

# ONE Minute Brief

29 October 2019

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## Economic and political news

Today, Public Enterprises Minister, Pravin Gordhan, will release a “special paper” detailing the government’s plan to reform Eskom.

Newly elected Democratic Alliance (DA) parliamentary leader, John Steenhuisen, stated that he would nominate his name for both interim leader, to be chosen next month, and party leader, set to be elected in April next year.

Former Free State agriculture department head, Peter Thabethe, in his testimony at the commission of inquiry into state capture, stated that the Vrede Dairy Project failed because National Treasury withdrew funding and the Indian partner was targeted by the media.

News reports indicate that nearly ZAR12bn of South African exports to the US are at risk, pending a review of the country’s eligibility for a preferential-trade program over concerns about implications of the Copyright Amendment Bill.

The DA has advised Finance Minister, Tito Mboweni, to cut the public-sector wage bill, in order to reduce government expenditure.

## Key indices

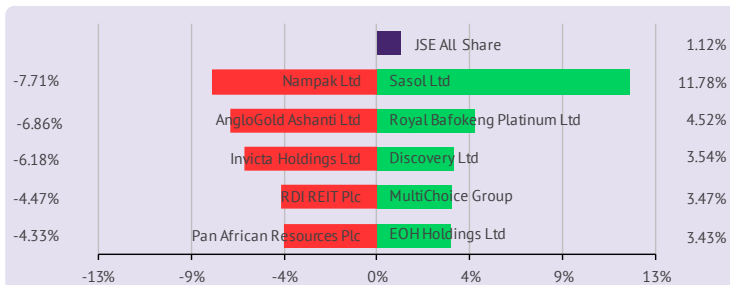
	As at 28 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	55761.98	▲	620.00	1.12	1.12	1.71	-0.79	5.74
JSE Top 40 (ZAR)	49516.50	▲	658.03	1.35	1.35	1.44	-1.03	5.97
FTSE 100 (GBP)	7331.28	▲	6.81	0.09	0.09	-1.04	2.79	8.96
DAX 30 (EUR)	12941.71	▲	47.20	0.37	0.37	4.13	4.09	22.57
CAC 40 (EUR)	5730.57	▲	8.42	0.15	0.15	0.93	3.60	21.14
S&P 500 (USD)	3039.42	▲	16.87	0.56	0.56	2.11	1.72	21.24
Nasdaq Composite (USD)	8325.99	▲	82.87	1.01	1.01	4.08	0.46	25.48
DJIA (USD)	27090.72	▲	132.66	0.49	0.49	0.65	1.95	16.13
MSCI Emerging Markets (USD)	1042.97	▲	7.13	0.69	0.69	4.19	1.69	7.98
MSCI Developed World (USD)	2231.40	▲	8.64	0.39	0.39	2.36	1.94	18.44

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and resource sector stocks. The JSE All Share Index rose 1.1% to close at 55,761.98.

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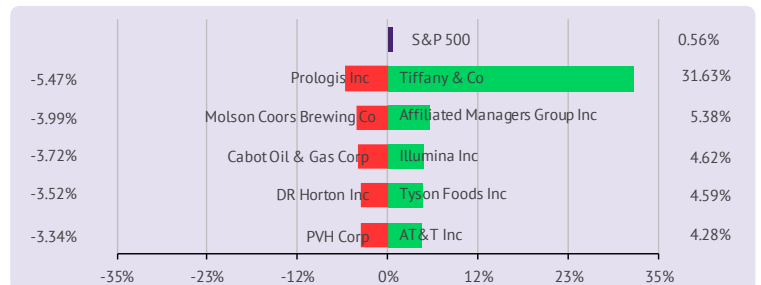


## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, amid upbeat corporate earnings report and rising hopes over US-China trade agreement. Data revealed that the US goods trade deficit narrowed in September. The S&P 500 Index climbed 0.6% to close at 3,039.42. Today, the S&P 500 futures are trading in the green.

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## UK Market ▲

### UK markets closed in the green

UK markets finished higher yesterday, supported by gains in healthcare, industrial and mining sector stocks. The FTSE 100 Index advanced 0.1% to close at 7,331.28. Today, the FTSE 100 futures are trading in negative territory.

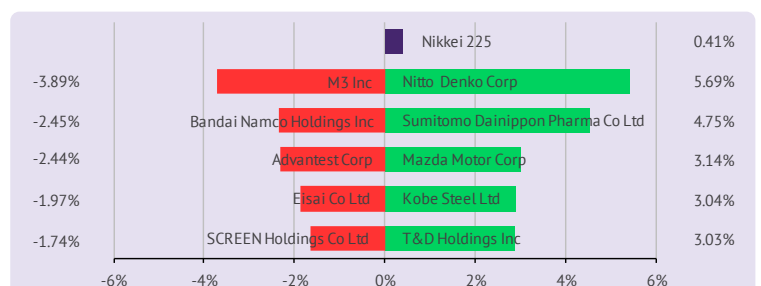
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## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.4% higher at 22,960.83.



