

# ONE Minute Brief

10 January 2019

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## Economic and political news

In South Africa (SA), the manufacturing PMI unexpectedly rose to a level of 50.70 in December, compared to a reading of 49.50 in the prior month.

The World Bank downgraded SA's real GDP growth for 2019 to 1.3% from 1.8% projected in June 2018, citing constraints on domestic demand and limited government spending. The bank warned that high unemployment and slow growth in household credit extension will constrain domestic demand in 2019. Further, it expects GDP to increase by 1.7% in 2020 and 1.8% in 2021.

A South African court has ruled that the detention of Mozambique's former Finance Minister, Manuel Chang, over USD2bn of fraudulent loans was legal.

Namibia has suspended meat imports from SA due to the outbreak of the highly contagious foot and mouth disease.

South African Airways (SAA) stated that it is in discussions with Zimbabwe to recover millions of rand worth of debt, owed to it in tickets.

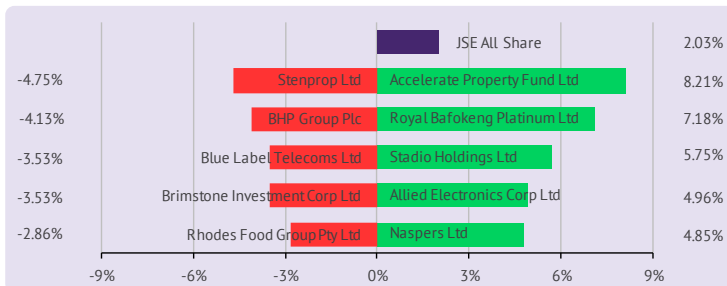
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	53222.89	▲	1057.42	2.03	1.95	0.92	4.09	0.92
JSE Top 40	47140.85	▲	1024.68	2.22	2.13	0.89	4.63	0.89
FTSE 100	6906.63	▲	45.03	0.66	1.01	2.65	-3.61	2.65
DAX 30	10893.32	▲	89.34	0.83	1.17	3.17	-6.20	3.17
CAC 40	4813.58	▲	40.31	0.84	1.61	1.75	-5.46	1.75
S&P 500	2584.96	▲	10.55	0.41	2.09	3.12	-9.18	3.12
Nasdaq Composite	6957.08	▲	60.08	0.87	3.24	4.85	-9.48	4.85
DJIA	23879.12	▲	91.67	0.39	1.90	2.36	-8.66	2.36
MSCI Emerging Markets	994.41	▲	18.90	1.94	3.05	2.95	-2.89	2.95
MSCI Developed World	1950.99	▲	15.20	0.79	2.46	3.56	-7.71	3.56

## South Africa Market ▲

### South African markets closed higher

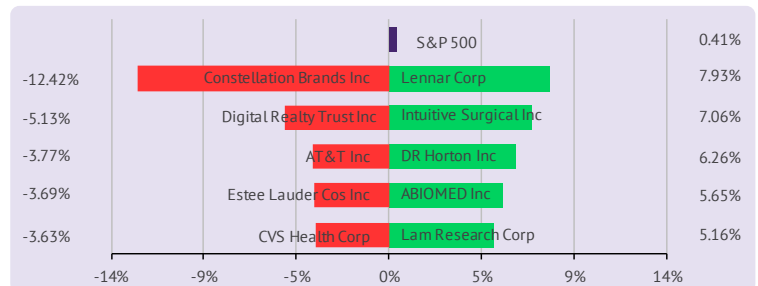
South African markets closed in the green yesterday, boosted by gains in industrial, gold mining and resources sector stocks. Data indicated that SA's manufacturing PMI unexpectedly advanced in December. The JSE All Share Index rose 2.0% to close at 53,222.89.



## US Market ▲

### The S&P 500 futures are trading in the red

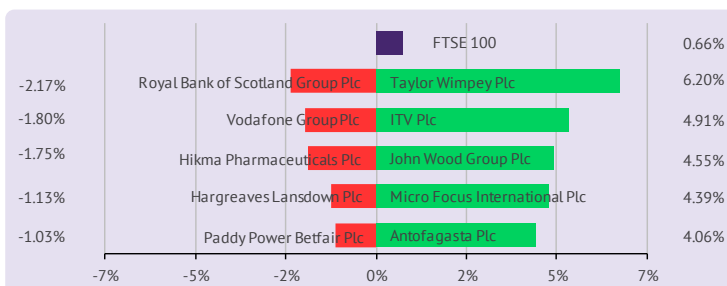
US markets closed higher yesterday, as US-China trade tensions eased and after the Federal Reserve (Fed) signalled that it will remain patient on future interest rate hikes. The S&P 500 Index climbed 0.4% to close at 2,584.96.



