

ONE Minute Brief

1 November 2019

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Economic and political news

In South Africa (SA), the producer price index (PPI) advanced 4.1% on an annual basis in September, compared to a rise of 4.5% in the prior month. Annual electricity production fell 0.5% in September, compared to a drop of 2.4% in the previous month. Electricity consumption eased 1.3% on a yearly basis in September, compared to a decline of 4.7% in August. Trade surplus widened to ZAR5.16bn in September, compared to a revised surplus of ZAR4.54bn in the prior month.

Ratings agency, S&P Global Ratings, stated that government financial support for Eskom is not enough to cover its funding requirements for the next 12-18 months. However, the ratings agency indicated that the support combined with improved access to external financing, cash-flow supportive tariffs, and favourable cost trends, could help Eskom's sources of liquidity exceed projected uses for more than six months.

Ratings agency, Moody's, stated that it was looking "very carefully" at SA's fiscal stance and will release its view today.

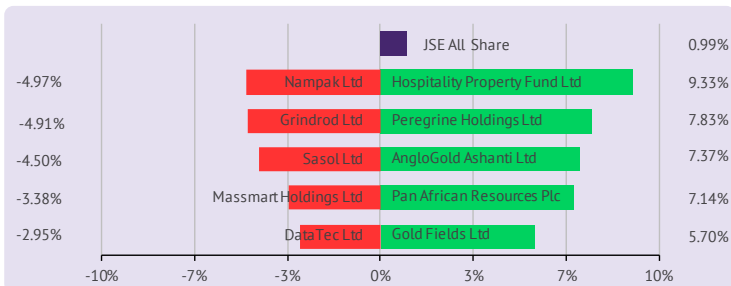
Credit ratings agency, Fitch, stated that the Medium-Term Budget Policy Statement (MTBPS) had failed to outline a clear path towards debt stabilisation.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining, industrial and resource sector stocks. Data indicated that SA's trade surplus widened more-than-expected in September. The JSE All Share Index rose 1.0% to close at 56,425.11.

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UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, amid renewed concerns over US-China trade deal and downbeat quarterly earnings from Royal Dutch Shell and Lloyds. The FTSE 100 Index declined 1.1% to close at 7,248.38. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

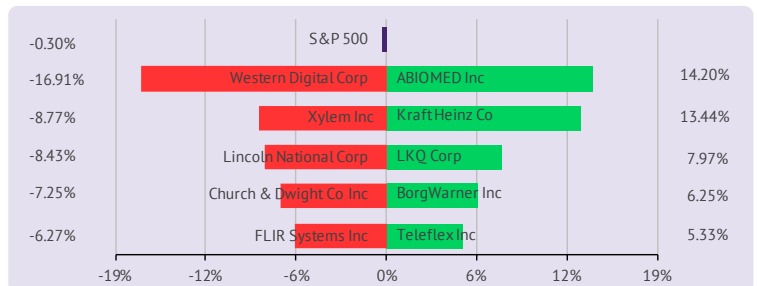
	As at 31 Oct 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56425.11	▲ 552.51	0.99	2.33	NA	2.92	6.99
JSE Top 40 (ZAR)	50168.48	▲ 539.16	1.09	2.68	NA	2.78	7.37
FTSE 100 (GBP)	7248.38	▼ -82.40	-1.12	-1.04	NA	-2.16	7.73
DAX 30 (EUR)	12866.79	▼ -43.44	-0.34	-0.21	NA	3.53	21.86
CAC 40 (EUR)	5729.86	▼ -36.01	-0.62	0.13	NA	0.92	21.12
S&P 500 (USD)	3037.56	▼ -9.21	-0.30	0.50	NA	2.04	21.17
Nasdaq Composite (USD)	8292.36	▼ -11.62	-0.14	0.60	NA	3.66	24.97
DJIA (USD)	27046.23	▼ -140.46	-0.52	0.33	NA	0.48	15.94
MSCI Emerging Markets (USD)	1041.98	▲ 0.48	0.05	0.59	NA	4.09	7.87
MSCI Developed World (USD)	2233.53	▼ -3.79	-0.17	0.48	NA	2.45	18.56

US Market ▼

US markets closed weaker

US markets closed lower yesterday, as worries over US-China trade deal resurfaced. Data showed that the US initial jobless claims rose more-than-anticipated in the week ended 25 October 2019. The S&P 500 Index dropped 0.3% to close at 3,037.56. Today, the S&P 500 futures are trading in the green.

