

ONE Minute Brief

14 January 2020

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Economic and political news

South Africa (SA) and Ethiopia have signed an agreement on the waiver of visa requirements for holders of diplomatic or official/service passports.

Economic Freedom Fighters (EFF) leader, Julius Malema, has threatened to disrupt President, Cyril Ramaphosa's State of the Nation Address (SONA), if the President does not remove Public Enterprises Minister, Pravin Gordhan. Meanwhile, National Assembly speaker, Thandi Modise and the National Council of Provinces chairperson, Amos Maseko have called Malema's threats as "irresponsible".

Former President, Jacob Zuma's lawyers will oppose an application demanding him to reappear before the Zondo Commission of Inquiry into State Capture in two weeks' time.

South African Airways (SAA) is planning to appeal against the Zimbabwe High Court's judgment ordering it to pay around ZAR13mn in outstanding meteorological weather service fees.

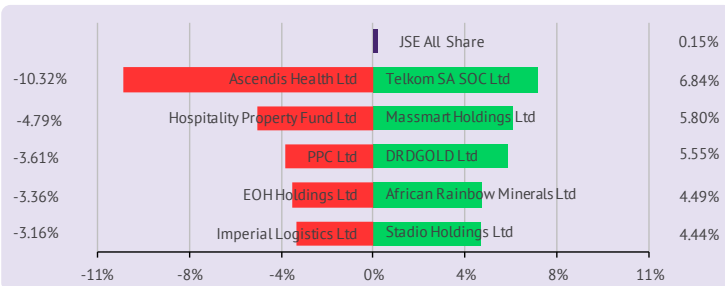
Eskom has indicated that it does not expect load shedding today.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining and resource sector stocks. The JSE All Share Index rose 0.2% to close at 57,572.72.

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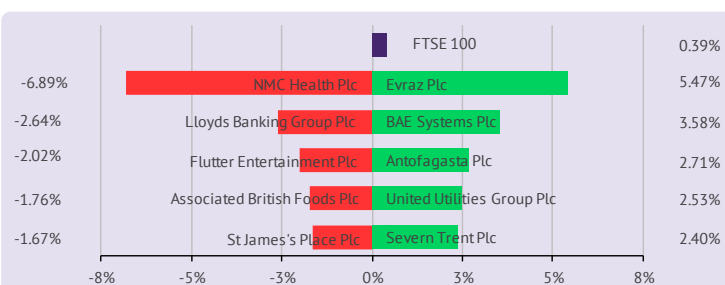


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid optimism surrounding the US-China trade deal. The FTSE 100 Index advanced 0.4% to close at 7,617.60. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

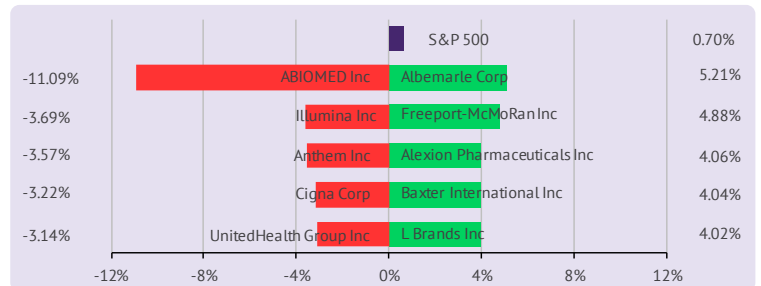
	As at 13 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	57572.72	▲	87.88	0.15	0.15	0.86	3.13	0.86
JSE Top 40 (ZAR)	51343.39	▲	97.96	0.19	0.19	1.04	3.51	1.04
FTSE 100 (GBP)	7617.60	▲	29.75	0.39	0.39	1.00	2.67	1.00
DAX 30 (EUR)	13451.52	▼	-31.79	-0.24	-0.24	1.53	0.10	1.53
CAC 40 (EUR)	6036.14	▼	-0.97	-0.02	-0.02	0.97	1.23	0.97
S&P 500 (USD)	3288.13	▲	22.78	0.70	0.70	1.78	2.86	1.78
Nasdaq Composite (USD)	9273.93	▲	95.07	1.04	1.04	3.36	3.54	3.36
DJIA (USD)	28907.05	▲	83.28	0.29	0.29	1.29	1.74	1.29
MSCI Emerging Markets (USD)	1144.00	▲	10.37	0.91	0.91	2.63	7.17	2.63
MSCI Developed World (USD)	2388.25	▲	10.63	0.45	0.45	1.26	2.89	1.26

US Market ▲

US markets closed firmer

US markets closed higher yesterday, amid news that the US is planning to remove China from a list of currency manipulating countries and ahead of corporate results. The S&P 500 Index climbed 0.7% to close at 3,288.13. Today, the S&P 500 futures are trading in the green.

