

ONE Minute Brief

24 January 2019

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Economic and political news

In South Africa (SA), consumer price inflation slowed to 4.5% on a yearly basis in December, in line with market expectations and compared to a rate of 5.2% in the previous month.

The National Prosecuting Authority (NPA) has confirmed that it will provisionally withdraw corruption charges against former President, Jacob Zuma's son, Duduzane.

Democratic Alliance leader, Mmusi Maimane, urged that those who are implicated in alleged corruption with Bosasa Operations should be prosecuted and put in prison.

Former Bosasa Chief Operating Officer, Angelo Agrizzi, in his testimony, disclosed that Bosasa deleted 40,000 documents from its servers just days before investigators from the Special Investigating Unit (SIU) could access them.

Eskom's Pension and Provident Fund (EPPF) Chief Executive and Principal Officer, Nopasika Lila, has resigned from her position.

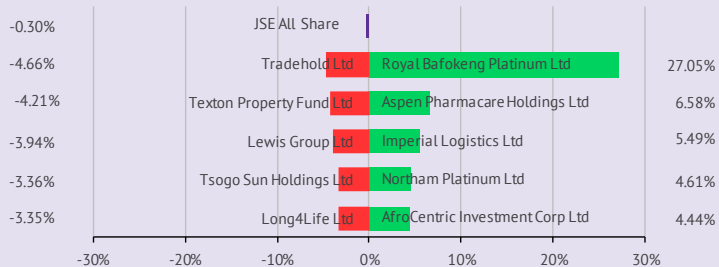
Key indices

	As at 23 Jan 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53915.15	▼ -163.22	-0.30	0.34	2.23	4.09	2.23
JSE Top 40 (ZAR)	47742.02	▼ -210.17	-0.44	0.33	2.17	4.63	2.17
FTSE 100 (GBP)	6842.88	▼ -58.51	-0.85	-1.80	1.71	-3.61	1.71
DAX 30 (EUR)	11071.54	▼ -18.57	-0.17	-1.20	4.85	-6.20	4.85
CAC 40 (EUR)	4840.38	▼ -7.15	-0.15	-0.73	2.32	-5.46	2.32
S&P 500 (USD)	2638.70	▲ 5.80	0.22	-1.20	5.26	-9.18	5.26
Nasdaq Composite (USD)	7025.77	▲ 5.41	0.08	-1.84	5.89	-9.48	5.89
DJIA (USD)	24575.62	▲ 171.14	0.70	-0.53	5.35	-8.66	5.35
MSCI Emerging Markets (USD)	1011.56	▲ 0.93	0.09	-0.63	4.72	-2.89	4.72
MSCI Developed World (USD)	1980.15	▲ 1.31	0.07	-1.03	5.11	-7.71	5.11

South Africa Market ▼

South African markets closed lower

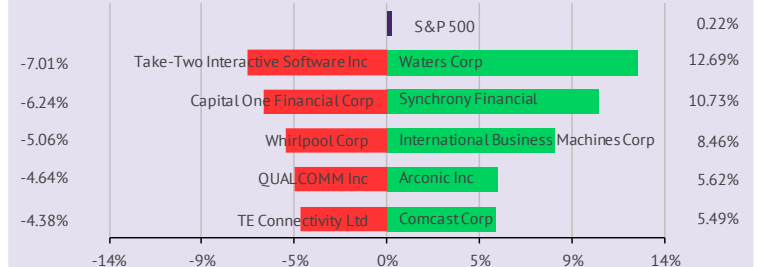
South African markets closed in the red yesterday, amid fears over rising US-China trade tensions and led by losses in industrial sector stocks. Data showed that SA's annual consumer price inflation dipped in December. The JSE All Share Index fell 0.3% to close at 53,915.15.



