

ONE Minute Brief

8 November 2019



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Economic and political news

In South Africa (SA), the SACCI business confidence index dropped to 91.70 in October, compared to a reading of 92.40 in the prior month. Annual manufacturing production fell 2.4% in September, compared to a revised drop of 1.5% in August. Gross gold & forex reserves dropped to USD54.53bn in October, compared to a level of USD54.86bn in the previous month. However, net gold & forex reserves climbed to USD44.61bn in October, compared to a level of USD44.06bn in the prior month.

In a reply to a parliamentary question, Public Enterprises Minister, Pravin Gordhan, stated that the Zimbabwe Electricity Supply Authority (Zesa) owes Eskom ZAR322mn, the Mozambican national utility, Electricidade de Moçambique (EDM) owes ZAR221mn and the Zambian state-owned power company, Zesco owes it ZAR89mn.

Yesterday, Eskom implemented stage 2 load shedding, after the utility lost three additional generation units and had to use its emergency reserves in order to meet demand throughout the day.

The Association of Mineworkers and Construction Union stated that it might conclude a wage deal with producers as early as next week, if "minor" outstanding issues can be resolved.

Key indices

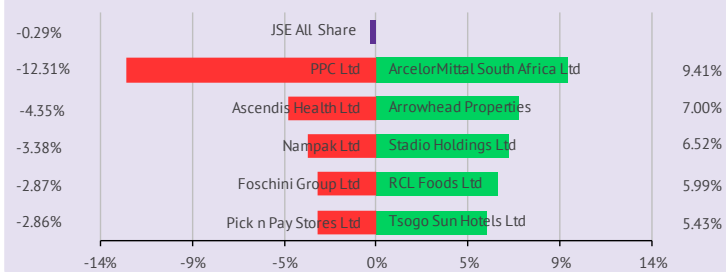
	As at 07 Nov 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57483.00	▼ -169.58	-0.29	1.47	1.87	2.92	9.00
JSE Top 40 (ZAR)	51223.34	▼ -186.98	-0.36	1.58	2.10	2.78	9.62
FTSE 100 (GBP)	7406.41	▲ 9.76	0.13	1.42	2.18	-2.16	10.08
DAX 30 (EUR)	13289.46	▲ 109.57	0.83	2.53	3.28	3.53	25.86
CAC 40 (EUR)	5890.99	▲ 24.25	0.41	2.24	2.81	0.92	24.53
S&P 500 (USD)	3085.18	▲ 8.40	0.27	0.60	1.57	2.04	23.07
Nasdaq Composite (USD)	8434.52	▲ 23.89	0.28	0.57	1.71	3.66	27.12
DJIA (USD)	27674.80	▲ 182.24	0.66	1.20	2.32	0.48	18.64
MSCI Emerging Markets (USD)	1073.57	▲ 4.71	0.44	2.32	3.03	4.09	11.14
MSCI Developed World (USD)	2266.69	▲ 5.32	0.24	0.65	1.49	2.45	20.32

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, as mining and resource sector stocks fell following weak manufacturing data. Data showed that SA's manufacturing production fell on a yearly basis in September. The JSE All Share Index fell 0.3% to close at 57,483.00.

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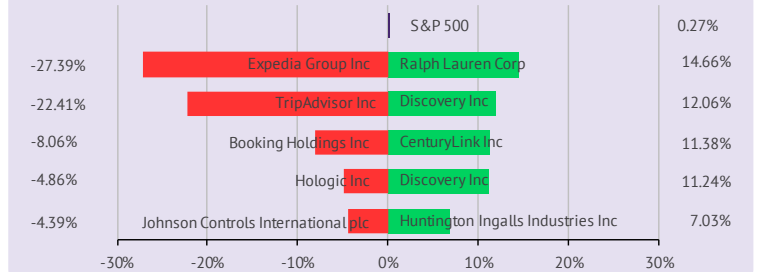


US Market ▲

US markets closed firmer

US markets closed higher yesterday, after the US agreed to cancel existing tariffs on Chinese goods. Data revealed that US initial jobless claims declined on weekly basis for the week ended 01 November 2019. The S&P 500 Index climbed 0.3% to close at 3,085.18. Today, the S&P 500 futures are trading in the red.

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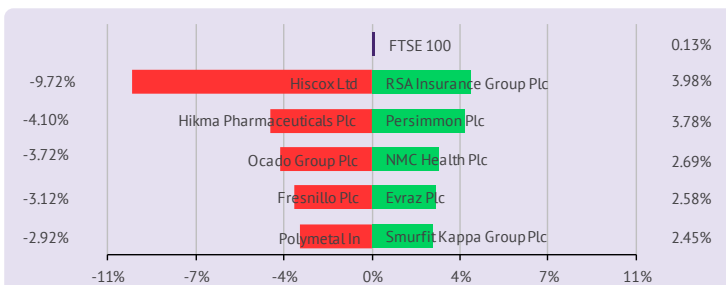


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, as the British Pound weakened after two Bank of England (BoE) officials voted to cut interest rates this month. The FTSE 100 Index advanced 0.1% to close at 7,406.41. Today, the FTSE 100 futures are trading in negative territory.

