

# ONE Minute Brief

22 November 2019

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## Economic and political news

The South African Reserve Bank (SARB), in its latest monetary policy meeting, kept its benchmark interest rate unchanged at 6.5%, as widely expected. Meanwhile, the central bank's forecast for GDP growth for 2019 has been lowered to 0.5% from 0.6% and to 1.4% and 1.7% in 2020 and 2021, respectively.

According to a news report, former President, Jacob Zuma, will return today morning to the Pietermaritzburg High Court to try to convince judges to grant him permission to appeal an adverse ruling with a law expert saying he is not likely to win.

Trade union, Solidarity, has filed a court application to place South African Airways (SAA) under business rescue.

African National Congress member of parliament and former State Security Minister, Bongani Bongo, has been released on ZAR5,000 bail after appearing in the Cape Town Magistrate's Court on bribery and corruption charges.

SAA acting Chief Executive Officer, Zuks Ramasia, stated that the company will not be able to pay staff salaries on time for November.

## Key indices

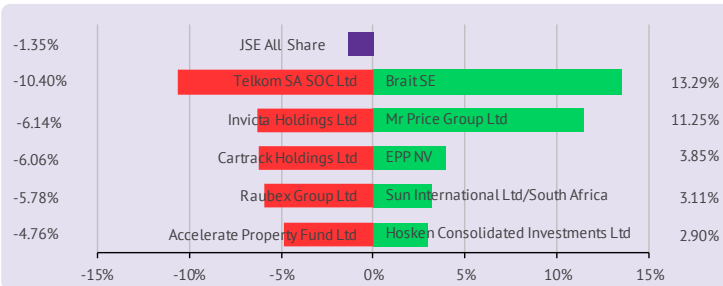
	As at 21 Nov 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56540.25	▼ -773.19	-1.35	0.87	0.20	2.92	7.21
JSE Top 40 (ZAR)	50235.68	▼ -735.95	-1.44	0.91	0.13	2.78	7.51
FTSE 100 (GBP)	7238.55	▼ -23.94	-0.33	-0.88	-0.14	-2.16	7.59
DAX 30 (EUR)	13137.70	▼ -20.44	-0.16	-0.79	2.11	3.53	24.42
CAC 40 (EUR)	5881.21	▼ -12.82	-0.22	-0.98	2.64	0.92	24.32
S&P 500 (USD)	3103.54	▼ -4.92	-0.16	-0.54	2.17	2.04	23.80
Nasdaq Composite (USD)	8506.21	▼ -20.52	-0.24	-0.41	2.58	3.66	28.20
DJIA (USD)	27766.29	▼ -54.80	-0.20	-0.85	2.66	0.48	19.03
MSCI Emerging Markets (USD)	1044.58	▼ -7.42	-0.71	-0.40	0.25	4.09	8.14
MSCI Developed World (USD)	2270.36	▼ -4.56	-0.20	-0.54	1.65	2.45	20.51

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, led by losses in banking and resource sector stocks. The JSE All Share Index fell 1.4% to close at 56,540.25.

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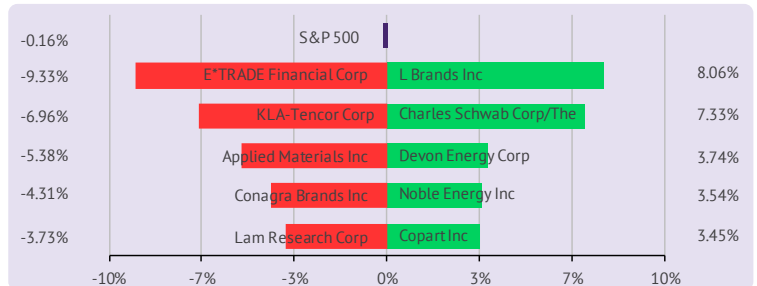


## US Market ▼

### US markets closed weaker

US markets closed lower yesterday, amid persistent uncertainty over trade negotiations between the US and China. Data revealed that the US initial jobless claims remained steady in the week ended 15 November 2019. The S&P 500 Index dropped 0.2% to close at 3,103.54. Today, the S&P 500 futures are trading in the green.

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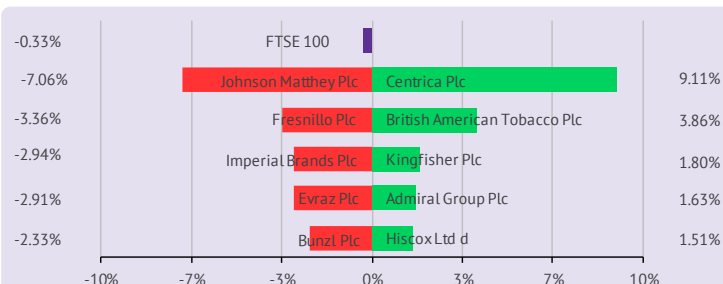


## UK Market ▼

### UK markets closed in the red

UK markets finished lower yesterday, amid growing concerns over US-China trade talks and opposition Labour Party's election manifesto plans to raise taxes on companies and renationalise infrastructure groups. The FTSE 100 Index declined 0.3% to close at 7,238.55. Today, the FTSE 100 futures are trading in positive territory.

