

# ONE Minute Brief

12 November 2018

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## Economic and political news

South African Reserve Bank's Prudential Authority announced that it has imposed administrative sanctions on HSBC's Johannesburg branch for non-compliance and fined the branch ZAR15mn.

The National Union of Metalworkers of South Africa (NUMSA) has demanded that South Africa's (SA) government must urgently inject at least ZAR7bn into state-owned defence group, Denel. Separately, Denel has fired its Chief Financial Officer, Odwa Mhlwana, with immediate effect, after he was found guilty of all disciplinary charges relating to irregular expenditure.

The high court in Pretoria has ordered former President, Jacob Zuma, to pay his own legal costs of reviewing former Public Protector, Thuli Madonsela's remedial action for the institution of the state capture inquiry.

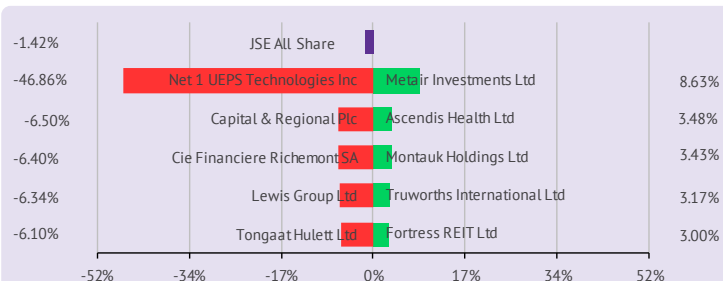
The South African Municipal Workers' Union (Samwu) is considering taking legal action against municipal managers' salary increases.

Former Mayor of Limpopo's Capricorn District Municipality (CDM), Gilbert Kganyago, has been suspended as the SA Communist Party's (SACP) Provincial Secretary, following recent revelations that he was linked to the VBS Mutual Bank scandal.

## South Africa Market ▼

### South African markets closed lower

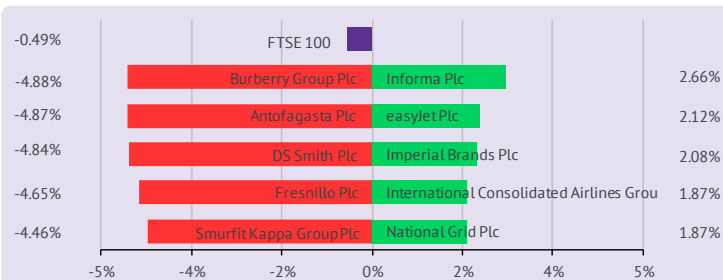
South African markets closed in the red on Friday, amid disappointing corporate news and weighed down by losses in industrial and resources sector stocks. The JSE All Share Index fell 1.4% to close at 53,295.35.



## UK Market ▼

### The FTSE 100 futures are trading in positive territory

UK markets finished lower on Friday, amid weakness in banking and mining sector stocks. UK's quarterly gross domestic product (GDP) rose as expected in 3Q18. The FTSE 100 Index fell 0.5% to close at 7,105.34.



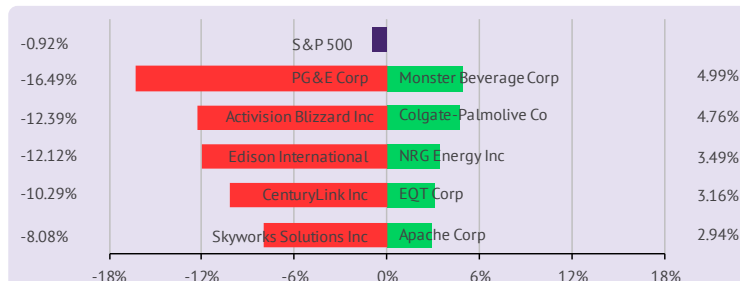
## Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	53295.35	▼ -769.47	-1.42	NA	1.73	-5.96	-10.44
JSE Top 40	46897.28	▼ -741.25	-1.56	NA	1.64	-6.82	-10.73
FTSE 100	7105.34	▼ -35.34	-0.49	NA	-0.32	-5.09	-7.58
DAX 30	11529.16	▲ 1.84	0.02	NA	0.71	-6.53	-10.75
CAC 40	5106.75	▼ -24.70	-0.48	NA	0.26	-7.28	-3.87
S&P 500	2781.01	▼ -25.82	-0.92	NA	2.55	-6.94	4.02
Nasdaq Composite	7406.90	▼ -123.98	-1.65	NA	1.38	-9.20	7.29
DJIA	25989.30	▼ -201.92	-0.77	NA	3.48	-5.07	5.14
MSCI Emerging Markets	976.17	▼ -17.35	-1.75	NA	2.12	-8.78	-15.73
MSCI Developed World	2063.16	▼ -19.31	-0.93	NA	2.04	-7.42	-1.92

