

ONE Minute Brief

5 December 2018

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Economic and political news

In South Africa (SA), annualised gross domestic product (GDP) expanded 2.2% on a quarterly basis in 3Q18, compared to a revised drop of 0.4% in the previous quarter. The Agbiz/IDC AgriBusiness confidence Index dropped to its lowest level in nine years to 42 in 4Q18 from 48 in the prior quarter.

President, Cyril Ramaphosa, has appointed Shamila Batohi as the new head of the National Prosecuting Authority.

Yesterday, the National Assembly adopted the Joint Constitutional Review Committee's (CRC) report recommending a constitutional amendment to expropriate land without compensation. Meanwhile, the Democratic Alliance has threatened to go to court to stop proposed land reforms, after parliament approved the report.

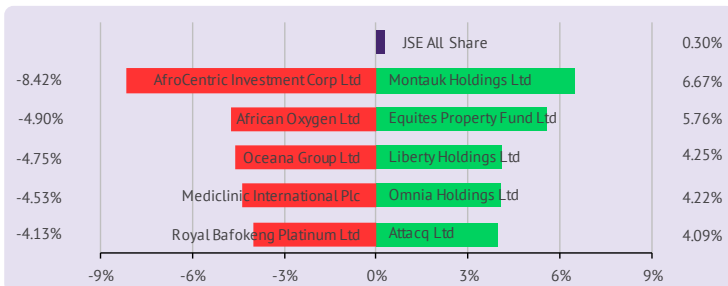
The Nigerian court has postponed telecoms firm, MTN Group and Nigeria's central bank case until 12 December, amid settlement talks.

The African National Congress in the North West's provincial task team (PTT) has decided to remove six of its mayors, including Madibeng, Moretele, Mahikeng and Dr Ruth Segomotsi Mompati, who invested ZAR314mn in the VBS Mutual Bank, with immediate effect.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, after the South African economy emerged from recession, following upbeat GDP data. The JSE All Share Index rose 0.3% to close at 52,234.55.



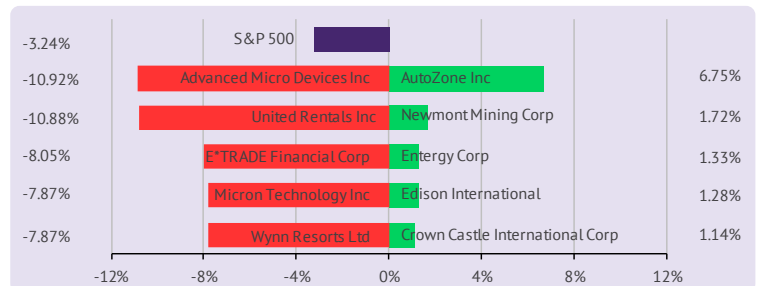
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	52234.55	▲	155.33	0.30	3.10	3.10	-3.29
JSE Top 40	46164.85	▲	112.49	0.24	3.38	3.38	-3.22
FTSE 100	7022.76	▼	-39.65	-0.56	0.61	0.61	-2.07
DAX 30	11335.32	▼	-130.14	-1.14	0.69	0.69	-1.66
CAC 40	5012.66	▼	-41.32	-0.82	0.17	0.17	-1.76
S&P 500	2700.06	▼	-90.31	-3.24	-2.18	-2.18	1.79
Nasdaq Composite	7158.43	▼	-283.09	-3.80	-2.35	-2.35	0.34
DJIA	25027.07	▼	-799.36	-3.10	-2.00	-2.00	1.68
MSCI Emerging Markets	1014.25	▼	-2.62	-0.26	1.96	1.96	4.06
MSCI Developed World	2016.89	▼	-49.73	-2.41	-1.20	-1.20	0.96

US Market ▼

The S&P 500 futures are trading in the green

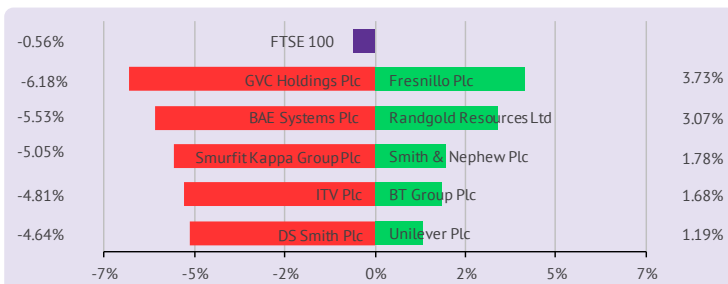
US markets closed lower yesterday, amid growing fears of an economic slowdown and renewed concerns over US-China trade tensions. The S&P 500 Index dropped 3.2% to close at 2,700.06.



