

ONE Minute Brief

12 December 2018

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Economic and political news

In South Africa (SA), non-farm payrolls unexpectedly dropped 0.2% QoQ in 3Q18, compared to a fall of 0.7% in the prior quarter. Yearly manufacturing production climbed 3.0% in October, compared to a revised drop of 0.1% in September. Mining production unexpectedly climbed 0.5% YoY in October, compared to a revised drop of 2.0% in September. Annual platinum production jumped 21.4% in October, compared to a rise of 7.2% in September. Gold production plunged 15.1% YoY in October, compared to a fall of 19.7% in September.

The North Gauteng High Court has dismissed former SARS Commissioner, Tom Moyane's application to have his dismissal overturned. Further, the court also rejected Moyane's bid to block President, Cyril Ramaphosa from appointing his successor and to prevent retired Judge, Robert Nugent from submitting the final report of the SARS Commission of Inquiry.

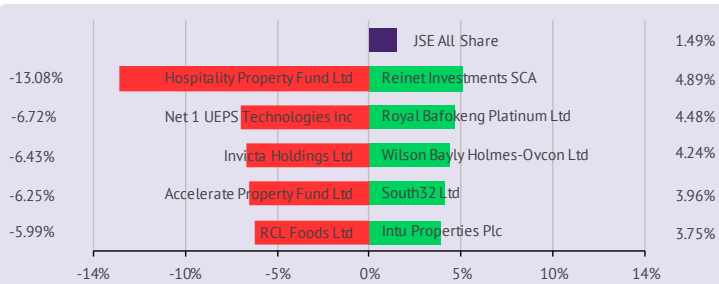
Credit ratings agency, S&P Global Ratings, kept Eskom's debt rating unchanged at "junk" status and maintained a negative outlook.

ANC Limpopo Treasurer General, Danny Msiza, has resigned from his position, after court papers revealed how he was personally benefited from the fraud at VBS Mutual Bank. Additionally, Vhembe District Mayor, Florence Radzilani, also resigned over the VBS saga.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial and resources sector stocks. Data indicated that SA's manufacturing production rose more-than-expected in October. The JSE All Share Index rose 1.5% to close at 51,187.99.



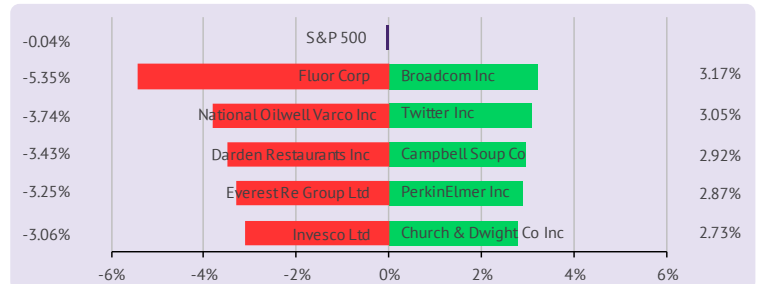
Key indices

| | Last close | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------|------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 51187.99 | ▲ | 753.60 | 1.49 | 0.29 | 1.03 | -3.29 |
| JSE Top 40 | 45234.33 | ▲ | 816.63 | 1.84 | 0.51 | 1.29 | -3.22 |
| FTSE 100 | 6806.94 | ▲ | 85.40 | 1.27 | 0.43 | -2.48 | -2.07 |
| DAX 30 | 10780.51 | ▲ | 158.44 | 1.49 | -0.07 | -4.23 | -1.66 |
| CAC 40 | 4806.20 | ▲ | 63.82 | 1.35 | -0.14 | -3.95 | -1.76 |
| S&P 500 | 2636.78 | ▼ | -0.94 | -0.04 | 0.14 | -4.47 | 1.79 |
| Nasdaq Composite | 7031.83 | ▲ | 11.31 | 0.16 | 0.90 | -4.07 | 0.34 |
| DJIA | 24370.24 | ▼ | -53.02 | -0.22 | -0.08 | -4.57 | 1.68 |
| MSCI Emerging Markets | 964.80 | ▲ | 2.02 | 0.21 | -1.69 | -3.01 | 4.06 |
| MSCI Developed World | 1954.65 | ▲ | 1.82 | 0.09 | -0.54 | -4.25 | 0.96 |

US Market ▼

The S&P 500 futures are trading in the green

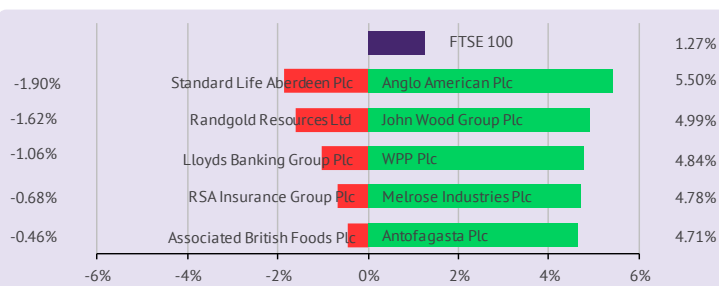
US markets closed mostly lower yesterday, after the US President, Donald Trump, threatened a government shutdown. Data revealed that the US annual producer price index (PPI) rose as expected in November. The S&P 500 Index marginally dropped to close at 2,636.78.



