

ONE Minute Brief

11 December 2018

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Economic and political news

Rothschild's Chief Executive Officer, Martin Kingston advised that the South African government needs to bail out Eskom, in order to save the struggling power utility.

News reports indicated that South Africa (SA) is investigating a ZAR9bn loan made by the Public Investment Corporation (PIC) to embattled retailer, Steinhoff International.

Democratic Alliance (DA) leader, Mmusi Maimane has threatened to launch legal action against facilities company, Bosasa, over its failure to reveal whether it has business dealings with President, Cyril Ramaphosa's son, Andile.

The High Court in Pretoria is expected to pass its judgment today on former Commissioner, Tom Moyane's bid to get his job back.

President, Cyril Ramaphosa will receive a report on whether former deputy prosecutions boss, Nomgcobo Jiba and Lawrence Mrwebi, are eligible to hold office, by no later than 9 March 2019.

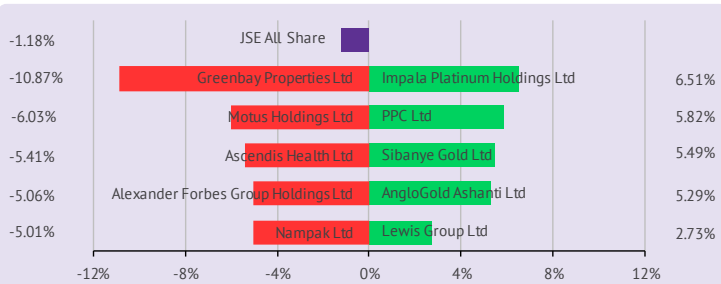
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	50434.39	▼ -603.30	-1.18	-1.18	-0.45	-3.29	-15.24
JSE Top 40	44417.70	▼ -587.61	-1.31	-1.31	-0.54	-3.22	-15.45
FTSE 100	6721.54	▼ -56.57	-0.83	-0.83	-3.71	-2.07	-12.57
DAX 30	10622.07	▼ -166.02	-1.54	-1.54	-5.64	-1.66	-17.77
CAC 40	4742.38	▼ -70.75	-1.47	-1.47	-5.23	-1.76	-10.73
S&P 500	2637.72	▲ 4.64	0.18	0.18	-4.44	1.79	-1.34
Nasdaq Composite	7020.52	▲ 51.27	0.74	0.74	-4.23	0.34	1.70
DJIA	24423.26	▲ 34.31	0.14	0.14	-4.37	1.68	-1.20
MSCI Emerging	962.79	▼ -18.58	-1.89	-1.89	-3.21	4.06	-16.89
MSCI Developed	1952.83	▼ -12.41	-0.63	-0.63	-4.34	0.96	-7.16

South Africa Market ▼

South African markets closed lower

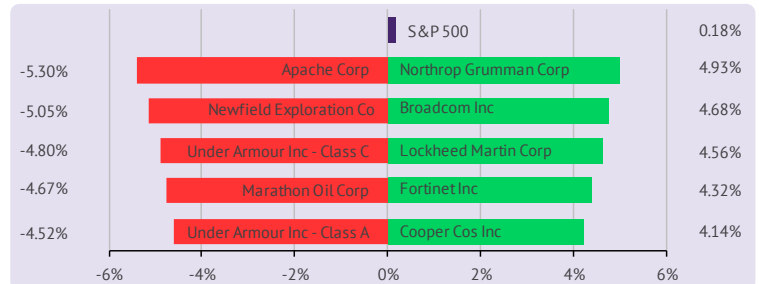
South African markets closed in the red yesterday, weighed down by losses in retail and banking sector stocks. The JSE All Share Index fell 1.2% to close at 50,434.39.