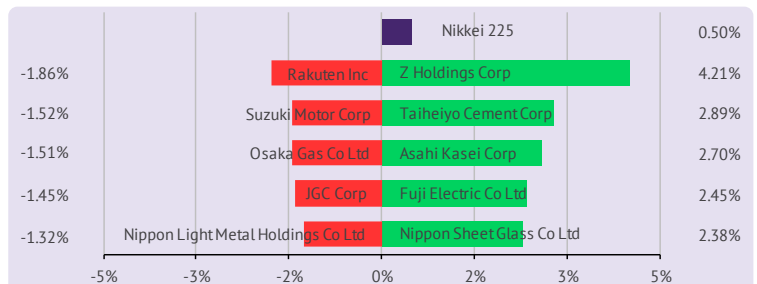
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## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that Japan's national consumer price index (CPI) advanced less than market expectations on an annual basis in October. The Nikkei 225 Index is trading 0.5% higher at 23,152.91.



## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R14.6793. Later today, traders will keep a close watch on the US Michigan consumer sentiment index, Kansas Fed manufacturing activity and the Markit manufacturing and services PMIs for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the Philadelphia Fed manufacturing index advanced more than market forecast on a monthly basis in November. On the other hand, existing home sales rose less than market consensus on monthly basis in October. Meanwhile, the US initial jobless claims remained unchanged at five-month high on weekly basis in the week ended 15 November 2019. Separately, the South African Rand advanced against the US Dollar, after the SARB held its interest rate unchanged.

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## GBP ZAR ▼

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R18.9616. Ahead in the day, traders will keep an eye on UK's Markit manufacturing and services PMIs for further indication.

The British Pound declined against the South African Rand yesterday. On the data front, UK's budget deficit widened to a five-year high level in October.

## EUR ZAR ▼

### EUR trading higher against ZAR

At 06:00 SAST, the Euro slightly climbed against the South African Rand to trade at R16.2400. Going forward, market participants will keep a tab on Germany's gross domestic product (GDP) and the Markit manufacturing and services PMIs across the Eurozone for further cues.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's consumer confidence index improved in November.

## AUD ZAR ▲

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar marginally dropped against the South African Rand to trade at R9.9630. Earlier in the session, Australia's Commonwealth Bank manufacturing PMI contracted in November.

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	14.6793	▲	-0.65	-0.18	-2.76	-0.23	2.35
GBPZAR	18.9616	▼	-0.76	-0.15	-2.98	4.97	3.46
EURZAR	16.2400	▼	-0.81	-0.16	-3.61	2.09	-1.36
AUDZAR	9.9630	▲	-0.85	-0.65	-4.22	1.86	-1.54
EURUSD	1.1064	▲	-0.13	0.07	-0.83	2.32	-3.56
GBPUSD	1.2914	▲	-0.08	0.13	-0.22	5.31	1.25
Brent (\$/barrel)	63.6	▼	2.52	1.06	7.30	0.62	18.90
Gold (\$/oz)	1471.6	▲	-0.72	-0.33	-3.38	3.35	14.23
Platinum (\$/oz)	911.3	▼	-0.27	2.57	-1.74	5.69	15.28
Copper (\$/MT)*	5809.8	▼	-0.77	-0.27	0.70	1.30	-2.34

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,471.60/oz.

Yesterday, gold prices fell 0.7% to close at \$1,463.60/oz, amid news that China invited top US officials for trade talks.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$63.60/bl.

Yesterday, Brent crude oil advanced 2.5% to settle at \$63.97/bl, amid reports that the Organization of the Petroleum Exporting Countries and its allies are likely to agree to extend crude production cuts until mid-2020 and renewed optimism over US-China trade deal.

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## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices declined 0.7% to trade at \$911.30/oz.

Yesterday, platinum prices dropped 2.7% to close at \$917.50/oz.

## Major South African corporate news

### Hosken Consolidated Investments Limited

In its 1H19 results, the company announced that revenues increased to ZAR7.34bn from ZAR6.88bn posted in the corresponding period of the previous year. Its diluted EPS fell 44.5% from the same period of the prior year to 312.52c. The company declared an interim dividend of 55.00c per share.

### Hospitality Property Fund Limited

In its 1H20 results, the company announced that revenues declined 2.7% to ZAR335.33mn from ZAR344.64mn the same period of the preceding year. Its diluted EPS stood at 34.72c, compared to loss per share of 29.68c recorded in the corresponding period of the previous year.

### Investec Plc

In its 1H19 results, the company announced that its net interest income increased to GBP426.64mn from GBP408.32mn posted in the corresponding period of the previous year. Its diluted EPS fell 11.2% from the same period of the prior year to 23.80p.