## USD ZAR ▼

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R14.5727. Later today, traders will keep a close watch on the US consumer confidence index and pending home sales data for further indication.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Chicago Fed National Activity Index declined more than market anticipations in September. Moreover, the Dallas Fed manufacturing index dropped more than market forecast in October. Meanwhile, the nation's goods trade deficit narrowed in September.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally retreated against the South African Rand to trade at R18.7235. Ahead in the day, traders will keep an eye on UK's Nationwide housing prices, consumer credit data and mortgage approvals for further direction.

The British Pound declined against the South African Rand yesterday, despite the European Union's decision to extend Brexit deadline until 31 January 2020.

## EUR ZAR ▼

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R16.1706. 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.

## AUD ZAR ▼

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R9.9806.

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	14.5727	▼	-0.45	-0.45	-3.80	-0.39	1.50
GBPZAR	18.7235	▲	-0.23	-0.23	0.60	0.78	2.20
EURZAR	16.1706	▼	-0.27	-0.27	-2.02	-1.13	-1.79
AUDZAR	9.9806	▼	-0.28	-0.28	-2.54	-0.10	-1.64
EURUSD	1.1096	▼	0.18	0.18	1.84	-0.76	-3.20
GBPUSD	1.2848	▼	0.28	0.28	4.67	1.09	0.85
Brent (\$/barrel)	61.5	▼	-0.73	-0.73	3.92	0.00	14.44
Gold (\$/oz)	1494.7	▲	-0.63	-0.63	1.66	-3.76	16.29
Platinum (\$/oz)	914.7	▼	-1.55	-1.55	3.54	-5.18	14.93
Copper (\$/MT)*	5887.3	▼	-0.33	-0.33	3.37	0.70	-1.04

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 0.3% to trade at \$1,494.70/oz.

Yesterday, gold prices fell 0.6% to close at \$1,490.00/oz, amid strength in the global equities.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.1% to trade at \$61.48/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$61.57/bl, amid expectations of an increase in the US crude inventories.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$914.70/oz.

Yesterday, platinum prices declined 1.6% to close at \$914.70/oz.

## Major South African corporate news

### AngloGold Ashanti Limited

In its 3Q19 market update report, the company announced that gold production increased by 3.0% to 825.00koz, supporting expected production improvements in 4Q19. Adjusted net debt declined by 6.0% during the period to USD1.65bn from the same period last year. Further, the firm increased free cash flow to USD87.00mn from USD34.00mn in 3Q18, as the company prepared to recommence production from its Obuasi mine in Ghana, which is on track to pour first gold by the end of the year.

### Attacq Limited

The company, in reference to the circular issued by MAS Real Estate Inc, relating to the proposed acquisition by MAS of Prime Kapital Limited's effective economic interest in the property investment, development and management operations, announced that Board of Directors of Attacq has considered the transaction and in regard to Attacq's holding in MAS ordinary shares, has provided an undertaking to MAS to vote in favour of the transaction at the MAS general meeting to be held on 20 November 2019.

### Aspen Pharmacare Holdings Limited

The company stated that the reviewed provisional group financial results for FY19 which were released on SENS on 11 September 2019 have been restated as a consequence of the recall of Zantac. Revenue from continuing operations increased by 1.0% to ZAR38.90bn, in comparison to the corresponding period of the previous year. EPS from continuing operations declined by 64.0% to 437.30c.

### Famous Brands Limited

In its 1H19 results, the company announced that revenues slightly fell to ZAR3.57bn, from ZAR3.58bn reported in the corresponding period of the previous year. Diluted EPS stood at 159.00c, compared to a loss per share of 570.00c. The firm declared an interim dividend of 90.00c per share.

### Astral Foods Limited

The company, in its trading FY19 trading update, announced that it expects EPS to be between 1,477.00c and 1,846.00c, compared to 3,691.00c recorded in the previous year. Additionally, the company anticipates HEPS to be between 1,485.00c and 1,856.00c, in comparison with 3,712.00c in the previous year.

### Group Five Limited

The company announced that with regards to the implementation of the Group Five Limited business rescue plan, the sale process for the creditor-encumbered subsidiary, Everite, is ongoing. Gross cumulative proceeds since the commencement of business rescue of R2.30bn will be realisable from binding sale agreements entered into to date. A material portion of this remains subject to regulatory or other conditions precedent in order to be concluded.

## Major global economic news

### US

In the US, the Chicago Fed National Activity Index eased to -0.45 in September, more than market forecast and compared to a revised level of 0.15 in the previous month.

In the US, advance goods trade deficit narrowed to USD70.39bn in September, following a revised deficit of USD73.06bn in the prior month.

In October, the Dallas Fed manufacturing business index dropped to -5.10 in the US, more than market expectations. The index had recorded a reading of 1.50 in the previous month.

### Eurozone

Outgoing European Central Bank President, Mario Draghi, in his last speech, stated that Europe must take a leap forward in integration and create the institutions needed for economic stabilization as monetary policy loses potency. He suggested that a common budget for the EU was necessary so there would be a centralized capacity to stabilize the monetary union.

