

ONE Minute Brief

1 November 2018

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Economic and political news

South Africa (SA) posted a trade deficit of ZAR2.95bn in September, compared to a revised surplus of ZAR8.77bn in August.

Cape Town Mayor, Patricia de Lille, has announced her resignation as both Mayor of Cape Town and as a member of the Democratic Alliance (DA).

Public Protector, Busisiwe Mkhwebane, stated that Home Affairs Minister, Malusi Gigaba violated the Constitution and the Executive Ethics Code by lying in court. Meanwhile, SA's anti-graft, ombudsman has given President, Cyril Ramaphosa, 20 days to take disciplinary action against Gigaba.

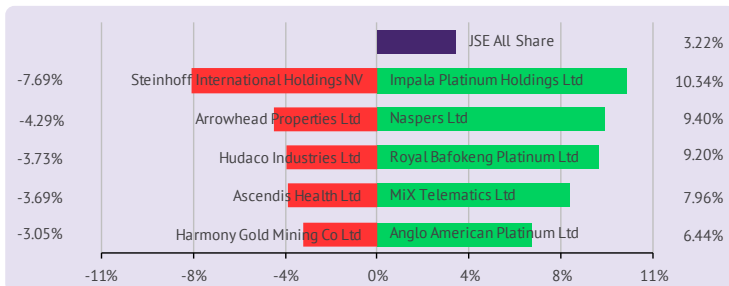
According to the Automobile Association (AA), petrol price is expected to drop by about 16c per litre in November, while prices of diesel and illuminating paraffin are expected to increase by about 30c per litre. Separately, Energy Minister, Jeff Radebe announced that the proposal to cap the price of 93 octane petrol would be finalised by the end of January 2019.

Former African National Congress Treasurer-General, Zweli Mkhize, has denied knowledge of a ZAR2mn donation the party received from VBS Mutual Bank during his tenure at Luthuli House.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, helped by gains in platinum mining, industrial and resources sector stocks. Data revealed that SA posted a trade deficit in September. The JSE All Share Index rose 3.2% to close at 52,388.87.



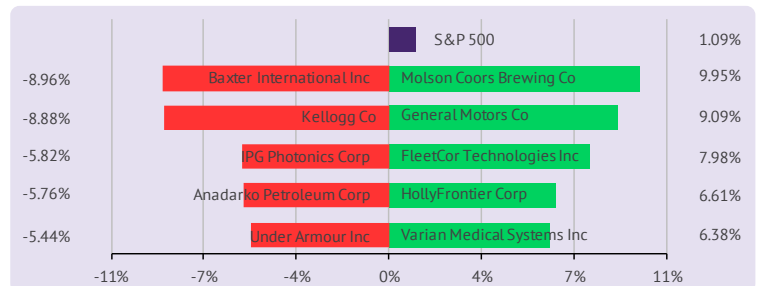
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	52388.87	▲	1632.28	3.22	3.05	NA	-5.96	-11.96
JSE Top 40	46141.22	▲	1606.65	3.61	3.34	NA	-6.82	-12.17
FTSE 100	7128.10	▲	92.25	1.31	2.72	NA	-5.09	-7.28
DAX 30	11447.51	▲	160.12	1.42	2.20	NA	-6.53	-11.38
CAC 40	5093.44	▲	114.91	2.31	2.54	NA	-7.28	-4.12
S&P 500	2711.74	▲	29.11	1.09	2.00	NA	-6.94	1.43
Nasdaq Composite	7305.90	▲	144.25	2.01	1.94	NA	-9.20	5.83
DJIA	25115.76	▲	241.12	0.97	1.73	NA	-5.07	1.60
MSCI Emerging Markets	955.92	▲	19.62	2.10	1.74	NA	-8.78	-17.48
MSCI Developed World	2021.98	▲	24.80	1.24	2.02	NA	-7.42	-3.87

US Market ▲

The S&P 500 futures are trading in the green

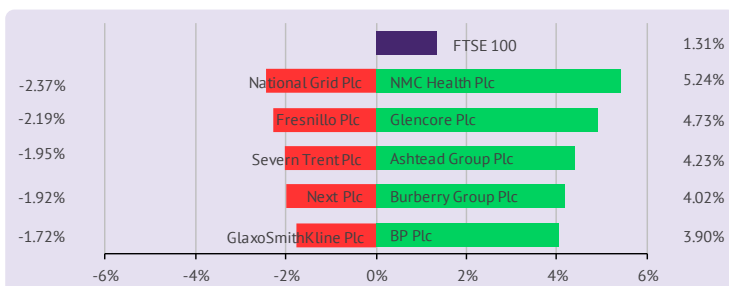
US markets closed higher yesterday, boosted by strong earnings report and amid gains in consumer discretionary and energy sector stocks. Data indicated that the US ADP employment change unexpectedly rose in October. The S&P 500 Index climbed 1.1% to close at 2,711.74.



