

ONE Minute Brief

16 January 2020

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Economic and political news

In South Africa (SA), retail sales advanced 2.6% on an annual basis in November, compared to a revised increase of 0.4% in October.

Eskom argued in the Pretoria high court yesterday that the decision by National Energy Regulator of SA (Nersa) not to allow higher electricity tariffs had put the company and the nation's economy at risk. It requested the court to set aside the decision by Nersa to deduct ZAR69bn in bailout funds from Eskom's approved revenue. The court has reserved its judgment in the case. Meanwhile, Professor Malegapuru William Makgoba, has been appointed as interim Chairman of Eskom. Separately, the power utility has indicated that it does not expect load shedding for the rest of the week.

The remaining board members of the Nuclear Energy Corporation of SA (Necsa) resigned on Tuesday with immediate effect, citing a dysfunctional relationship with Mineral Resources and Energy Minister, Gwede Mantashe. Meanwhile, Gwede Mantashe, stated that he had not received any resignations from the board members, but would not stop them if they wished to leave.

According to the Automobile Association (AA), the price of unleaded 95 Octane petrol is expected to drop by 8 cents per litre in February, while diesel price is expected to increase by 13 cents per litre.

Key indices

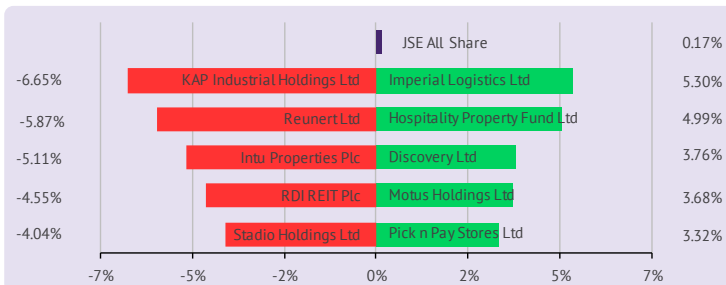
	As at 15 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58063.59	▲	96.46	0.17	1.01	1.72	1.72
JSE Top 40 (ZAR)	51835.06	▲	109.17	0.21	1.15	2.01	2.01
FTSE 100 (GBP)	7642.80	▲	20.45	0.27	0.72	1.33	1.33
DAX 30 (EUR)	13432.30	▼	-24.19	-0.18	-0.38	1.38	1.38
CAC 40 (EUR)	6032.61	▼	-8.28	-0.14	-0.07	0.91	0.91
S&P 500 (USD)	3289.29	▲	6.14	0.19	0.73	1.81	1.81
Nasdaq Composite (USD)	9258.70	▲	7.37	0.08	0.87	3.19	3.19
DJIA (USD)	29030.22	▲	90.55	0.31	0.72	1.72	1.72
MSCI Emerging Markets (USD)	1137.98	▼	-5.88	-0.51	0.38	2.09	2.09
MSCI Developed World (USD)	2392.06	▲	3.57	0.15	0.61	1.42	1.42

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, led by gains in banking, financial and gold mining sector stocks. Data indicated that SA's retail sales rose more-than-expected in November. The JSE All Share Index rose 0.2% to close at 58,063.59.

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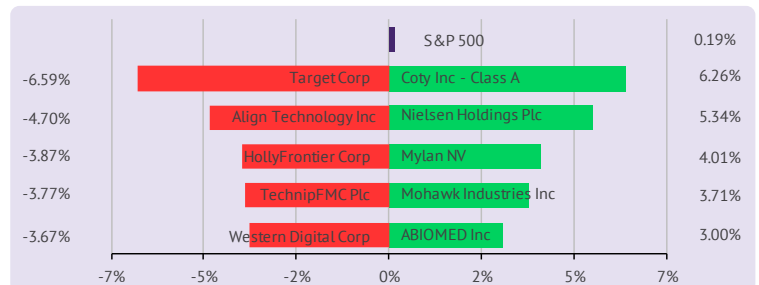


US Market ▲

US markets closed firmer

US markets closed higher yesterday, after the US President, Donald Trump, signed the Phase one trade deal with China. The S&P 500 Index climbed 0.2% to close at 3,289.29. Today, the S&P 500 futures are trading in the green.