US Market ▲

The S&P 500 futures are trading in the red

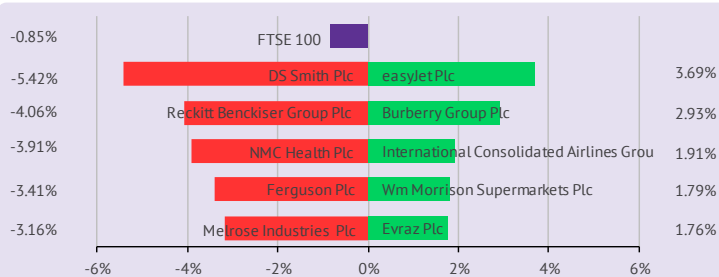
US markets closed higher yesterday, boosted by strong earnings report and amid gains in consumer staple stocks. Data showed that the US monthly house price index rose more-than-expected in November. The S&P 500 Index climbed 0.2% to close at 2,638.70.



UK Market ▼

The FTSE 100 futures are trading in negative territory

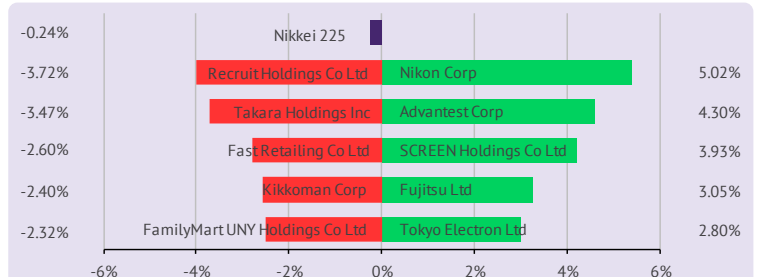
UK markets finished lower yesterday, amid strength in the British Pound and led by dismal quarterly earnings. The FTSE 100 Index declined 0.9% to close at 6,842.88.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that Japan's Nikkei manufacturing PMI dropped in January. The Nikkei 225 Index is trading 0.2% lower at 20,543.97.



USD ZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R13.8428. Later today, traders will keep a close watch on the US initial jobless claims, the leading index, Markit manufacturing and services PMIs for further indication.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US mortgage applications recorded a decline in the week ended 18 January 2018. In contrast, the nation's Richmond Fed manufacturing index climbed in line with market expectations in January. Additionally, the house price index registered a more-than-anticipated advance on a monthly basis in November. Separately, in SA, the consumer price index eased on an annual basis in December.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound advanced 0.2% against the South African Rand to trade at R18.0994. 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. On the data front, UK's CBI total trends orders registered a more-than-expected decline in January.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro gained 0.3% against the South African Rand to trade at R15.7635. Going forward, market participants will keep a tab on the European Central Bank's interest rate decision and the Markit manufacturing and services PMIs across the Eurozone for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, the Eurozone's consumer confidence index eased more than market forecast in January.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar marginally fell against the South African Rand to trade at R9.8628. Earlier in the session, Australia's unemployment rate recorded an unexpected fall in December. Additionally, the CBA manufacturing PMI registered an advance in January. Meanwhile, the nation's CBA services PMI dropped in the same month.

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	13.8428	▲	-1.12	-0.23	-3.70	3.44	-3.70
GBPZAR	18.0994	▲	-0.23	1.31	-1.44	3.58	-1.44
EURZAR	15.7635	▲	-0.95	-0.08	-4.46	4.83	-4.46
AUDZAR	9.8628	▼	-0.85	-0.56	-2.52	-0.16	-2.52
EURUSD	1.1388	▲	0.18	0.16	-0.75	1.33	-0.75
GBPUSD	1.3075	▲	0.89	1.53	2.47	0.04	2.47
Brent (\$/barrel)	60.9	▼	-0.59	-2.49	13.64	-9.52	13.64
Gold (\$/oz)	1288.2	▲	0.05	0.11	0.21	5.01	0.21
Platinum (\$/oz)	792.3	-	0.74	-0.69	-0.45	-0.49	-0.45
Copper (\$/MT)*	5919.3	▲	0.25	-1.83	-0.50	-4.46	-0.50

*As of previous close, #As on 06:00 SAST

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,288.20/oz.

Yesterday, gold prices rose 0.1% to close at \$1,284.00/oz, as weakness in the US Dollar increased demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$60.90/bl, amid concerns over global economic growth.

Yesterday, Brent crude oil dropped 0.6% to settle at \$61.14/bl, amid potential US sanctions on Venezuela following a break in US-Venezuela diplomatic relations. Additionally, the American Petroleum Institute reported that the US crude supplies rose by about 6.6mn bls in the week ended 18 January 2019.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$792.30/oz.

