

ONE Minute Brief

19 February 2020

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Economic and political news

The South African Statistics Council, an advisory body that endorses the releases of data by Statistics South Africa (Stats SA), has threatened to withdraw support, if the national statistical agency does not receive more funding and fill frozen posts.

Eskom's new Chief Executive, Andre de Ruyter, stated that the utility urgently needs cash injection to avoid debt crisis. Separately, Eskom has indicated that there is an increased possibility of load shedding today.

The South African Reserve Bank's (SARB) head of economic research, Chris Loewald, warned that SA's rising country risk premium is putting upward pressure on interest rates.

In a meeting with business leaders, President, Cyril Ramaphosa, has called for a speedy, robust and transparent decision-making process to attract more infrastructure investment.

In the debate on President, Cyril Ramaphosa's State of the Nation Address, Environment, Forestry and Fisheries Minister, Barbara Creecy stated that climate change poses a "significant risk" to SA's socio-economic development.

Key indices

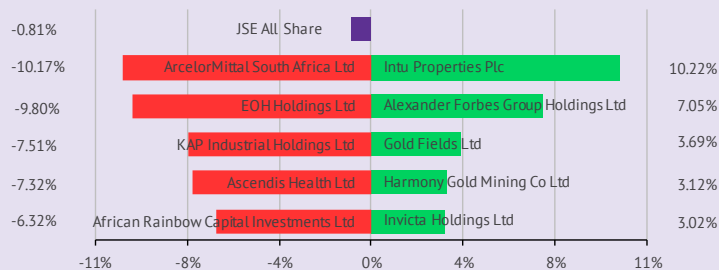
	As at 18 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57714.66	▼ -473.30	-0.81	-0.25	2.92	-1.76	1.10
JSE Top 40 (ZAR)	51922.16	▼ -435.41	-0.83	-0.25	3.69	-1.46	2.18
FTSE 100 (GBP)	7382.01	▼ -51.24	-0.69	-0.37	1.32	-3.40	-2.13
DAX 30 (EUR)	13681.19	▼ -102.70	-0.75	-0.46	5.39	-2.02	3.26
CAC 40 (EUR)	6056.82	▼ -29.13	-0.48	-0.21	4.31	-2.87	1.32
S&P 500 (USD)	3370.29	▼ -9.87	-0.29	-0.29	4.49	-0.16	4.32
Nasdaq Composite (USD)	9732.74	▲ 1.57	0.02	0.02	6.36	1.99	8.47
DJIA (USD)	29232.19	▼ -165.89	-0.56	-0.56	3.45	-0.99	2.43
MSCI Emerging Markets (USD)	1095.66	▼ -12.33	-1.11	-0.96	3.14	-4.69	-1.70
MSCI Developed World (USD)	2421.47	▼ -9.23	-0.38	-0.41	3.37	-0.68	2.67

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, on downgrade fears and ongoing concerns over the coronavirus outbreak. The JSE All Share Index fell 0.8% to close at 57,714.66.

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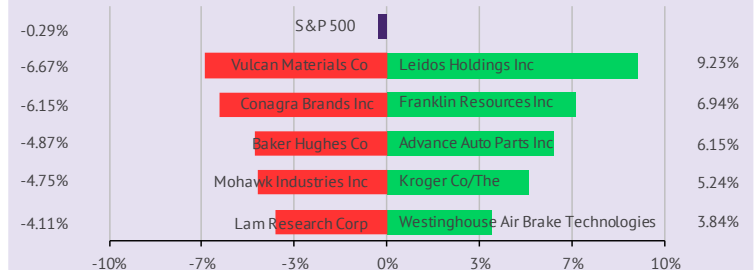


US Market ▼

US markets closed mostly weaker

US markets closed mostly lower yesterday, after Apple issued a profit warning reigniting fears about the impact of the coronavirus outbreak on global supply chains. The S&P 500 Index dropped 0.3% to close at 3,370.29. Today, the S&P 500 futures are trading in the green.

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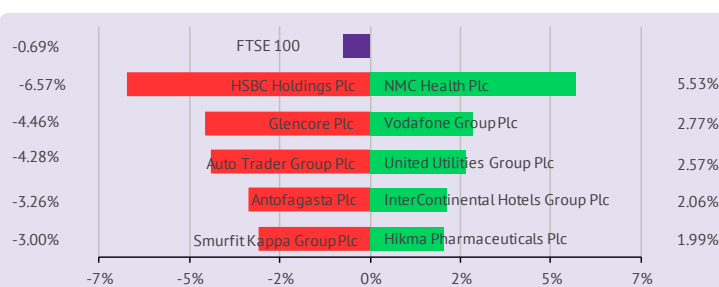


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, after HSBC announced that it is planning to cut 35,000 jobs and would suspend buybacks over 2020 and 2021. The FTSE 100 Index declined 0.7% to close at 7,382.01. Today, the FTSE 100 futures are trading in positive territory.