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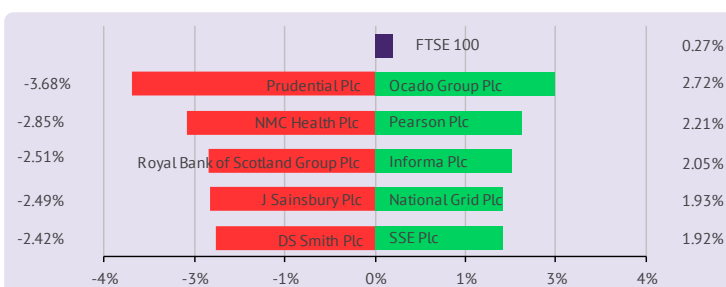


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid optimism over the signing of US-China trade deal. Data showed that UK's consumer price inflation slowed in December. The FTSE 100 Index advanced 0.3% to close at 7,642.80. Today, the FTSE 100 futures are trading in positive territory.

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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, on the back of US -China trade deal. As at 6:00 SAST, the Nikkei 225 Index is trading marginally higher at 23,926.75.

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USD ZAR

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R14.3791. Later today, traders will keep a close watch on the US initial jobless claims, retail sales, Philadelphia Fed manufacturing index and the NAHB housing market index for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US producer price index (PPI) rose in line with market anticipations on an annual basis in December. Moreover, the MBA mortgage applications climbed on a weekly basis in the week ended 10 January 2020. Additionally, the NY Empire state manufacturing index advanced in January. Separately, in SA, retail sales climbed more than market anticipations in November.

GBP ZAR

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading marginally firmer against the South African Rand at R18.7607. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news. Data showed that the RICS house price balance rose more than market forecast in December.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's consumer price inflation slowed to a three-year low in December. Additionally, the retail price index rose less-than-expected in December. Meanwhile, the DCLG house price index advanced beating market anticipations on a yearly basis in November. Additionally, the output PPI accelerated in December.

EUR ZAR

EUR trading lower against ZAR

At 06:00 SAST, the Euro slightly fell against the South African Rand to trade at R16.0378. Going forward, market participants will keep a tab on ECB President Christine Lagarde's speech and Germany's CPI for further indications.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's trade surplus narrowed in November. Moreover, the region's industrial production grew less than expected in November. Separately, Germany's gross domestic product (GDP) advanced in line with market forecast on an annual basis in 2019.









AUD ZAR

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R9.9288. Elsewhere, in China, Australia's largest trading partner, the house price index advanced in December.

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	14.3791		-0.09	0.16	2.78	-4.57	2.78
GBPZAR	18.7607		0.04	-0.04	1.06	-2.05	1.06
EURZAR	16.0378		0.07	0.41	2.18	-2.82	2.18
AUDZAR	9.9288		-0.06	0.17	0.97	-0.77	0.97
EURUSD	1.1153		0.20	0.26	-0.56	1.77	-0.56
GBPUSD	1.3048		0.15	-0.20	-1.65	2.57	-1.65
Brent (\$/barrel)	64.4		-0.76	-1.51	-3.03	9.11	-3.03
Gold (\$/oz)	1556.8		0.61	-0.39	2.03	3.92	2.03
Platinum (\$/oz)	1020.4		3.89	4.00	5.04	7.89	5.04
Copper (\$/MT)*	6252.5		-0.28	1.30	1.68	5.23	1.68

*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 \$1,556.80/oz.

Yesterday, gold prices rose 0.6% to close at \$1,554.00/oz, as concerns about the US-China trade dispute resurfaced after the US retained tariffs on some Chinese goods.

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Brent Crude Oil

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$64.42/bl.

Yesterday, Brent crude oil declined 0.8% to settle at \$64.00/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories rose by 2.5mn bls in the week ended 10 January 2020.

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Platinum

Trading in negative territory

At 06:00 SAST, platinum prices marginally dropped to trade at \$1,020.40/oz.

Yesterday, platinum prices climbed 3.9% to close at \$1020.40/oz.

Major South African corporate news

Truworths International Limited

The company, in its trading update for 26-week period ended 29 December 2019, announced that retail sales rose 1.2% to ZAR10.60bn, compared to ZAR10.50bn in the same period of the previous year. The company continued to experience challenging trading conditions in both its main markets.

Major global economic news

UK

In the UK, the consumer price index (CPI) advanced 1.3% on an annual basis in December, less than market anticipations and compared to a rise of 1.5% in the previous month.

In December, the non-seasonally adjusted output PPI climbed 0.9% on an annual basis in the UK, at par with market forecast. In the prior month, output PPI had climbed 0.5%.

