

ONE Minute Brief

25 January 2019

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Economic and political news

In South Africa (SA), the consumer confidence index remained unchanged at 7.00 in 4Q18.

Democratic Alliance's policy head, Gwen Ngwenya, has resigned from her position.

Yesterday, South African prosecutors provisionally withdrew corruption charges against former President, Jacob Zuma's son Duduzane Zuma.

Former Bosasa Chief Operating Officer, Angelo Agrizzi, in his testimony, claimed that Bosasa paid bribes to National Prosecuting Authority (NPA) officials, Nomgcobo Jiba and Lawrence Mrwebi, to secure confidential information.

The Competition Commission has suspended key market inquiries and investigations until the new financial year which begins on 1 April, due to lack of funds.

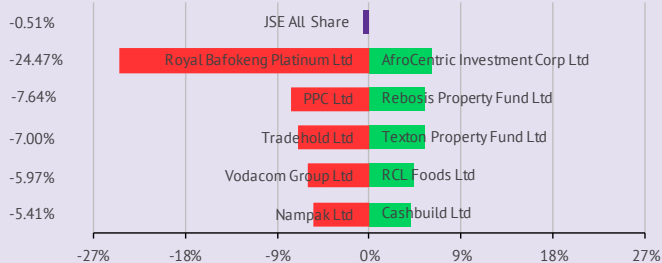
Key indices

	As at 24 Jan 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53639.09	▼ -276.06	-0.51	-0.17	1.71	4.09	1.71
JSE Top 40 (ZAR)	47473.35	▼ -268.67	-0.56	-0.23	1.60	4.63	1.60
FTSE 100 (GBP)	6818.95	▼ -23.93	-0.35	-2.14	1.35	-3.61	1.35
DAX 30 (EUR)	11130.18	▲ 58.64	0.53	-0.67	5.41	-6.20	5.41
CAC 40 (EUR)	4871.96	▲ 31.58	0.65	-0.08	2.99	-5.46	2.99
S&P 500 (USD)	2642.33	▲ 3.63	0.14	-1.06	5.40	-9.18	5.40
Nasdaq Composite (USD)	7073.46	▲ 47.69	0.68	-1.17	6.60	-9.48	6.60
DJIA (USD)	24553.24	▼ -22.38	-0.09	-0.62	5.25	-8.66	5.25
MSCI Emerging Markets (USD)	1019.44	▲ 7.88	0.78	0.14	5.54	-2.89	5.54
MSCI Developed World (USD)	1983.23	▲ 3.09	0.16	-0.88	5.27	-7.71	5.27

South Africa Market ▼

South African markets closed lower

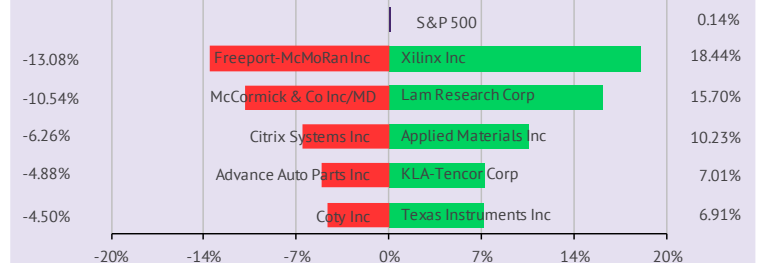
South African markets closed in the red yesterday, amid escalating tensions over US-China trade negotiations and led by losses in shares of Naspers. Data indicated that SA's consumer confidence index remained steady in 4Q18. The JSE All Share Index fell 0.5% to close at 53,639.09.



US Market ▲

The S&P 500 futures are trading in the green

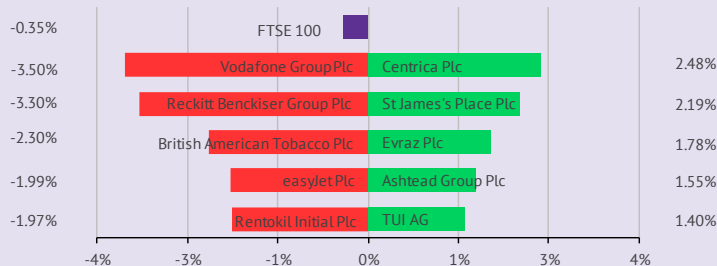
US markets closed mostly higher yesterday, buoyed by strong corporate earnings report. Data revealed that the US Markit manufacturing PMI unexpectedly rose in January. The S&P 500 Index climbed 0.1% to close at 2,642.33.



