

# ONE Minute Brief

7 January 2020

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## Economic and political news

In South Africa (SA), the IHS Markit Purchasing Managers' Index dropped to a level of 47.60 in December, compared to 48.60 in the previous month, with all five sub-indexes recording a contraction.

Yesterday, Eskom's new Chief Executive Officer (CEO), Andre de Ruyter, took charge of the power utility, earlier than the prior start date of 15 January. Separately, Eskom COO Jan Oberholzer stated that coal-handling facilities at Medupi power station would be modified to avoid future breakdowns that have contributed towards load-shedding.

The Democratic Alliance (DA) has rejected a move by Gauteng's human settlements and co-operative governance MEC, Lebogang Maile, to place the Tshwane metro under administration, calling such plans to be flawed and baseless.

Absa Group Limited has appointed former SA Reserve Bank deputy governor, Daniel Mminele, as its new Chief Executive Officer (CEO), with effect from 15 January 2020.

## Key indices

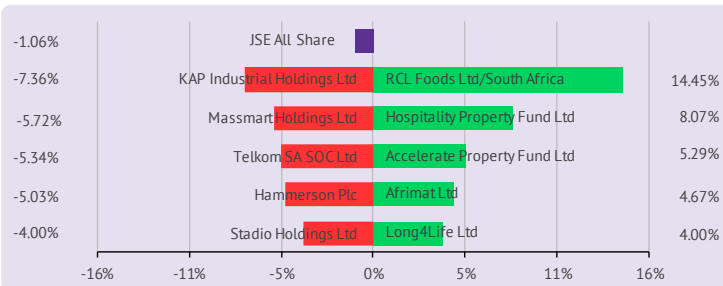
	As at 06 Jan 2020	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	57195.35	▼ -614.65	-1.06	-1.06	0.19	3.13	0.19
JSE Top 40 (ZAR)	50999.61	▼ -536.89	-1.04	-1.04	0.36	3.51	0.36
FTSE 100 (GBP)	7575.34	▼ -47.06	-0.62	-0.62	0.44	2.67	0.44
DAX 30 (EUR)	13126.99	▼ -92.15	-0.70	-0.70	-0.92	0.10	-0.92
CAC 40 (EUR)	6013.59	▼ -30.57	-0.51	-0.51	0.59	1.23	0.59
S&P 500 (USD)	3246.28	▲ 11.43	0.35	0.35	0.48	2.86	0.48
Nasdaq Composite (USD)	9071.47	▲ 50.69	0.56	0.56	1.10	3.54	1.10
DJIA (USD)	28703.38	▲ 68.50	0.24	0.24	0.58	1.74	0.58
MSCI Emerging Markets (USD)	1112.53	▼ -11.34	-1.01	-1.01	-0.19	7.17	-0.19
MSCI Developed World (USD)	2364.49	▲ 1.37	0.06	0.06	0.26	2.89	0.26

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, led by losses in platinum and resource sector stocks. Data indicated that SA's PMI contracted for the eighth straight month in December. The JSE All Share Index fell 1.1% to close at 57,195.35.

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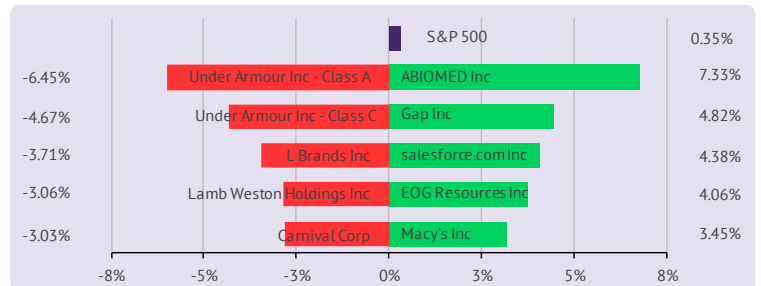


## US Market ▲

### US markets closed firmer

US markets closed higher yesterday, as investors shrugged off concerns over escalating tensions in the Middle East and boosted by gains in technology sector stocks. The S&P 500 Index climbed 0.4% to close at 3,246.28. Today, the S&P 500 futures are trading in the green.

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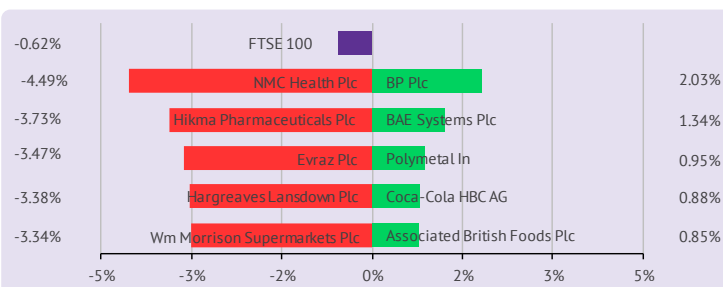


## UK Market ▼

### UK markets closed in the red

UK markets finished lower yesterday, amid rising worries over Middle East tensions. Data showed that UK's services PMI unexpectedly rose in December. The FTSE 100 Index declined 0.6% to close at 7,575.34. Today, the FTSE 100 futures are trading in positive territory.