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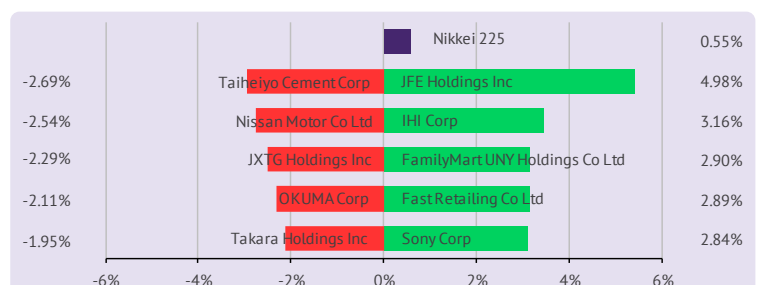


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, ahead of the signing of 'phase one' trade deal between the US and China. Data indicated that Japan's current account surplus narrowed in November. As at 6:00 SAST, the Nikkei 225 Index is trading 0.6% higher at 23,981.05

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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 R14.3883. Later today, traders will keep a close watch on the US monthly budget statement, consumer price index and the NFIB business optimism index for further direction.

The US Dollar rose against the South African Rand yesterday.

GBP ZAR ▲

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R18.6924. 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 data indicated that UK's economy grew at its weakest annual pace in more than seven years in November further raising the prospects of interest rate cuts. On the data front, Britain's manufacturing production declined more than market forecast on an annual basis in November. Moreover, industrial production fell more than market consensus on an annual basis in the same month. Additionally, Britain recorded a trade surplus in November. On the other hand, according to the NIESR gross domestic product (GDP) estimate the UK economy stagnated in the final three months of 2019.

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EUR ZAR ▲

EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R16.0236. Amid no major economic releases across the Eurozone today, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand to trade at R9.9267. Elsewhere, in China, Australia's largest trading partner, trade surplus widened less-than-expected in December.

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	14.3883	▲	0.28	0.28	2.90	-4.57	2.90
GBPZAR	18.6924	▲	-0.29	-0.29	0.81	-2.05	0.81
EURZAR	16.0236	▲	0.40	0.40	2.17	-2.82	2.17
AUDZAR	9.9267	▲	0.31	0.31	1.11	-0.77	1.11
EURUSD	1.1137	▲	0.12	0.12	-0.70	1.77	-0.70
GBPUSD	1.2991	▲	-0.57	-0.57	-2.02	2.57	-2.02
Brent (\$/barrel)	64.3	▲	-1.20	-1.20	-2.73	9.11	-2.73
Gold (\$/oz)	1539.9	▼	-0.61	-0.61	1.81	3.92	1.81
Platinum (\$/oz)	977.3	▼	-0.40	-0.40	0.61	7.89	0.61
Copper (\$/MT)*	6265.3	▲	1.51	1.51	1.89	5.23	1.89

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.7% lower to trade at \$1,539.90/oz.

Yesterday, gold prices fell 0.6% to close at \$1,550.60/oz, amid renewed optimism over the US-China trade deal and as geopolitical tensions eased.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.1% to trade at \$64.29/bl.

Yesterday, Brent crude oil declined 1.2% to settle at \$64.20/bl, as tensions between the US and Middle East faded.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped marginally to trade at \$977.30/oz.

Yesterday, platinum prices dropped 0.4% to close at \$977.30/oz.

Major South African corporate news

Massmart Holdings Limited

The company announced that it is planning to shut down 23 DionWired electronics stores along with 11 Masscash stores and retrench around 1,440 workers.

Major global economic news

UK

In the UK, GDP declined 0.3% on a monthly basis in November, compared to a revised rise of 0.1% in the previous month.

In November, manufacturing production dropped 2.0% on an annual basis in the UK, more than market expectations and compared to revised drop of 0.3% in the previous month.

In the UK, industrial production slid 1.6% on an annual basis in November, more than market anticipations. Industrial production had recorded a revised drop of 0.6% in the previous month.

In November, total trade surplus stood at GBP4.03bn in UK, compared to a revised trade deficit of GBP1.34bn in the previous month.

In the UK, the NIESR GDP estimate is expected to post zero growth in the fourth quarter of 2019.

Asia

In Japan, non-seasonally adjusted current account surplus narrowed to JPY1436.80bn in November, compared to a surplus of JPY1816.80bn in the previous month.

Japan posted a trade deficit stood of JPY2.50bn in November, less than market anticipations and compared to surplus of JPY254.00bn in the previous month.

