

ONE Minute Brief

20 December 2018

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Economic and political news

International Monetary Fund (IMF) Managing Director, Christine Lagarde, urged South Africa (SA) to protect its key institutions such as the central bank and National Treasury. Meanwhile, Lagarde stated that the IMF has not received any request from SA for a financial aid programme.

Former Eskom Chief Executive Officer, Brian Dames, has stepped down from the Eskom task team over "perceived" conflicts of interest.

The Association of Mineworkers and Construction Union (AMCU) has filed an appeal at the Competition Appeal Court to overturn a mining deal in which Sibanye-Stillwater intends to acquire rival Lonmin.

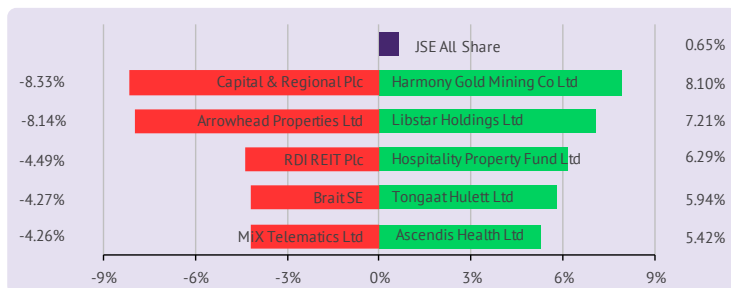
Public Protector, Busisiwe Mkhwebane has asked President, Cyril Ramaphosa to take disciplinary action against Treasury Director-General, Dondo Mogajane for not disclosing a criminal conviction when he had applied for the post.

The SA National Editors Forum (Sanef) has lodged a complaint in the Equality Court against the Economic Freedom Fighters (EFF) and its leader Julius Malema, in an attempt to stop them from harassing and threatening journalists.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and gold mining sector stocks. The JSE All Share Index rose 0.7% to close at 51,569.77.



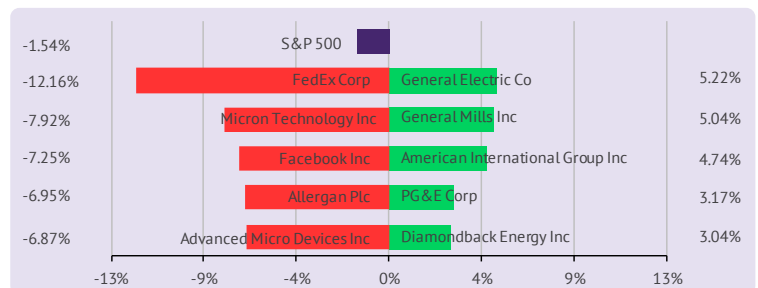
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	51569.77	▲	332.69	0.65	0.02	1.79	-3.29	-13.33
JSE Top 40	45537.58	▲	310.42	0.69	0.02	1.97	-3.22	-13.32
FTSE 100	6765.94	▲	64.35	0.96	-1.16	-3.07	-2.07	-11.99
DAX 30	10766.21	▲	25.32	0.24	-0.92	-4.36	-1.66	-16.65
CAC 40	4777.45	▲	23.37	0.49	-1.57	-4.53	-1.76	-10.07
S&P 500	2506.96	▼	-39.20	-1.54	-3.58	-9.17	1.79	-6.23
Nasdaq Composite	6636.83	▼	-147.09	-2.17	-3.96	-9.46	0.34	-3.86
DJIA	23323.66	▼	-351.98	-1.49	-3.22	-8.67	1.68	-5.65
MSCI Emerging Markets	967.65	▲	4.67	0.48	-0.44	-2.72	4.06	-16.47
MSCI Developed World	1892.71	▼	-15.44	-0.81	-2.57	-7.28	0.96	-10.02

US Market ▼

The S&P 500 futures are trading in the red

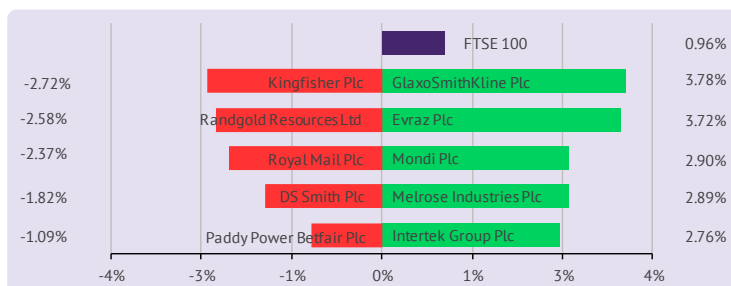
US markets closed lower yesterday, after the Federal Reserve (Fed) raised its key interest rate for the fourth time this year and led by losses in technology and banking sector stocks. The S&P 500 Index dropped 1.5% to close at 2,506.96.



