

ONE Minute Brief

14 December 2018

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Economic and political news

In South Africa (SA), the producer price index (PPI) rose 6.8% YoY in November, meeting market expectations and compared to an advance of 6.9% in October.

Sibanye-Stillwater has extended its wage agreement reached with NUM, UASA and Solidarity on 14 November 2018, to cover all of its South African gold workforce, potentially putting an end to a three-week-long strike by the Association of Mineworkers and Construction Union members. Further, the firm urged workers to return to work on 15 December.

The North Gauteng High Court ruled that former President, Jacob Zuma will have to pay his own legal costs during his corruption trial.

According to a news report, the South African Federation on Trade Unions is planning a two-day national shutdown early next year to protest against rising unemployment and economic crisis affecting the poor and the working class.

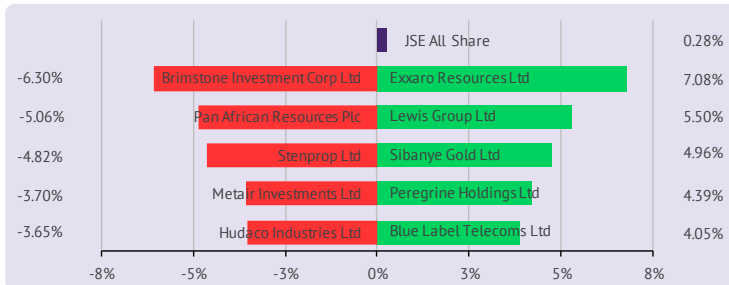
The Nigerian Communications Commission has assured that the USD8.1bn dispute between South African telecom firm, MTN and the Nigerian central bank "is being resolved and very soon it will be over."

Eskom stated that the probability of load shedding would be low until 13 January, citing reduced demand for electricity over the festive break.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in mining and banking sector stocks. Data indicated that SA's annual producer price inflation slowed in line with market forecast in November. The JSE All Share Index rose 0.3% to close at 51,744.16.



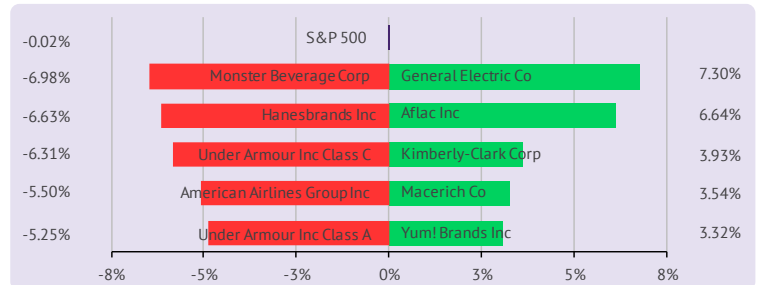
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	51744.16	▲	146.06	0.28	1.38	2.13	-3.29	-13.04
JSE Top 40	45639.00	▲	35.81	0.08	1.41	2.20	-3.22	-13.12
FTSE 100	6877.50	▼	-2.69	-0.04	1.47	-1.47	-2.07	-10.54
DAX 30	10924.70	▼	-4.73	-0.04	1.27	-2.95	-1.66	-15.43
CAC 40	4896.92	▼	-12.53	-0.26	1.74	-2.14	-1.76	-7.82
S&P 500	2650.54	▼	-0.53	-0.02	0.66	-3.97	1.79	-0.86
Nasdaq Composite	7070.33	▼	-27.98	-0.39	1.45	-3.55	0.34	2.42
DJIA	24597.38	▲	70.11	0.29	0.85	-3.68	1.68	-0.49
MSCI Emerging Markets	985.52	▲	6.62	0.68	0.42	-0.92	4.06	-14.93
MSCI Developed World	1974.41	▼	-1.47	-0.07	0.47	-3.28	0.96	-6.13

US Market ▼

The S&P 500 futures are trading in the red

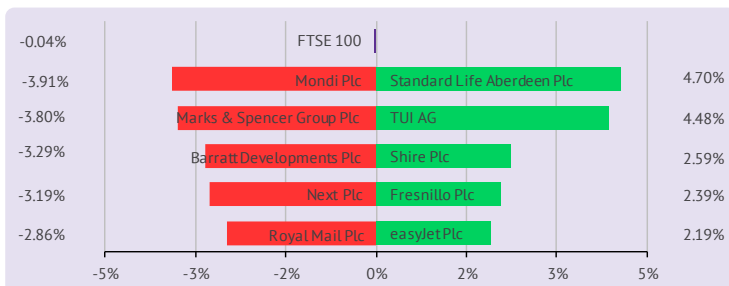
US markets closed mostly lower yesterday, amid concerns over lack of clarity and progress in US-China trade talks. The S&P 500 Index slightly dropped to close at 2,650.54.