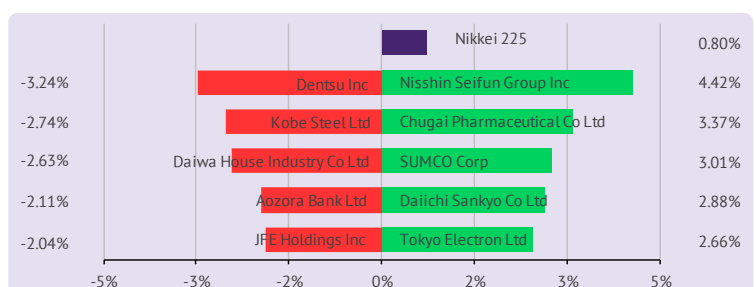
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Asian Market ▲

Trading firmer

Asian markets are trading higher this morning. Data showed that Japan's trade deficit widened less-than-expected in January. As at 6:00 SAST, the Nikkei 225 Index is trading 0.8% higher at 23,379.50.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.2% against the South African Rand to trade at R14.9794. Later today, traders will keep a close watch on the US FOMC meeting minutes, the producer price index (PPI), housing starts, building permits and the MBA mortgage applications for further cues.

The US Dollar rose against the South African Rand yesterday. In economic news, the NAHB house price index eased in February. On the other hand, the NY Empire State manufacturing index climbed in February, notching its highest level in nine months.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand at R19.4718. Later today, traders will keep an eye on UK's consumer price index (CPI), producer price index (PPI), retail price index and the house price index for further direction.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's ILO unemployment rate remained steady in the October-December 2019 period, hitting its lowest since early 1975. Meanwhile, average earnings including bonus climbed on an annual basis in December.

EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R16.1764. Going forward, market participants will keep a tab on Eurozone's current account balance and construction output for further indication.

The Euro weakened against the South African Rand yesterday, after a German survey showed a slump in confidence among investors. Data showed that the ZEW current situation in Germany declined more-than-expected in February. Moreover, the ZEW economic sentiment indicator fell in February, marking its lowest level since November. Additionally, Eurozone's ZEW economic sentiment index unexpectedly dropped in February.

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AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand at R10.0315. Earlier in the session, Australia's Westpac leading index rose on a monthly basis 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	14.9794	▲	0.13	0.64	-0.14	7.34	7.19
GBPZAR	19.4718	▲	0.08	0.27	-1.55	6.76	5.11
EURZAR	16.1764	▲	-0.30	0.28	-2.73	6.08	3.18
AUDZAR	10.0315	▲	-0.22	0.30	-0.12	2.19	2.07
EURUSD	1.0799	▲	-0.41	-0.36	-2.71	-1.07	-3.75
GBPUSD	1.2998	▲	-0.08	-0.38	-1.58	-0.38	-1.95
Brent (\$/barrel)	58.4	▲	0.14	0.75	2.00	-14.21	-12.50
Gold (\$/oz)	1604.7	▲	1.09	1.09	1.08	3.93	5.05
Platinum (\$/oz)	1004.4	▲	2.59	2.59	3.33	-0.98	2.32
Copper (\$/MT)*	5746.3	▼	-0.87	-0.08	3.51	-9.72	-6.55

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.3% to trade at \$1,604.70/oz.

Yesterday, gold prices rose 1.1% to close at \$1,600.00/oz, amid rising worries about the impact of coronavirus on global economy.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 1.1% to trade at \$58.39/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$57.75/bl.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 1.1% to trade at \$1,004.40/oz.

Yesterday, platinum prices climbed 2.6% to close at \$993.90/oz.

Major South African corporate news

KAP Industrial Holdings Limited

In its 1H20 results, the company stated that revenues decreased to ZAR12.62bn from ZAR13.21bn posted in the corresponding period of the previous year. Its diluted EPS fell 5.0% from the same period of the prior year to 22.00c.

Redefine Properties Limited

The company announced that Leon Kok would step down from the Board of Directors and as Financial Director on 1 September 2020 and will assume the role of Chief Operating Officer (COO) when incumbent David Rice retires on 31 August 2020

Kumba Iron Ore Limited

In its FY19 results, the company stated that revenues increased to ZAR64.29bn from ZAR45.73bn posted in the corresponding period of the previous year. Its diluted EPS rose 69.3% from the same period of the prior year to ZAR50.58.

Wilson Bayly Holmes-Ovcon Limited

In its 1H20 trading update, the company announced that it expects EPS to be between 401.00c and 428.00c, compared with 133.70c in the same period of prior year and its HEPS is likely to be between 400.00c and 429.00c, compared with 145.60c last year.