In the UK, the DCLG house price index rose 2.2% on a yearly basis in November, more than market consensus and compared to a revised rise of 1.3% in the previous month.

In December, the retail price index edged up 2.2% on an annual basis in December, less than market expectations. In the previous month, the index had registered a similar rise.

In the UK, the RICS house price balance climbed -2.00 in December, more than market forecast and compared to a revised reading of -11.00 in the previous month.

Eurozone

In the Eurozone, seasonally adjusted trade surplus narrowed to EUR19.20bn in November, compared to a revised surplus of EUR24.00bn in the previous month.

In November, seasonally adjusted industrial production climbed 0.2% on a monthly basis in the Eurozone, less than market expectations and compared to a revised drop of 0.9% in the prior month.

In Germany, the non-seasonally adjusted GDP advanced 0.6% on an annual basis in 2019, in line with market forecast. In the previous year, GDP had climbed 1.5%.

US

The US Federal Reserve (Fed), in its latest Beige Book, revealed that the US economic activity reported a “modest” growth over the last six weeks of 2019. The Fed stated that employment was steady to rising modestly in most districts, while labor markets remained tight throughout the nation. Further, manufacturing activity was flat, however consumer spending was powering the economic growth. On the outlook front, the Fed expects the near-term outlook to ‘remain modestly favorable’.

In the US, the MBA mortgage applications jumped 30.2% on a weekly basis in the week ended 10 January 2020. In the previous week, mortgage applications had recorded a rise of 13.5%.

In December, the PPI rose 1.3% on an annual basis in the US, at par with market expectations and compared to a rise of 1.1% in the prior month.

In the US, the NY Empire state manufacturing index increased to a level of 4.80 in January, compared to a revised level of 3.30 in the previous month.

Asia

In China, the house price index climbed 6.6% in December, compared to 7.1% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Machinery Orders (YoY) (Nov)	✓✓	5.30%*	-6.10%	Monthly
Eurozone	09:00	EU 27 New Car Registrations (YoY) (Dec)	✓	-	4.90%	Monthly
Germany	09:00	Consumer Price Index (YoY) (Dec) (F)	✓✓✓	1.50%	1.50%**	Monthly
Germany	09:00	Consumer Price Index (MoM) (Dec) (F)	✓✓✓	0.50%	0.50%**	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Dec) (F)	✓✓✓	1.50%	1.50%**	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Dec) (F)	✓✓✓	0.60%	0.60%**	Monthly
South Africa	11:30	Gold Production (YoY) (Nov)	✓	-	-1.20%	Monthly
South Africa	11:30	Mining Production (YoY) (Nov)	✓✓	-	-2.90%	Monthly
Eurozone	14:30	ECB Monetary Policy Meeting Accounts	✓✓	-	-	As scheduled
US	15:30	Retail Sales Ex Auto & Gas (Dec)	✓✓✓	-	0.00%	Monthly
US	15:30	Retail Sales ex Autos (MoM) (Dec)	✓✓✓	0.50%	0.10%	Monthly
US	15:30	Import Price Index (MoM) (Dec)	✓	0.30%	0.20%	Monthly
US	15:30	Continuing Jobless Claims (04-Jan)	✓✓✓	1720.00K	1803.00K	Weekly
US	15:30	Philadelphia Fed Manufacturing Survey (Jan)	✓✓	3.90	0.30	Monthly
US	15:30	Retail Sales "Control Group" (MoM) (Dec)	✓✓	0.40%	0.10%	Monthly
US	15:30	Initial Jobless Claims (11-Jan)	✓✓✓	216.00K	214.00K	Weekly
US	15:30	Advance Retail Sales (MoM) (Dec)	✓✓✓	0.30%	0.20%	Monthly
US	17:00	NAHB Housing Market Index (Jan)	✓	75.00	76.00	Monthly
US	17:30	EIA Natural Gas Storage Change (10-Jan)	✓✓✓	-51.00Bcf	-44.00Bcf	Weekly
US	23:00	Total Net TIC Flows (Nov)	✓	USD51.70bn	-USD48.30bn	Monthly
US	23:00	Net Long-Term TIC Flows (Nov)	✓✓	USD34.50bn	USD32.50bn	Monthly
UK	23:30	BoE Credit Conditions Survey	✓✓	-	-	As scheduled
South Africa	-	SARB Interest Rate Decision	✓✓	6.50%	6.50%	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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