US Market ▲

The S&P 500 futures are trading in the red

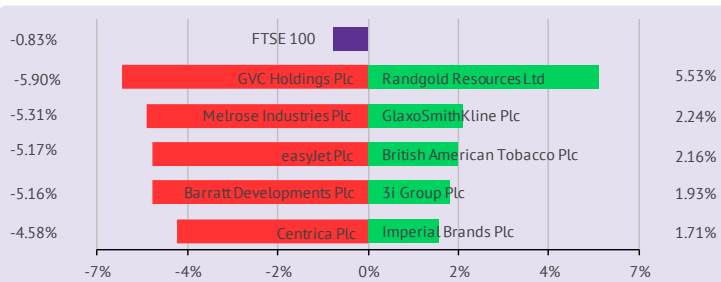
US markets closed higher yesterday, supported by gains in technology sector stocks and amid renewed confidence in the strength of the US economy. The S&P 500 Index climbed 0.2% to close at 2,637.72.



UK Market ▼

The FTSE 100 futures are trading in positive territory

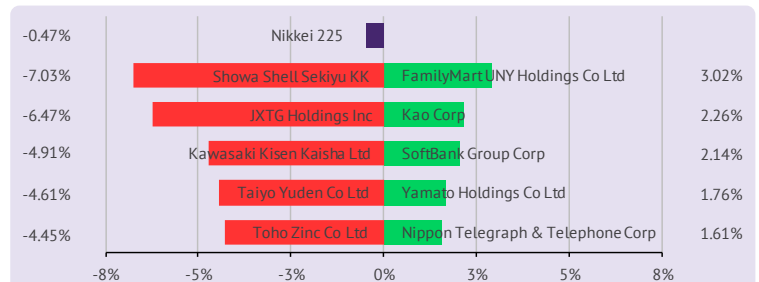
UK markets finished lower yesterday, as British Prime Minister, Theresa May indefinitely postponed a parliamentary vote on Brexit deal. The FTSE 100 Index declined 0.8% to close at 6,721.54.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.5% lower at 21,119.86.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R14.3665. Later today, traders will keep a close watch on the US producer price index and the NFIB small optimism index for further cues.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US job JOLTS openings recorded a rise in October.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R18.0677. Ahead in the day, traders will keep an eye on UK's ILO unemployment rate and average weekly earnings for further direction.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's economic growth eased in three months to October. Further, trade deficit widened more than market anticipations in October. Additionally, monthly industrial production registered an unexpected drop in October. Moreover, manufacturing production unexpectedly declined on a monthly basis in the same month. Meanwhile, the nation's construction output fell less than market expectations on a monthly basis in October.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R16.3272. Going forward, market participants will keep a tab on the Eurozone's ZEW economic sentiment index along with Germany's ZEW survey indices for further indication.

The Euro strengthened against the South African Rand yesterday. Data indicated that the Eurozone's Sentix investor confidence index declined more than market forecast in December, marking its lowest level in four years. Meanwhile, Germany's trade surplus recorded a steady reading in October. Further, the nation's current account surplus narrowed more-than-anticipated in the same month.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.3520. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index registered a decline in the week ended 9 December 2018. Additionally, the NAB business confidence index eased in November. Moreover, the NAB business conditions index fell 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	14.3665	▼	1.56	1.56	3.71	-6.20	16.17
GBPZAR	18.0677	▼	0.27	0.27	2.15	-6.23	8.06
EURZAR	16.3272	▼	1.33	1.33	4.05	-6.12	9.98
AUDZAR	10.3520	▲	1.35	1.35	2.00	-2.97	7.02
EURUSD	1.1365	▲	-0.20	-0.20	0.34	0.04	-5.41
GBPUSD	1.2576	▲	-1.30	-1.30	-1.47	-0.13	-7.05
Brent (\$/barrel)	60.2	▲	-2.76	-2.76	0.86	-20.76	-10.32
Gold (\$/oz)	1251.0	▲	-0.25	-0.25	1.93	0.43	-5.01
Platinum (\$/oz)	781.3	▼	-1.05	-1.05	-2.21	-5.12	-16.28
Copper (\$/MT)*	6088.5	▼	-0.98	-0.98	-2.22	3.16	-15.52

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,251.00/oz.

Yesterday, gold prices fell 0.3% to close at \$1,243.70/oz, as strength in the US Dollar lowered demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.3% to trade at \$60.16/bl, amid Libyan export disruptions.

