC	3300	-0.18	-0.75	12.63
Sirius Real Estate Ltd	1789	0.22	1.30	11.81
British American Tobacco Plc	65250	-2.61	-0.99	9.23
Northam Platinum Ltd	13388	8.13	6.52	8.30
Investec Ltd	8936	3.58	6.32	7.71
Coronation Fund Managers Ltd	4290	1.32	2.14	7.38
Investec Plc	8758	3.30	5.84	6.86
Massmart Holdings Ltd	5458	-7.19	2.27	6.35
Netcare Ltd	2000	-1.04	-0.25	6.08
MTN Group Ltd	8722	5.89	7.96	5.73
Vodacom Group Ltd	12187	2.39	3.94	5.70
Stenprop Ltd	2500	0.08	-5.66	5.63
Bidvest Group Ltd	21565	0.09	4.18	5.31
Glencore Plc	4568	0.68	4.39	5.30
DataTec Ltd	3495	4.95	4.33	5.27
Life Healthcare Group Holdings Ltd	2570	-0.23	2.64	4.26
RDI REIT PLC	2500	-2.87	-3.29	3.56
Investec Australia Property Fund	1514	-1.37	-0.72	3.27
Cie Financiere Richemont SA	11263	-0.28	2.68	2.83
Murray & Roberts Holdings Ltd	1095	-1.08	1.96	2.72
Santam Ltd	29761	0.54	5.32	2.57
Anglo American Plc	40828	3.13	4.52	2.37
Clicks Group Ltd	25775	2.82	5.51	1.69
Cartrack Holdings Ltd	2444	-6.04	-5.96	1.68
Mpact Ltd	1515	-0.66	-2.63	1.68
Motus Holdings Ltd	8300	0.00	2.47	1.59
Pioneer Foods Group Ltd	10900	0.46	0.09	1.23
JSE All Share Index	57862	1.02	3.18	1.36

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Japan	01:50	Gross Domestic Product (QoQ) (Q4) (P)	✓✓	-1.60%*	0.40%	Quarterly
 Japan	01:50	Gross Domestic Product Annualised (Q4) (P)	✓✓✓	-6.30%*	0.50%	Quarterly
 Japan	01:50	Gross Domestic Product Deflator (YoY) (Q4) (P)	✓	1.30%*	0.60%	Quarterly
 Japan	01:50	Nominal Gross Domestic Product (QoQ) (Q4) (P)	✓✓	-1.20%*	0.50%	Quarterly
 UK	02:01	Rightmove House Price Index (MoM) (Feb)	✓	0.80%*	2.30%	Monthly
 UK	02:01	Rightmove House Price Index (YoY) (Feb)	✓	2.90%*	2.70%	Monthly
 UK	02:01	Rightmove House Prices (Feb)	✓	-	237.20	Monthly
 Japan	06:00	Tokyo Condominium Sales (YoY) (Jan)	✓	-	-14.30%	Monthly
 Japan	06:30	Capacity Utilisation (MoM) (Dec)	✓	0.20%	-0.30%	Monthly
 Japan	06:30	Industrial Production Index (Dec)	✓	-	98.90	Monthly
 Japan	06:30	Capacity Utilization (Dec)	✓	-	95.50	Monthly
 Japan	06:30	Industrial Production (MoM) (Dec) (F)	✓✓✓	-3.00%	-3.00%**	Monthly
 Japan	06:30	Industrial Production (YoY) (Dec) (F)	✓✓✓	1.30%	1.30%**	Monthly
 Eurozone	12:00	Construction Output s.a. (MoM) (Dec)	✓✓✓	-	0.73%	Monthly
 Eurozone	12:00	Construction Output w.d.a. (YoY) (Dec)	✓	1.40%	1.40%	Monthly
 Germany	14:00	German Buba Monthly Report	✓	-	-	As scheduled
 Eurozone	16:00	ECB Board Member Lane Speaks in Lisbon	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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