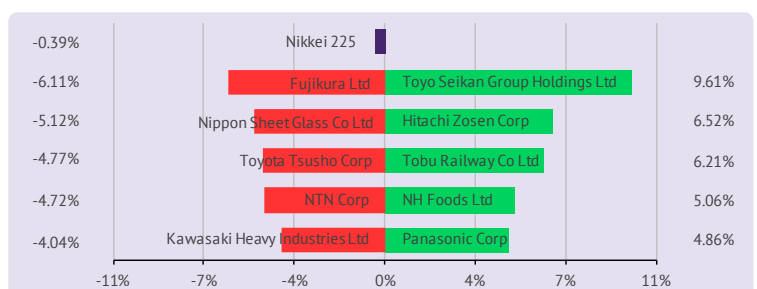
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.4% lower at 22,836.86.



USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% lower against the South African Rand at R15.0539. Later today, traders will keep a close watch on the US nonfarm payrolls, unemployment rate, the Markit and ISM manufacturing PMI along with average hourly earnings and construction spending data for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US initial jobless claims climbed more than market forecast in the week ended 25 October 2019. Additionally, the Chicago Purchasing Managers' Index (PMI) unexpectedly declined in October. On the other hand, personal income jumped in line with market expectations on a monthly basis in September. Moreover, monthly personal spending climbed in September. Separately, in SA, the PPI rose on a yearly basis in September. Additionally, the nation's trade surplus widened more than market anticipations in September. Meanwhile, annual electricity production declined in September. Moreover, electricity consumption fell on a yearly basis in the same month.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.2% against the South African Rand to trade at R19.5080. Ahead in the day, traders will keep an eye on UK's Markit manufacturing PMI for further cues.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R16.8067. With no major economic releases in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's gross domestic product (GDP) advanced more than market expectations on a quarterly basis in 3Q19. Additionally, consumer price index (CPI) climbed in line with market expectations on an annual basis in October. Meanwhile, the region's unemployment rate remained unchanged in September. Separately, Germany's retail sales increased less than market forecast on a monthly basis in September.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R10.3987. Earlier in the session, Australia's PPI advanced less than market forecast on an annual basis in 3Q19. Additionally, the AiG performance of manufacturing index dropped in October. Meanwhile, in China, Australia's largest trading partner, the Caixin manufacturing PMI unexpectedly advanced in October.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	15.0539	▲	0.63	3.24	NA	-0.23	5.26
GBPZAR	19.5080	▲	0.96	4.10	NA	4.97	6.64
EURZAR	16.8067	▲	0.64	3.92	NA	2.09	2.33
AUDZAR	10.3987	▲	0.45	4.22	NA	1.86	2.80
EURUSD	1.1164	▲	0.01	0.65	NA	2.32	-2.75
GBPUSD	1.2959	▲	0.31	0.90	NA	5.31	1.47
Brent (\$/barrel)	59.7	▲	-1.63	-3.87	NA	0.62	10.82
Gold (\$/oz)	1512.9	▼	1.21	1.02	NA	3.35	18.22
Platinum (\$/oz)	937.0	▲	0.33	0.50	NA	5.69	17.31
Copper (\$/MT)*	5769.5	▼	-1.92	-2.33	NA	1.30	-3.02

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,512.90/oz.

Yesterday, gold prices rose 1.2% to close at \$1,514.80/oz, amid weakness in the greenback and uncertainty surrounding the US-China trade deal.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$59.66/bl.

Yesterday, Brent crude oil dropped 1.6% to settle at \$59.62/bl, amid growing concerns over global economic growth and crude oil demand.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.4% to trade at \$937.00/oz.

Yesterday, platinum prices climbed 0.3% to close at \$933.70/oz.

Major South African corporate news

African Oxygen Limited

The company announced that Mr. Matthias Vogt has resigned as the group's Financial Director, with effect from 31 March 2020.

MTN Group Limited

In its 3Q19 trading update, the company indicated that group's subscribers increased quarter-on-quarter to 243.70mn. Group service revenue increased year-on-year by 9.6%, with EBITDA margin of 41.1%. The firm's asset realisation programme is progressing well, and further discussions are being held to sell 49.0% holdings in the ATC JV's in Ghana and Uganda, valued at ZAR7.00bn-ZAR8.00bn.

Blue Label Telecoms Limited

The company announced that negotiations regarding an extended national roaming agreement are advancing well regarding the transaction between Cell C and the MTN Group Limited. The firm will soon update shareholders on the finalisation of the long form agreement. Additionally, the Buffet transaction dealing with the recapitalisation of Cell C remains on track.

Sibanye Gold Limited

In its 3Q19 operating update, the company announced that after a troublesome period of eighteen-month period, it was a pleasing recovery in the operating and financial performance of the group. The group's adjusted EBITDA stood at ZAR5.50bn, as compared to ZAR1.60bn generated in the corresponding period of the previous year. Further, 3Q19 marked the fourth consecutive fatality free quarter for the company's South African gold operations.

