

ONE Minute Brief

26 November 2019

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Economic and political news

The International Monetary Fund (IMF) has warned that South Africa's (SA) economic growth will remain sluggish in 2020, if the government does not act fast to implement reforms. Further, the IMF stated that the government should create an environment that is conducive for private sector investment and take a decisive approach to implement structural reforms in order to boost economic growth.

SA Revenue Service Commissioner, Tom Moyane, has been granted permission to cross-examine Public Enterprises Minister, Pravin Gordhan, at the state capture commission of inquiry.

Citing unpaid bills, Eskom has warned that it will cut electricity supply services to the Mangaung, Mafube and Mantsopa municipalities in the Free State from next Tuesday.

Mining company, Vedanta, has warned that it might explore options outside SA to process its zinc ore unless the nation's power issues are addressed.

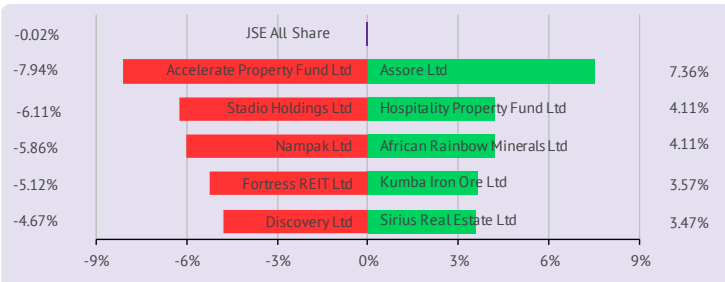
The Democratic Alliance will present 87,000 written submissions on the National Health Insurance (NHI) Bill to the parliament.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in banking and financial sector stocks. The JSE All Share Index marginally fell to close at 56,747.88.

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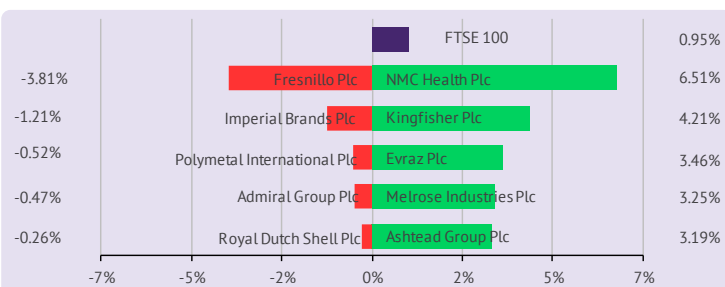


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid renewed optimism over the US-China trade deal. The FTSE 100 Index advanced 1.0% to close at 7,396.29. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

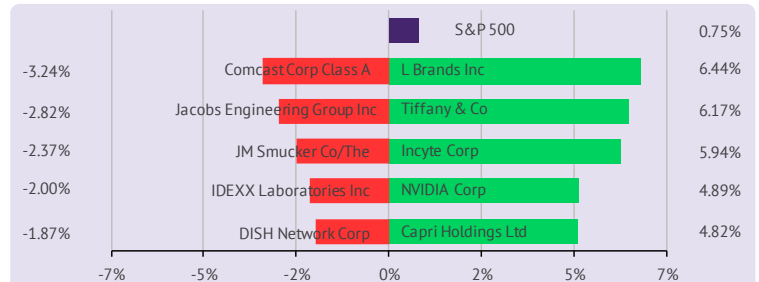
	As at 25 Nov 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56747.88	▼ -11.74	-0.02	-0.02	0.57	2.92	7.61
JSE Top 40 (ZAR)	50474.91	▼ -9.97	-0.02	-0.02	0.61	2.78	8.02
FTSE 100 (GBP)	7396.29	▲ 69.48	0.95	0.95	2.04	-2.16	9.93
DAX 30 (EUR)	13246.45	▲ 82.57	0.63	0.63	2.95	3.53	25.45
CAC 40 (EUR)	5924.86	▲ 31.73	0.54	0.54	3.40	0.92	25.24
S&P 500 (USD)	3133.64	▲ 23.35	0.75	0.75	3.16	2.04	25.00
Nasdaq Composite (USD)	8632.49	▲ 112.60	1.32	1.32	4.10	3.66	30.10
DJIA (USD)	28066.47	▲ 190.85	0.68	0.68	3.77	0.48	20.32
MSCI Emerging Markets (USD)	1053.47	▲ 4.93	0.47	0.47	1.10	4.09	9.06
MSCI Developed World (USD)	2290.65	▲ 16.76	0.74	0.74	2.56	2.45	21.59