UK Market ▼

The FTSE 100 futures are trading in positive territory

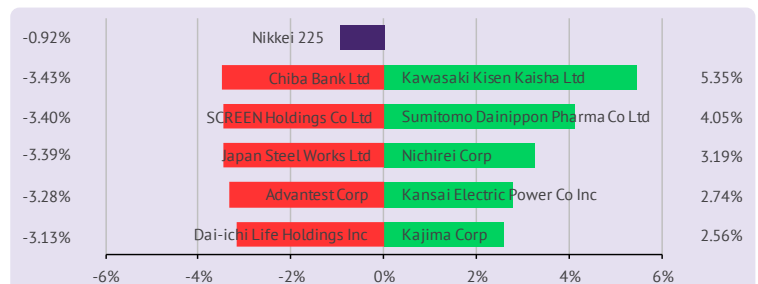
UK markets finished lower yesterday, as the British Pound strengthened, after a European law official stated that UK can legally overturn its Brexit decision. The FTSE 100 Index declined 0.6% to close at 7,022.76.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. Data showed that Japan's services PMI dropped in November. The Nikkei 225 Index is trading 0.9% lower at 21,833.16.



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 R13.8393. Later today, traders will keep a close watch on the US Federal Reserve's Beige Book along with the US MBA mortgage applications, ADP employment change, the Markit services PMI for further cues.

The US Dollar rose against the South African Rand yesterday. Separately, in SA, GDP accelerated more than market expectations on a quarterly basis in the third quarter of 2018.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.2% against the South African Rand to trade at R17.5835. Ahead in the day, traders will keep an eye on UK Markit services PMI for further indication.

The British Pound advanced against the South African Rand yesterday, after the European Court of Justice indicated that Britain could unilaterally revoke its Brexit decision without securing permission from other EU member states. On the data front, UK's construction PMI surprised with a rise in November, notching its highest level in four months.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R15.6879. Going forward, market participants will keep a tab on the Markit services PMI across the Eurozone and Eurozone's retail sales for further direction.

The Euro strengthened against the South African Rand yesterday. On the macro front, the Eurozone's producer price index (PPI) climbed more than market forecast on a yearly basis in October.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.7% against the South African Rand to trade at R10.0973. Earlier in the session, Australia's GDP advanced less than market forecast on a quarterly basis in 3Q18. Meanwhile, the nation's AiG performance of service index climbed in November. Additionally, the CBA services PMI recorded a rise in November. Separately, in China, Australia's largest trading partner, the Caixin services PMI surprisingly jumped in November.

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	13.8393	▼	1.18	-0.12	-0.12	-6.20	11.87
GBPZAR	17.5835	▼	1.16	-0.36	-0.36	-6.23	5.40
EURZAR	15.6879	▼	1.08	0.08	0.08	-6.12	5.77
AUDZAR	10.0973	▼	0.91	0.26	0.26	-2.97	5.20
EURUSD	1.1333	▼	-0.10	0.23	0.23	0.04	-5.51
GBPUSD	1.2706	▼	-0.05	-0.24	-0.24	-0.13	-5.88
Brent (\$/barrel)	60.9	▼	0.63	4.41	4.41	-20.76	-7.16
Gold (\$/oz)	1240.6	▼	0.58	1.71	1.71	0.43	-5.21
Platinum (\$/oz)	795.6	▼	-0.80	0.55	0.55	-5.12	-13.92
Copper (\$/MT)*	6212.5	▼	-1.58	-0.23	-0.23	3.16	-13.80

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices are trading marginally lower at \$1,240.60/oz.

Yesterday, gold prices rose 0.6% to close at \$1,241.10/oz, as weakness in the US Dollar increased demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 1.9% to trade at \$60.91/bl, after the American Petroleum Institute reported that crude oil inventories advanced by 5.4mn bls in the week ended 30 November 2018.

Yesterday, Brent crude oil advanced 0.6% to settle at \$62.08/bl, amid expectations of production cuts ahead of the OPEC meeting.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 1.1% lower to trade at \$795.60/oz.

Yesterday, platinum prices declined 0.8% to close at \$804.2/oz.