UK Market ▲

The FTSE 100 futures are trading in positive territory

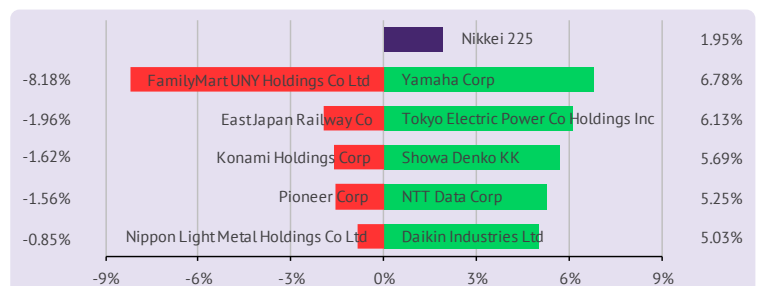
UK markets finished higher yesterday, supported by gains in mining sector stocks. The FTSE 100 Index advanced 1.3% to close at 6,806.94.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, amid gains in automaker sector stocks, following news reports that China would cut tariffs on car made in US. The Nikkei 225 Index is trading 2.0% higher at 21,560.93.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% weaker against the South African Rand at R14.2805. Later today, traders will keep a close watch on the US consumer price index, average hourly earnings, budget statement and the MBA mortgage applications for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US NFIB small optimism index recorded a fall in November. On the flipside, the nation's PPI advanced in line with market anticipations on an annual basis in November. Separately, in SA, manufacturing production climbed more than market forecast on a yearly basis in October. Additionally, annual mining production surprised with a rise in October. Moreover, platinum production recorded an advance on an annual basis in October. In contrast, the nation's non-farm payrolls registered an unexpected decline on a quarterly basis in 3Q18. Additionally, gold production eased for a thirteenth consecutive month on an annual basis in October.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.3% lower against the South African Rand at R17.8603. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, amid continuing uncertainty over the Brexit deal. Data indicated that UK's ILO unemployment rate recorded an unchanged reading in August-October 2018 period. Meanwhile, the nation's average weekly earnings rose more than market expectations on a yearly basis in the August-October 2018 period, recording its biggest increase since May to July period of 2008.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.3% against the South African Rand to trade at R16.1768. Going forward, market participants will keep a tab on the Eurozone's industrial production for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, the Eurozone's ZEW economic sentiment index advanced in December. Separately, Germany's ZEW survey current situation index fell more than market expectations in December. Meanwhile, the nation's the ZEW survey expectations index surprisingly jumped in the same month.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R10.3124. Earlier in the session, Australia's Westpac confidence index recorded a rise in December.

The Australian Dollar fell against the South African Rand yesterday.

Key currencies & commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-------------------|---------|---|--------------|--------------|--------------|----------------------|--------------|
| USDZAR | 14.2805 | ▼ | -0.29 | 1.27 | 3.42 | -6.20 | 15.84 |
| GBPZAR | 17.8603 | ▼ | -0.85 | -0.59 | 1.28 | -6.23 | 7.14 |
| EURZAR | 16.1768 | ▼ | -0.66 | 0.67 | 3.37 | -6.12 | 9.25 |
| AUDZAR | 10.3124 | ▼ | -0.08 | 1.27 | 1.92 | -2.97 | 6.94 |
| EURUSD | 1.1327 | ▲ | -0.34 | -0.54 | 0.00 | 0.04 | -5.73 |
| GBPUSD | 1.2506 | ▲ | -0.59 | -1.88 | -2.06 | -0.13 | -7.59 |
| Brent (\$/barrel) | 60.8 | ▲ | 0.38 | -2.38 | 1.24 | -20.76 | -9.97 |
| Gold (\$/oz) | 1250.1 | ▲ | -0.14 | -0.39 | 1.78 | 0.43 | -5.15 |
| Platinum (\$/oz) | 788.0 | ▲ | 0.43 | -0.62 | -1.79 | -5.12 | -15.92 |
| Copper (\$/MT)* | 6170.5 | ▲ | 1.35 | 0.35 | -0.91 | 3.16 | -14.38 |

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.7% to trade at \$1,250.10/oz.

Yesterday, gold prices fell 0.1% to close at \$1,241.90/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 1.1% to trade at \$60.84/bl, after the American Petroleum Institute reported that crude oil inventories declined by 10.2mn bls in the week ended 7 December 2018.

Yesterday, Brent crude oil advanced 0.4% to settle at \$60.20/bl, amid short-term disruptions in Libyan output. Meanwhile, the Energy Information Administration (EIA) lowered its oil price forecasts by 2.3% to USD71.30 in 2018 and by 15.2% to USD61.00 in 2019. The EIA also forecasted a US crude output of 10.88mn bls a day this year, down 0.1% from the previous outlook.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$788.00/oz.