## UK Market ▲

### The FTSE 100 futures are trading in negative territory

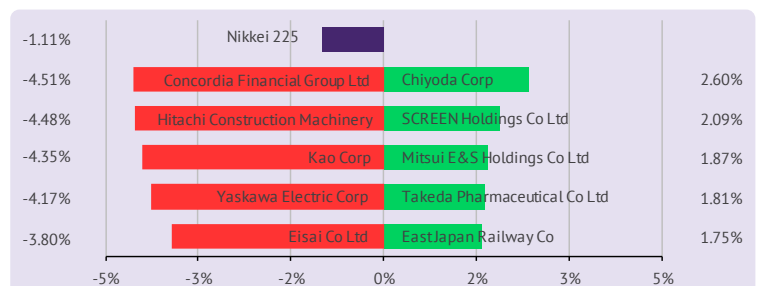
UK markets finished higher yesterday, amid signs of progress over US-China trade talks. The FTSE 100 Index advanced 0.7% to close at 6,906.63.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 1.1% lower at 20,201.24.



## USD ZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R13.8420. Later today, traders will keep a close watch on the US initial jobless claims and trade balance for further direction.

The US Dollar fell against the South African Rand yesterday, after the Fed indicated that it would be cautious on its future rate hikes, amid concerns over global growth. On the data front, the US MBA mortgage applications recorded a rise in the week ended 4 January 2018. Separately, in SA, the manufacturing PMI registered an unexpected advance for the first time in nine months in December.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R17.7055. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news. Data indicated that UK's BRC like-for-like sales dropped more than market expectations on an annual basis in December, recording its biggest fall since October 2017.

The British Pound declined against the South African Rand yesterday, amid ongoing concerns over Brexit.

## EUR ZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R16.0082. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the macro front, the Eurozone's unemployment rate unexpectedly dropped in November, marking its lowest rate since October 2008. Separately, Germany's trade surplus widened in November. Meanwhile, the nation's current account surplus widened less than market forecast in the same month.

## AUD ZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar slightly rose against the South African Rand to trade at R9.9417. Meanwhile, in China, Australia's largest trading partner, annual consumer price index (CPI) registered a less-than-expected advance in December. Additionally, the producer price index (PPI) climbed less than market forecast on a yearly basis 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	13.8420	▼	-0.70	-0.76	-3.40	3.44	-3.40
GBPZAR	17.7055	▼	-0.16	-0.22	-3.24	3.58	-3.24
EURZAR	16.0082	▲	0.17	0.51	-2.80	4.83	-2.80
AUDZAR	9.9417	▲	-0.37	0.03	-1.82	-0.16	-1.82
EURUSD	1.1565	▲	0.89	1.30	0.66	1.33	0.66
GBPUSD	1.2791	▲	0.57	0.52	0.27	0.04	0.27
Brent (\$/barrel)	61.0	▼	4.63	7.68	14.20	-9.52	14.20
Gold (\$/oz)	1297.8	▲	0.47	0.48	0.84	5.01	0.84
Platinum (\$/oz)	820.0	-	0.43	-0.24	3.03	-0.49	3.03
Copper (\$/MT)*	5936.8	▲	0.85	0.67	-0.21	-4.46	-0.21

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 0.4% to trade at \$1,297.80/oz.

Yesterday, gold prices rose 0.5% to close at \$1,292.00/oz, as the US Dollar weakened, following dovish comments from the Fed officials.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.8% to trade at \$60.97/bl.

Yesterday, Brent crude oil advanced 4.6% to settle at \$61.44/bl, amid continued optimism over US-China trade negotiations and after the Energy Information Administration reported that domestic crude supplies fell by 1.7mn bls in the week ended 4 January 2019. Additionally, a report showed that OPEC oil production fell by 630,000 bls a day to a six-month low of 32.43mn bls in December.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$820.00/oz.