Yesterday, platinum prices climbed 0.7% to close at \$796.40/oz.

Major South African corporate news

Reinet Investments SCA

In its 3Q18 management statement, the company announced that its net asset value (NAV) of EUR3.90bn reflects a compound return of 8.0% per annum in euro terms, since March 2009, including dividends paid. The NAV at 31 December 2018 reflects a fall of EUR944.00mn or 19.5% from EUR4,841.00mn at 30 September 2018. The company repurchased 2,087,441.00 ordinary shares as of 31 December 2018 for a consideration of EUR27.40mn.

Major global economic news

Asia

In Australia, the seasonally adjusted unemployment rate unexpectedly dropped to 5.0% in December. Unemployment rate stood at 5.1% in the previous month.

In Australia, the CBA manufacturing PMI rose to a level of 54.3 in January, compared to a reading of 54.0 in the prior month.

In Australia, the CBA services PMI dropped to 51.0 in January. In the previous month, the CBA services PMI recorded a reading of 52.7.

In Japan, the preliminary manufacturing PMI registered a drop to 50.00 in January. In the prior month, the manufacturing PMI had registered a reading of 52.60.

US

In the US, the MBA mortgage applications registered a drop of 2.7% on a weekly basis in the week ended 18 January 2019. In the previous week, the MBA mortgage applications had risen 13.5%.

In the US, the Richmond Fed manufacturing index rose to a level of -2.00 in January, meeting market forecast and compared to a level of -8.00 in the previous month.

In the US, the housing price index advanced 0.4% on a monthly basis in November, more than market expectations and compared to a revised similar rise in the prior month.

UK

In the UK, balance of firms reporting total order book above normal recorded a drop to -1.00 in January, more than market expectations. In the previous month, the balance of firms reporting total order book above normal had recorded a reading of 8.00.

Eurozone

In the Eurozone, the flash consumer confidence index registered a more-than-expected drop to -7.90 in January. The index had registered a level of -6.20 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Jan) (P)	✓✓✓	50.00*	52.60	Monthly
Japan	07:00	Coincident Index (Nov) (F)	✓	-	103.00**	Monthly
Japan	07:00	Leading Economic Index (Nov) (F)	✓✓✓	-	99.30**	Monthly
South Africa	09:00	BER Consumer Confidence (Q4)	✓	9.00	7.00	Quarterly
France	10:15	Markit Manufacturing PMI (Jan) (P)	✓✓✓	50.00	49.70	Monthly
France	10:15	Markit Services PMI (Jan) (P)	✓✓✓	50.50	49.00	Monthly
Germany	10:30	Markit Manufacturing PMI (Jan) (P)	✓✓✓	51.50	51.50	Monthly
Germany	10:30	Markit Services PMI (Jan) (P)	✓✓✓	52.10	51.80	Monthly
Eurozone	11:00	Markit Composite PMI (Jan) (P)	✓✓✓	51.40	51.10	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Jan) (P)	✓✓✓	51.40	51.40	Monthly
Eurozone	11:00	Markit Services PMI (Jan) (P)	✓✓✓	51.50	51.20	Monthly
Eurozone	14:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
Eurozone	15:30	ECB Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (12-Jan)	✓✓✓	1730.00K	1737.00K	Weekly
US	15:30	Initial Jobless Claims (19-Jan)	✓✓✓	218.00K	213.00K	Weekly
US	16:45	Markit Composite PMI (Jan) (P)	✓✓✓	-	54.40	Monthly
US	16:45	Markit Manufacturing PMI (Jan) (P)	✓✓✓	53.50	53.80	Monthly
US	16:45	Markit Services PMI (Jan) (P)	✓✓✓	54.00	54.40	Monthly
US	17:00	Leading Indicator (MoM) (Dec)	✓✓✓	-0.10%	0.20%	Monthly
US	18:00	Kansas City Fed Manufacturing Activity (Jan)	✓✓✓	3.00	3.00	Monthly
Switzerland	-	World Economic Forum - Davos	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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