Yesterday, Brent crude oil dropped 2.8% to settle at \$59.97/bl, amid growing worries over a slowdown in energy demand.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$781.30/oz.

Yesterday, platinum prices declined 1.1% to close at \$782.1/oz.

Major South African corporate news

Kumba Iron Ore Limited

The company announced that the Iron Ore Export Channel (IOEC) was reopened by Transnet on 7 December 2018 and that operations on the rail line have resumed. Further, Transnet notified that the newly constructed temporary bridge has passed all technical assessments and that the IOEC line is now open for business.

Major global economic news

UK

In the UK, gross domestic product (GDP) dropped 0.4% in three months to October, meeting market forecast and compared to a rise of 0.6% in the September quarter.

In October, trade deficit widened more-than-expected to GBP3.30bn, compared to a deficit of GBP0.027bn in the previous month.

In the UK, construction output registered a less-than-expected drop of 0.2% on a monthly basis in October. Construction output had advanced 1.7% in the prior month.

In the UK, industrial production unexpectedly fell 0.6% on a monthly basis in October, compared to a flat reading in the prior month.

In the UK, manufacturing production unexpectedly dropped 0.9% on a monthly basis in October. In the previous month, manufacturing production had risen 0.2%.

Asia

In Australia, the ANZ Roy Morgan weekly consumer confidence index fell to a level of 117.7 in the week ended 9 December 2018, compared to a reading of 119.5 in the prior week.

In Australia, the house price index slid 1.5% on a quarterly basis in 3Q18, compared to a fall of 0.7% in the previous quarter.

In Australia, the NAB business confidence index dropped to 3.00 in November, compared to a level of 4.00 in the previous month.

In Australia, the NAB business conditions index declined to 11.00 in November, compared to a level of 12.00 in the previous month.

Eurozone

In the Eurozone, the Sentix investor confidence index recorded a more-than-expected drop to -0.30 in December, compared to a reading of 8.80 in the previous month.

In Germany, trade surplus remained unchanged at EUR18.30bn in October.

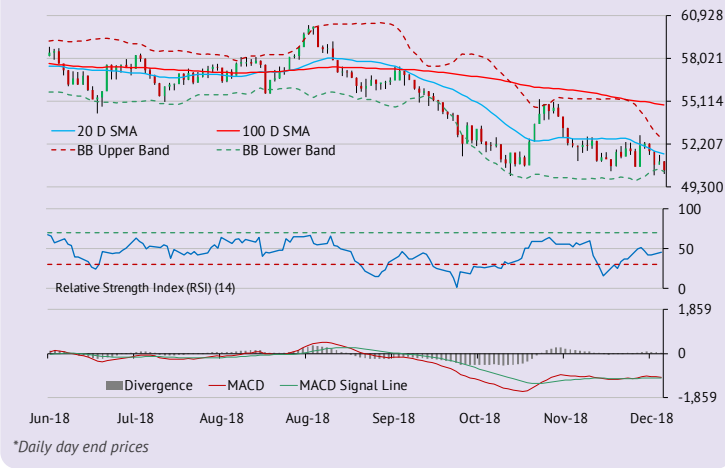
In Germany, non-seasonally adjusted current account surplus narrowed to EUR15.90bn in October, compared to a surplus of EUR21.10bn in the prior month.

US

In the US, JOLTs job openings rose to a level of 7079.00K in October. JOLTs job openings had registered a revised reading of 6960.00K in the previous month.