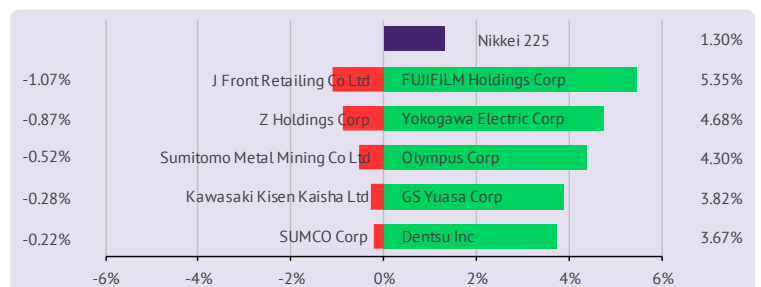
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## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. As at 6:00 SAST, the Nikkei 225 Index is trading 1.3% higher at 23,507.16.



## USD ZAR ▲

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R14.1840. Later today, traders will keep a close watch on the US trade balance, the ISM non-manufacturing PMI and factory orders for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US final Markit services PMI climbed more than market anticipations in December. Separately, SA's private sector activity contracted for the eighth straight month in December.

## GBP ZAR ▲

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand at R18.6866. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's final Markit services PMI unexpectedly rose in December.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.2% against the South African Rand to trade at R15.8745. Going forward, market participants will keep a tab on Eurozone's consumer price index and retail sales for further indications.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's final Markit services PMI expanded faster-than-initially-estimated in December. Moreover, the Sentix investor confidence index unexpectedly advanced in January, hitting its highest level since November 2018. Meanwhile producer price index (PPI) dropped for the fourth consecutive month in November. Separately, Germany's final Markit services PMI climbed more than market consensus in December. Additionally, retail sales rebounded on a monthly basis in November.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand at R9.8380.

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	14.1840	▲	-0.63	-0.63	1.51	-4.57	1.51
GBPZAR	18.6866	▲	0.02	0.02	0.80	-2.05	0.80
EURZAR	15.8745	▲	-0.33	-0.33	1.36	-2.82	1.36
AUDZAR	9.8380	▲	-0.88	-0.88	0.21	-0.77	0.21
EURUSD	1.1192	▼	0.32	0.32	-0.14	1.77	-0.14
GBPUSD	1.3174	▲	0.67	0.67	-0.65	2.57	-0.65
Brent (\$/barrel)	68.1	▼	0.45	0.45	4.41	9.11	4.41
Gold (\$/oz)	1561.2	▼	1.06	1.06	3.00	3.92	3.00
Platinum (\$/oz)	965.3	▲	-2.45	-2.45	-1.13	7.89	-1.13
Copper (\$/MT)*	6114.5	▲	0.17	0.17	-0.56	5.23	-0.56

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

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices fell 0.5% to trade at \$1,561.20/oz.

Yesterday, gold prices rose 1.1% to close at \$1,568.80/oz, as escalating tensions between the United States and Iran increased demand for the safe haven asset.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 1.2% to trade at \$68.09/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$68.91/bl, amid heightened geopolitical tensions in the Middle East.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.5% higher to trade at \$965.30/oz.

Yesterday, platinum prices dropped 2.5% to close at \$960.40/oz.

## Major South African corporate news

### EOH Holdings Limited

The company announced that its Chairperson, Dr. Xolani Humphrey Mkhwanazi, passed away on 4<sup>th</sup> January 2020. As a result, the company has appointed current EOH lead independent Non-Executive Director, Andrew Mthembu as interim Chairperson while the process to appoint a new Chairperson continues.

## Major global economic news

### Eurozone

In the Eurozone, the final Markit services PMI climbed to a level of 52.80 in December, more than market forecast and compared to a level of 51.90 in the previous month. The preliminary figures had recorded a rise to 52.40.

In the Eurozone, the PPI dropped 1.4% on an annual basis in November, less than expected and compared to a decline of 1.9% in the previous month.

In January, the Sentix investor confidence index unexpectedly rose to a level of 7.60 in the Eurozone. In the previous month, the index had registered a level of 0.70.

In Germany, the final Markit services PMI advanced to a level of 52.90 in December, beating market anticipations and compared to a level of 51.70 in the previous month. The preliminary figures had indicated a rise to 52.00.

In November, retail sales increased 2.1% on a monthly basis in Germany, compared to a drop of 1.9% in the previous month.

