

ONE Minute Brief

8 November 2018

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Economic and political news

In South Africa (SA), the SACCI business confidence index rose to 95.8 in October, compared to a reading of 93.3 in September. Net gold & forex reserves fell to USD42.19bn in October, compared to a level of USD42.23bn in September. Gross gold & forex reserves eased to USD50.17bn in October, compared to USD50.39bn in September.

The Electoral Commission (IEC) of SA announced that the 2019 parliamentary elections are likely to be held in May. However, President, Cyril Ramaphosa will decide the final date, as he wanted the vote before the end of May.

The South African Reserve Bank (SARB) warned that billions of dollars in fines owed by MTN and Standard Bank to Nigerian regulators could increase the risk to the country's financial system.

Eskom has approved a plan to cut executives jobs in order to bring down operating costs.

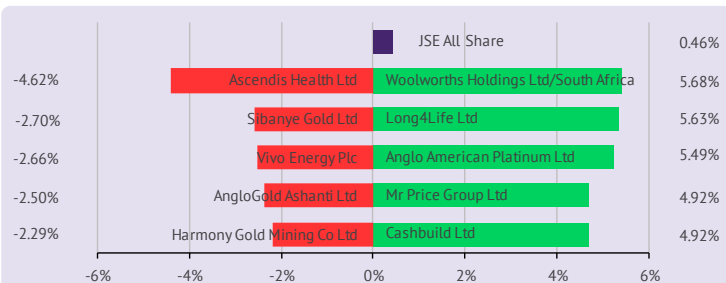
The National Union of Metalworkers of South Africa (NUMSA) is opposing the government's decision to sell its stake in Denel.

Public Enterprises Minister, Pravin Gordhan is under investigation by Public Protector, Busisiwe Mkhwebane and has been called to appear before her next week.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in retail and banking sector stocks. Data showed that SA's business confidence index advanced in October. The JSE All Share Index rose 0.5% to close at 54,700.64.



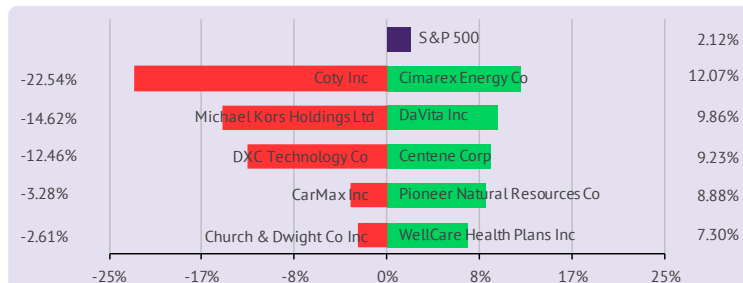
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	54700.64	▲	250.09	0.46	0.79	4.41	-5.96	-8.07
JSE Top 40	48295.92	▲	171.89	0.36	0.73	4.67	-6.82	-8.07
FTSE 100	7117.28	▲	76.60	1.09	0.33	-0.15	-5.09	-7.42
DAX 30	11579.10	▲	94.76	0.83	0.52	1.15	-6.53	-10.36
CAC 40	5137.94	▲	62.75	1.24	0.70	0.87	-7.28	-3.29
S&P 500	2813.89	▲	58.44	2.12	3.34	3.77	-6.94	5.25
Nasdaq Composite	7570.75	▲	194.79	2.64	2.91	3.63	-9.20	9.67
DJIA	26180.30	▲	545.29	2.13	3.60	4.24	-5.07	5.91
MSCI Emerging Markets	997.92	▲	5.66	0.57	0.12	4.39	-8.78	-13.86
MSCI Developed World	2084.45	▲	33.80	1.65	2.34	3.09	-7.42	-0.90

US Market ▲

The S&P 500 futures are trading in the red

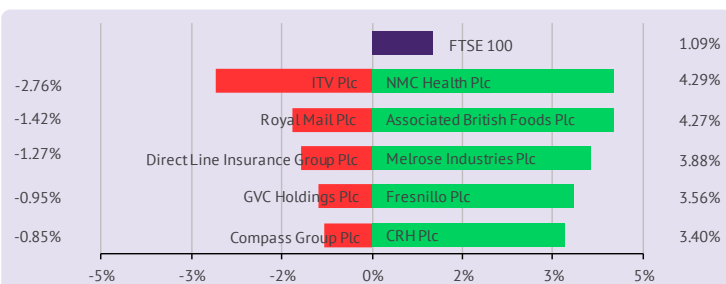
US markets closed higher yesterday, after the US midterm election results came in as expected and following positive comments from President, Donald Trump. The S&P 500 Index climbed 2.1% to close at 2,813.89.