In China, trade surplus widened to USD46.79bn in December, less than market expectations and compared to a surplus of USD37.93bn in previous month.

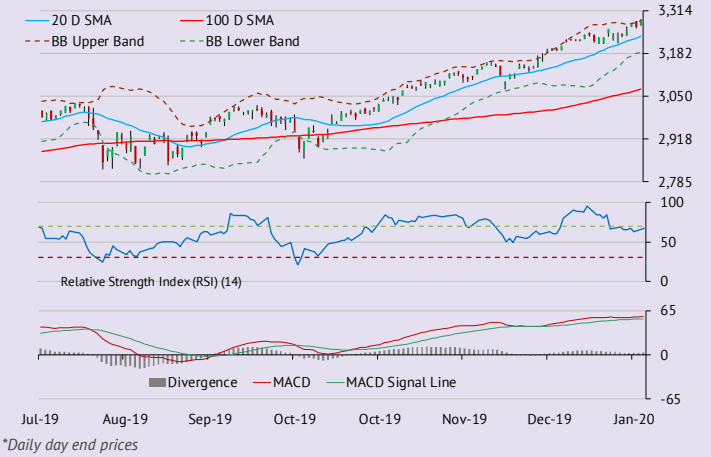
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 57,072.12, and a fall through could take it to the next support level of 56,571.52. The index is expected to find its first resistance at 57,941.01, and a rise through could take it to the next resistance level of 58,309.30.

S&P 500



The S&P 500 index is expected to find support at 3,251.00, and a fall through could take it to the next support level of 3,213.86. The index is expected to find its first resistance at 3,306.70, and a rise through could take it to the next resistance level of 3,325.26.

USD ZAR



The pair is expected to find support at 14,188.7, and a fall through could take it to the next support level of 13,971.6. The pair is expected to find its first resistance at 14,548.0, and a rise through could take it to the next resistance level of 14,690.2.

XAU USD



Gold is expected to find support at \$1,523.30/oz, and a fall through could take it to the next support level of \$1,496.00/oz. The precious metal is expected to find its first resistance at \$1,595.60/oz, and a rise through could take it to the next resistance level of \$1,640.60/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	05:00	Exports (YoY) (Dec)	✓✓	7.60%*	-1.30%	Monthly
China	05:00	Imports (YoY) (Dec)	✓✓	16.30%*	0.30%	Monthly
China	05:00	Trade Balance (Dec)	✓✓	USD46.79bn*	USD38.73bn	Monthly
Japan	01:50	Bank Lending including Trusts (YoY) (Dec)	✓	1.80%*	2.10%	Monthly
Japan	01:50	Bank Lending ex-Trust (YoY) (Dec)	✓	1.90%*	2.20%	Monthly
Japan	01:50	Adjusted Current Account Total (Nov)	✓	JPY1794.90bn*	JPY1732.20bn	Monthly
Japan	01:50	Current Account n.s.a. (Nov)	✓	JPY1436.80bn*	JPY1816.80bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Nov)	✓✓✓	-JPY2.50bn*	JPY254.00bn	Monthly
Japan	06:30	Bankruptcies (YoY) (Dec)	✓✓	-	1.39%	Monthly
Japan	07:00	Eco Watchers Survey: Current (Dec)	✓✓	36.90	39.40	Monthly
Japan	07:00	Eco Watchers Survey: Outlook (Dec)	✓✓	44.70	45.70	Monthly
South Africa	10:00	BER Consumer Confidence (Q4)	✓	-	-7.00	Quarterly
US	13:00	NFIB Small Business Optimism (Dec)	✓	103.10	104.70	Monthly
US	15:30	Consumer Price Index Core s.a. (Dec)	✓	-	265.62	Monthly
US	15:30	Consumer Price Index (MoM) (Dec)	✓✓✓	0.20%	0.30%	Monthly
US	15:30	Consumer Price Index (YoY) (Dec)	✓✓✓	2.30%	2.10%	Monthly
US	15:30	Consumer Price Index Ex Food & Energy (YoY) (Dec)	✓✓✓	2.30%	2.30%	Monthly
US	15:30	Consumer Price Index Ex Food & Energy (MoM) (Dec)	✓✓✓	0.20%	0.20%	Monthly
US	15:30	Consumer Price Index n.s.a. (MoM) (Dec)	✓	-	-0.05%	Monthly
US	15:30	Consumer Price Index n.s.a. (Dec)	✓	257.16	257.21	Monthly
US	15:55	Redbook Index (YoY) (10-Jan)	✓	-	7.20%	Weekly
US	15:55	Redbook Index s.a. (MoM) (10-Jan)	✓	-	-2.60%	Weekly
US	21:00	Fed's Williams speech	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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