

ONE Minute Brief

14 November 2018

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Economic and political news

Home Affairs Minister, Malusi Gigaba resigned from his post and stated that his resignation is not an admission of any wrongdoing, but rather a result of prolonged public attacks.

The High Court in Pretoria has approved an application by the central bank to wind up VBS Mutual Bank.

Public Enterprises Minister, Pravin Gordhan's testimony before the commission of inquiry into state capture has been postponed to 19 November.

South African Broadcasting Corporation (SABC) board member, Mathatha Tsedu, stated that the company requires ZAR3bn to avert "Day Zero" and hence it will not be able to pay salaries in March. Further, he added that the company has launched a process to lay off a third of its full-time employees.

MTN Group CEO, Rob Shuter, assured that the company is making progress in resolving the USD10.1bn funds repatriation and tax bill dispute with Nigerian authorities. Separately, Rob Shuter indicated that MTN Group will apply for a mobile banking licence in Nigeria and will launch the service there by the second quarter of 2019.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in platinum mining and industrial sector stocks. The JSE All Share Index fell 0.3% to close at 52,109.80.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, as trade tensions eased. However, gains were limited as the British Pound strengthened, amid optimism over a Brexit deal. The FTSE 100 Index slightly rose to close at 7,053.76.



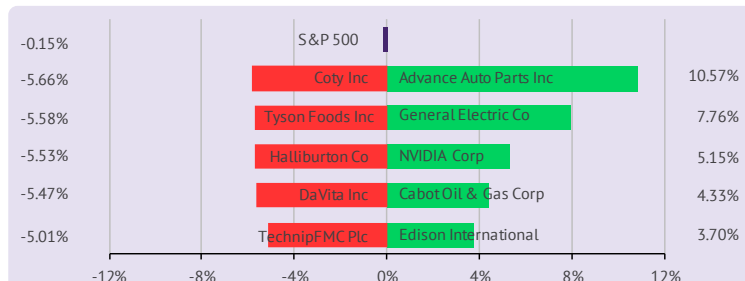
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	52109.80	▼	-149.67	-0.29	-2.22	-0.53	-5.96
JSE Top 40	45833.21	▼	-95.03	-0.21	-2.27	-0.67	-6.82
FTSE 100	7053.76	▲	0.68	0.01	-0.73	-1.04	-5.09
DAX 30	11472.22	▲	146.78	1.30	-0.49	0.22	-6.53
CAC 40	5101.85	▲	42.76	0.85	-0.10	0.17	-7.28
S&P 500	2722.18	▼	-4.04	-0.15	-2.12	0.38	-6.94
Nasdaq Composite	7200.88	▲	0.01	0.00	-2.78	-1.44	-9.20
DJIA	25286.49	▼	-100.69	-0.40	-2.70	0.68	-5.07
MSCI Emerging Markets	966.02	▼	-0.39	-0.04	-1.04	1.06	-8.78
MSCI Developed World	2026.52	▼	-2.10	-0.10	-1.78	0.22	-7.42

US Market ▼

The S&P 500 futures are trading in the green

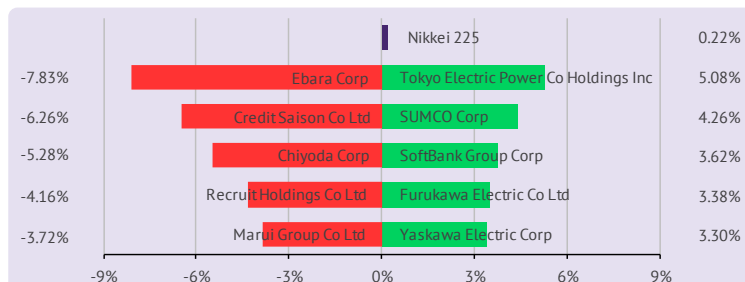
US markets closed lower yesterday, weighed down by losses in energy sector stocks. Data revealed that monthly budget deficit widened more-than-expected in October. The S&P 500 Index dropped 0.2% to close at 2,722.18.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that Japan's quarterly gross domestic product (GDP) fell more-than-expected in 3Q18. The Nikkei 225 Index is trading 0.2% higher at 21,857.77.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R14.4462. Later today, traders will keep a close watch on the US Federal Reserve Chairman, Jerome Powell's speech along with the US consumer price index (CPI), average hourly earnings and the MBA mortgage applications for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US NFIB small business optimism index registered an unexpected decline in October. Additionally, monthly budget deficit widened more than market forecast in October.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R18.7840. Ahead in the day, traders will keep an eye on UK's CPI, producer price and house price indices for further cues.