UK Market ▼

The FTSE 100 futures are trading in positive territory

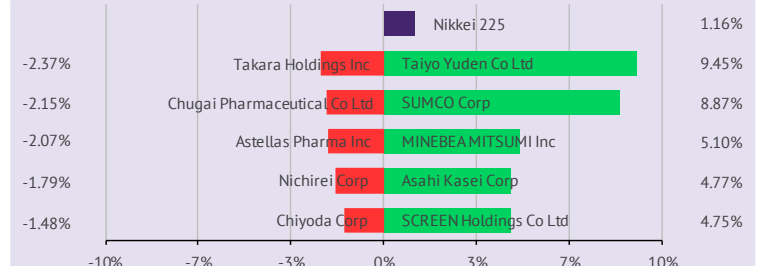
UK markets finished lower yesterday, weighed down by dismal earnings report and US-China trade concerns. The FTSE 100 Index declined 0.4% to close at 6,818.95.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data showed that Japan's annual Tokyo consumer price index (CPI) advanced more-than-expected in January. The Nikkei 225 Index is trading 1.2% higher at 20,813.14.



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 R13.7020. Later today, traders will keep a close watch on the US monthly budget statement for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US the leading index eased in December. On the flipside, the nation's Markit manufacturing PMI surprised with an advance in January. Additionally, initial jobless claims registered an unexpected decline to a 49-year low level in the week ended 19 January 2019. Further, the services PMI recorded a less-than-anticipated drop in January. Separately, in SA, the consumer confidence index recorded an unchanged reading in the fourth quarter of 2018.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R17.9755. Ahead in the day, traders will keep an eye on the UK's BBA loans for house purchases for further direction.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R15.5091. Going forward, market participants will keep a tab on Germany's Ifo indices for further indication.

The Euro weakened against the South African Rand yesterday, following dovish comments by the European Central Bank's (ECB) Chief on the region's economic growth. Moreover, data indicated that the Eurozone's Markit manufacturing PMI unexpectedly declined in January, marking its lowest level in 50 months. Additionally, the Markit services PMI recorded an unexpected fall to a 65-month low level in the same month. Separately, Germany's Markit manufacturing PMI unexpectedly eased to a 50-month low level in January. Meanwhile, the nation's Markit services PMI climbed more than market forecast in January, notching its highest level in two months.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally climbed against the South African Rand to trade at R9.7365.

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	13.7020	▼	-0.68	-0.91	-4.35	3.44	-4.35
GBPZAR	17.9755	▲	-0.71	0.60	-2.13	3.58	-2.13
EURZAR	15.5091	▼	-1.36	-1.44	-5.76	4.83	-5.76
AUDZAR	9.7365	▲	-1.35	-1.90	-3.83	-0.16	-3.83
EURUSD	1.1320	▲	-0.68	-0.52	-1.42	1.33	-1.42
GBPUSD	1.3118	▲	-0.02	1.51	2.45	0.04	2.45
Brent (\$/barrel)	61.9	▲	-0.08	-2.57	13.55	-9.52	13.55
Gold (\$/oz)	1286.8	▲	-0.33	-0.22	-0.12	5.01	-0.12
Platinum (\$/oz)	800.9	▲	0.85	0.15	0.39	-0.49	0.39
Copper (\$/MT)*	5894.0	▼	-0.43	-2.25	-0.92	-4.46	-0.92

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,286.80/oz, amid concerns over sluggish global economic growth and ongoing US government shutdown.

Yesterday, gold prices fell 0.3% to close at \$1,279.80/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 1.3% to trade at \$61.86/bl, amid possibility of the US sanctions on Venezuelan crude exports.

Yesterday, Brent crude oil dropped 0.1% to settle at \$61.09/bl, after the Energy Information Administration reported that domestic crude supplies climbed by 8.0mn bls in the week ended 18 January 2019.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$800.90/oz.

Yesterday, platinum prices climbed 1.1% to close at \$805.00/oz.

Major South African corporate news

Anglo American Platinum Limited

In its 4Q18 production report, the company indicated that total platinum group metals (PGM) production increased 3.0% to 1,256,900oz, due to improved operational performances particularly at Unki and the JV portfolio. Platinum and palladium production increased by 3.0% to 602,300.00oz and 386,600oz, respectively. PGM sales volumes were steady at 1,507,200oz. Purchase of PGM concentrate from third parties increased by 32.0% to 439,700oz due to production purchased from Union mine and inclusion of all material from BRPM following its sale.

