

ONE Minute Brief

3 February 2020

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Economic and political news

In South Africa (SA), trade surplus widened to ZAR14.85bn in December, compared to a surplus of ZAR6.10bn in the previous month.

Eskom has indicated that stage 2 load shedding would continue until Thursday morning.

Transnet has appointed Portia Derby, former director-general of the Department of Public Enterprises as Chief Executive. Meanwhile, the Economic Freedom Fighters has criticised the appointment of Portia Derby, labelling it as another calculating move by Public Enterprises Minister, Pravin Gordhan.

Stevens Mokgalapa, a member Democratic Alliance (DA) and the mayor of SA's Tshwane municipality, announced his resignation at the end of February.

SA Airlink has approached the High Court in Johannesburg for special permission to take legal action against South African Airways (SAA) and its business rescue practitioners (BRPs) for more than ZAR700mn in outstanding Airlink air fares.

Today, the Congress of South African Trade Unions (Cosatu) will present its proposal to senior members of government and the business community to rescue Eskom.

Key indices

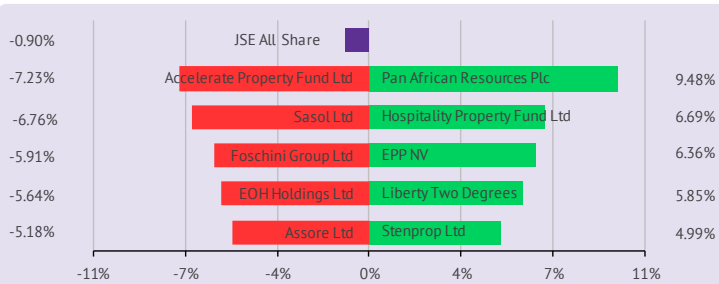
	As at 31 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56079.54	▼ -511.39	-0.90	NA	NA	-1.76	-1.76
JSE Top 40 (ZAR)	50072.61	▼ -480.10	-0.95	NA	NA	-1.46	-1.46
FTSE 100(GBP)	7286.01	▼ -95.95	-1.30	NA	NA	-3.40	-3.40
DAX 30 (EUR)	12981.97	▼ -175.15	-1.33	NA	NA	-2.02	-2.02
CAC 40 (EUR)	5806.34	▼ -65.43	-1.11	NA	NA	-2.87	-2.87
S&P 500 (USD)	3225.52	▼ -58.14	-1.77	NA	NA	-0.16	-0.16
Nasdaq Composite (USD)	9150.94	▼ -148.00	-1.59	NA	NA	1.99	1.99
DJIA (USD)	28256.03	▼ -603.41	-2.09	NA	NA	-0.99	-0.99
MSCI Emerging Markets (USD)	1062.34	▼ -10.45	-0.97	NA	NA	-4.69	-4.69
MSCI Developed World (USD)	2342.41	▼ -29.60	-1.25	NA	NA	-0.68	-0.68

South Africa Market ▼

South African markets closed lower

South African markets closed in the red on Friday, weighed down by losses in banking sector stocks. Data indicated that SA's trade surplus widened in December. The JSE All Share Index fell 0.9% to close at 56,079.54.

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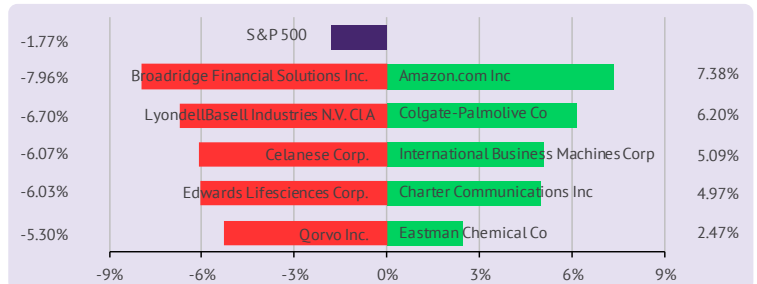


US Market ▼

US markets closed weaker

US markets closed lower on Friday, amid fears that the Chinese coronavirus outbreak would impact the US and global economic growth. The S&P 500 Index dropped 1.8% to close at 3,225.52. Today, the S&P 500 futures are trading in the green.