## US Market ▼

### The S&P 500 futures are trading in the green

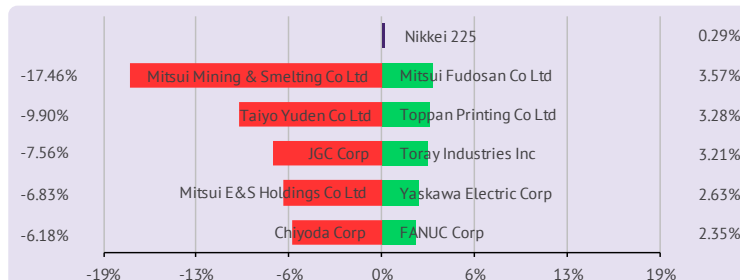
US markets closed lower on Friday, on global growth concerns and led by losses in technology and energy sector stocks. Data revealed that the US annual producer price index (PPI) advanced more-than-expected in October. The S&P 500 Index dropped 0.9% to close at 2,781.01.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.3% higher at 22,314.78.



## USD ZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.3% against the South African Rand to trade at R14.3106. Amid no major economic news in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar rose against the South African Rand on Friday. On the macro front, the US PPI accelerated more than market forecast on an annual basis in October, notching its highest level in six years. Meanwhile, the nation's the Michigan consumer sentiment index recorded a drop in November.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.9% against the South African Rand to trade at R18.5103. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic factors.

The British Pound advanced against the South African Rand on Friday. On the data front, UK's GDP advanced in line with market expectations to its highest level in two years on a quarterly basis in the third quarter of 2018. Additionally, trade deficit narrowed more-than-anticipated in September. Moreover, manufacturing production registered a more-than-expected rise on a monthly basis in September. Also, construction output climbed more than market forecast on a monthly basis in September. Meanwhile, industrial production recorded a flat reading on a monthly basis in the same month.

## EUR ZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.4% weaker against the South African Rand at R16.2079. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic events.

The Euro strengthened against the South African Rand on Friday.

## AUD ZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R10.3485.

The Australian Dollar rose against the South African Rand on Friday.

## Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.3106	▼	1.58	NA	-2.90	4.56	15.95
GBPZAR	18.5103	▼	1.16	NA	-0.98	2.35	11.70
EURZAR	16.2079	▼	1.35	NA	-2.66	1.89	9.59
AUDZAR	10.3485	▼	1.12	NA	-0.73	2.26	7.34
EURUSD	1.1325	▼	-0.24	NA	0.21	-2.52	-5.57
GBPUSD	1.2935	▼	-0.69	NA	1.61	-2.03	-4.00
Brent (\$/barrel)	71.1	▲	-0.67	NA	-6.48	-9.30	4.95
Gold (\$/oz)	1211.3	▲	-1.35	NA	-0.53	1.97	-7.69
Platinum (\$/oz)	859.3	▲	-1.64	NA	1.54	2.97	-8.37
Copper (\$/MT)*	6078.5	▼	-1.52	NA	0.70	-3.62	-15.66

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,211.30/oz.