Impala Platinum Holdings Limited

In its 1Q20 production report, the company announced that total tonnes milled stood at 5.21mn tonnes, compared with 5.34mn tonnes in the corresponding period of the previous year. Refined platinum came in at 161,000oz, compared with 207,000oz last year.

Major global economic news

US

In the US, seasonally adjusted initial jobless claims rose more-than-expected to a level of 218.00K in the week ended 25 October 2019, compared to a revised level of 213.00K in the previous week.

In the US, the Chicago Fed PMI unexpectedly fell to a level of 43.20 in October. In the previous month, the Chicago Fed PMI had recorded a level of 47.10.

In September, personal income rose 0.3% on a monthly basis in the US, meeting market forecast and compared to a revised advance of 0.5% in the prior month.

In the US, personal spending advanced 0.2% on a monthly basis in September. In the prior month, personal spending had registered a revised similar rise.

Eurozone

In the Eurozone, seasonally adjusted preliminary GDP rose 0.2% on a quarterly basis in 3Q19, more than market expectations. In the previous quarter, GDP had registered a similar rise.

In the Eurozone, the preliminary CPI rose 0.7% on a yearly basis in October, at par with market expectations. The CPI had risen 0.8% in the prior month.

In the Eurozone, the unemployment rate remained unchanged at 7.5% in September.

In Germany, retail sales rose 0.1% on a monthly basis in September, less than market expectations and compared to a revised fall of 0.1% in the previous month.

Asia

In Australia, the AiG performance of manufacturing index dropped to 51.60 in October, compared to a level of 54.70 in the prior month.

In Australia, the PPI rose 1.6% on a yearly basis in 3Q19, less than market expectations. The PPI had registered a rise of 2.0% in the prior quarter.

In China, the Caixin manufacturing PMI unexpectedly rose to 51.70 in October. The Caixin manufacturing PMI had recorded a reading of 51.40 in the previous month.

In Japan, the unemployment rate advanced to 2.4% in September, more than market expectations. In the previous month, unemployment rate stood at 2.2%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Job-To-ApPLICANT Ratio (Sep)	✓	1.57*	1.59	Monthly
Japan	01:30	Unemployment Rate (Sep)	✓✓	2.40%*	2.20%	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Oct)	✓✓✓	51.70*	51.40	Monthly
Japan	07:00	Vehicle Sales (YoY) (Oct)	✓	-	12.80%	Monthly
South Africa	11:00	PMI Manufacturing (Oct)	✓✓	-	41.60	Monthly
UK	11:30	Markit Manufacturing PMI (Oct)	✓✓✓	48.10	48.30	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Oct)	✓✓	-	-1.00%	Monthly
US	14:30	Change in Household Employment (Oct)	✓	-	391.00 K	Monthly
US	14:30	Change in Manufacturing Payrolls (Oct)	✓	-	-2.00 K	Monthly
US	14:30	Change in Private Payrolls (Oct)	✓✓	-	114.00K	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Oct)	✓✓	3.00%	2.90%	Monthly
US	14:30	Average Weekly Hours All Employees (Oct)	✓	34.40	34.40	Monthly
US	14:30	Underemployment Rate (Oct)	✓✓	7.20%	6.90%	Monthly
US	14:30	Unemployment Rate (Oct)	✓✓✓	3.60%	3.50%	Monthly
US	14:30	Change in Non-farm Payrolls (Oct)	✓✓✓	89.00K	136.00K	Monthly
US	15:45	Markit Manufacturing PMI (Oct) (F)	✓✓✓	51.50	51.50**	Monthly
US	16:00	ISM New Export Orders (Oct)	✓	-	41.00	Monthly
US	16:00	ISM Imports (Oct)	✓	-	48.10	Monthly
US	16:00	ISM Backlog Orders (Oct)	✓	-	45.10	Monthly
US	16:00	ISM Inventories (Oct)	✓	-	46.90	Monthly
US	16:00	ISM Production (Oct)	✓	-	47.30	Monthly
US	16:00	ISM New Orders (Oct)	✓	-	47.30	Monthly
US	16:00	ISM Employment (Nov)	✓	-	46.30	Monthly
US	16:00	ISM Manufacturing PMI (Nov)	✓✓✓	48.90	47.80	Monthly
US	16:00	ISM Prices Paid (Oct)	✓✓	49.90	49.70	Monthly
US	16:00	Construction Spending (MoM) (Sep)	✓✓	0.20%	0.10%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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