

ONE Minute Brief

18 December 2018

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Economic and political news

South Africa's (SA) foreign direct investment inflows fell by nearly ZAR3bn in 3Q18. Direct investment liability fell to ZAR27.9bn from ZAR31.6bn in 3Q18. Portfolio investments rose to ZAR17.9bn, compared to ZAR16.6bn reported in the period from July to September 2018.

Ratings agency, Moody's warned that Eskom's request to transfer its ZAR100bn debt to SA could increase the country's debt/GDP ratio by around two percentage points from the current 55.8%.

On Friday, the Association of Mineworkers and Construction Union (Amcu) vowed to continue with its strike at Sibanye-Stillwater's gold operations, as its demands haven't been met.

President, Cyril Ramaphosa, has appointed an eight-person task team to advise government on ways to manage the financial and operational crises at Eskom.

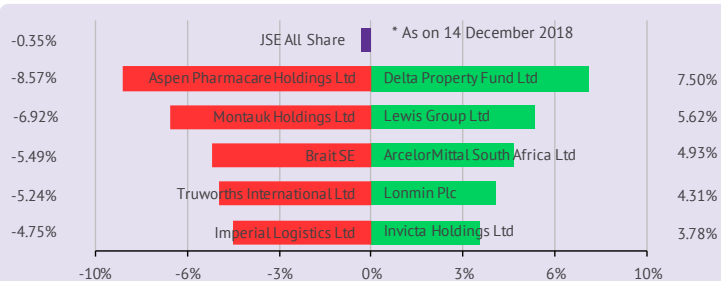
Eskom's spokesman, Khulu Phasiwe, stated that the firm is currently evaluating bids for the sale of its non-core subsidiary, Eskom Finance Company.

The African National Congress has postponed its conference to 4-5 January on finalising lists for elections next year in order to give provinces time to conclude the process.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red on Friday, weighed down by losses in industrial, retail and platinum mining sector stocks. The JSE All Share Index fell 0.4% to close at 51,560.47.



Key indices

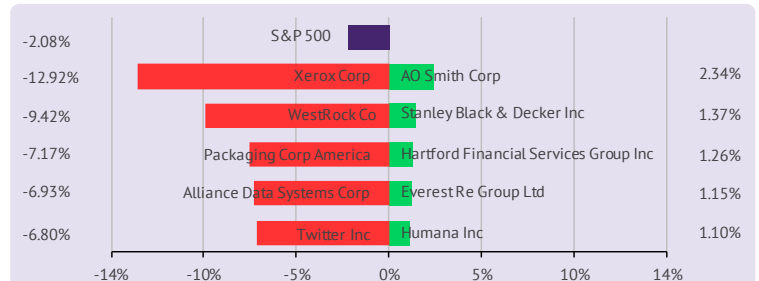
	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share*	51560.47	▼	-183.69	-0.35	0.00	1.77	-3.29	-13.35
JSE Top 40*	45528.87	▼	-110.13	-0.24	0.00	1.95	-3.22	-13.33
FTSE 100	6773.24	▼	-71.93	-1.05	-1.05	-2.97	-2.07	-11.90
DAX 30	10772.20	▼	-93.57	-0.86	-0.86	-4.31	-1.66	-16.61
CAC 40	4799.87	▼	-53.83	-1.11	-1.11	-4.08	-1.76	-9.65
S&P 500	2545.94	▼	-54.01	-2.08	-2.08	-7.76	1.79	-4.78
Nasdaq Composite	6753.73	▼	-156.93	-2.27	-2.27	-7.87	0.34	-2.17
DJIA	23592.98	▼	-507.53	-2.11	-2.11	-7.62	1.68	-4.56
MSCI Emerging Markets	967.82	▼	-4.08	-0.42	-0.42	-2.70	4.06	-16.46
MSCI Developed World	1914.33	▼	-28.22	-1.45	-1.45	-6.22	0.96	-8.99

* Values as on 14 December 2018

US Market ▼

The S&P 500 futures are trading in the green

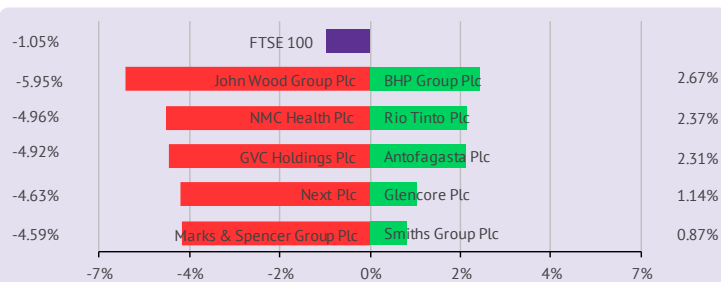
US markets closed lower yesterday, amid persistent fears over weakening global growth. The S&P 500 Index dropped 2.1% to close at 2,545.94.