### US

In the US, the final Markit services PMI increased to a level of 52.80 in December, more than market expectations and compared to a level of 51.60 in the previous month. The preliminary figures had indicated an advance to 52.20.

### UK

In the UK, the final Markit services PMI unexpectedly advanced to a level of 50.00 in December, compared to a level of a level of 49.30 in the previous month. The preliminary figures had indicated a fall of 49.00.

### Asia

In Japan, the Jibun Bank services PMI unexpectedly declined to 49.40 in December, compared to a level of 50.30 in the prior month.

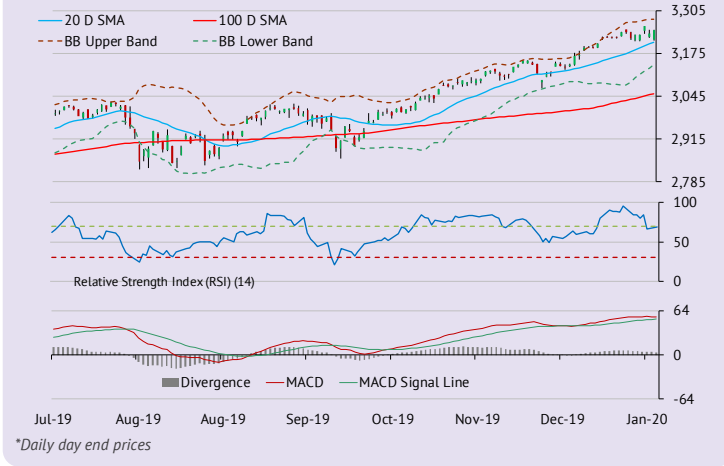
## Technical snapshot

### JSE All Share



The JSE All Share index is expected to find support at 56,820.78, and a fall through could take it to the next support level of 56,446.21. The index is expected to find its first resistance at 57,751.05, and a rise through could take it to the next resistance level of 58,306.75.

### S&P 500



The S&P 500 index is expected to find support at 3,219.49, and a fall through could take it to the next support level of 3,192.71. The index is expected to find its first resistance at 3,265.60, and a rise through could take it to the next resistance level of 3,284.93.

### USD ZAR



The pair is expected to find support at 13.9721, and a fall through could take it to the next support level of 13.7326. The pair is expected to find its first resistance at 14.4117, and a rise through could take it to the next resistance level of 14.6118.

### XAU USD



Gold is expected to find support at \$1,527.23/oz, and a fall through could take it to the next support level of \$1,485.67/oz. The precious metal is expected to find its first resistance at \$1,600.63/oz, and a rise through could take it to the next resistance level of \$1,632.47/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Monetary Base (Dec)	✓✓✓	JPY518.20tn*	JPY17.30tn	Monthly
Japan	01:50	Loans & Discounts Corp (YoY) (Nov)	✓	2.02%*	7.10%	Monthly
Japan	01:50	Monetary Base (YoY) (Dec)	✓	3.20%*	3.30%	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Dec)	✓✓✓	48.60*	49.80	Monthly
Japan	02:30	Nikkei Japan Services PMI (Dec)	✓✓	49.40*	50.30	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Dec) (P)	✓✓✓	-	-0.30%	Monthly
Eurozone	12:00	Retail Sales Index s.a. (Nov)	✓✓	-	108.80	Monthly
Eurozone	12:00	Retail Sales (YoY) (Nov)	✓✓✓	1.30%	1.40%	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Dec) (P)	✓✓✓	1.30%	1.30%	Monthly
Eurozone	12:00	Retail Sales (MoM) (Nov)	✓✓✓	0.60%	-0.60%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Nov)	✓	-	-2.10%	Monthly
South Africa	13:00	Electricity Production (YoY) (Nov)	✓	-	-1.90%	Monthly
US	15:30	Trade Balance (Nov)	✓✓✓	-USD49.00bn	-USD47.20bn	Monthly
US	15:55	Redbook Index (YoY) (03-Jan)	✓	-	7.80%	Weekly
US	15:55	Redbook Index s.a. (MoM) (03-Jan)	✓	-	-2.80%	Weekly
US	17:00	Cap Goods Orders Nondef Ex Air (Nov) (F)	✓	-	0.10%**	Monthly
US	17:00	Cap Goods Ship Nondef Ex Air (Nov) (F)	✓	-	-0.30%**	Monthly
US	17:00	Durable Goods Orders (Nov) (F)	✓✓✓	-	-2.00%**	Monthly
US	17:00	Durable Goods Orders ex Transportation (Nov) (F)	✓✓	-	0.00%**	Monthly
US	17:00	ISM Non-Manufacturing PMI (Dec)	✓✓✓	54.50	53.90	Monthly
US	17:00	Factory Orders (MoM) (Nov)	✓✓✓	0.20%	0.30%	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Dec)	✓	-	-5.80%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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