Major South African corporate news

Reinet Investments SCA

As part of the share buyback programme announced on 19 November 2018, the company repurchased 464,987.00 ordinary shares in the period covering 26 November 2018 to 30 November 2018. The shares were repurchased on the Johannesburg Stock Exchange at an average price of ZAR208.88 per share for a total consideration of ZAR97.13mn, plus transaction costs.

Major global economic news

Asia

In Australia, seasonally adjusted GDP recorded a less-than-anticipated rise of 0.3% on a quarterly basis in 3Q18. In the previous quarter, GDP had recorded a rise of 0.9%.

In November, the AiG performance of services index climbed to a level of 55.10 in Australia. In the prior month, the index had recorded a level of 51.10.

In Australia, the CBA services PMI rose to a level of 53.7 in November, compared to a reading of 52.6 in the previous month.

In Japan, the Nikkei Japan services PMI registered a drop to 52.30 in November, compared to a reading of 52.40 in the prior month.

In China, the Markit services PMI index unexpectedly advanced to 53.80 in November, compared to a level of 50.80 in the prior month.

Eurozone

In the Eurozone, the PPI recorded a rise of 4.9% on an annual basis in October, more than market expectations. The PPI had recorded a revised rise of 4.6% in the prior month.

UK

The Bank of England Governor, Mark Carney, in his parliament speech, defended the central bank's analysis that a no-deal Brexit would severely impact and cause recession in the economy. Further, he stated that the probability of the worst-case Brexit scenario was low. Meanwhile, he added that food prices could jump as much as 10% if there was a 25% plunge in the pound due to a no-deal Brexit.

In the UK, the construction PMI unexpectedly climbed to 53.40 in November, compared to a reading of 53.20 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nikkei Japan Services PMI (Nov)	✓✓	52.30*	52.40	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Nov)	✓✓✓	52.40*	52.50	Monthly
Japan	03:30	BoJ Wakatabe speaks in Niigata	✓	-	-	As scheduled
China	03:45	Caixin/Markit Services PMI (Nov)	✓✓✓	53.80*	50.80	Monthly
Eurozone	10:00	Non-monetary policy's ECB meeting	✓✓	-	-	As scheduled
UK	10:30	FPC Statement	✓	-	-	As scheduled
Eurozone	10:30	ECB President Draghi's Speech	✓✓✓	-	-	As scheduled
Eurozone	10:45	SSM's Daniele Nouy Speaks in Frankfurt	✓	-	-	As scheduled
France	10:50	Markit Services PMI (Nov) (F)	✓✓✓	55.00	55.00**	Monthly
Germany	10:55	Markit Services PMI (Nov) (F)	✓✓✓	53.30	53.30**	Monthly
Eurozone	11:00	Markit Composite PMI (Nov) (F)	✓✓✓	52.40	52.40**	Monthly
Eurozone	11:00	Markit Services PMI (Nov) (F)	✓✓✓	53.10	53.10**	Monthly
UK	11:00	New Car Registrations (YoY) (Nov)	✓	-	-2.90%	Monthly
UK	11:30	Official Reserves (Changes) (Oct)	✓✓	-	-USD127.00mn	Monthly
UK	11:30	Markit Services PMI (Nov)	✓✓✓	52.50	52.20	Monthly
Eurozone	12:00	Retail Sales (Oct)	✓✓	-	105.70	Monthly
Eurozone	12:00	Retail Sales (MoM) (Oct)	✓✓✓	0.20%	0.00%	Monthly
Eurozone	12:00	Retail Sales (YoY) (Oct)	✓✓✓	2.00%	0.80%	Monthly
US	14:00	MBA Mortgage Applications (30-Nov)	✓	-	5.50%	Weekly
US	15:15	ADP Employment Change (Nov)	✓✓✓	-	227.00K	Monthly
US	15:15	Powell's JEC Testimony Released at 8:15 a.m.; Hearing at 10:15	✓✓✓	-	-	As scheduled
US	15:30	Non-Farm Productivity (Q3) (F)	✓	2.30%	2.20%**	Quarterly
US	15:30	Unit Labour Costs (Q3) (F)	✓	1.10%	1.20%**	Quarterly
US	16:45	Markit Services PMI (Nov) (F)	✓✓✓	54.40	54.40**	Monthly
US	17:00	ISM Non-Manufacturing PMI (Nov)	✓✓✓	59.00	60.30	Monthly
US	21:00	Fed's Beige Book	✓✓✓	-	-	As scheduled

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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