Yesterday, platinum prices climbed 0.4% to close at \$785.5/oz.

Major South African corporate news

Alexander Forbes Group Holdings Limited

In its interim results for the six months ended 30 September 2018, the company announced that its revenues increased to ZAR3.40bn, compared to ZAR3.21bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 4.00c, down from 22.00c recorded in the same period of the prior year. Further, the company announced that it has declared an interim dividend of 18.00c per share.

Major global economic news

Eurozone

In the Eurozone, the ZEW economic sentiment index rose to a level of -21.00 in December. In the previous month, the index had recorded a reading of -22.00.

In Germany, the ZEW current situation index recorded a more-than-expected drop to 45.30 in December, compared to a level of 58.20 in the previous month.

In Germany, the ZEW economic sentiment index unexpectedly advanced to a level of -17.50 in December. In the previous month, the index had registered a reading of -24.10.

UK

In the UK, the ILO unemployment rate remained unchanged at a rate of 4.1% in August-October 2018 period.

In the UK, average earnings including bonus advanced 3.3% on an annual basis in the August-October 2018 period. In the July-September 2018 period, average earnings including bonus had risen 3.0%.

Asia

In Australia, the Westpac consumer confidence index climbed 0.1% to a level of 104.40 on monthly basis in December. In the prior month, the index had recorded a reading of 104.30.

In Japan, machinery orders rose 7.6% on a monthly basis in October, less than market expectations. Machinery orders had registered a fall of 18.3% in the previous month.

US

In the US, the PPI climbed 2.5% on an annual basis in November, meeting market forecast and compared to a rise of 2.9% in the prior month.

In the US, the NFIB small business optimism index recorded a drop to 104.80 in November, more than market expectations. The index had registered a reading of 107.40 in the prior month.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous | Frequency |
|--------------|-------|---|-----------|-----------------------|--------------|--------------|
| Japan | 01:50 | Domestic Corporate Goods Price Index (MoM) (Nov) | ✓ | -0.30%* | 0.30% | Monthly |
| Japan | 01:50 | Domestic Corporate Goods Price Index (YoY) (Nov) | ✓ | 2.30%* | 2.90% | Monthly |
| Japan | 01:50 | Machinery Orders (MoM) (Oct) | ✓ | 7.60%* | -18.30% | Monthly |
| Japan | 01:50 | Machinery Orders (YoY) (Oct) | ✓✓ | 4.50%* | -7.00% | Monthly |
| Japan | 06:30 | Tertiary Industry Index (MoM) (Oct) | ✓✓ | 1.90%* | -1.10% | Monthly |
| South Africa | 10:00 | Consumer Price Index (MoM) (Nov) | ✓✓ | 0.20% | 0.50% | Monthly |
| South Africa | 10:00 | Consumer Price Index (YoY) (Nov) | ✓✓ | 5.10% | 5.10% | Monthly |
| Eurozone | 12:00 | Industrial Production (Oct) | ✓ | - | 106.30 | Monthly |
| Eurozone | 12:00 | Industrial Production s.a. (MoM) (Oct) | ✓✓✓ | 0.10% | -0.30% | Monthly |
| Eurozone | 12:00 | Industrial Production w.d.a. (YoY) (Oct) | ✓✓✓ | 0.70% | 0.90% | Monthly |
| South Africa | 13:00 | Retail Sales (MoM) (Oct) | ✓✓ | 0.50% | -0.60% | Monthly |
| South Africa | 13:00 | Retail Sales (YoY) (Oct) | ✓✓ | 1.50% | 0.70% | Monthly |
| US | 14:00 | MBA Mortgage Applications (07-Dec) | ✓ | - | 2.00% | Weekly |
| US | 15:30 | Consumer Price Index Ex Food & Energy (MoM) (Nov) | ✓✓✓ | 0.20% | 0.20% | Monthly |
| US | 15:30 | Consumer Price Index (MoM) (Nov) | ✓✓✓ | 0.00% | 0.30% | Monthly |
| US | 15:30 | Consumer Price Index (YoY) (Nov) | ✓✓✓ | 2.20% | 2.50% | Monthly |
| US | 15:30 | Consumer Price Index Ex Food & Energy (YoY) (Nov) | ✓✓✓ | 2.20% | 2.10% | Monthly |
| Eurozone | 15:30 | ECB's Hakkarainen Speaks in Frankfurt | ✓ | - | - | As scheduled |
| US | 15:30 | Consumer Price Index Core s.a. (Nov) | ✓ | 259.40 | 258.94 | Monthly |
| US | 15:30 | Consumer Price Index n.s.a. (Nov) | ✓ | 252.00 | 252.89 | Monthly |
| US | 21:00 | Monthly Budget Statement (Nov) | ✓✓✓ | -USD196.00bn | -USD100.50bn | Monthly |
| UK | - | CBI Distributive Trades Survey - Realised (Dec) | ✓✓ | - | 19.00% | Monthly |

Note: ✓✓✓High ✓✓Medium ✓Low

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