Vodacom Group Limited

In its trading update for the quarter ended 31 December 2018, the company announced that total revenue advanced 1.5% to ZAR23.00bn and service revenue rose 2.4% to ZAR18.90bn. Total number of customers increased 7.1% to 79.00mn, up 5.4% in SA and 9.3% in the company's international operations. Further, the company stated that data revenue increased 2.2% to ZAR6.80bn, while international data revenue grew 25.4%. SA service revenue declined 0.9% to ZAR13.90bn, impacted by pricing transformation and customers optimising promotional data bundle allocations.

Kumba Iron Ore Limited

In its 4Q18 production report, the company announced that total sales volumes of 43.30Mt and total production of 43.10Mt for the year were both well within the guidance of 42.00Mt to 44.00Mt and 43.00Mt to 44.00Mt, respectively. Export sales volumes decreased by 4.0% to 40.00Mt, owing to rail constraints and the single loading of vessels following the scheduled refurbishment of the ship loader by Transnet at Saldanha Port. Further, total finished stock held at the mine and port came in at 5.30Mt, below the 6.60Mt reported at 30 September 2018.

Major global economic news

Eurozone

The ECB, in its latest monetary policy meeting, kept its benchmark interest rate unchanged at 0.0%. Further, the central bank indicated that it still expects to keep interest rates at record lows 'through' the summer, staying with its long-standing guidance. The ECB President, Mario Draghi, warned that growth risks in the Eurozone had shifted to the downside on account of persistent uncertainties related to geopolitical factors, dismal economic data and emerging market volatility.

In the Eurozone, the preliminary manufacturing PMI registered an unexpected drop to 50.50 in January, compared to a reading of 51.40 in the prior month.

In the Eurozone, the flash services PMI unexpectedly fell to 50.80 in January. In the prior month, the Markit services PMI had registered a level of 51.20.

In Germany, the flash manufacturing PMI recorded an unexpected decline to 49.90 in January. In the previous month, manufacturing PMI had recorded a reading of 51.50.

In January, the flash services PMI advanced more-than-expected to 53.10 in Germany. In the previous month, the Markit services PMI had recorded a reading of 51.80.

US

In the US, the preliminary Markit manufacturing PMI registered an unexpected rise to 54.90 in January. In the prior month, the Markit manufacturing PMI had registered a reading of 53.80.

In the US, the preliminary Markit services PMI dropped less-than-expected to 54.20 in January. The Markit services PMI had registered a level of 54.40 in the previous month.















In the US, seasonally adjusted initial jobless claims unexpectedly eased to 199.00K in the week ended 19 January 2019. In the prior week, initial jobless claims had registered a revised level of 212.00K.

In December, the leading index slid 0.1% on a monthly basis in the US, at par with market expectations. In the prior month, the index had risen 0.2%.

Asia

In Japan, the Tokyo CPI rose 0.4% on an annual basis in January, more than market anticipations and compared to a rise of 0.3% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	01:30	Tokyo Consumer Price Index (YoY) (Jan)	✓✓✓	0.40%*	0.30%	Monthly
 Japan	01:30	Tokyo CPI ex Fresh Food (YoY) (Jan)	✓✓✓	1.10%*	0.90%	Monthly
 Japan	01:30	Tokyo CPI ex Food, Energy (YoY) (Jan)	✓	0.70%*	0.60%	Monthly
 Spain	10:00	Producer Price Index (MoM) (Dec)	✓	-	-1.00%	Monthly
 Spain	10:00	Producer Price Index (YoY) (Dec)	✓	-	3.00%	Monthly
 Germany	11:00	Ifo - Current Assessment (Jan)	✓✓	104.20	104.70	Monthly
 Eurozone	11:00	ECB Survey of Professional Forecasters	✓✓	-	-	As scheduled
 Germany	11:00	Ifo - Business Climate (Jan)	✓✓✓	100.70	101.00	Monthly
 Germany	11:00	Ifo - Expectations (Jan)	✓✓	97.10	97.30	Monthly
 UK	11:30	BBA Mortgage Approvals (Dec)	✓✓	38.80K	39.40K	Monthly
 UK	13:00	CBI Distributive Trades Survey - Realised (Jan)	✓✓	2.00%	-13.00%	Monthly
 US	15:30	Cap Goods Orders Nondef Ex Air (Dec) (P)	✓	-	-	Monthly
 US	15:30	Cap Goods Ship Nondef Ex Air (Dec) (P)	✓	-	-	Monthly
 Switzerland	-	World Economic Forum - Davos	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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