UK Market ▼

The FTSE 100 futures are trading in positive territory

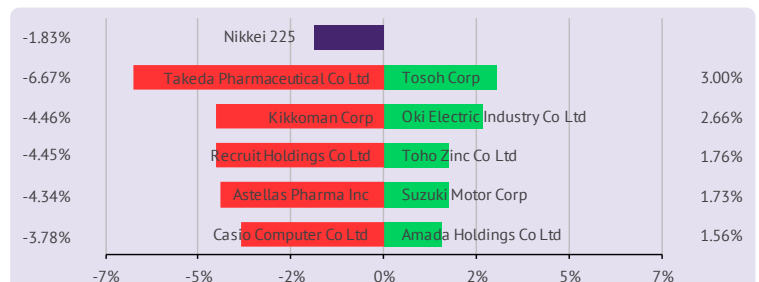
UK markets finished lower yesterday, amid sharp losses in retail sector stocks, after online retailer ASOS issued a profit warning. The FTSE 100 Index declined 1.1% to close at 6,773.24.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, on global growth concerns. The Nikkei 225 Index is trading 1.8% lower at 21,113.79.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R14.3708. Later today, traders will keep a close watch on the US housing starts and building permits for further indication.

The US Dollar fell against the South African Rand yesterday, ahead of the Federal Reserve (Fed) interest rate decision. On the data front, the US empire manufacturing index fell more than market forecast in December, marking its lowest level in 19 months. Additionally, the NAHB housing market index registered an unexpectedly decline to a three-month low level in December.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound slightly fell against the South African Rand to trade at R18.1622. 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. Data indicated that UK's Rightmove house price index registered a decline on a monthly basis in December.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R16.3223. Going forward, market participants will keep a tab on Germany's Ifo indices for further direction.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's consumer price index (CPI) advanced less than market forecast on an annual basis in November. Meanwhile, the region's trade surplus unexpectedly narrowed in October.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar marginally dropped against the South African Rand to trade at R10.3329. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index recorded a rise in the week ended 16 December 2018.

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	14.3708	▼	-0.02	-0.02	3.79	-6.20	16.26
GBPZAR	18.1622	▼	0.26	0.26	2.72	-6.23	8.66
EURZAR	16.3223	▼	0.33	0.33	4.06	-6.12	9.99
AUDZAR	10.3329	▼	-0.04	-0.04	1.91	-2.97	6.93
EURUSD	1.1354	▲	0.37	0.37	0.27	0.04	-5.47
GBPUSD	1.2634	▲	0.33	0.33	-0.98	-0.13	-6.58
Brent (\$/barrel)	58.8	▼	-1.11	-1.11	0.25	-20.76	-10.86
Gold (\$/oz)	1252.5	▲	0.84	0.84	2.23	0.43	-4.73
Platinum (\$/oz)	791.7	▼	1.35	1.35	-0.49	-5.12	-14.80
Copper (\$/MT)*	6095.5	▼	-0.53	-0.53	-2.11	3.16	-15.42

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,252.50/oz.

Yesterday, gold prices rose 0.8% to close at \$1,247.40/oz, as the US Dollar weakened, ahead of the US Fed interest rate decision.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.3% lower to trade at \$58.83/bl, amid worries over crude oversupply.

Yesterday, Brent crude oil dropped 1.1% to settle at \$59.61/bl, after data revealed a rise in crude inventories at the US storage hub in Cushing, Oklahoma. Further, the Energy Information Administration forecasted that crude-oil production from seven major US shale players will climb by 134,000bls a day to 8.166mn bls a day.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.5% to trade at \$791.70/oz.

Yesterday, platinum prices climbed 1.4% to close at \$795.9/oz.

Major South African corporate news

British American Tobacco Plc

The company announced that Paul Lageweg will be appointed as the Director, New Categories and Marina Bellini will be appointed as Director, Digital and Information with effect from 1 January 2019. Additionally, the company announced that the roles of Chief Operating Officer and Group Business Development Director would cease to exist and all four regions (USA, Europe and North Africa, Asia-Pacific and Middle East and Americas and Sub-Saharan Africa) will report directly to the CEO.

