

ONE Minute Brief

3 December 2019

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Economic and political news

In South Africa (SA), the Absa Purchasing Managers' Index (PMI) dropped to 47.70 in November, compared to a level of 48.10 in the previous month. New vehicle sales declined by 5.8% to 44,738 units in November, from 47,478 vehicles sold in the same month last year.

According to documents sent to lawmakers, South African Airways has lost more than ZAR10.40bn in the past two financial years and has not made a profit since 2011.

The Competition Commission has recommended network service providers must reduce mobile data costs by between 30% and 50% within the next two months or face court action.

President, Cyril Ramaphosa, stated that SA will need around ZAR126bn to ensure future water security.

The High Court in Pretoria has ruled that former South African Airways (SAA) board chairperson, Dudu Myeni cannot change her previous admissions in the case and cannot have other SAA board members added to her case.

Johannesburg speaker, Vasco Da Gama, announced that the election of a new Johannesburg mayor is set to take place on 4 December 2019.

Key indices

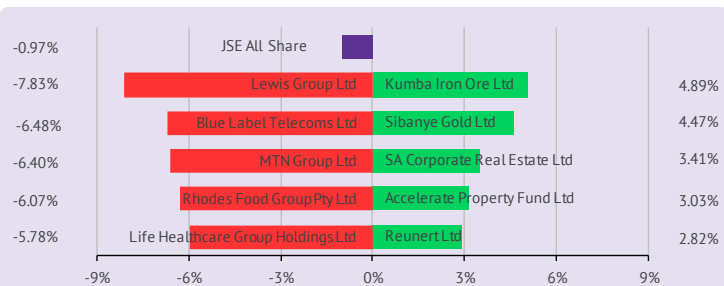
	As at 02 Dec 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54814.07	▼ -534.94	-0.97	-0.97	-0.97	-1.91	3.94
JSE Top 40 (ZAR)	48609.00	▼ -484.16	-0.99	-0.99	-0.99	-2.14	4.03
FTSE 100 (GBP)	7285.94	▼ -60.59	-0.82	-0.82	-0.82	1.35	8.29
DAX 30 (EUR)	12964.68	▼ -271.70	-2.05	-2.05	-2.05	2.87	22.78
CAC 40 (EUR)	5786.74	▼ -118.43	-2.01	-2.01	-2.01	3.06	22.32
S&P 500 (USD)	3113.87	▼ -27.11	-0.86	-0.86	-0.86	3.40	24.21
Nasdaq Composite (USD)	8567.99	▼ -97.48	-1.12	-1.12	-1.12	4.50	29.13
DJIA (USD)	27783.04	▼ -268.37	-0.96	-0.96	-0.96	3.72	19.10
MSCI Emerging Markets (USD)	1040.22	▲ 0.17	0.02	0.02	0.02	-0.19	7.69
MSCI Developed World (USD)	2276.40	▼ -15.86	-0.69	-0.69	-0.69	2.63	20.83

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in telecom sector stocks after the Competition Commission stated that mobile operators could be prosecuted if they kept overcharging for data. The JSE All Share Index fell 1.0% to close at 54,814.07.

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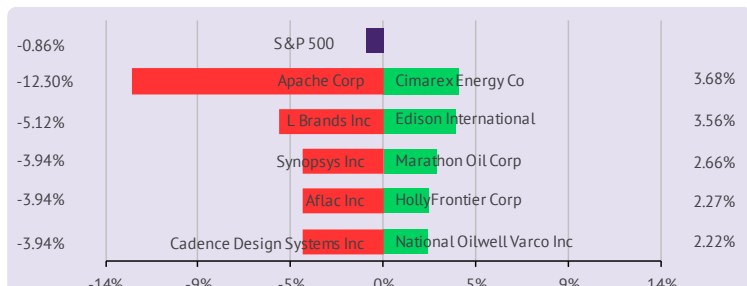


US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid dismal US manufacturing data and trade tensions. Data revealed that the US ISM manufacturing index unexpectedly dropped in December. The S&P 500 Index dropped 0.9% to close at 3,113.87. Today, the S&P 500 futures are trading in the

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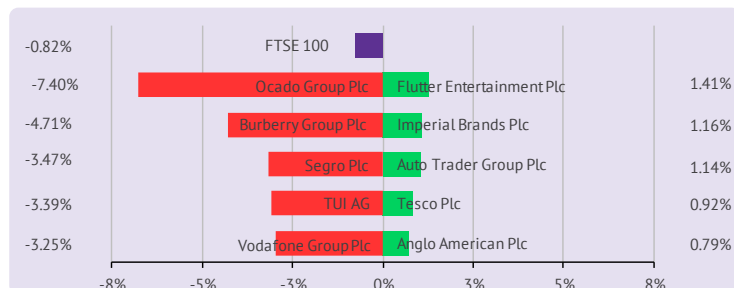
green.

UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, as the US President, Donald Trump, decided to reinstate tariffs on US steel and aluminium imports from Brazil and Argentina. The FTSE 100 Index declined 0.8% to close at 7,285.94. Today, the FTSE 100 futures are trading in positive territory.

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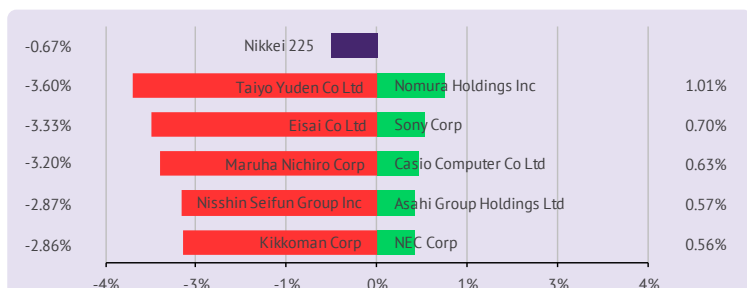


Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, as fresh tariffs by President, Donald Trump, renewed concerns about global trade tensions. The Nikkei 225 Index is trading 0.7% lower at 23,370.69.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar slightly retreated against the South African Rand to trade at R14.5379. Amid no major economic releases in the US today, investor sentiment would be determined by global macroeconomic news.

The US Dollar fell against the South African Rand yesterday, following disappointing US factory data. On the macro front, the US ISM manufacturing activity index unexpectedly dropped in December. Moreover, construction spending unexpectedly declined on a monthly basis in October. Meanwhile, the Markit manufacturing PMI jumped in November. Separately, in SA, both, the Absa PMI and new vehicle sales, declined in November.

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GBP ZAR ▲

GBP trading a tad lower against ZAR

At 06:00 SAST, the British Pound fell marginally against the South African Rand to trade at R18.8199. Ahead in the day, traders will keep an eye on UK's Markit construction PMI for further indication. Data indicated that the BRC retail sales across all sectors dropped more than market forecast on an annual basis in November.

The British Pound declined against the South African Rand yesterday, after polls showed an increasing probability that the 12 December UK general election would end in a hung parliament. Data indicated that UK's Markit manufacturing PMI declined less than market consensus in November.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R16.1025. Going forward, market participants will keep a tab on Eurozone's producer price index for further cues.

The Euro weakened against the South African Rand yesterday. Data revealed that Eurozone's Markit manufacturing PMI rose for tenth consecutive month in November. Separately, Germany's Markit manufacturing PMI climbed more than market anticipations in the same month.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R9.9418. Earlier in the session, Australia's current account surplus widened in 3Q19.

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	14.5379	▲	-0.86	-0.86	-0.86	-2.85	1.38
GBPZAR	18.8199	▲	-0.67	-0.67	-0.67	-3.00	2.74
EURZAR	16.1025	▲	-0.24	-0.24	-0.24	-4.08	-2.09
AUDZAR	9.9418	▼	0.03	0.03	0.03	-4.73	-2.03
EURUSD	1.1077	▼	0.55	0.55	0.55	-1.20	-3.38
GBPUSD	1.2942	▲	0.11	0.11	0.11	-0.13	1.45
Brent (\$/barrel)	61.1	▲	0.71	0.71	0.71	1.46	13.23
Gold (\$/oz)	1467.2	▲	-0.23	-0.23	-0.23	-3.25	14.13
Platinum (\$/oz)	900.3	▲	-0.08	-0.08	-0.08	-3.57	13.04
Copper (\$/MT)*	5862.0	▲	0.32	0.32	0.32	1.28	-1.46

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,467.20/oz.

Yesterday, gold prices fell 0.2% to close at \$1,462.30/oz, following better-than-expected manufacturing data from China.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$61.05/bl.

Yesterday, Brent crude oil advanced 0.7% to settle at \$60.92/bl, amid hopes that the Organisation of the Petroleum Exporting Countries and its allies would deepen output cuts.

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Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$900.30/oz.