UK Market ▲

The FTSE 100 futures are trading in negative territory

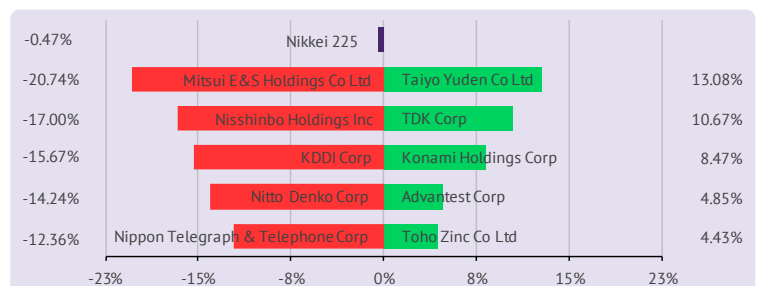
UK markets finished higher yesterday, amid upbeat corporate results and supported by gains in energy and financial sector stocks. The FTSE 100 Index advanced 1.3% to close at 7,128.10.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data showed that Japan's manufacturing PMI dropped in October. The Nikkei 225 Index is trading 0.5% lower at 21,816.88.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.4% against the South African Rand to trade at R14.7302. Later today, traders will keep a close watch on the US Markit manufacturing PMI, initial jobless claims, ISM manufacturing and construction spending data for further indication.

The US Dollar rose against the South African Rand yesterday. On the macroeconomic front, the US ADP employment change recorded an unexpected rise in October. In contrast, the nation's MBA mortgage applications registered a decline in the week ended 26 October 2018. Additionally, the Chicago purchasing managers index registered a decline in October. Separately, SA unexpectedly posted a trade deficit in September.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.4% firmer against the South African Rand at R18.9332. Ahead in the day, traders will keep an eye on the Bank of England's interest rate decision along with UK's manufacturing PMI and the Nationwide house price index for further direction.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand to trade at R16.7136. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the data front, the Eurozone's consumer price index (CPI) advanced in line with market forecast on an annual basis in October. Further, unemployment rate recorded an unchanged reading in September. Separately, Germany's monthly retail sales recorded a less-than-anticipated rise in September.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% firmer against the South African Rand at R10.5041. Earlier in the session, Australia's AiG performance of manufacturing index dropped in October. Meanwhile, the nation's the CBA manufacturing PMI recorded an advance in October. Additionally, trade surplus widened more than market forecast in September. Meanwhile, in China, Australia's largest trading partner, the manufacturing PMI surprisingly climbed in October.

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	14.7302	▼	1.31	1.28	NA	4.56	19.41
GBPZAR	18.9332	▲	1.69	0.69	NA	2.35	12.81
EURZAR	16.7136	▼	1.00	0.45	NA	1.89	12.58
AUDZAR	10.5041	▲	0.75	0.94	NA	2.26	8.13
EURUSD	1.1346	▲	-0.29	-0.80	NA	-2.52	-5.77
GBPUSD	1.2853	▲	0.47	-0.48	NA	-2.03	-5.53
Brent (\$/barrel)	74.7	▼	-1.15	-3.32	NA	-9.30	12.22
Gold (\$/oz)	1219.3	▲	-0.84	-1.42	NA	1.97	-7.20
Platinum (\$/oz)	846.1	▲	0.48	1.63	NA	2.97	-9.76
Copper (\$/MT)*	6036.5	▼	-0.66	-2.75	NA	-3.62	-16.24

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,219.30/oz.

Yesterday, gold prices fell 0.8% to close at \$1,215.00/oz, as strength in the US Dollar dented demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.5% lower to trade at \$74.67/bbl, on signs of increasing supply and growing concerns that demand might weaken on the prospect of a global economic slowdown.

Yesterday, Brent crude oil dropped 1.2% to settle at \$75.04/bbl, after the US Energy Information Administration reported that crude oil inventories advanced by 3.2mn bls in the week ended 26 October 2018, recording its fifth consecutive gain.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$846.10/oz.

Yesterday, platinum prices climbed 0.5% to close at \$843.00/oz.

