

ONE Minute Brief

9 January 2020

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Economic and political news

In South Africa (SA), the Absa Purchasing Managers' Index (PMI) dropped to 47.10 in December, compared to 47.70 in November. Meanwhile, the nation's net gold & forex reserves rose to USD44.90bn in December, compared to a level of USD44.42bn in the previous month. Additionally, gross gold & forex reserves increased to USD55.06bn in December, compared to a level of USD54.89bn in the previous month.

Eskom implemented stage-2 load shedding from yesterday evening to today morning to accommodate for daytime demand. Separately, the utility stated that it will cut emissions of three major pollutants by 2035 but wants exemptions to incoming standards in order to reduce spending.

Parliament's deputy speaker, Lechesa Tsenoli, stated that Public Protector, Busisiwe Mkhwebane's order that the speaker demand that President Cyril Ramaphosa publish all the donations he received during his ANC election campaign "has no legal basis".

Tshwane council speaker, Katlego Mathebe, declined an urgent request by the African National Congress and Economic Freedom Fighters to hold a council meeting to discuss motions of no confidence that could see the Democratic Alliance removed from power.

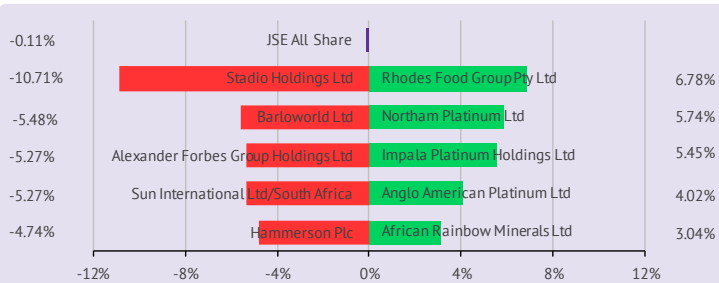
The National Treasury has published the Municipal Fiscal Powers and Functions Amendment Bill and invited public comments until 13 March.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in gold mining and industrial sector stocks. Data showed that SA's Absa PMI fell for a second consecutive month in December. The JSE All Share Index fell 0.1% to close at 57,322.33.

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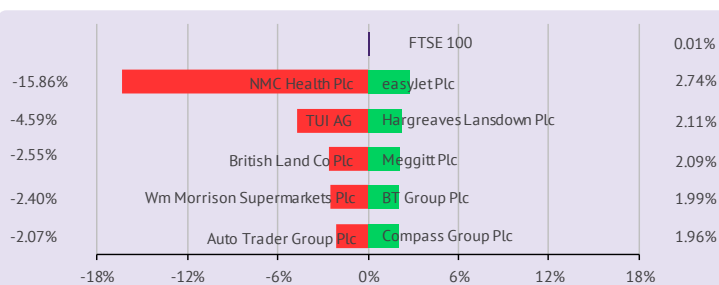


UK Market ▲

UK markets closed in the green

UK markets finished higher yesterday, amid hopes that tensions in the Middle East would not escalate further. The FTSE 100 Index marginally advanced to close at 7,574.93. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

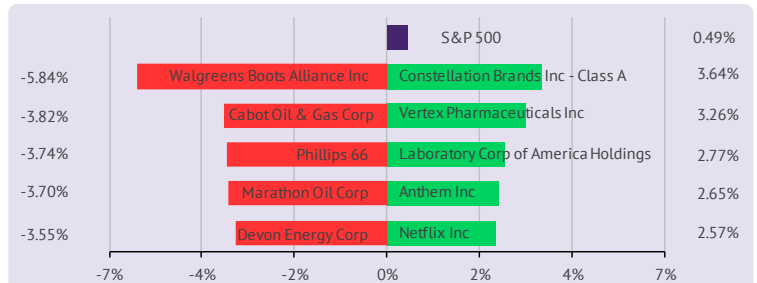
	As at 08 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57322.33	▼ -62.08	-0.11	-0.84	0.42	3.13	0.42
JSE Top 40 (ZAR)	51090.54	▼ -63.90	-0.12	-0.87	0.54	3.51	0.54
FTSE 100 (GBP)	7574.93	▲ 1.08	0.01	-0.62	0.43	2.67	0.43
DAX 30 (EUR)	13320.18	▲ 93.35	0.71	0.76	0.54	0.10	0.54
CAC 40 (EUR)	6031.00	▲ 18.65	0.31	-0.22	0.89	1.23	0.89
S&P 500 (USD)	3253.05	▲ 15.87	0.49	0.56	0.69	2.86	0.69
Nasdaq Composite (USD)	9129.24	▲ 60.66	0.67	1.20	1.75	3.54	1.75
DJIA (USD)	28745.09	▲ 161.41	0.56	0.38	0.72	1.74	0.72
MSCI Emerging Markets (USD)	1111.40	▼ -4.44	-0.40	-1.11	-0.29	7.17	-0.29
MSCI Developed World (USD)	2366.93	▲ 4.50	0.19	0.16	0.36	2.89	0.36

US Market ▲

US markets closed firmer

US markets closed higher yesterday, after US President, Donald Trump's comments on Iran attack eased worries of further escalation in the US-Iranian tensions. The S&P 500 Index climbed 0.5% to close at 3,253.05. Today, the S&P 500 futures are trading in the green.