Pan African Resources Plc

In its 1H20 results, the company revealed that revenues advanced 36.1% from the same period of the preceding year to USD132.67mn. Its diluted EPS stood at 1.14c, compared with 0.50c recorded in the corresponding period of the previous year.

Major global economic news

Eurozone

In the Eurozone, the ZEW economic sentiment index unexpectedly dropped to 10.40 in February, compared to a level of 25.60 in the prior month.

In Germany, the ZEW current situation declined more-than-expected to -15.70 in February, compared to a reading of -9.50 in the previous month.

In February, the ZEW economic sentiment indicator fell to a level of 8.70 in Germany, more than market forecast and compared to a reading of 26.70 in the earlier month.

UK

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

In December, average earnings including bonus climbed 2.9% on an annual basis in the UK, less than market expectations. In the previous month, average earnings had recorded a rise of 3.2%.

US

In the US, the NAHB house price index eased to 74.00 in February, compared to 75.00 in the previous month.

In February, the NY Empire State manufacturing index climbed to 12.90 in the US, compared to a reading of 4.80 in the previous month.

Asia

In Australia, the Westpac leading index advanced 0.05% on a monthly basis in January, compared to a revised rise of 0.01% in the earlier month.

In Japan, merchandise (total) trade deficit widened JPY1312.60bn in January, less than market expectations and compared to a revised deficit of JPY154.60bn in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Jan)	✓✓✓	-JPY224.10 bn*	-JPY107.20 bn	Monthly
Japan	01:50	Machinery Orders (MoM) (Dec)	✓	-12.50%*	18.00%	Monthly
Japan	01:50	Merchandise Trade Balance Total (Jan)	✓✓✓	-JPY1312.60 bn*	-JPY152.50 bn	Monthly
Japan	01:50	Imports (YoY) (Jan)	✓✓	-3.60%*	-4.90%	Monthly
Japan	01:50	Exports (YoY) (Jan)	✓✓	-2.60%*	-6.30%	Monthly
Eurozone	10:00	Non-Monetary Policy ECB Meeting	✓	-	-	As scheduled
South Africa	10:00	Consumer Price Index (YoY) (Jan)	✓✓	4.40%	4.00%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Jan)	✓✓	0.30%	0.30%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Jan)	✓✓	0.30%	0.30%	Monthly
Eurozone	11:00	Current Account s.a (Dec)	✓✓✓	EUR36.40 bn	EUR33.90 bn	Monthly
UK	11:30	Consumer Price Index (MoM) (Jan)	✓✓✓	-	0.00%	Monthly
UK	11:30	Retail Price Index (YoY) (Jan)	✓✓	2.60%	2.20%	Monthly
UK	11:30	PPI Core Output n.s.a. (YoY) (Jan)	✓✓	1.00%	0.90%	Monthly
UK	11:30	Consumer Price Index (YoY) (Jan)	✓✓✓	1.60%	1.30%	Monthly
UK	11:30	Producer Price Index - Input n.s.a. (YoY) (Jan)	✓	-0.40%	-0.10%	Monthly
UK	11:30	Retail Price Index (MoM) (Jan)	✓✓✓	-0.60%	0.30%	Monthly
UK	11:30	Producer Price Index - Output n.s.a. (MoM) (Jan)	✓	0.10%	0.00%	Monthly
Eurozone	12:00	Construction Output w.d.a. (YoY) (Dec)	✓	1.40%	1.40%	Monthly
US	14:00	MBA Mortgage Applications (14-Feb)	✓	-	1.10%	Weekly
Canada	15:30	Consumer Price Index n.s.a. (MoM) (Jan)	✓✓✓	-	0.00%	Monthly
US	15:30	Housing Starts (Jan)	✓✓✓	-	1608.00 K	Monthly
US	15:30	Producer Price Index (Jan)	✓	-	118.70	Monthly
US	15:30	Producer Price Index (YoY) (Jan)	✓✓✓	1.60%	1.30%	Monthly
US	15:30	Building Permits (Jan)	✓✓✓	1450.00 K	1416.00 K	Monthly
US	15:30	Producer Price Index (MoM) (Jan)	✓✓✓	0.10%	0.10%	Monthly
US	15:30	Building Permits (MoM) (Jan)	✓✓✓	-0.10%	-3.90%	Monthly
US	15:30	Housing Starts (MoM) (Jan)	✓✓✓	-30.70%	16.90%	Monthly
Canada	15:30	Consumer Price Index (YoY) (Jan)	✓✓✓	2.30%	2.20%	Monthly
US	18:45	Fed's Kashkari Speaks in Mankato, Minnesota	✓	-	-	As scheduled
US	21:00	FOMC Meeting Minutes	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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