### Asia

In Japan, the Tokyo consumer price index (CPI) rose 0.4% on an annual basis in October, less than market expectations. The Tokyo CPI had registered a similar rise in the prior month.

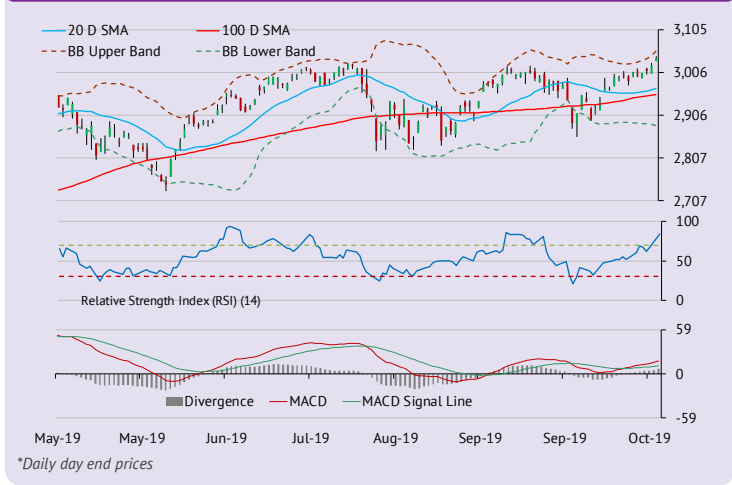
## Technical snapshot

### JSE All Share



The JSE All Share index is expected to find support at 55,078.88, and a fall through could take it to the next support level of 54,395.77. The index is expected to find its first resistance at 56,349.74, and a rise through could take it to the next resistance level of 56,937.49.

### S&P 500



The S&P 500 index is expected to find support at 3,005.73, and a fall through could take it to the next support level of 2,972.03. The index is expected to find its first resistance at 3,058.60, and a rise through could take it to the next resistance level of 3,077.77.

### USD ZAR



The pair is expected to find support at 14.4593, and a fall through could take it to the next support level of 14.3573. The pair is expected to find its first resistance at 14.7187, and a rise through could take it to the next resistance level of 14.8761.

### XAU USD



Gold is expected to find support at \$1,476.90/oz, and a fall through could take it to the next support level of \$1,463.80/oz. The precious metal is expected to find its first resistance at \$1,508.70/oz, and a rise through could take it to the next resistance level of \$1,527.40/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Tokyo Consumer Price Index (YoY) (Oct)	✓✓✓	0.40%*	0.40%	Monthly
Japan	01:30	Tokyo CPI ex Food, Energy (YoY) (Oct)	✓	0.70%*	0.60%	Monthly
Japan	01:30	Tokyo CPI ex Fresh Food (YoY) (Oct)	✓✓✓	0.50%*	0.50%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Sep)	✓	6.30%	6.86%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Sep)	✓	7.40%	7.45%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Oct)	✓✓✓	-	-0.20%	Monthly
UK	09:00	Nationwide House Prices n.s.a. (YoY) (Oct)	✓✓	0.20%	0.20%	Monthly
UK	11:30	M4 Ex IOFCs 3M Annualised (Sep)	✓	-	5.90%	Monthly
UK	11:30	M4 Money Supply (YoY) (Sep)	✓	-	3.20%	Monthly
UK	11:30	Net Lending Sec. on Dwellings (Sep)	✓✓	-	GBP3.90bn	Monthly
UK	11:30	Net Consumer Credit (Sep)	✓✓	GBP0.90bn	GBP0.90bn	Monthly
UK	11:30	Mortgage Approvals (Sep)	✓✓✓	65.00K	65.55K	Monthly
UK	11:30	M4 Money Supply (MoM) (Sep)	✓	-0.50%	0.40%	Monthly
South Africa	11:30	Unemployment Rate (Q3)	✓✓	29.10%	29.00%	Quarterly
Germany	11:50	German Buba President Weidmann speech	✓✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (25-Oct)	✓	-	4.30%	Weekly
US	14:55	Redbook Index s.a. (MoM) (25-Oct)	✓	-	-0.10%	Weekly
US	15:00	S&P/Case-Shiller 20 City s.a. (MoM) (Aug)	✓✓✓	-	0.02%	Monthly
US	15:00	S&P/Case-Shiller Home Price Index (Aug)	✓	-	211.72	Monthly
US	15:00	S&P/Case-Shiller Composite-20 (YoY) (Aug)	✓✓	2.10%	2.00%	Monthly
US	16:00	Pending Home Sales (Sep)	✓	-	107.30	Monthly
US	16:00	Consumer Confidence (Oct)	✓✓✓	-	125.10	Monthly
US	16:00	Pending Home Sales (YoY) (Sep)	✓	1.40%	2.50%	Monthly
US	16:00	Pending Home Sales (MoM) (Sep)	✓✓	0.50%	1.60%	Monthly
US	16:00	Pending Home Sales (MoM) (Sep)	✓✓	0.50%	1.60%	Monthly
US	16:00	Pending Home Sales (MoM) (Sep)	✓✓	0.50%	1.60%	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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