UK Market ▲

The FTSE 100 futures are trading in negative territory

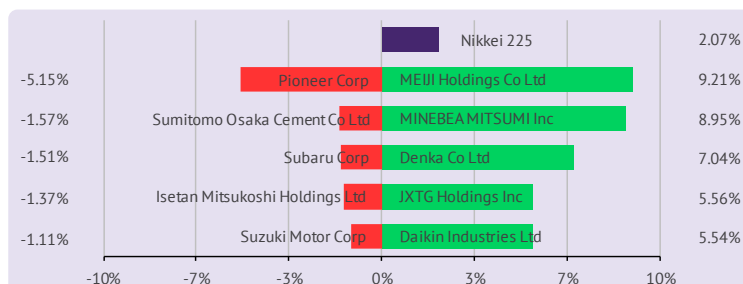
UK markets finished higher yesterday, as risk appetite returned among investors, following the outcome of US midterm elections. The FTSE 100 Index advanced 1.1% to close at 7,117.28.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. Data showed that Japan posted a trade surplus in September. The Nikkei 225 Index is trading 2.1% higher at 22,543.38.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.2% against the South African Rand to trade at R13.9294. Later today, traders will keep a close watch on the FOMC rate decision and the US initial jobless claims for further direction.

The US Dollar fell against the South African Rand yesterday, following the outcome of US midterm election. Data indicated that the US MBA mortgage applications registered a decline to a four-year low level in the week ended 2 November 2018. Further, consumer credit advanced less than market forecast in September. Separately, in SA, the business confidence index climbed in October, recording its second consecutive advance. Meanwhile, the nations' gross gold & forex reserves dropped in October. Additionally, net gold forex reserves fell in the same month.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R18.2844. Data revealed UK's RICS house price balance recorded a drop in October, marking its lowest level since September 2012.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's Halifax house price index rose more than market anticipations on a monthly basis in October.

EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R15.9196. Going forward, market participants will keep a tab on the European Central Bank's economic bulletin along with Germany's trade and current account balance figures for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, the Eurozone's retail sales recorded a flat reading on a monthly basis in September. Separately, Germany's construction PMI fell in October. Meanwhile, the nations' monthly industrial production unexpectedly advanced for a second consecutive month in September.

AUD ZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.3% against the South African Rand to trade at R10.1426.

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	13.9294	▲	-1.46	-2.75	-5.96	4.56	12.29
GBPZAR	18.2844	▲	-1.26	-1.63	-3.24	2.35	9.16
EURZAR	15.9196	▲	-1.47	-2.43	-4.99	1.89	6.96
AUDZAR	10.1426	▲	-1.06	-1.66	-3.18	2.26	4.69
EURUSD	1.1428	▲	-0.01	0.33	1.01	-2.52	-4.82
GBPUSD	1.3126	=	0.21	1.20	2.82	-2.03	-2.86
Brent (\$/barrel)	72.0	▼	-0.08	-1.04	-3.96	-9.30	7.78
Gold (\$/oz)	1225.1	▼	0.20	-0.37	1.13	1.97	-6.16
Platinum (\$/oz)	875.3	▼	0.84	0.35	4.25	2.97	-5.93
Copper (\$/MT)*	6171.0	▼	-0.21	-2.34	2.23	-3.62	-14.37

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped 0.3% to trade at \$1,225.10/oz.

Yesterday, gold prices rose 0.2% to close at \$1,228.70/oz, as the US Dollar weakened, after the US midterm election results.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.1% to trade at \$72.02/bl, as increase in the US crude output raised concerns of a return of global oversupply.

Yesterday, Brent crude oil dropped 0.1% to settle at \$72.07/bl, after the Energy Information Administration reported that domestic crude supplies rose by 5.8mn bls in the week ended 2 November 2018, marking its seventh consecutive rise.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.4% lower to trade at \$875.30/oz.

Yesterday, platinum prices climbed 0.8% to close at \$878.8/oz.

