

ONE
Minute Brief

7 December 2018

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Economic and political news

In South Africa (SA), current account deficit widened to 3.5% of gross domestic product (GDP) in 3Q18, compared to a revised reading of 3.4% in the prior quarter. The SACCI monthly business confidence index climbed to 96.1 in November, compared to 95.8 in October. Electricity production advanced 0.8% on a yearly basis in October, compared to a drop of 0.8% in September. Annual electricity consumption rose 2.2% in October, compared to an advance of 0.3% in September.

Ratings agency, Fitch has affirmed SA's long-term foreign-currency issuer default rating (IDR) at 'BB+' and maintained its stable outlook. However, the agency warned that low growth and the rising debt of state-owned firms posed a risk to the country's ratings.

Yesterday, the Presidency confirmed that four board members namely, Krish Naidoo, Khanyisile Kweyama, John Mattison and Mathatha Tsedu of the South African Broadcasting Corporation (SABC) have resigned.

Parliament has passed a motion for establishing an ad hoc committee to draft a Bill to amend the Constitution for the expropriation of land without compensation. Additionally, Cabinet has approved the publication of the Revised Expropriation Bill for comment.

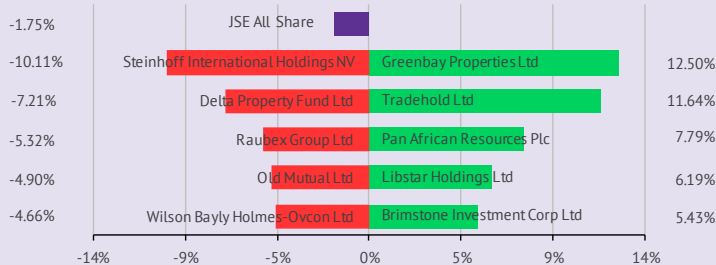
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	50806.06	▼ -903.10	-1.75	0.28	0.28	-3.29	-14.62
JSE Top 40	44778.75	▼ -896.16	-1.96	0.27	0.27	-3.22	-14.76
FTSE 100	6704.05	▼ -217.79	-3.15	-3.96	-3.96	-2.07	-12.80
DAX 30	10810.98	▼ -389.26	-3.48	-3.96	-3.96	-1.66	-16.31
CAC 40	4780.46	▼ -163.91	-3.32	-4.47	-4.47	-1.76	-10.02
S&P 500	2695.95	▼ -4.11	-0.15	-2.33	-2.33	1.79	0.84
Nasdaq Composite	7188.26	▲ 29.83	0.42	-1.94	-1.94	0.34	4.13
DJIA	24947.67	▼ -79.40	-0.32	-2.31	-2.31	1.68	0.92
MSCI Emerging Markets	978.93	▼ -22.98	-2.29	-1.59	-1.59	4.06	-15.50
MSCI Developed World	1990.85	▼ -17.79	-0.89	-2.47	-2.47	0.96	-5.35

South Africa Market ▼

South African markets closed lower

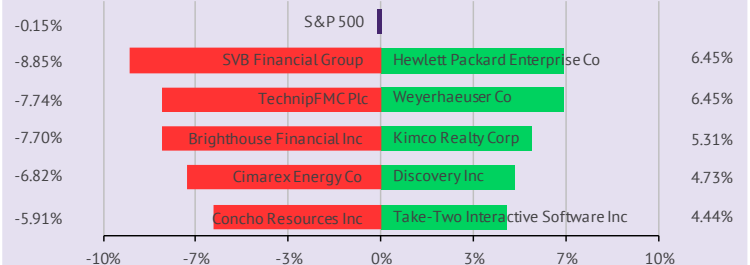
South African markets closed in the red yesterday, weighed down by losses in banking, industrial and financial sector stocks. Data revealed that SA's current account deficit widened in 3Q18. The JSE All Share Index fell 1.8% to close at 50,806.06.



US Market ▼

The S&P 500 futures are trading in the red

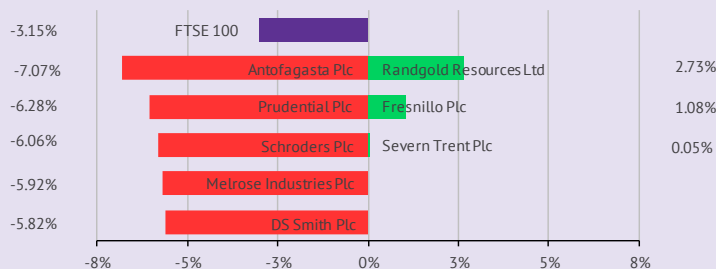
US markets closed mostly lower yesterday, amid renewed US-China trade tensions, following the arrest of Huawei's Chief Financial Officer, Sabrina Meng Wanzhou, at the request of the US government. The S&P 500 Index dropped 0.2% to close at 2,695.95.