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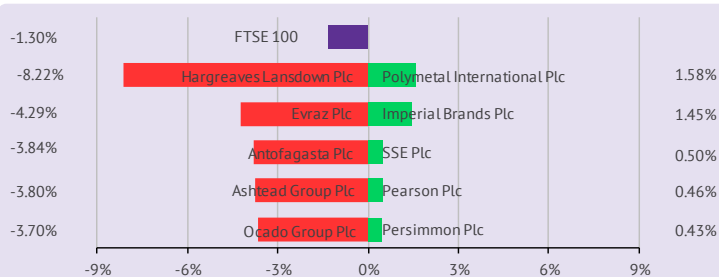


UK Market ▼

UK markets closed in the red

UK markets finished lower on Friday, amid strength in the British Pound and mounting concerns over the spread of coronavirus. The FTSE 100 Index declined 1.3% to close at 7,286.01. Today, the FTSE 100 futures are trading in positive territory.

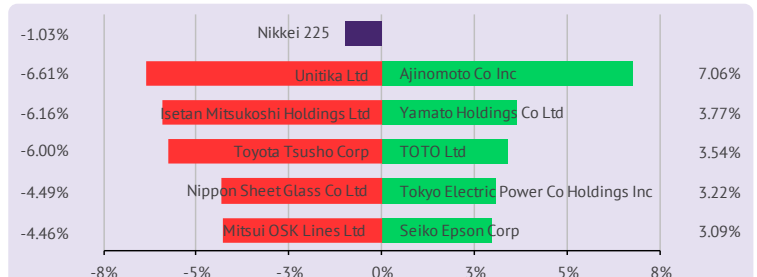
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Asian Market ▼

Trading lower

Asian markets are trading lower this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 1.0% lower at 22,965.65.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% lower against the South African Rand at R14.9744. Later today, traders will keep a close watch on the US Markit manufacturing PMI, the ISM manufacturing PMI and construction spending for further direction.

The US Dollar rose against the South African Rand on Friday. On the macro front, the US personal spending advanced in line with market forecast on a monthly basis in the US. Additionally, the final Michigan consumer sentiment index unexpectedly climbed in January. Meanwhile, personal income rose less than market anticipations on a monthly basis in December. Moreover, the Chicago Fed Purchasing Managers' Index unexpectedly declined to its lowest level since late 2015 in January. Separately, the South African Rand fell against the US Dollar after the World Health Organisation declared the coronavirus a global emergency. Separately, data showed that SA's trade surplus widened more than market forecast in December.

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GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.6% against the South African Rand to trade at R19.7050. Ahead in the day, traders will keep an eye on UK's Markit manufacturing PMI for further indication.

The British Pound advanced against the South African Rand on Friday, after the Bank of England kept its interest rates steady. Data indicated that UK's number of mortgage approvals for house purchases rose in December. Additionally, net consumer credit advanced more than market expectations in December.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.4% against the South African Rand to trade at R16.5936. Going forward, market participants will keep a tab on the Markit manufacturing PMI across the Eurozone for further cues.

The Euro strengthened against the South African Rand on Friday. On the data front, Eurozone's preliminary consumer price index (CPI) climbed in line with market forecast on a yearly basis in January. Meanwhile, seasonally adjusted preliminary gross domestic product (GDP) grew less than market anticipations on a quarterly basis in 4Q19.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R10.0231. Earlier in the session, Australia's Commonwealth Bank manufacturing PMI advanced in January. Meanwhile, the AiG performance of manufacturing index declined in January. Elsewhere, in China, Australia's largest trading partner, the Caixin manufacturing PMI dipped more than market expectations in January.

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	14.9744	▲	1.78	NA	NA	7.34	7.34
GBPZAR	19.7050	▲	2.52	NA	NA	6.76	6.76
EURZAR	16.5936	▲	2.24	NA	NA	6.08	6.08
AUDZAR	10.0231	▲	1.32	NA	NA	2.19	2.19
EURUSD	1.1082	▼	0.55	NA	NA	-1.07	-1.07
GBPUSD	1.3159	▼	0.86	NA	NA	-0.38	-0.38
Brent (\$/barrel)	56.2	▼	-2.86	NA	NA	-14.21	-14.21
Gold (\$/oz)	1584.3	▲	-0.04	NA	NA	3.93	3.93
Platinum (\$/oz)	963.1	▲	-1.90	NA	NA	-0.98	-0.98
Copper (\$/MT)*	5551.3	▼	-0.31	NA	NA	-9.72	-9.72

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.1% to trade at \$1,584.30/oz.