The British Pound advanced against the South African Rand yesterday, on optimism over Brexit deal. Data indicated that UK's average weekly earnings climbed in line with market forecast on an annual basis in the July-September 2018 period. Meanwhile, the nation's ILO unemployment rate unexpectedly advanced in the July-September 2018 period.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R16.3230. Going forward, market participants will keep a tab on the Eurozone's GDP, industrial production along with Germany's GDP for further indication.

The Euro strengthened against the South African Rand yesterday. On the data front, the Eurozone's ZEW survey economic sentiment index recorded a drop in November. Separately, Germany's CPI climbed in line with market expectations on an annual basis in October. Additionally, the ZEW survey expectations index unexpectedly rose in the same month. In contrast, the nation's ZEW survey current situation index registered a more-than-anticipated decline in November.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar slightly climbed against the South African Rand to trade at R10.4359. Earlier in the session, Australia's Westpac consumer confidence index recorded a rise in November. Meanwhile, in China, Australia's largest trading partner, annual retail sales advanced at a slower-than-expected pace in October, marking its slowest growth in five months. Meanwhile, the nation's industrial production climbed more than market forecast on a yearly basis 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	14.4462	▼	-0.16	0.69	-2.23	4.56	16.75
GBPZAR	18.7840	▲	0.79	0.43	-0.56	2.35	12.18
EURZAR	16.3230	▼	0.47	0.27	-2.39	1.89	9.89
AUDZAR	10.4359	▲	0.42	0.60	-0.14	2.26	7.98
EURUSD	1.1299	▲	0.64	-0.41	-0.19	-2.52	-5.96
GBPUSD	1.3002	▲	1.00	0.04	1.65	-2.03	-3.97
Brent (\$/barrel)	65.5	▲	-6.63	-6.71	-12.75	-9.30	-2.09
Gold (\$/oz)	1204.3	▲	-0.17	-0.60	-1.12	1.97	-8.24
Platinum (\$/oz)	840.7	▼	-0.47	-1.72	-0.20	2.97	-9.94
Copper (\$/MT)*	6088.5	▲	0.24	0.16	0.86	-3.62	-15.52

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,204.30/oz.

Yesterday, gold prices fell 0.2% to close at \$1,201.40/oz, as the US Dollar remained near its highest level in around 17 months.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$65.52/bl.

Yesterday, Brent crude oil dropped 6.6% to settle at \$65.47/bl, amid fears of oversupply and a slowdown in demand. Further, the Energy Information Administration forecasted that crude oil production from seven major US shale plays will climb by 113,000bls a day to 7.944mn bls a day in December.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$840.70/oz.

Yesterday, platinum prices declined 0.5% to close at \$841.3/oz.

Major South African corporate news

Investec Property Fund Limited

In its 1H18 results, the company announced that its revenues rose to ZAR916.54mn, compared to ZAR905.01mn posted in the corresponding period of the previous year. Its diluted EPS increased to 121.35c, compared to 65.94c recorded in the same period of the prior year. The company has announced an interim dividend of 68.81c per share compared to 68.37c per share posted in the comparable period of the preceding year.

Telkom SA SOC Limited

In its 1H19 results, the company announced that its operating revenues advanced 5.2% to ZAR20.85bn, compared to the same period of the preceding year. Its diluted EPS stood at 272.10c, compared to 305.90c recorded in the corresponding period of the previous year. The company has declared an interim dividend of 236.73c per share compared to 291.00c per share posted in the comparable period of the prior year.

Major global economic news

Eurozone

In the Eurozone, the economic sentiment index registered a drop to -22.00 in November. The index had recorded a reading of -19.40 in the prior month.

In Germany, the final CPI registered a rise of 2.5% on a yearly basis in October, in line with market expectations. In the previous month, the CPI had climbed 2.3%. The preliminary figures had also indicated a rise of 2.5%.

In Germany, the current situation index dropped more-than-expected to 58.20 in November. In the previous month, the index had registered a level of 70.10.

In Germany, the economic sentiment index registered an unexpected rise to -24.10 in November. In the previous month, the index had recorded a reading of -24.70.