UK Market ▼

The FTSE 100 futures are trading in positive territory

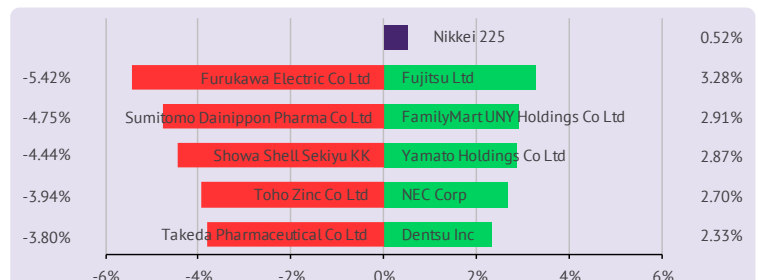
UK markets finished weaker yesterday, reaching its lowest level in two years, amid continuous uncertainty over Brexit. The FTSE 100 Index declined 3.2% to close at 6,704.05.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.5% higher at 21,613.25.



USD ZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading slightly higher against the South African Rand at R14.0503. Later today, traders will keep a close watch on the US unemployment rate, change in non-farm payrolls, change in private payrolls, average hourly earnings, consumer credit and the Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US initial jobless claims registered a decline in the week ended 1 December 2018. In contrast, the nation's trade deficit widened more than market forecast in October. Additionally, the services PMI recorded a drop in November. Moreover, the ADP employment rose less than market expectations in November. Further, factory orders eased in October. Also, durable goods orders fell in October. Separately, the South African Rand fell against the US Dollar, as the nation's current account deficit widened in the third quarter of 2018. Meanwhile, the nation's consumer confidence index advanced in 4Q18, recording its third consecutive rise. Additionally, electricity production recorded a rise on a yearly basis in October. Moreover, annual electricity consumption climbed in October.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R17.9422. Ahead in the day, traders will keep an eye on UK's Halifax house price index for further cues.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading marginally higher against the South African Rand at R15.9852. Going forward, market participants will keep a tab on the Eurozone's GDP and Germany's industrial production for further indication.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's construction PMI registered an advance in November. Additionally, factory orders unexpectedly rose for a third consecutive month on a monthly basis in October.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R10.1686. Earlier in the session, Australia's AiG performance of construction index recorded a decline 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	14.0503	▲	1.45	1.29	1.29	-6.20	13.45
GBPZAR	17.9422	▼	1.85	1.53	1.53	-6.23	7.40
EURZAR	15.9852	▲	1.70	1.78	1.78	-6.12	7.57
AUDZAR	10.1686	▲	0.97	0.24	0.24	-2.97	5.17
EURUSD	1.1377	▲	0.26	0.50	0.50	0.04	-5.26
GBPUSD	1.2769	▼	0.37	0.25	0.25	-0.13	-5.42
Brent (\$/barrel)	59.8	▼	-2.44	1.01	1.01	-20.76	-10.18
Gold (\$/oz)	1245.5	▲	0.08	1.47	1.47	0.43	-5.44
Platinum (\$/oz)	789.5	▼	-1.55	-1.28	-1.28	-5.12	-15.48
Copper (\$/MT)*	6079.5	▼	-1.55	-2.37	-2.37	3.16	-15.64

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,245.50/oz.

Yesterday, gold prices rose 0.1% to close at \$1,238.10/oz, amid sharp fall in the global equities.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$59.80/bl.

Yesterday, Brent crude oil dropped 2.4% to settle at \$60.06/bl, as the Organization of the Petroleum Exporting Countries (OPEC) postponed its decision on production cuts. Meanwhile, the Energy Information Administration reported that domestic crude supplies fell by 7.3mn bls in the week ended 30 November 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$789.50/oz.

Yesterday, platinum prices declined 1.6% to close at \$789.6/oz.

Major South African corporate news

Group Five Limited

The company, referred to its client, Cenpower's, purported notice of termination of the Kpone contract on 30 November 2018 and stated that Cenpower has informed the company of a new claim of USD60.50mn. This follows a written demand to the group's bank guarantee providers requesting that an amount of USD43.8mn of the USD 60.5mn claim be paid to the client.

Tiger Brands Limited

The company announced that it has received the Certificate of Acceptability from the Capricorn Municipality for the Polokwane processing facility on 6 December 2018.