Yesterday, platinum prices dropped 0.1% to close at \$899.70/oz.

Major South African corporate news

Capital & Counties Properties Plc

The company announced that it has completed the sale of its interests in Earls Court successfully with net proceeds of GBP156.00mn received and GBP211.00mn to be received over the next two years. Further, the company recently acquired the freehold interest of Sussex Mansions, 36-39 Maiden Lane for GBP17.80mn.

Vukile Property Fund Limited

In its 1H19 results, the company announced that revenues rose to ZAR1.76bn, from ZAR1.24bn in the same period of the prior year. Its diluted EPS fell 14.5% to 87.00c from the corresponding period of the last year. The company declared a dividend of 80.83c per share.

Major global economic news

US

In December, the ISM manufacturing activity index unexpectedly dropped to a level of 48.10 in the US. The ISM manufacturing activity index had recorded a level of 48.30 in the prior month.

In the US, construction spending unexpectedly declined 0.8% on a monthly basis in October. In the previous month, construction spending had recorded a revised drop of 0.3%.

In November, the final Markit manufacturing PMI advanced to a level of 52.60 in the US, compared to a level of 51.30 in the prior month. The preliminary figures had recorded an advance to a level of 52.20.

UK

In the UK, the Markit manufacturing PMI dropped to a level of 48.90 in November, less than market expectations and compared to a level of 49.60. The preliminary figures had indicated a fall to a level of 48.30.

In UK, the BRC retail sales across all sectors dropped 4.9% on an annual basis in November, more than market expectations and compared to a rise of 0.1% in the previous month.

Eurozone

In the Eurozone, the Markit manufacturing PMI advanced to a level of 46.90 in November, compared to a level of 45.90 in the prior month. Both preliminary figures and market expectations had indicated a rise to a level of 46.60.

In Germany, the Markit manufacturing PMI climbed to a level of 44.10 in November, beating market forecast and compared to a level of 42.10 in the previous month. The preliminary figures had recorded an advance to a level of 43.80.

Asia

In Australia, seasonally adjusted current account surplus widened to AUD7.90bn in 3Q19, compared to a revised surplus of AUD4.70bn in the previous quarter.

The Reserve Bank of Australia (RBA), in its latest policy meeting kept its key interest rate unchanged at 0.75%, as widely expected.

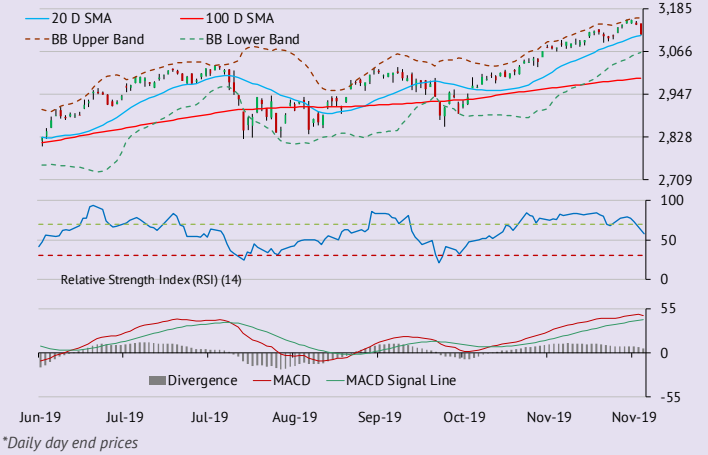
Technical snapshot

JSE All Share



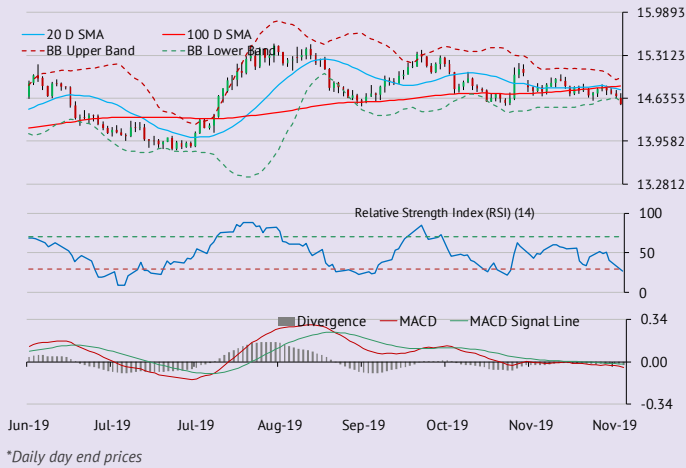
The JSE All Share index is expected to find support at 54,068.17, and a fall through could take it to the next support level of 53,322.26. The index is expected to find its first resistance at 56,232.42, and a rise through could take it to the next resistance level of 57,650.76.