UK Market ▼

The FTSE 100 futures are trading in negative territory

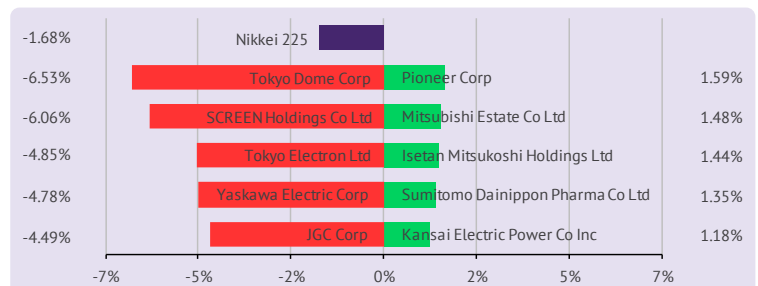
UK markets finished in negative territory yesterday, amid worries that Brexit uncertainty would hurt the British economy. The FTSE 100 Index marginally declined to close at 6,877.50.



Asian Market ▼

Trading lower

Asian markets are trading weaker this morning. Data revealed that Japan's Nikkei manufacturing activity improved in December. The Nikkei 225 Index is trading 1.7% lower at 21,448.63.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.4% against the South African Rand to trade at R14.2392. Later today, traders will keep a close watch on the US advance retail sales, business inventories, the Markit manufacturing and services Purchasing Managers' Index (PMI) along with manufacturing and industrial production data for further direction.

The US Dollar rose against the South African Rand yesterday, after initial jobless claims in the US registered a more-than-expected decline to a 49-year low level in the week ended 8 December 2018. Meanwhile, the nation's budget deficit widened more than market expectations in November. Separately, in SA, PPI climbed in line with market anticipations on a yearly basis in November.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R17.9866. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

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 0.4% firmer against the South African Rand at R16.1792. Going forward, market participants will keep a tab on the Markit manufacturing and services PMI across the Eurozone for further indication.

The Euro strengthened against the South African Rand yesterday. On the macro front, Germany's consumer price index (CPI) climbed in line with market expectations on an annual basis in November.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R10.2423. Earlier in the session, Australia's CBA manufacturing PMI recorded a drop in December. Meanwhile, in China, Australia's largest trading partner, industrial production rose less than market forecast on a yearly basis in November. Additionally, annual retail sales declined to a 15-year low level 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	14.2392	▲	0.48	0.12	2.25	-6.20	14.52
GBPZAR	17.9866	▲	0.67	-0.43	1.44	-6.23	7.31
EURZAR	16.1792	▲	0.44	-0.06	2.63	-6.12	8.47
AUDZAR	10.2423	▼	0.58	0.44	1.08	-2.97	6.06
EURUSD	1.1362	▲	-0.07	-0.16	0.39	0.04	-5.36
GBPUSD	1.2631	▼	0.11	-0.65	-0.83	-0.13	-6.44
Brent (\$/barrel)	61.1	▼	2.16	-0.36	3.35	-20.76	-8.11
Gold (\$/oz)	1246.1	▲	-0.14	-0.33	1.84	0.43	-5.09
Platinum (\$/oz)	796.5	▼	-1.19	0.90	-0.29	-5.12	-14.63
Copper (\$/MT)*	6158.5	▲	0.22	0.15	-1.10	3.16	-14.55

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,246.10/oz.

Yesterday, gold prices fell 0.1% to close at \$1,242.70/oz, as the US Dollar strengthened, amid positive jobless claims data from the US.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$61.09/bl.

Yesterday, Brent crude oil advanced 2.2% to settle at \$61.45/bl, following a news report that Saudi Arabia plans to reduce shipments to the US refiners to avoid an expansion of the US crude stockpiles. Meanwhile, the International Energy Agency indicated that crude output in the Organisation of the Petroleum Exporting Countries rose by 100,000bls a day on month to 33.03mn bls a day in November.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$796.50/oz.

Yesterday, platinum prices declined 1.2% to close at \$797.5/oz.

Major South African corporate news

African Oxygen Limited

In its FY18 trading statement, the company indicated that it expects HEPS to be between 150.50c and 174.30c, which is 13.3% to 25.1% lower compared to the same period of the previous year. Further, the company expects EPS to be in the range of 139.30c to 161.30c, which is 20.8% to 31.6% lower compared to the corresponding period of the preceding year.