On Friday, gold prices marginally fell to close at \$1,582.90/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.8% to trade at \$56.18/bl.

On Friday, Brent crude oil declined 2.9% to settle at \$56.62/bl, amid worries over the spread of China's coronavirus and its potential impact on oil demand. Separately, Baker Hughes reported that the US oil rig count fell by 1 to 675 last week.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$963.10/oz.

Yesterday, platinum prices dropped 1.9% to close at \$961.90/oz.

Major South African corporate news

Hudaco Industries Limited

In its FY19 results, the company announced that revenues increased to ZAR6.70bn from ZAR6.38bn posted in the corresponding period of the previous year. Its diluted EPS rose 13.3% from the same period of the prior year to ZAR1.33.

Oceana Group Limited

The company announced that Mr Elton Bosch, CFO and Executive Director, has resigned with immediate effect.

Pan African Resources Plc

In its 1H20 trading statement, the company announced that it expects EPS to be between 1.12c and 1.17c, compared to 0.50c in the previous year and its HEPS is likely to be between 1.11c and 1.16c.

Sasol Limited

In its 1H20 trading statement, the company announced that the financial results were impacted by a weak macroeconomic environment. The company expects its adjusted EBITDA to decline by between 22.0% and 32.0% from ZAR26.80bn in the prior half year. The company expects its EPS to be between ZAR5.37 and ZAR7.76 and its HEPS to be between ZAR4.79 and ZAR7.11.

Tiger Brands Limited

The company announced that Ms. Pamela Padayachee has been appointed as acting Chief Financial Officer (CFO) with immediate effect, until a permanent appointment is made.

Tongaat Hulett Limited

In its 1H20 results, the company announced that revenues fell to ZAR8.09bn from ZAR8.21bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 235.00c, compared to 356.00c in the same period of the prior year.

Major global economic news

US

In the US, personal income rose 0.2% on a monthly basis in December, less than market expectations and compared to a revised rise of 0.4% in the prior month.

In December, personal spending advanced 0.3% on a monthly basis in the US, in line with market forecast and compared to an advance of 0.4% in the prior month.

In the US, the Chicago Fed Purchasing Managers' Index unexpectedly dropped to a level of 42.90 in January. The index had registered a revised level of 48.20 in the prior month.

In January, the final Michigan consumer sentiment index unexpectedly climbed to a level of 99.80 in the US, compared to a reading of 99.30 in the previous month. The preliminary figures had indicated a fall to a level of 99.10.

Eurozone

In the Eurozone, seasonally adjusted preliminary GDP grew 0.1% on a quarterly basis in 4Q19, less than market consensus and compared to a revised advance of 0.3% in the previous quarter.

In January, the preliminary CPI advanced 1.4% on a yearly basis in the Eurozone, at par with market forecast. The CPI had registered a rise of 1.3% in the prior month.

In Germany, retail sales dipped 3.3% on a monthly basis in December, compared to a revised rise of 1.6% in the previous month.

Asia

In China, the Caixin manufacturing PMI eased to a level of 51.10 in January, more than market expectations and compared to a level of 51.50 in previous month.

In Japan, the final Jibun Bank manufacturing PMI fell to a level of 48.8 in January, compared to a level of 48.40 in the previous month. The preliminary figures had indicated an advance to a level of 49.30.

In Australia, the AiG performance of manufacturing index dropped to a level of 45.40 in January, compared to a level of 48.30 in the previous month.

In January, the Commonwealth Bank manufacturing PMI advanced to a level of 49.60 in Australia, compared to a level of 49.10 in the previous month.

UK












In the UK, number of mortgage approvals for house purchases advanced to a level of 67.24K in December, more than market anticipations and compared to a revised reading of 65.51K in the previous month.