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid rising hopes over US-China trade deal and buoyed by gains in technology sector stocks. Data revealed that the US Dallas Fed manufacturing business index unexpectedly rose in November. The S&P 500 Index climbed 0.8% to close at 3,133.64. Today, the S&P 500 futures are trading in the green.

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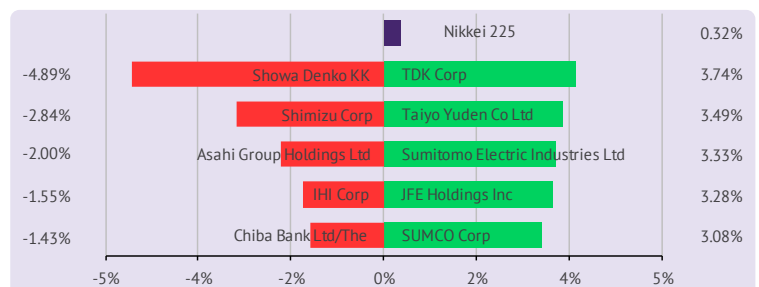


Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, amid signs of progress in the US-China trade talks. The Nikkei 225 Index is trading 0.3% higher at 23,367.74

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USD ZAR ▲

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R14.7615. Later today, traders will keep a close watch on the US consumer confidence index, goods trade balance, the Richmond Fed manufacturing index, housing price index and new home sales for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US Dallas Fed manufacturing business index unexpectedly advanced in November. Meanwhile, the Chicago Fed national activity index unexpectedly declined in October.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R19.0426. Ahead in the day, traders will keep an eye on UK's BBA mortgage approvals for further indication.

The British Pound advanced against the South African Rand yesterday, as polling data indicated Conservative Party's lead over the main opposition Labour Party in the 12 December General Election.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R16.2597. Going forward, market participants will keep a tab on Germany's GfK consumer confidence index for further cues.

The Euro strengthened against the South African Rand yesterday. Data indicated that both Germany's Ifo current assessment index and the Ifo business climate index advanced in line with market expectations in November. However, the Ifo business expectations index climbed less than market forecast in November.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R10.0089.

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	14.7615	▲	0.41	0.41	-2.15	-0.23	3.00
GBPZAR	19.0426	▲	0.87	0.87	-2.44	4.97	4.04
EURZAR	16.2597	▲	0.37	0.37	-3.35	2.09	-1.10
AUDZAR	10.0089	▲	0.32	0.32	-3.75	1.86	-1.05
EURUSD	1.1014	-	-0.06	-0.06	-1.24	2.32	-3.95
GBPUSD	1.2897	▼	0.51	0.51	-0.32	5.31	1.14
Brent (\$/barrel)	63.6	▼	0.41	0.41	6.76	0.62	18.31
Gold (\$/oz)	1461.2	▲	-0.46	-0.46	-3.82	3.35	13.70
Platinum (\$/oz)	901.3	▲	0.87	0.87	-3.57	5.69	13.13
Copper (\$/MT)*	5851.3	▲	0.23	0.23	1.42	1.30	-1.64

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,461.20/oz.

Yesterday, gold prices fell 0.5% to close at \$1,456.90/oz, amid growing prospects over the US-China trade pact.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated marginally to trade at \$63.64/bl.

Yesterday, Brent crude oil advanced 0.4% to settle at \$63.65/bl, amid renewed hopes over the US-Sino trade deal and expectations that the OPEC would extend supply cuts to mid-2020.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$901.30/oz.

Yesterday, platinum prices climbed 0.9% to close at \$900.40/oz.