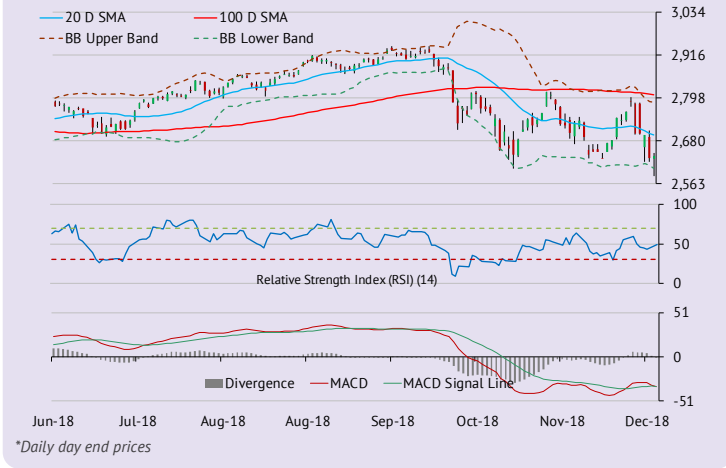
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 49,564.59, and a fall through could take it to the next support level of 48,694.80. The index is expected to find its first resistance at 51,818.15, and a rise through could take it to the next resistance level of 53,201.92.

S&P 500



The S&P 500 index is expected to find support at 2,551.99, and a fall through could take it to the next support level of 2,466.26. The index is expected to find its first resistance at 2,754.69, and a rise through could take it to the next resistance level of 2,871.66.

USD ZAR



The pair is expected to find support at 13.7919, and a fall through could take it to the next support level of 13.1988. The pair is expected to find its first resistance at 14.7282, and a rise through could take it to the next resistance level of 15.0714.

XAU USD



Gold is expected to find support at \$1,232.80/oz, and a fall through could take it to the next support level of \$1,221.90/oz. The precious metal is expected to find its first resistance at \$1,252.20/oz, and a rise through could take it to the next resistance level of \$1,260.70/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	BSI Large Manufacturing (QoQ) (Q4)	✓✓	5.50%*	6.50%	Quarterly
Japan	08:00	Machine Tool Orders (YoY) (Nov) (P)	✓✓✓	-	-0.70%	Monthly
Eurozone	10:30	ECB's Guindos Speaks in Frankfurt	✓	-	-	As scheduled
UK	11:30	Claimant Count Change (Nov)	✓✓✓	-	20.20K	Monthly
UK	11:30	Claimant Count Rate s.a. (Nov)	✓✓	-	2.70%	Monthly
South Africa	11:30	Gold Production (YoY) (Oct)	✓	-	-19.00%	Monthly
UK	11:30	Average Earnings Excluding Bonus (3Mo/Yr) (Oct)	✓	3.20%	3.20%	Monthly
UK	11:30	Average Earnings Including Bonus (3Mo/Yr) (Oct)	✓✓	3.00%	3.00%	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Oct)	✓✓✓	4.10%	4.10%	Monthly
UK	11:30	Employment Change (3M/3M) (Oct)	✓✓✓	25.00K	23.00K	Monthly
South Africa	11:30	Mining Production (YoY) (Oct)	✓✓	-1.60%	-1.80%	Monthly
Eurozone	12:00	ZEW Survey - Economic Sentiment (Dec)	✓✓	-	-22.00	Monthly
Germany	12:00	ZEW Survey - Current Situation (Dec)	✓✓	55.00	58.20	Monthly
Germany	12:00	ZEW Survey - Economic Sentiment (Dec)	✓✓✓	-25.00	-24.10	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Oct)	✓✓	-	-1.00%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Oct)	✓✓	0.80%	0.10%	Monthly
US	13:00	NFIB Small Business Optimism (Nov)	✓	107.00	107.40	Monthly
US	15:30	Producer Prices (Nov)	✓	-	117.20	Monthly
US	15:30	Producer Price Index (MoM) (Nov)	✓✓✓	0.00%	0.60%	Monthly
US	15:30	Producer Price Index (YoY) (Nov)	✓✓✓	2.50%	2.90%	Monthly
US	15:30	Producer Price Index ex Food & Energy (MoM) (Nov)	✓✓	0.10%	0.50%	Monthly
US	15:30	Producer Price Index ex Food & Energy (YoY) (Nov)	✓✓	2.50%	2.60%	Monthly
US	15:55	Redbook Index (YoY) (07-Dec)	✓	-	7.00%	Weekly
US	15:55	Redbook Index s.a. (MoM) (07-Dec)	✓	-	0.80%	Weekly
UK	-	UK Parliamentary vote on Brexit plan	✓✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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