Invicta Holdings Limited

The company announced that it has agreed to acquire the entire issued share capital of the Driveshaft Parts Group of companies through its subsidiary Marablox (Pty) Ltd, which forms part of the company's Engineering Solutions Group. The acquisition will be completed after the fulfilment of certain conditions precedent.

Spur Corporation Limited

The company announced that following the retirement of Messrs Hyde, Getz and Madders, the Board has approved a restructuring of the Board committees. Accordingly, Ms Dineo Molefe was elected to serve as the Chairperson of the Audit Committee and has also been appointed as a member of the Remuneration Committee. Additionally, Mr Mike Bosman has been appointed as a member of the Audit Committee and the Nominations Committee. Further, Mr Mntungwa Morojele has been appointed as a member of the Risk Committee and the Chairperson of the Social, Ethics and Environmental Sustainability Committee.

Major global economic news

US

In the US, trade deficit widened more-than-expected to USD55.50bn in October, compared to a revised deficit of USD54.60bn in the previous month.

In the US, the final Markit services PMI eased to 54.70 in November, compared to a reading of 54.80 in the previous month. The preliminary figures had indicated a drop to 54.40.

In the US, the private sector employment advanced less-than-expected by 179.00K in November, compared to a revised reading of 225.00K in the previous month.

In the US, seasonally adjusted initial jobless claims dropped to 231.00K in the week ended 1 December 2018, compared to a revised level of 235.00K in the prior week.

In the US, factory orders dropped 2.1% on a monthly basis in October, more-than-anticipated and compared to a revised rise of 0.2% in the prior month.

In the US, final durable goods orders dropped 4.3% on a monthly basis in October, more than market expectations. Durable goods orders had registered a revised drop of 0.1% in the previous month. The preliminary figures had indicated a drop of 4.4%.

Eurozone

In Germany, the construction PMI rose to a level of 51.3 in November, compared to a reading of 49.8 in the previous month.

In Germany, seasonally adjusted factory orders unexpectedly rose 0.3% on a monthly basis in October, compared to a revised advance of 0.1% in the previous month.

Asia

In Australia, the AiG performance of construction index dropped to 44.50 in November, compared to a reading of 46.40 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Household Spending (YoY) (Oct)	✓✓	-0.30%*	-1.60%	Monthly
US	01:30	Fed's Williams Holds Discussion With Mervyn King in NY	✓	-	-	As scheduled
US	01:45	Powell Gives Brief Welcome Remarks at Housing Conference	✓✓✓	-	-	As scheduled
Japan	01:50	Japan Foreign Reserves (Nov)	✓	USD1258.30bn*	USD1252.90bn	Monthly
Japan	07:00	Leading Economic Index (Oct) (P)	✓✓✓	104.90	104.30	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Nov)	✓	USD42.28bn	USD42.19bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Nov)	✓	USD50.34bn	USD50.17bn	Monthly
Germany	09:00	Industrial Production (Oct)	✓	-	106.20	Monthly
Germany	09:00	Industrial Production s.a. (MoM) (Oct)	✓✓✓	0.30%	0.20%	Monthly
Germany	09:00	Industrial Production n.s.a. and w.d.a. (YoY) (Oct)	✓✓✓	2.10%	0.80%	Monthly
UK	10:30	Halifax House Prices (3m/YoY) (Nov)	✓	1.00%	1.50%	Monthly
UK	10:30	Halifax House Prices (MoM) (Nov)	✓	0.20%	0.70%	Monthly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q3) (F)	✓✓✓	0.20%	0.20%**	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q3) (F)	✓✓	1.70%	1.70%**	Quarterly
US	15:30	Change in Household Employment (Nov)	✓	-	600.00K	Monthly
US	15:30	Average Hourly Earnings All Employees (MoM) (Nov)	✓✓	0.30%	0.20%	Monthly
US	15:30	Unemployment Rate (Nov)	✓✓✓	3.70%	3.70%	Monthly
US	15:30	Underemployment Rate (Nov)	✓✓	-	7.40%	Monthly
US	15:30	Average Hourly Earnings All Employees (YoY) (Nov)	✓✓	3.10%	3.10%	Monthly
US	15:30	Change in Non-farm Payrolls (Nov)	✓✓✓	198.00K	250.00K	Monthly
US	15:30	Change in Private Payrolls (Nov)	✓✓	198.00K	246.00K	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Dec) (P)	✓✓✓	97.00	97.50	Monthly
US	17:00	Wholesale Inventories (MoM) (Oct) (F)	✓✓✓	0.70%	0.70%**	Monthly
US	19:00	Brainard Speaks at Peterson Institute in Washington	✓	-	-	As scheduled
US	22:00	Consumer Credit Change (Oct)	✓✓	USD15.00bn	USD10.92bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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