Asia

In Australia, the Westpac consumer confidence index climbed 2.8% to a level of 104.30 on a monthly basis in November. The index had recorded a level of 101.50 in the prior month.

In China, retail sales rose 8.6% on an annual basis in October, less-than-expected and compared to an advance of 9.2% in the prior month.

In China, industrial production registered a more-than-anticipated rise of 5.9% on an annual basis in October, compared to a rise of 5.8% in the previous month.

In Japan, the flash annualised GDP recorded a more-than-expected drop of 1.2% on a quarterly basis in 3Q18. In the previous quarter, annualised GDP had registered a rise of 3.0%.

In Japan, industrial production fell 0.4% on a monthly basis in September, compared to a drop of 1.1% in the prior month.

In Japan, tertiary industry index dropped 1.1% on a monthly basis in September, compared to a revised rise of 0.4% in the previous month.

UK

In the UK, the ILO unemployment rate recorded an unexpected rise to 4.1% in the July-September 2018 period, compared to a rate of 4.0% in the June-August 2018 period.

In the UK, average weekly earnings including bonus recorded a rise of 3.0% on an annual basis in the July-September 2018 period, meeting market expectations and compared to a revised advance of 2.8% in the June-August 2018 period.

US

In the US, the small NFIB business optimism index registered an unexpected drop to a level of 107.40 in October. In the previous month, the index had recorded a reading of 107.90.

In the US, budget deficit widened more-than-expected to USD100.50bn in October, compared to a deficit of USD63.2bn in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Gross Domestic Product Annualised (Q3) (P)	✓✓✓	-1.20%*	3.00%	Quarterly
China	04:00	Industrial Production (YoY) (Oct)	✓✓	5.90%*	5.80%	Monthly
China	04:00	Retail Sales (YoY) (Oct)	✓✓✓	8.60%*	9.20%	Monthly
Japan	06:30	Industrial Production (MoM) (Sep) (F)	✓✓✓	-0.40%*	-1.10%**	Monthly
Japan	06:30	Industrial Production (YoY) (Sep) (F)	✓✓✓	-2.50%*	-2.90%**	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Sep)	✓✓	-1.10%*	0.50%	Monthly
Germany	09:00	Gross Domestic Product n.s.a. (YoY) (Q3) (P)	✓✓	1.20%	2.30%	Quarterly
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q3) (P)	✓✓✓	-0.10%	0.50%	Quarterly
France	09:45	Consumer Price Index (Oct)	✓	-	103.60	Monthly
France	09:45	Consumer Price Index (MoM) (Oct) (F)	✓✓✓	0.10%	0.10%**	Monthly
Spain	10:00	Consumer Price Index (YoY) (Oct) (F)	✓✓✓	2.30%	2.30%**	Monthly
UK	11:30	Retail Price Index (Oct)	✓	284.60	284.10	Monthly
UK	11:30	Consumer Price Index (YoY) (Oct)	✓✓✓	2.50%	2.40%	Monthly
UK	11:30	Producer Price Index - Output n.s.a. (YoY) (Oct)	✓✓	3.10%	3.10%	Monthly
UK	11:30	Retail Price Index (MoM) (Oct)	✓✓✓	0.20%	0.00%	Monthly
UK	11:30	Retail Price Index (YoY) (Oct)	✓✓	3.40%	3.30%	Monthly
UK	11:30	Consumer Price Index (MoM) (Oct)	✓✓✓	0.20%	0.10%	Monthly
UK	11:30	Producer Price Index - Input n.s.a. (YoY) (Oct)	✓	9.60%	10.30%	Monthly
Eurozone	12:00	Industrial Production (Sep)	✓	-	106.50	Monthly
Eurozone	12:00	Industrial Production s.a. (MoM) (Sep)	✓✓✓	-0.40%	1.00%	Monthly
Eurozone	12:00	Industrial Production w.d.a. (YoY) (Sep)	✓✓✓	0.30%	0.90%	Monthly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q3) (S)	✓✓✓	0.20%	0.20%**	Quarterly
South Africa	13:00	Retail Sales (MoM) (Sep)	✓✓	0.00%	0.60%	Monthly
South Africa	13:00	Retail Sales (YoY) (Sep)	✓✓	1.90%	2.50%	Monthly
US	14:00	MBA Mortgage Applications (09-Nov)	✓	-	-4.00%	Weekly
US	15:30	Consumer Price Index (YoY) (Oct)	✓✓✓	2.50%	2.30%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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