Major South African corporate news

Invicta Holdings Limited

In its 1H19 results, the company announced that revenues stood at ZAR5.28bn. Its diluted EPS stood at 149.00c, compared to 13.00c recorded in the corresponding period of the previous year.

Sasol Limited

In its FY19 trading statement, the company announced that it expects its HEPS to decrease by ZAR4.65 and its EPS to decline by at least ZAR4.78 during the period.

Nampak Limited

In its FY19 trading statement, the company announced that it expects its HEPS to be between 48.50c and 57.20c, compared to 173.30c in the same period of the prior year. Further, the company expects its EPS to be between 37.10c and 45.90c, compared to 176.70c in the corresponding period of last year.

Major global economic news

Eurozone

In Germany, the Ifo current assessment index climbed to a level of 97.90 in November, in line with market expectations and compared to a reading of 97.80 in the previous month.

In November, the Ifo business expectations index rose to a level of 92.10 in Germany, less than market expectations. In the previous month, the index had registered a revised level of 91.60.

In Germany, the Ifo business climate index advanced to a level of 95.00 in November, at par with market consensus and compared to a revised level of 94.70 in the prior month.

US

In the US, the Dallas Fed manufacturing business index unexpectedly rose to a level of -1.30 in November, compared to a level of -5.10 in the prior month.

In October, the Chicago Fed national activity index unexpectedly declined to a level of -0.71 in the US. In the previous month, the index had registered a reading of -0.45.

Asia

In Japan, the leading economic index remained unchanged at a level of 91.90 in September.

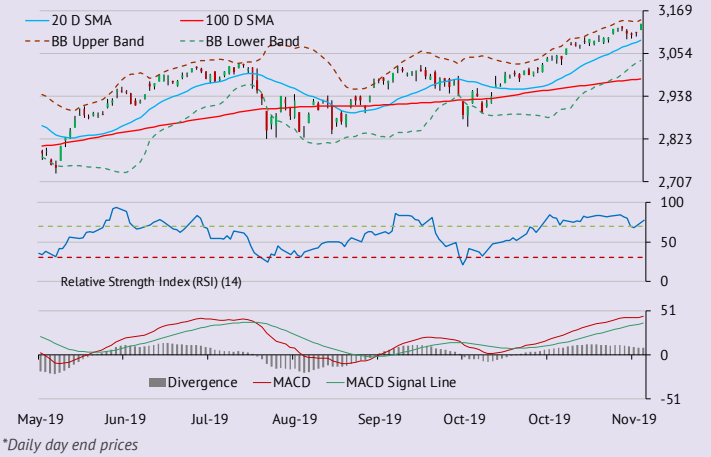
Technical snapshot

JSE All Share



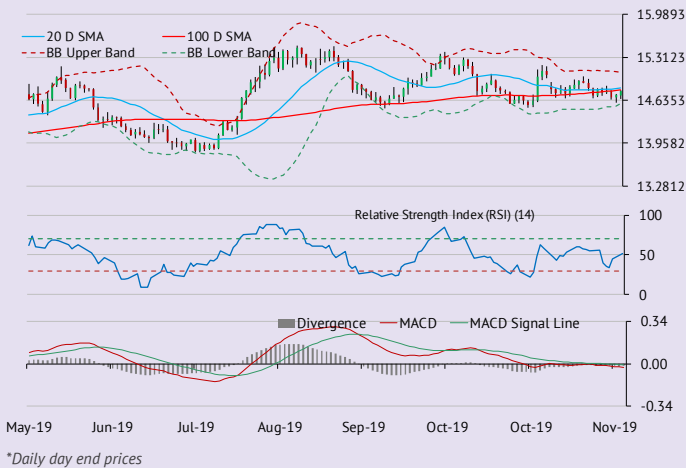
The JSE All Share index is expected to find support at 56,245.47, and a fall through could take it to the next support level of 55,743.06. The index is expected to find its first resistance at 57,316.54, and a rise through could take it to the next resistance level of 57,885.20.