UK Market ▲

The FTSE 100 futures are trading in negative territory

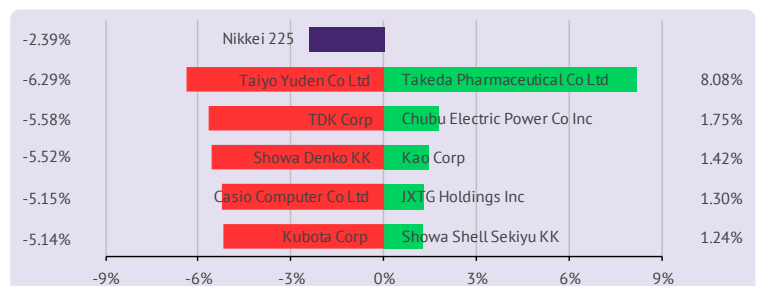
UK markets finished higher yesterday, after pharmaceutical company, GlaxoSmithKline Plc announced a joint venture with US drugmaker Pfizer. The FTSE 100 Index advanced 1.0% to close at 6,765.94.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, mirroring losses in their US peers. The Nikkei 225 Index is trading 2.4% lower at 20,486.73.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar slightly fell against the South African Rand to trade at R14.3825. Later today, traders will keep a close watch on the US leading index, initial jobless claims and the Philadelphia Fed business outlook for further indication.

The US Dollar rose against the South African Rand yesterday, after the Fed raised its benchmark interest rate. On the macro front, the US existing home sales rebounded on a monthly basis in November. Meanwhile, current account deficit widened less than market forecast in the third quarter of 2018. On the other hand, the nation's the MBA mortgage applications declined to a three-month low level in the week ended 14 December 2018.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally advanced against the South African Rand to trade at R18.1511. Ahead in the day, traders will keep an eye on the Bank of England's interest rate decision along with UK's retail sales for further direction.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's CPI advanced in line with market forecast on a yearly basis in November. Additionally, the annual producer price index (PPI) jumped more than market anticipations in the same month. Further, the annual retail price index advanced in line with market expectations in November. Meanwhile, the nation's house price index rose less than market expectations on an annual basis in October. Further, the CBI total trend orders registered a decline in December.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading slightly firmer against the South African Rand at R16.3698. Going forward, market participants will keep a tab on the Eurozone's current account balance for further dues.

The Euro strengthened against the South African Rand yesterday, after the European Union reached a deal with Italy over its 2019 budget plan. Data indicated that the Eurozone's construction output recorded a fall on a monthly basis in October. Separately, Germany's PPI jumped more than market forecast on a yearly basis in November.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R10.2193. Earlier in the session, Australia's unemployment rate unexpectedly climbed in November.

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	14.3825	▼	0.27	-0.06	3.75	-6.20	16.21
GBPZAR	18.1511	▲	0.04	0.12	2.59	-6.23	8.52
EURZAR	16.3698	▲	0.39	0.51	4.25	-6.12	10.19
AUDZAR	10.2193	▼	-0.74	-1.05	0.88	-2.97	5.85
EURUSD	1.1383	▲	0.13	0.62	0.52	0.04	-5.24
GBPUSD	1.2622	▲	-0.23	0.21	-1.09	-0.13	-6.68
Brent (\$/barrel)	56.4	▼	1.74	-5.04	-3.73	-20.76	-14.40
Gold (\$/oz)	1247.6	▼	0.23	1.22	2.61	0.43	-4.37
Platinum (\$/oz)	785.5	▼	0.15	1.36	-0.48	-5.12	-14.79
Copper (\$/MT)*	5990.5	▲	0.77	-2.24	-3.80	3.16	-16.88

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.4% lower to trade at \$1,247.60/oz.

Yesterday, gold prices rose 0.2% to close at \$1,252.10/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 1.4% to trade at \$56.42/bl, amid concerns about oversupply and outlook for the global economy.

Yesterday, Brent crude oil advanced 1.7% to settle at \$57.24/bl, after the US Energy Information Administration reported that crude oil inventories fell by 497,000 bls in the week ended 14 December 2018, marking its third straight weekly decline.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 1.3% to trade at \$785.50/oz.

Yesterday, platinum prices climbed 0.2% to close at \$796.00/oz.

Major South African corporate news

Trustco Group Holdings Limited

In its 1H18 results for the six months ended 30 September 2018, the company announced that its revenues stood at NAD253.77mn, compared to NAD408.07mn posted in the same period of the previous year. Its diluted EPS rose to 7.85c, compared to 6.55c recorded in the corresponding period of the preceding year. The board of directors have decided to defer the declaration of any 2019 interim dividend.