Yesterday, platinum prices climbed 0.4% to close at \$825.3/oz.

## Major South African corporate news

### AdaptIT Holdings Limited

The company announced that it has entered into business purchase agreements through its wholly-owned subsidiaries, to acquire the businesses of Kura Holdings Proprietary Limited, Wisenet Information Systems Proprietary Limited and Wise.Net Corporate Trustee Limited, and the business intellectual property and existing IP rights of Wakatipu Management Pte Limited. Accordingly, Kura and Wisenet Australia would be acquired by Adapt IT Australasia Proprietary Limited, Wisenet NZ would be acquired by Adapt IT Australasia Limited and Wisenet SG would be acquired by Adapt IT Solutions Pte Limited.

## Major global economic news

### US

The FOMC December meeting minutes revealed that the Fed will remain patient on further interest rate hikes, due to volatility in financial markets and concerns over global economic growth. Further, the officials expressed uncertainty over the timing of future rate increases. Additionally, the Fed lowered its interest rate projection for 2019 to two from three.

In the US, the MBA mortgage applications rebounded 23.5% in the week ended 4 January 2019, compared to a fall of -8.5% in the prior week.

### Eurozone

In the Eurozone, unemployment rate unexpectedly dropped to 7.9% in November, compared to a revised reading of 8.0% in the prior month.

In Germany, non-seasonally adjusted trade surplus widened to EUR20.50bn in November, from a surplus of EUR18.90bn in the previous month.

In Germany, non-seasonally adjusted current account surplus widened less-than-expected to EUR21.40bn in November, compared to a surplus of EUR15.90bn in the previous month.

### Asia



















In China, the CPI recorded a less-than-anticipated rise of 1.9% on an annual basis in December. In the prior month, the CPI had climbed 2.2%.

In China, the PPI advanced 0.9% on a yearly basis in December, less than market expectations. The PPI had risen 2.7% in the previous month.

### UK

In the UK, the BRC like-for-like sales recorded a more-than-anticipated drop of 0.7% on a yearly basis in December, compared to a drop of 0.5% in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 UK	02:01	BRC Sales Like-For-Like (YoY) (Dec)	✓✓✓	-0.70%*	-0.50%	Monthly
 China	03:30	Consumer Price Index (YoY) (Dec)	✓✓✓	1.90%*	2.20%	Monthly
 China	03:30	Producer Price Index (YoY) (Dec)	✓✓✓	0.90%*	2.70%	Monthly
 Japan	07:00	Coincident Index (Nov) (P)	✓	103.00	104.90	Monthly
 Japan	07:00	Leading Economic Index (Nov) (P)	✓✓✓	99.60	99.60	Monthly
 UK	11:30	BoE Credit Conditions Survey	✓✓	-	-	As scheduled
 South Africa	11:30	SACCI Business Confidence Index (Dec)	✓	95.50	96.10	Monthly
 South Africa	13:00	Manufacturing Production s.a. (MoM) (Nov)	✓✓	-	1.10%	Monthly
 South Africa	13:00	Manufacturing Production Index (YoY) (Nov)	✓✓	1.80%	3.00%	Monthly
 Eurozone	14:30	ECB Publishes Account of Dec. 12-13 Governing Council Meeting	✓	-	-	As scheduled
 US	15:30	Trade Balance (Nov)	✓✓✓	-USD54.00bn	-USD55.50bn	Monthly
 US	15:30	Continuing Jobless Claims (29-Dec)	✓✓✓	1740.00K	1740.00K	Weekly
 US	15:30	Initial Jobless Claims (05-Jan)	✓✓✓	226.00K	231.00K	Weekly
 US	15:35	Fed's Barkin Speaks on Ensuring Long-Term Growth	✓	-	-	As scheduled
 US	17:00	Wholesale Inventories (MoM) (Nov) (P)	✓✓✓	0.50%	0.80%	Monthly
 US	19:00	Fed's Powell to Speak to The Economic Club of Washington	✓✓✓	-	-	As scheduled
 US	19:40	Fed's Bullard Speaks on Economy and Monetary Policy	✓	-	-	As scheduled
 US	20:00	Fed's Evans speaks at Economic Forecast Event	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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