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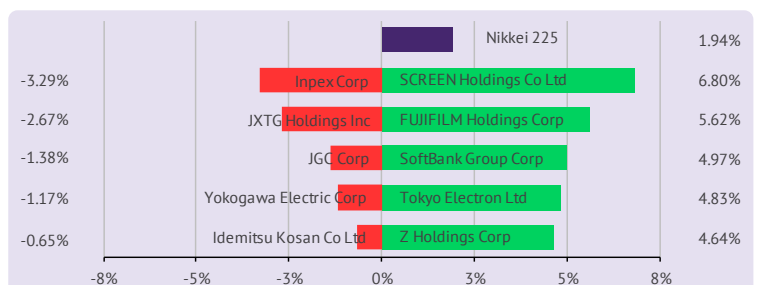


Asian Market ▲

Trading higher

Asian markets are trading higher this morning, as worries over further escalation in geopolitical risks eased. Data showed that Japan's consumer confidence index rose to a 7-month high level in December. As at 6:00 SAST, the Nikkei 225 Index is trading 1.9% higher at 23,654.63.

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USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R14.1604. Later today, traders will keep a close watch on the US initial jobless claims for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications rebounded on a weekly basis in the week ended 27 December 2019. Moreover, the ADP private sector employment advanced in December. On the other hand, consumer credit climbed less than market forecast in November. Separately, in SA, the Absa PMI eased for the second straight month in December. Meanwhile, both, gross gold & forex reserves and net gold & forex reserves increased in December.

GBP ZAR ▼

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R18.5592. Moving ahead, investors would keep an eye on the Bank of England Governor, Mark Carney's speech. Data showed that the BRC retail sales across all sectors increased less than market expectations on an annual basis in December.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's Halifax house price index rose at its fastest pace since 2013 in the October-December 2019.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R15.7378. Going forward, market participants will keep a tab on Eurozone's unemployment rate along with Germany's trade balance, current account balance and industrial production for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's final consumer confidence index declined at par with market anticipations in December. Additionally, the business climate indicator unexpectedly dropped in December. Meanwhile, the economic sentiment indicator advanced to a 3-month high level in December. Separately, Germany's seasonally adjusted factory orders fell more than market forecast on an annual basis in November.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.1% against the South African Rand to trade at R9.7308. Earlier in the session, Australia's seasonally adjusted trade surplus narrowed in November. Elsewhere, in China, Australia's largest trading partner, the consumer price index (CPI) rose less than expected on a yearly basis in December. Additionally, the producer price index (PPI) eased more than market consensus 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	14.1604	▲	-1.05	-0.98	1.15	-4.57	1.15
GBPZAR	18.5592	▼	-1.24	-0.85	-0.08	-2.05	-0.08
EURZAR	15.7378	▼	-1.46	-1.48	0.19	-2.82	0.19
AUDZAR	9.7308	▼	-1.12	-2.26	-1.18	-0.77	-1.18
EURUSD	1.1115	▲	-0.43	-0.50	-0.96	1.77	-0.96
GBPUSD	1.3107	▲	-0.22	0.11	-1.21	2.57	-1.21
Brent (\$/barrel)	65.9	▲	-4.15	-4.61	-0.85	9.11	-0.85
Gold (\$/oz)	1559.7	▼	-0.90	0.50	2.44	3.92	2.44
Platinum (\$/oz)	959.0	▼	-0.72	-2.59	-1.28	7.89	-1.28
Copper (\$/MT)*	6152.4	▲	0.41	0.79	0.05	5.23	0.05

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged slightly lower to trade at \$1,559.70/oz.

Yesterday, gold prices fell 0.9% to close at \$1,560.20/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$65.89/bl.

Yesterday, Brent crude oil declined 4.2% to settle at \$65.44/bl, as Middle East tensions eased and after the US Energy Information Administration (EIA) reported that crude oil inventories rose by 1.2mn bls for the week ended 03 January 2020.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally declined to trade at \$959.00/oz.

Yesterday, platinum prices dropped 0.7% to close at \$959.00/oz.