Major South African corporate news

BHP Billiton Plc

The company announced that it has completed the sale of its interests in the Eagle Ford, Haynesville and Permian Onshore US oil and gas assets to BP America Production Company for a gross consideration of USD10.50bn. BP paid one-half of the gross consideration at completion, with the balance being payable in six equal instalments over a six-month period. Net proceeds of the sale of BHP's entire interests in the Eagle Ford, Haynesville, Permian and Fayetteville Onshore US assets are USD10.40bn.

Impala Platinum Holdings Limited

In its 1Q19 production report, the company revealed a 9.0% improvement in lost-time injury frequency rate from the end of FY18. The company achieved its highest first quarter mill tonnage of 3.15mn tonnes since FY13. Gross tonnes milled increased by 1.9% to 6.87mn tonnes compared with the same period of the preceding year. Further, gross refined platinum production during the quarter advanced by 8.2% to 369,000.00oz compared to the corresponding period of the previous year.

Major global economic news

Asia

In Australia, the AiG performance of manufacturing index fell to a level of 58.30 in October. The index had recorded a reading of 59.00 in the previous month.

In Australia, the CBA manufacturing PMI rose to a level of 54.5 in October, compared to a reading of 54.3 in the previous month.

In Australia, seasonally adjusted trade surplus widened more-than-expected to AUD3017.00mn in September, following a surplus of AUD1604.00mn in the previous month.

In China, the Markit manufacturing PMI index unexpectedly rose to a level of 50.10 in October. The Markit manufacturing PMI index had recorded a level of 50.00 in the previous month.

In Japan, the final manufacturing PMI registered a drop to 52.90 in October, compared to a reading of 52.50 in the previous month. The preliminary figures had indicated a rise to 53.10.

US

In the US, the ADP employment change unexpectedly rose to a level of 227K in October, compared to a revised reading of 218K in the prior month.

In the US, the MBA mortgage applications registered a drop of 2.5% on a weekly basis in the week ended 26 October 2018. In the prior week, the MBA mortgage applications had recorded a rise of 4.9%.

In the US, the Chicago Fed purchasing managers index recorded a drop to 58.40 in October, more than market expectations. The index had recorded a level of 60.40 in the previous month.

Eurozone

In the Eurozone, the flash CPI rose 2.2% on an annual basis in October, at par with market expectations. In the prior month, the CPI had recorded a rise of 2.1%.

In the Eurozone, unemployment rate remained unchanged at 8.1% in September, at par with market expectations.

In Germany, retail sales advanced 0.1% on a monthly basis in September, less-than-expected and compared to a drop of 0.1% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nomura/ JMMMA Manufacturing PMI (Oct) (F)	✓✓✓	52.90*	53.10**	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Oct)	✓✓✓	50.10*	50.00	Monthly
Japan	07:00	Vehicle Sales (YoY) (Oct)	✓	-	-3.10%	Monthly
UK	09:00	Nationwide House Prices n.s.a. (YoY) (Oct)	✓✓	1.90%	2.00%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Oct)	✓✓✓	0.20%	0.30%	Monthly
South Africa	11:00	PMI Manufacturing (Oct)	✓✓	44.00	43.20	Monthly
UK	11:30	Markit Manufacturing PMI (Oct)	✓✓✓	53.00	53.80	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Sep)	✓	-	1.20%	Monthly
South Africa	13:00	Electricity Production (YoY) (Sep)	✓	-	-0.40%	Monthly
US	13:30	Challenger Job Cuts (YoY) (Oct)	✓	-	70.90%	Monthly
UK	14:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.75%	0.75%	As scheduled
UK	14:00	Monetary Policy Summary	✓✓✓	-	-	As scheduled
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
UK	14:30	BOE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (20-Oct)	✓✓✓	1640.00K	1636.00K	Weekly
US	14:30	Initial Jobless Claims (27-Oct)	✓✓✓	212.00K	215.00K	Weekly
US	15:45	Markit Manufacturing PMI (Oct) (F)	✓✓✓	55.80	55.90**	Monthly
US	16:00	ISM Employment (Oct)	✓	-	58.80	Monthly
US	16:00	Construction Spending (MoM) (Sep)	✓✓	0.00%	0.10%	Monthly
US	16:00	ISM Manufacturing PMI (Oct)	✓✓✓	59.00	59.80	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Oct)	✓	-1.70%	-1.90%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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formerly Grant Thornton Capital

a GTC @Grant Thornton, The Wanderers Office Part,
52 Corlett Drive, Illovo, 2196
p P O Box 55118, Illovo, 2118

t +27 (0) 10 597 6800
f +27 (0) 10 597 6801
w www.gtc.co.za

GTC (Pty) Ltd.
reg. no. 1996/001488/07
Directors: G.K. Mockler, F.Dildar

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