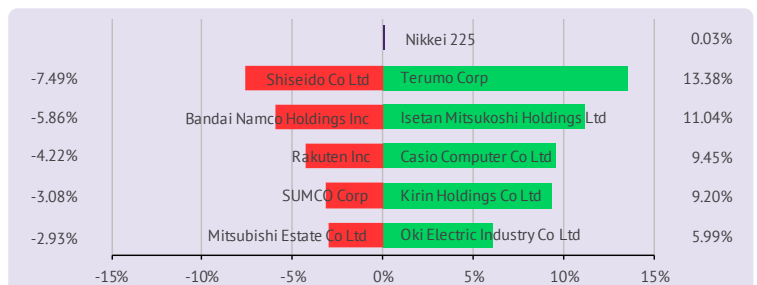
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading marginally higher at 23,337.91.



USD ZAR

USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped marginally against the South African Rand to trade at R14.7416. Later today, traders will keep a close watch on the US Michigan consumer sentiment index for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US consumer credit rose at its slowest pace since June 2018 in September. Meanwhile, the nation's initial jobless claims dropped more than market forecast to a 1-month low level in the week ended 1 November 2019. Separately, in SA, the SACCI business confidence deteriorated in October. Additionally, manufacturing production declined on a yearly basis for the fourth consecutive month in September. Moreover, gross gold & forex reserves fell in October. On the other hand, the nation's net gold & forex reserves increased in October.

GBP ZAR

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound slightly dropped against the South African Rand to trade at R18.8923. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, after two officials unexpectedly voted for an interest rate cut during the BoE's monetary policy meeting. On the macro front, UK's Halifax house prices unexpectedly declined on a monthly basis in October.

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EUR ZAR

EUR trading higher against ZAR

At 06:00 SAST, the Euro marginally climbed against the South African Rand to trade at R16.2934. Going forward, market participants will keep a tab on Germany's trade and current account balance for further cues.

The Euro weakened against the South African Rand yesterday, after the European Union (EU) Commission downgraded Eurozone's growth forecast for 2019 and 2020. On the data front, Germany's industrial production fell more than market consensus on a monthly basis in September.

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




AUD ZAR

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R10.1480. Earlier in the session, Australia's home loans climbed more than market anticipations in September. Meanwhile, in China, Australia's largest trading partner, trade surplus widened more-than-expected in October.

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	14.7416		-0.49	-1.96	-2.38	-0.23	2.76
GBPZAR	18.8923		-0.80	-2.83	-3.29	4.97	3.13
EURZAR	16.2934		-0.64	-2.96	-3.27	2.09	-1.02
AUDZAR	10.1480		-0.31	-2.19	-2.29	1.86	0.45
EURUSD	1.1052		-0.14	-1.04	-0.91	2.32	-3.64
GBPUSD	1.2815		-0.30	-1.00	-0.97	5.31	0.49
Brent (\$/barrel)	62.2		0.89	0.97	4.48	0.62	15.78
Gold (\$/oz)	1469.8		-1.79	-2.98	-3.20	3.35	14.45
Platinum (\$/oz)	909.0		-1.90	-4.19	-2.11	5.69	14.84
Copper (\$/MT)*	5966.5		1.32	2.39	3.41	1.30	0.29

*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 \$1,469.80/oz.

Yesterday, gold prices fell 1.8% to close at \$ 1,466.40 /oz, amid renewed optimism over US-China trade deal.

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Brent Crude Oil

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$62.18/bl.

Yesterday, Brent crude oil advanced 0.9% to settle at \$62.29 /bl, as US and China agreed to phase out some tariffs.

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Platinum

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.5% lower to trade at \$909.00/oz.

Yesterday, platinum prices dropped 1.9% to close at \$914.00/oz.

Major South African corporate news

Foschini Group Limited

In its 1H19 results, the company announced that revenues advanced 6.3% to ZAR18.57bn from the same period of the preceding year. Its diluted EPS stood at 530.60c, compared to 502.20c recorded in the corresponding period of the previous year. The company declared a dividend of 335.00c per share.

Major global economic news

Eurozone

The ECB, in its monthly Economic Bulletin, indicated that the Eurozone economy will continue to witness moderate but positive economic growth in the second half of the year, buoyed by private consumption and a slight growth in employment. However, risks to the global economy remain to the downside, amid a further escalation of trade disputes, uncertainties surrounding Brexit and a potentially slowdown in global economy.