On Friday, gold prices fell 1.4% to close at \$1,208.60/oz, amid continued strength in the greenback, following the US Federal Reserve's hawkish comments.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 1.2% higher to trade at \$71.05/bl, after top crude oil exporter, Saudi Arabia announced a cut in December crude oil supply.

On Friday, Brent crude oil dropped 0.7% to settle at \$70.18/bl, as rising crude output from key producers, including Saudi Arabia, Russia and the US raised worries over a potential increase in global supplies. Baker Hughes reported that US oil rig count rose by 12 to 886 in the week ended 9 November 2018, recording its biggest increase since the week ended 25 May 2018.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$859.30/oz.

On Friday, platinum prices declined 1.6% to close at \$856.00/oz.

## Major South African corporate news

### Cie Financiere Richemont SA

In its 1H18 results, the company announced that its revenues rose to ZAR106.91bn, compared to ZAR84.29bn posted in the corresponding period of the previous year. Its diluted EPS increased 143.0% to 6.26c, compared to the same period of the prior year.

### Gold Fields Limited

In its operational update for the quarter ended 30 September 2018, the company reported that gold production increased by 1.0% to 1,539.00 kilograms. Total underground tonnes mined decreased by 2.0% from 326,000.00 tonnes in the June quarter to 319,000.00 tonnes in the September quarter. Ore tonnes mined advanced by 15.0% to 277,000.00 tonnes, while underground waste mined decreased by 50.0% to 42,000.00 tonnes. The decline in underground waste was due to the temporarily suspension of the New Mine Development, in order to curtail capital expenditure to reduce cash deficits in the business.

### Life Healthcare Group Holdings Limited

In its FY18 trading statement, the company indicated that it expects HEPS to be between 104.50c and 112.20c, which is 35.0% to 45.0% higher compared to the same period of the previous year. Further, the company expects EPS to be in the range of 103.90c to 110.10c, which is 67.0% to 77.0% higher compared to the corresponding period of the preceding year.

### Net 1 UEPS Technologies Inc

In its 1Q19 results, the company announced that its revenues declined 17.0% from the same period of the preceding year to USD125.88mn. Its diluted loss per share stood at USD0.09, compared to a diluted EPS of \$0.34 recorded in the corresponding period of the previous year.

### Tiger Brands Limited

In its FY18 trading statement, the company revealed that it expects HEPS to be between 539.00c and 647.00c, i.e. 25.0% to 30.0% lower compared to the same period of the preceding year. Its EPS is expected to be in the range of 370.00c to 462.00c, which is 20.0% to 25.0% lower compared to the corresponding period of the previous year.

### Tongaat Hulett Limited

In its 1H18 trading statement, the company revealed that it expects operating profit to be ZAR530.00mn, which is 64.0% lower compared to ZAR1,471.00bn recorded in the same period of the previous year. Further, the company expects a headline loss per share of 74.00c, which is 113.0% lower compared to the HEPS in the corresponding period of the preceding year. The company expects a loss per share of 94.00c, which is 115.0% lower compared to the EPS recorded during the comparative period of the prior year.

## Major global economic news

### UK

In the UK, preliminary GDP registered a rise of 0.6% on a quarterly basis in 3Q18, meeting market forecast and compared to an advance of 0.4% in the previous quarter.

In the UK, non-EU trade deficit narrowed more-than-expected to GBP2.34bn in September, compared to a revised deficit of GBP4.56bn in the previous month.

In the UK, construction output advanced 1.7% on an annual basis in September, more-than-expected and compared to a revised drop of 0.3% in the previous month.

In September, industrial production remained flat on a monthly basis in the UK.

In the UK, manufacturing production recorded a rise of 0.2% on a monthly basis in September, more than market forecasts. Manufacturing production had dropped by a revised 0.1% in the prior month.

### US










In the US, the PPI rose 2.9% on a yearly basis in October, more than market expectations. In the previous month, the PPI had registered a rise of 2.6%.