S&P 500



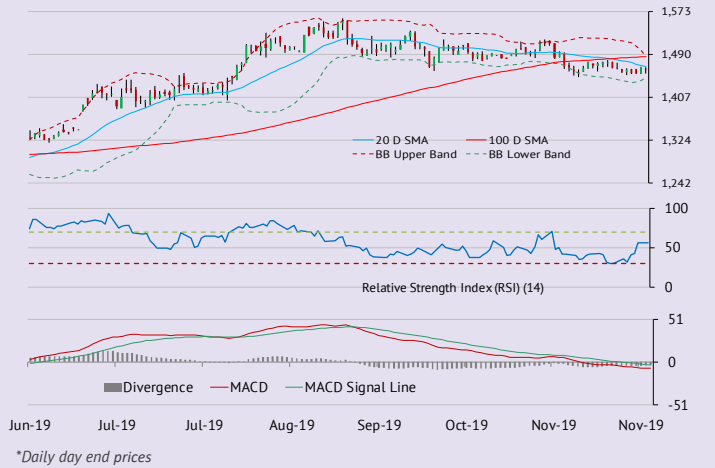
The S&P 500 index is expected to find support at 3,098.35, and a fall through could take it to the next support level of 3,082.82. The index is expected to find its first resistance at 3,141.83, and a rise through could take it to the next resistance level of 3,169.78.

USD ZAR



The pair is expected to find support at 14.4328, and a fall through could take it to the next support level of 14.3214. The pair is expected to find its first resistance at 14.7547, and a rise through could take it to the next resistance level of 14.9652.

XAU USD



Gold is expected to find support at \$1,452.87/oz, and a fall through could take it to the next support level of \$1,443.43/oz. The precious metal is expected to find its first resistance at \$1,468.47/oz, and a rise through could take it to the next resistance level of \$1,474.63/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Monetary Base (Nov)	✓✓✓	JPY517.30tn*	JPY523.00tn	Monthly
Japan	01:50	Monetary Base (YoY) (Nov)	✓	3.30%*	3.10%	Monthly
UK	02:01	BRC Sales Like-For-Like (YoY) (Nov)	✓✓✓	-4.90%*	0.10%	Monthly
Switzerland	09:30	Harmonised Index of Consumer Prices (HICP) (MoM) (Nov)	✓✓	-	-0.20%	Monthly
Switzerland	09:30	Harmonised Index of Consumer Prices (HICP) (YoY) (Nov)	✓✓	-	-0.30%	Monthly
Switzerland	09:30	Consumer Price Index (YoY) (Nov)	✓✓	-0.10%	-0.30%	Monthly
Switzerland	09:30	Consumer Price Index (MoM) (Nov)	✓✓	-0.10%	-0.20%	Monthly
France	09:45	Budget Balance (Oct)	✓	-	-EUR109.00bn	Monthly
Spain	10:00	Unemployment Change (Nov)	✓✓✓	-	97.90K	Monthly
Eurozone	10:00	ECB Executive Board Nominee Panetta Speaks in EU Parliament	✓	-	-	As scheduled
Eurozone	11:15	ECB Executive Board Nominee Schnabel Speaks in EU Parliament	✓	-	-	As scheduled
South Africa	11:30	Gross Domestic Product (QoQ) (Q3)	✓✓	0.10%	3.10%	Quarterly
South Africa	11:30	Gross Domestic Product (YoY) (Q3)	✓	0.40%	0.90%	Quarterly
UK	11:30	Markit Construction PMI (Nov)	✓✓✓	44.50	44.20	Monthly
Eurozone	12:00	Producer Price Index (MoM) (Oct)	✓✓✓	-	0.10%	Monthly
Eurozone	12:00	Producer Price Index (YoY) (Oct)	✓✓✓	-1.90%	-1.20%	Monthly
US	15:55	Redbook Index (YoY) (29-Nov)	✓	-	4.30%	Weekly
US	15:55	Redbook Index s.a. (MoM) (29-Nov)	✓	-	-0.40%	Weekly
US	-	Total Vehicle Sales (Nov)	✓	-	16.55mn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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