Anglo American Platinum Limited

In its FY18 trading statement, the company announced that it expects HEPS to be 297.00c, which is at least 20.0% higher compared to the same period of the prior year. Further, the company expects EPS to be 149.00c, which is also at least 20.0% higher compared to the same period of the last year.

Major global economic news

Asia

In Australia, the CBA manufacturing PMI dropped to a level of 53.7 in December, compared to a reading of 54.6 in the previous month.

In Japan, the flash manufacturing PMI recorded a rise to 52.40 in December. The Manufacturing PMI had registered a level of 52.20 in the previous month.

In Japan, final industrial production rose 2.9% on a monthly basis in October. In the previous month, industrial production had recorded a drop of 0.4%. The preliminary figures had also recorded an advance of 2.9%.

In China, industrial production registered a less-than-expected rise of 5.4% on a yearly basis in November. Industrial production had registered a rise of 5.9% in the prior month.

In China, retail sales advanced 8.1% in November, less than market forecast and compared to an advance of 8.6% in the previous month.

Eurozone

The European Central Bank (ECB), in its latest monetary policy meeting, maintained its benchmark interest rate at 0.00%. Further, the central bank confirmed that it will end its quantitative easing programme from the end of December, while interest rates will remain unchanged until at least the end of summer 2019. The ECB President, Mario Draghi, signalled both confidence about growth and concern over rising uncertainty.

In Germany, the final CPI recorded a rise of 2.3% on an annual basis in November, meeting market forecast and compared to an advance of 2.5% in the prior month. The preliminary figures had also indicated a rise of 2.3%.

US

In the US, seasonally adjusted initial jobless claims registered a more-than-anticipated drop to 206.00K in the week ended 8 December 2018. Initial jobless claims had registered a revised reading of 233.00K in the previous week.

In the US, budget deficit widened more-than-expected to USD204.90bn in November, compared to a deficit of USD100.50bn reported in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Tankan Large ALL Industry Capex (Q4)	✓✓	14.30%*	13.40%	Quarterly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Dec) (P)	✓✓✓	52.40*	52.20	Monthly
China	04:00	Industrial Production (YoY) (Nov)	✓✓	5.40%*	5.90%	Monthly
China	04:00	Industrial Production YTD (YoY) (Nov)	✓✓	6.30%*	6.40%	Monthly
China	04:00	Retail Sales (YoY) (Nov)	✓✓✓	8.10%*	8.60%	Monthly
Japan	06:30	Industrial Production (MoM) (Oct) (F)	✓✓✓	2.90%*	2.90%**	Monthly
Japan	06:30	Industrial Production (YoY) (Oct) (F)	✓✓✓	4.20%*	4.20%**	Monthly
Germany	09:00	Wholesale Price Index (MoM) (Nov)	✓	-	0.30%	Monthly
Germany	09:00	Wholesale Price Index (YoY) (Nov)	✓	-	4.00%	Monthly
Eurozone	10:15	ECB Vice-President Guindos Speaks in Frankfurt	✓	-	-	As scheduled
Germany	10:30	Markit Services PMI (Dec) (P)	✓✓✓	53.50	53.30	Monthly
Germany	10:30	Markit Manufacturing PMI (Dec) (P)	✓✓✓	51.70	51.80	Monthly
Eurozone	10:30	Markit Manufacturing PMI (Dec) (P)	✓✓✓	51.80	51.80	Monthly
Eurozone	10:30	Markit Services PMI (Dec) (P)	✓✓✓	53.40	53.40	Monthly
Eurozone	11:30	ECB's Lautenschlaeger Speaks in Frankfurt	✓	-	-	As scheduled
Eurozone	12:00	Labour Cost (Q3)	✓	-	2.20%	Quarterly
Eurozone	15:30	ECB's Angeloni Speaks in Rome	✓	-	-	As scheduled
US	15:30	Advance Retail Sales (MoM) (Nov)	✓✓✓	0.10%	0.80%	Monthly
US	15:30	Retail Sales "Control Group" (MoM) (Nov)	✓✓	0.40%	0.30%	Monthly
US	16:15	Capacity Utilisation (Nov)	✓	78.60%	78.40%	Monthly
US	16:15	Industrial Production (MoM) (Nov)	✓✓✓	0.30%	0.10%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Nov)	✓✓✓	0.30%	0.30%	Monthly
US	16:45	Markit Services PMI (Dec) (P)	✓✓✓	54.60	54.70	Monthly
US	16:45	Markit Manufacturing PMI (Dec) (P)	✓✓✓	55.00	55.30	Monthly
US	17:00	Business Inventories (Oct)	✓	0.60%	0.30%	Monthly
Eurozone	-	EcoFin Meeting	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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