In the US, the preliminary Michigan consumer sentiment index eased to 98.30 in November. The index had recorded a reading of 98.60 in the previous month.

## 40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Anglo American Platinum Ltd	51594	7.04	7.06	48.73
Murray & Roberts Holdings Ltd	1700	-0.76	0.06	44.77
Clover Industries Ltd	1805	3.62	9.86	44.52
EPP NV	2086	0.29	0.77	34.88
Lewis Group Ltd	3264	-6.37	3.78	32.24
Emira Property Fund Ltd	1595	2.90	7.05	30.27
Anglo American Plc	31153	-2.42	-1.30	27.66
Telkom SA SOC Ltd	5694	4.61	6.13	23.98
BHP Billiton Plc	29258	-1.86	-1.44	23.70
Santam Ltd	31365	-1.21	1.01	21.13
PSG Konsult Ltd	1020	1.49	-3.77	19.06
Stenprop Ltd	2117	0.33	-2.40	16.40
Reunert Ltd	7780	-4.82	-2.45	15.25
Octodec Investments Ltd	1960	3.19	6.71	14.85
RCL Foods Ltd	1700	3.03	1.49	14.47
Hudaco Industries Ltd	15767	5.54	12.17	13.66
Sasol Ltd	47296	-1.15	-2.28	13.36
South32 Ltd	3576	-4.59	-7.09	10.81
Mondi Ltd	32991	-4.00	-6.51	10.79
JSE Ltd	16444	-0.33	0.27	10.55
Mondi Plc	32769	-4.33	-6.84	10.35
Clicks Group Ltd	19450	-0.26	3.46	9.33
ArcelorMittal South Africa Ltd	423	7.91	11.02	9.30
African Oxygen Ltd	2950	1.72	1.51	9.14
Transaction Capital Ltd	1800	1.93	1.35	9.12
Harmony Gold Mining Co Ltd	2451	-7.37	-12.24	8.02
AngloGold Ashanti Ltd	13782	-2.28	-3.49	7.86
RDI REIT Plc	635	0.32	0.79	7.74
Vukile Property Fund Ltd	2130	1.96	4.93	7.70
Nedbank Group Ltd	26230	1.24	5.38	7.69
Exxaro Resources Ltd	14852	-6.59	-1.58	7.49
FirstRand Ltd	6935	1.23	7.84	7.48
Pick n Pay Stores Ltd	7300	2.27	7.15	7.08
RMB Holdings Ltd	8093	2.35	8.69	6.97
AECI Ltd	10172	1.56	7.64	6.39
Investec Ltd	9300	1.10	1.34	6.21
Investec Plc	9300	0.83	1.45	6.18
Netcare Ltd	2550	0.55	2.70	5.32
Sun International Ltd	6158	-0.61	4.64	5.03
Oceana Group Ltd	8800	2.02	1.15	5.01
<b>JSE All Share Index</b>	<b>53295</b>	<b>-1.80</b>	<b>1.73</b>	<b>-10.44</b>

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	01:50	Loans & Discounts Corp (YoY) (Sep)	✓	3.53%*	3.35%	Monthly
 Japan	01:50	Domestic Corporate Goods Price Index (MoM) (Oct)	✓	0.30%*	0.30%	Monthly
 Japan	01:50	Domestic Corporate Goods Price Index (YoY) (Oct)	✓	2.90%*	3.00%	Monthly
 Japan	08:00	Machine Tool Orders (YoY) (Oct) (P)	✓✓✓	-	2.90%	Monthly
 Italy	11:00	Industrial Production n.s.a. (YoY) (Sep)	✓✓	-	-0.80%	Monthly
 Italy	11:00	Industrial Production s.a. (MoM) (Sep)	✓✓	-	1.70%	Monthly
 Italy	11:00	Industrial Production w.d.a.(YoY) (Sep)	✓✓	-	-0.80%	Monthly
 Italy	11:00	Industrial Production s.a. (Sep)	✓✓	-	105.20	Monthly
 US	-	Loan Officer Survey (Q3)	✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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