In December, net consumer credit advanced to GBP1.22bn in December in the UK, more than market forecast. In the previous month, net consumer credit had advanced by a revised GBP0.65bn.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Rebosis Property Fund Ltd	42	5.00	NA	31.25
Pan African Resources PLC	254	15.45	NA	17.59
Reinet Investments SCA	32260	5.89	NA	16.25
Transaction Capital Ltd	2447	0.95	NA	15.97
MiX Telematics Ltd	820	-1.32	NA	13.89
Quilter PLC	3325	8.66	NA	13.48
Stenprop Ltd	2650	9.59	NA	11.96
Rhodes Food Group Pty Ltd	1626	-3.67	NA	10.89
Sirius Real Estate Ltd	1766	2.32	NA	10.38
British American Tobacco PLC	65900	2.56	NA	10.32
Sibanye Gold Ltd	3908	2.06	NA	8.89
RCL Foods Ltd/South Africa	1200	14.39	NA	8.60
Cartrack Holdings Ltd	2599	-1.92	NA	8.13
ArcelorMittal South Africa Ltd	128	-9.86	NA	7.56
Naspers Ltd	246072	-0.26	NA	7.42
Steinhoff International Holdings NV	90	5.88	NA	7.14
RDI REIT PLC	2585	4.11	NA	7.08
Netcare Ltd	2005	-2.86	NA	6.34
Blue Label Telecoms Ltd	274	-16.72	NA	6.20
Coronation Fund Managers Ltd	4200	-0.69	NA	5.13
Royal Bafokeng Platinum Ltd	5199	1.92	NA	4.78
Mpact Ltd	1556	1.77%	NA	4.43
Montauk Holdings Ltd	3956	13.03	NA	4.11
Investec Australia Property Fund	1525	2.69	NA	4.02
Massmart Holdings Ltd	5337	6.53	NA	3.99
MAS Real Estate Inc	1984	-0.85	NA	3.87
Peregrine Holdings Ltd	1899	-0.64	NA	3.82
African Rainbow Minerals Ltd	16891	-2.79	NA	3.21
Liberty Two Degrees	688	7.17	NA	2.69
Oceana Group Ltd	6315	-2.11	NA	2.60
Gold Fields Ltd	9779	6.98	NA	2.00
Net 1 UEPS Technologies Inc	5253	13.65	NA	1.86
Vodacom Group Ltd	11725	-2.94	NA	1.69
Northam Platinum Ltd	12569	2.65	NA	1.67
Pick n Pay Stores Ltd	6495	-2.39	NA	1.66
Trencor Ltd	925	0.43	NA	1.65
Life Healthcare Group Holdings Ltd	2504	-1.14	NA	1.58
EPP NV	1738	1.94	NA	1.34
Investec Ltd	8405	-2.81	NA	1.31
Lighthouse Capital Ltd	880	1.50	NA	1.15
JSE All Share Index	56080	-2.0	NA	-1.76

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Japan	02:30	Nomura/ JMMA Manufacturing PMI (Jan) (F)	✓✓✓	48.80*	49.30**	Monthly
 China	03:30	Industrial Profits (YoY) (Dec)	✓✓	-6.30%*	5.40%	Monthly
 China	03:45	Caixin/Markit Manufacturing PMI (Jan)	✓✓✓	51.10*	51.50	Monthly
 Japan	07:00	Vehicle Sales (YoY) (Jan)	✓	-	-9.50%	Monthly
 Greece	11:00	Manufacturing PMI (Jan)	✓	-	53.90	Monthly
 South Africa	11:00	PMI Manufacturing (Jan)	✓✓	-	47.10	Monthly
 US	17:00	ISM Employment (Jan)	✓	-	45.10	Monthly
 US	17:00	ISM Prices Paid (Jan)	✓✓	-	51.70	Monthly
 US	17:00	ISM New Orders (Jan)	✓	-	46.80	Monthly
 US	17:00	ISM Manufacturing PMI (Jan)	✓✓✓	48.00	47.20	Monthly
 US	17:00	Construction Spending (MoM) (Dec)	✓✓	0.40%	0.60%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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