Major South African corporate news

Telkom SA SOC Limited

The company announced that it has signed a roaming and facilities agreement with Vodacom South Africa (Vodacom) commencing from 1 December 2018. The roaming agreement covers 2G, 3G, and 4G which would include seamless handover between Telkom and Vodacom networks. The facilities leasing agreement would allow Telkom to use Vodacom towers, antennas and shelters to build out its own network.

Major global economic news

Eurozone

In the Eurozone, seasonally adjusted retail sales recorded a flat reading on a monthly basis in September. Retail sales had recorded a drop of 0.2% in the previous month.

In Germany, the construction PMI recorded a drop to a level of 49.8 in October, compared to a reading of 50.2 in the previous month.

In Germany, seasonally adjusted industrial production registered an unexpected rise of 0.2% on a monthly basis in September, compared to a drop of 0.3% in the prior month.

Asia

In Japan, machinery orders registered a more-than-expected decline of 18.3% on a monthly basis in September. Machinery orders had registered a rise of 6.8% in the prior month.

In Japan, non-seasonally adjusted current account surplus narrowed to JPY1821.60bn in September, compared to a surplus of JPY1838.40bn in the previous month.

Japan posted a (BOP basis) trade surplus of JPY323.30bn in September, less than market expectations and compared to a deficit of JPY219.30bn in the previous month.

UK

In the UK, (RICS) house price balance fell to 10.0% in October. House price balance had recorded a drop of 2.0% in the previous month.

In the UK, the Halifax house price index advanced more-than-expected 0.7% on a monthly basis in October, compared to a drop of 1.3% in the prior month.

US

In the US, the MBA mortgage applications eased 4.0% on a weekly basis in the week ended 2 November 2018. In the prior week, the MBA mortgage applications had recorded a drop of 2.5%.

In the US, consumer credit rose USD10.92bn in September, less than market expectations. In the previous month, consumer credit had recorded a revised rise of USD22.88bn.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Bank Lending including Trusts (YoY) (Oct)	✓	2.20%*	2.30%	Monthly
Japan	01:50	Bank Lending ex-Trust (YoY) (Oct)	✓	2.20%*	2.30%	Monthly
Japan	01:50	Machinery Orders (MoM) (Sep)	✓	-18.30%*	6.80%	Monthly
Japan	01:50	BoJ Summary of Opinions	✓	-	-	As scheduled
Japan	01:50	Machinery Orders (YoY) (Sep)	✓✓	-7.00%*	12.60%	Monthly
Japan	01:50	Adjusted Current Account Total (Sep)	✓	JPY1334.00bn*	JPY1428.80bn	Monthly
Japan	01:50	Current Account n.s.a. (Sep)	✓	JPY1821.60bn*	JPY1838.40bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Sep)	✓✓✓	JPY323.30bn*	-JPY219.30bn	Monthly
UK	02:01	RICS Housing Price Balance (Oct)	✓✓✓	-10.00%*	-2.00%	Monthly
Japan	04:00	Tokyo Average Office Vacancies (Oct)	✓	2.20%*	2.33%	Monthly
Germany	09:00	Current Account n.s.a. (Sep)	✓	EUR21.00bn	EUR15.30bn	Monthly
Germany	09:00	Trade Balance n.s.a. (Sep)	✓✓✓	EUR20.00bn	EUR17.20bn	Monthly
South Africa	11:30	Gold Production (YoY) (Sep)	✓	-	-15.50%	Monthly
South Africa	11:30	Mining Production (YoY) (Sep)	✓✓	-3.40%	-9.10%	Monthly
Eurozone	12:00	European Commission Updates Its Economic Forecasts	✓	-	-	As scheduled
South Africa	13:00	Manufacturing Production Index (YoY) (Sep)	✓✓	1.90%	1.30%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Sep)	✓✓	-0.30%	0.10%	Monthly
Eurozone	15:00	ECB's Villeroy de Galhau speaks at conference in Lyon	✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (27-Oct)	✓✓✓	1634.00K	1631.00K	Weekly
US	15:30	Initial Jobless Claims (03-Nov)	✓✓✓	213.00K	214.00K	Weekly
Eurozone	16:15	ECB's Coeure Speaks in Berlin	✓	-	-	As scheduled
US	21:00	Fed Interest Rate Decision	✓✓✓	2.25%	2.25%	As scheduled
US	21:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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