S&P 500



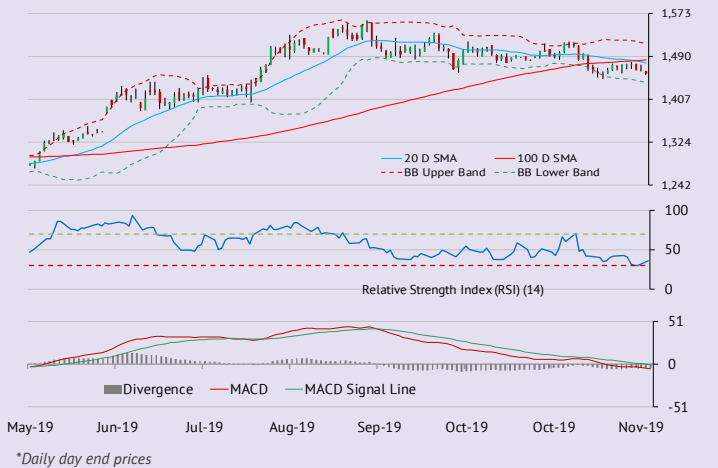
The S&P 500 index is expected to find support at 3,105.42, and a fall through could take it to the next support level of 3,077.21. The index is expected to find its first resistance at 3,147.84, and a rise through could take it to the next resistance level of 3,162.05.

USD ZAR



The pair is expected to find support at 14.6245, and a fall through could take it to the next support level of 14.4724. The pair is expected to find its first resistance at 14.8981, and a rise through could take it to the next resistance level of 15.0196.

XAU USD



Gold is expected to find support at \$1,447.47/oz, and a fall through could take it to the next support level of \$1,438.03/oz. The precious metal is expected to find its first resistance at \$1,472.77/oz, and a rise through could take it to the next resistance level of \$1,488.63/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (Oct)	✓	0.50%	0.50%	Monthly
South Africa	09:00	Leading Indicator (Sep)	✓	-	103.80	Monthly
Germany	09:00	GfK Consumer Confidence Survey (Dec)	✓✓✓	9.60	9.60	Monthly
Eurozone	10:15	ECB's Coeure, Wunsch Speak in Brussels	✓	-	-	As scheduled
Eurozone	10:15	ECB's Mersch speech	✓✓	-	-	As scheduled
Eurozone	10:15	ECB's De Guindos speech	✓✓	-	-	As scheduled
Eurozone	10:30	ECB's Lane Speaks in Luxembourg	✓	-	-	As scheduled
US	15:30	Wholesale Inventories (MoM) (Oct) (P)	✓✓✓	-0.60%	-0.40%	Monthly
US	15:55	Redbook Index (YoY) (22-Nov)	✓	-	4.10%	Weekly
US	15:55	Redbook Index s.a. (MoM) (22-Nov)	✓	-	-0.30%	Weekly
US	16:00	S&P/Case-Shiller 20 City s.a. (MoM) (Sep)	✓✓✓	-	-0.16%	Monthly
US	16:00	S&P/Case-Shiller Composite-20 (YoY) (Sep)	✓✓	-	2.03%	Monthly
US	16:00	S&P/Case-Shiller Home Price Index (Sep)	✓	-	212.06	Monthly
US	16:00	House Price Index s.a. (Sep)	✓✓	-	277.40	Monthly
US	16:00	House Price Purchase Index (QoQ) (Q3)	✓✓	-	1.00%	Quarterly
US	16:00	Housing Price Index (MoM) (Sep)	✓	0.20%	0.20%	Monthly
US	17:00	Richmond Fed Manufacturing Index (Nov)	✓	-	8.00	Monthly
US	17:00	Consumer Confidence (Nov)	✓✓✓	-	125.90	Monthly
US	17:00	New Home Sales (MoM) (Oct)	✓✓✓	1.20%	-0.70%	Monthly
US	17:00	New Home Sales (Oct)	✓✓✓	709.00 K	701.00 K	Monthly
US	20:00	Fed's Brainard Discusses Policy Framework Review	✓	-	-	As scheduled
US	-	Powell Speaks in Rhode Island After Visiting Hartford, Conn.	✓✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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