Major South African corporate news

Anglo American Plc

The company announced that it is in talks with Sirius Minerals to buy the UK potash mine developer for a consideration of ZAR7.24bn.

Major global economic news

Eurozone

In the Eurozone, the final consumer confidence index declined to a level of -8.10 in December, at par with market anticipations and compared to a drop of -7.20 in the prior month. The preliminary figures had also indicated a drop to -8.10.

In December, the business climate indicator unexpectedly dropped to a level of -0.25 in the Eurozone, compared to a revised level of -0.21 in the prior month.

In the Eurozone, the economic sentiment indicator rose to a level of 101.50 in December, more than market consensus and compared to a revised level of 101.20 in the previous month.

In Germany, seasonally adjusted factory orders dipped 6.5% on an annual basis in November, more than market anticipations. In the previous month, factory orders had registered a revised drop of 5.6%.

US

In the US, the MBA mortgage applications jumped 13.5% on a weekly basis in the week ended 27 December 2019. In the previous week, mortgage applications had dropped 5.3%.

In December, the ADP private sector employment advanced by 202.00K in the US, more than market anticipations and compared to a revised level of 124.00K in the previous month.

In the US, consumer credit climbed by USD12.51bn in November, less than market forecast and compared to a revised rise of USD18.98bn in the previous month.

Asia

In Japan, the consumer confidence rose to 39.10 in December, following a reading of 38.70 in the earlier month.

In Australia, seasonally adjusted trade surplus narrowed to AUD5800.00mn in November, compared to a revised surplus of AUD4075.00mn in the prior month.

In China, the CPI advanced 4.5% on a yearly basis in December, less than market expectations and compared to a similar rise in the prior month.

In December, the PPI declined 0.5% on an annual basis in China, more than market anticipations. In the previous month, the PPI had recorded a fall of 1.4%.

UK

In the UK, the Halifax house price index advanced 4.0% on an annual basis in the October-December 2019 period, more than market forecast and compared to a rise of 2.1% in the September-November 2019 period.

In December, the BRC retail sales across all sectors climbed 1.7% on an annual basis in the UK, less than market expectations. In the previous month, retail sales across all sectors had dropped 4.9%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Foreign Buying Japan Bonds (03-Jan)	✓	-JPY265.50bn*	-JPY245.50bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (03-Jan)	✓	-JPY80.80bn*	JPY171.00bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (03-Jan)	✓	-JPY192.70bn*	-JPY446.10bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (03-Jan)	✓	JPY78.30bn*	-JPY99.60bn	Weekly
UK	02:01	BRC Sales Like-For-Like (YoY) (Dec)	✓✓✓	1.70%*	-4.90%	Monthly
China	03:30	Consumer Price Index (YoY) (Dec)	✓✓✓	4.50%*	4.50%	Monthly
China	03:30	Producer Price Index (YoY) (Dec)	✓✓✓	-0.50%*	-1.40%	Monthly
China	03:30	Consumer Price Index (MoM) (Dec)	✓✓✓	0.00%*	0.40%	Monthly
Japan	04:00	Tokyo Average Office Vacancies (Dec)	✓	1.55%*	1.56%	Monthly
Germany	09:00	Trade Balance n.s.a. (Nov)	✓✓✓	-	EUR21.50bn	Monthly
Germany	09:00	Exports s.a. (MoM) (Nov)	✓	-0.50%	1.20%	Monthly
Germany	09:00	Current Account n.s.a. (Nov)	✓	EUR16.90bn	EUR22.70bn	Monthly
Germany	09:00	Industrial Production n.s.a. and w.d.a. (YoY) (Nov)	✓✓✓	-3.80%	-5.30%	Monthly
Germany	09:00	Industrial Production s.a. (MoM) (Nov)	✓✓✓	0.70%	-1.70%	Monthly
Germany	09:00	Imports s.a. (MoM) (Nov)	✓	0.20%	0.00%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Dec)	✓	-	92.70	Monthly
UK	11:30	BoE Governor Carney Speaks in London	✓	-	-	As scheduled
Eurozone	12:00	Unemployment Rate (Nov)	✓✓✓	7.50%	7.50%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Nov)	✓✓	-	-0.80%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Nov)	✓✓	-	2.70%	Monthly
US	14:30	Challenger Job Cuts (YoY) (Dec)	✓	-	-16.00%	Monthly
US	15:00	Fed's Clarida Discusses Economy, Monetary Policy in New York	✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (28-Dec)	✓✓✓	1720.00K	1728.00K	Weekly
US	15:30	Initial Jobless Claims (04-Jan)	✓✓✓	220.00K	222.00K	Weekly

Note: ✓✓✓High ✓✓Medium ✓Low

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