Major global economic news

Asia

The Reserve Bank of Australia (RBA), in its December monetary policy meeting minutes, revealed that the next move in the cash rate is more likely to be a rise than a decrease however, it believed that there is no strong case for a near-term monetary policy adjustment. Further, the central bank warned that sluggish household consumption and declining real estate values pose key economic risks to the Australian economy.

In Australia, the ANZ Roy Morgan weekly consumer confidence index advanced to 117.8 in the week ended 16 December 2018, compared to a level of 117.7 in the prior week.

US

In the US, the NY Empire State manufacturing index registered a more-than-expected drop to 10.90 in December. The index had recorded a level of 23.30 in the previous month.

In the US, the NAHB housing market index unexpectedly dropped to 56.00 in December, compared to a reading of 60.00 in the previous month.

Eurozone

In the Eurozone, the final CPI rose 1.9% on an annual basis in November, less than market expectations. In the previous month, the CPI had registered a rise of 2.2%. The preliminary figures had indicated an advance of 2.2%.

In the Eurozone, the seasonally adjusted trade surplus unexpectedly dropped to EUR12.50bn in October, compared to a surplus of EUR13.00bn in the previous month.

UK

In the UK, the Rightmove house price index dropped 1.5% on a monthly basis in December. The index had registered a drop of 1.7% in the previous month.

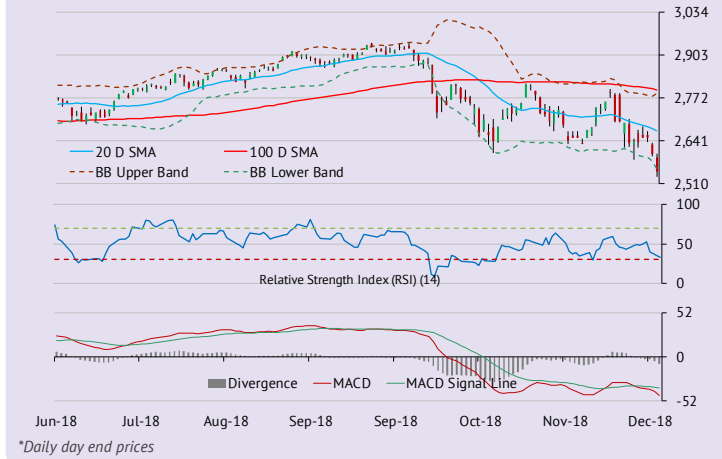
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 50,552.52, and a fall through could take it to the next support level of 49,544.57. The index is expected to find its first resistance at 52,450.29, and a rise through could take it to the next resistance level of 53,340.11.

S&P 500



The S&P 500 index is expected to find support at 2,489.17, and a fall through could take it to the next support level of 2,432.41. The index is expected to find its first resistance at 2,644.07, and a rise through could take it to the next resistance level of 2,742.21.

USD ZAR















The pair is expected to find support at 14.1365, and a fall through could take it to the next support level of 13.8772. The pair is expected to find its first resistance at 14.5621, and a rise through could take it to the next resistance level of 14.7284.

XAU USD



Gold is expected to find support at \$1,238.10/oz, and a fall through could take it to the next support level of \$1,228.80/oz. The precious metal is expected to find its first resistance at \$1,252.70/oz, and a rise through could take it to the next resistance level of \$1,258.00/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Switzerland	08:45	SECO Economic Forecasts	✓	-	-	As scheduled
 South Africa	09:00	Leading Indicator (Oct)	✓	105.00	104.70	Monthly
 Germany	11:00	Ifo - Business Climate (Dec)	✓✓✓	101.70	102.00	Monthly
 Germany	11:00	Ifo - Current Assessment (Dec)	✓✓	105.00	105.40	Monthly
 Germany	11:00	Ifo - Expectations (Dec)	✓✓	98.40	98.70	Monthly
 US	15:30	Building Permits (Nov)	✓✓✓	1260.00K	1263.00K	Monthly
 US	15:30	Building Permits (MoM) (Nov)	✓✓✓	-0.40%	-0.60%	Monthly
 Canada	15:30	Manufacturing Shipments (MoM) (Oct)	✓✓	0.40%	0.20%	Monthly
 US	15:30	Housing Starts (Nov)	✓✓✓	1228.00K	1228.00K	Monthly
 US	15:30	Housing Starts (MoM) (Nov)	✓✓✓	0.00%	1.50%	Monthly
 US	15:55	Redbook Index (YoY) (14-Dec)	✓	-	6.60%	Weekly
 US	15:55	Redbook Index s.a. (MoM) (14-Dec)	✓	-	-0.50%	Weekly

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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