The EU Commission, in its latest report, slashed its growth forecast for the Eurozone's economy to 1.1% this year and to 1.2% in 2020, citing global trade conflicts, geopolitical tensions and Brexit. Further, the Commission forecasted the region's aggregate budget deficit to rise to 0.8% in 2019 and to 0.9% in 2020 and 1.0% in 2021, up from an historic low of 0.5% of GDP in 2018. Also, it expects inflation to be at 1.2% this year and next, rising to 1.3% in 2021.

In Germany, seasonally adjusted industrial production dropped 0.6% on a monthly basis in September, more than market expectations. In the previous month, industrial production had recorded a revised rise of 0.4%.

Asia

The Reserve Bank of Australia (RBA), in its latest monetary policy statement, revealed that the Australian economy was 'gradually coming out of a soft patch'. The central bank highlighted concerns that it is running out of room to cut interest rates further and warned that additional rate cuts might backfire by affecting consumer sentiment. Further, the RBA forecasted a subdued wage growth of just 2.3% up to the end of 2021.

In Australia, seasonally adjusted home loan approvals advanced 3.6% on a monthly basis in September. Home loan approvals had advanced by a revised 2.0% in the previous month.

In China, trade surplus widened more-than-expected to USD42.81bn in October, compared to a surplus of USD39.65bn in the previous month.

UK

The BoE, in its latest monetary policy decision, kept its benchmark interest rate unchanged at 0.75%. However, two officials voted for a quarter-point rate cut, amid signs of deeper economic slowdown. However, the central bank cut its growth forecast to 1.2% for 2020 and 1.8% in 2021. Further, policymakers discussed about growing threats from Brexit and weaker global economy.

BoE Governor, Mark Carney, in his speech, hinted that a rate cut would be considered, if global and Brexit tensions do not ease. Further, he indicated that the British Prime Minister, Boris Johnson's new Brexit deal has helped to reduce some uncertainty and stated that business investment could pick up.

In the UK, the Halifax house price index unexpectedly eased 0.1% on a monthly basis in October, compared to a drop of 0.4% in the previous month.

US

In the US, consumer credit rose by USD9.51bn in September, less than market expectations and compared to a revised advance of USD17.84bn in the prior month.

In the US, seasonally adjusted initial jobless claims eased to 211.00K in the week ended 1 November 2019, more than market forecast. Initial jobless claims had recorded a revised level of 219.00K in the previous week.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	1:30	Labour Cash Earnings (YoY) (Sep)	✓✓	0.80%*	-0.20%	Monthly
Japan	1:30	Household Spending (YoY) (Sep)	✓✓	9.50%*	1.00%	Monthly
Japan	1:50	Foreign Buying Japan Bonds (01-Nov)	✓	-JPY539.80 bn*	JPY26.40bn	Weekly
Japan	1:50	Foreign Buying Japan Stocks (01-Nov)	✓	JPY420.90bn*	JPY649.30bn	Weekly
Japan	1:50	Japan Buying Foreign Bonds (01-Nov)	✓	JPY668.10bn*	-JPY1055.70bn	Weekly
Japan	1:50	Japan Buying Foreign Stocks (01-Nov)	✓	JPY381.70bn*	JPY1.40bn	Weekly
US	2:10	Fed's Bostic Speaks in New York on Monetary Policy	✓✓	-	-	As scheduled
China	5:12	Exports (YoY) (Oct)	✓✓	-0.90%*	-3.20%	Monthly
China	5:12	Trade Balance (Oct)	✓✓	USD42.81bn*	USD39.65bn	Monthly
Japan	7:00	Coincident Index (Sep) (P)	✓	99.50	99.00	Monthly
Japan	7:00	Leading Economic Index (Sep) (P)	✓✓✓	91.70	91.90	Monthly
Germany	9:00	Imports s.a. (MoM) (Sep)	✓	-	0.50%	Monthly
Germany	9:00	Trade Balance n.s.a. (Sep)	✓✓✓	-	EUR16.20bn	Monthly
Germany	9:00	Exports s.a. (MoM) (Sep)	✓	0.40%	-1.80%	Monthly
Germany	9:00	Current Account n.s.a. (Sep)	✓	EUR20.40bn	EUR16.90bn	Monthly
US	15:30	Fed's Brainard speech	✓✓	-	-	As scheduled
US	17:00	Wholesale Inventories (MoM) (Sep) (F)	✓✓✓	-0.30%	-0.30%**	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Nov) (P)	✓✓✓	95.90	95.50	Monthly
US	18:45	Fed's Daly Speaks at Conference on Economics of Climate Change	✓✓	-	-	As scheduled
US	19:00	USDA WASDE Report	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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