Major global economic news

US

The Fed, in its latest monetary policy meeting, raised its benchmark interest rate by 25 basis points to a band of 2.25%-2.50%, marking its fourth increase this year. However, the central bank lowered its 2019 interest rate projection to two hikes, compared to three rate increases previously forecasted. The central bank also lowered its forecasts for real GDP growth in 2018 and 2019 to 3.0% and 2.3%, respectively.

In the US, current account deficit widened less-than-expected to USD124.80bn in 3Q18, compared to a revised deficit of USD101.20bn in the previous quarter.

In the US, the MBA mortgage applications registered a drop of 5.8% on a weekly basis in the week ended 14 December 2018. The MBA mortgage applications had advanced 1.6% in the previous week.

In the US, existing home sales unexpectedly climbed by 1.9% to a level of 5.32mn on monthly basis in November, more than market expectations. In the prior month, existing home sales had recorded a reading of 5.22mn.

Eurozone

In the Eurozone, seasonally adjusted construction output dropped 1.6% on a monthly basis in October. Construction output had registered a revised rise of 2.1% in the prior month.

In Germany, the PPI climbed 3.3% on an annual basis in November, more than market expectations. The PPI had registered a similar rise in the prior month.

UK

In the UK, the CPI registered a rise of 2.3% on an annual basis in November, meeting market expectations. In the previous month, the CPI had advanced 2.4%.

In the UK, the non-seasonally adjusted output PPI climbed 3.1% on an annual basis in November, more than market expectations. In the prior month, the output PPI had registered a rise of 3.3%.

In the UK, the balance of firms reporting total order book above normal dropped to 8.00 in December, compared to a reading of 10.00 in the previous month.

In the UK, the house price index registered a less-than-expected rise of 2.7% on a yearly basis in October, compared to a revised rise of 3.0% in the prior month.

In the UK, the retail price index advanced 3.2% on an annual basis in November, in line with expectations. In the prior month, the index had registered a rise of 3.3%.

Asia

In Australia, seasonally adjusted unemployment rate registered an unexpected rise to 5.1% in November, compared to a rate of 5.0% in the previous month.

The Bank of Japan kept its key interest rate unchanged at -0.10%, amid uncertainty over global economy.

In Japan, the all industry activity index advanced 1.9% on a monthly basis in October, less than market expectations. In the prior month, the index had fallen by a revised 1.0%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Foreign Buying Japan Bonds (14-Dec)	✓	JPY1607.40bn*	JPY1717.40bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (14-Dec)	✓	JPY63.30bn*	JPY1234.80bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (14-Dec)	✓	-JPY166.90bn*	-JPY448.90bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (14-Dec)	✓	-JPY63.00bn*	-JPY111.80bn	Weekly
Japan	06:30	All Industry Activity Index (MoM) (Oct)	✓✓✓	1.90%*	-0.90%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Nov) (F)	✓✓✓	-	-16.80%**	Monthly
Eurozone	11:00	Current Account n.s.a. (Oct)	✓	-	EUR24.07bn	Monthly
Eurozone	11:00	Current Account s.a (Oct)	✓✓✓	-	EUR16.90bn	Monthly
Italy	11:00	Producer Price Index (Nov)	✓	-	106.40	Monthly
UK	11:30	Retail Sales (YoY) (Nov)	✓✓✓	2.00%	2.20%	Monthly
UK	11:30	Retail Sales (MoM) (Nov)	✓✓✓	0.30%	-0.50%	Monthly
UK	13:00	CBI Distributive Trades Survey - Realised (Dec)	✓✓	15.00%	19.00%	Monthly
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.75%	0.75%	As scheduled
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	14:00	Monetary Policy Summary	✓✓✓	-	-	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
US	15:30	Philadelphia Fed Manufacturing Survey (Dec)	✓✓	15.00	12.90	Monthly
US	15:30	Continuing Jobless Claims (08-Dec)	✓✓✓	1663.00K	1661.00K	Weekly
US	15:30	Initial Jobless Claims (15-Dec)	✓✓✓	215.00K	206.00K	Weekly
US	17:00	Leading Indicator (MoM) (Nov)	✓✓✓	0.00%	0.10%	Monthly
Japan	-	BoJ 10-Yr Yield Target	✓✓✓	-	-	As scheduled
Japan	-	BoJ Monetary Policy Statement	✓✓✓	-	-	As scheduled
Japan	-	BoJ Press Conference	✓✓✓	-	-	As scheduled
Japan	-	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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