### Life Healthcare Group Holdings Limited

In its FY19 results, the company announced that revenues rose to ZAR25.67bn from ZAR23.49bn posted in the corresponding period of the previous year. Its diluted EPS increased 62.3% from the same period of the prior year to 175.80c.

### Liberty Holdings Limited

In its 9M19 operational update, the company announced that long-term insurance indexed new business sales increased 4.0% from the same period in the preceding year. The SA Retail business continued to be constrained by the prevailing tough consumer environment in South Africa.

### Mr Price Group Limited

In its 1H19 results, the company announced that revenues advanced 2.6% to ZAR10.80bn from ZAR10.52bn the same period of the preceding year. Its diluted EPS stood at 436.30c, compared to 482.40c recorded in the corresponding period of the previous year.

## Major global economic news

### US

In the US, initial jobless claims remained unchanged at a level of 227.00K on weekly basis in the week ended 15 November 2019.

In November, the Philadelphia Fed manufacturing index advanced to 10.40 in the US, more than market consensus and compared to a level of 5.60 in the previous month.

In the US, existing home sales rose 1.9% to a level of 5.46mn on monthly basis in October, less than market anticipations. In the previous month, existing home sales had registered a revised reading of 5.36mn.

### Asia

In October, the national CPI rose 0.2% on an annual basis in Japan, less than market forecast. In the previous month, the CPI had registered a similar rise.

In Australia, the Commonwealth Bank manufacturing PMI eased to 49.90 in November, less than market expectations and compared to a rise of 50.00 in previous month.

### Eurozone

The Organisation for Economic Cooperation and Development (OECD) trimmed its global growth forecast to 2.9% and 3.0% for 2019 and 2020, respectively, citing US-China trade war and Brexit chaos. Further, the OECD expects economic growth in the US to slow to 2.0% in 2020 and 2021 from an estimated 2.3% in 2019. Likewise, China's growth is forecast to edge down to 5.5% by 2021 from 6.2% this year. However, the euro area is forecast to expand 1.2% this year, 1.1% in 2020 and again 1.2% in 2021. The organisation projected the UK economic growth at 1.2% in 2019, 1% next year and 1.2% in 2021.

In Eurozone, the flash consumer confidence index rose to -7.20 in November, more than market expectations. In the previous month, the index had registered a level of -7.60.

### UK

In the UK, budget deficit widened to GBP11.21bn in October, exceeding market expectations.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Oct)	✓✓✓	0.20%*	0.20%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Oct)	✓✓✓	0.40%*	0.30%	Monthly
Japan	01:30	National CPI Ex Food, Energy (YoY) (Oct)	✓✓	0.70%*	0.50%	Monthly
Japan	07:30	Nationwide Department Store Sales (YoY) (Oct)	✓	-	23.10%	Monthly
Japan	07:30	Tokyo Department Store Sales (YoY) (Oct)	✓	-	20.70%	Monthly
Germany	09:00	Private Consumption (QoQ) (Q3)	✓	-	0.10%	Quarterly
Germany	09:00	Capital Investment (QoQ) (Q3)	✓	-	-0.10%	Quarterly
Germany	09:00	Government Spending (QoQ) (Q3)	✓	-	0.50%	Quarterly
Germany	09:00	Gross Domestic Product w.d.a. (YoY) (Q3) (F)	✓✓	0.50%	0.50%**	Quarterly
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q3) (F)	✓✓✓	0.10%	0.10%**	Quarterly
Germany	09:00	Gross Domestic Product n.s.a. (YoY) (Q3) (F)	✓✓	1.00%	1.00%**	Quarterly
Eurozone	10:30	ECB President Lagarde Speaks in Frankfurt	✓	-	-	As scheduled
Germany	10:30	Markit Services PMI (Nov) (P)	✓✓✓	52.00	51.60	Monthly
Germany	10:30	Markit Manufacturing PMI (Nov) (P)	✓✓✓	42.90	42.10	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Nov) (P)	✓✓✓	46.40	45.90	Monthly
Eurozone	11:00	Markit Composite PMI (Nov) (P)	✓✓✓	50.90	50.60	Monthly
Eurozone	11:00	Markit Services PMI (Nov) (P)	✓✓✓	52.50	52.20	Monthly
Germany	15:00	Bundesbank President Weidmann speaks in Frankfurt	✓✓✓	-	-	As scheduled
US	16:45	Markit Manufacturing PMI (Nov) (P)	✓✓✓	51.50	51.30	Monthly
US	16:45	Markit Composite PMI (Nov) (P)	✓✓✓	51.90	50.90	Monthly
US	16:45	Markit Services PMI (Nov) (P)	✓✓✓	51.00	50.60	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Nov) (F)	✓✓✓	-	95.70**	Monthly
US	18:00	Kansas City Fed Manufacturing Activity (Nov)	✓✓✓	-	-3.00	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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