

ONE Minute Brief

19 December 2018

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Economic and political news

In South Africa (SA), the leading indicator unexpectedly rose to 105.70 in October, compared to a revised level of 105.50 in September.

Global management consultancy, Bain & Company admitted that it made “significant errors of judgement” in the work it did for the SA Revenue Service (SARS).

South African Airways (SAA) has signed a partnership deal with Emirates airline to expand an existing codeshare agreement and work on other areas of cooperation.

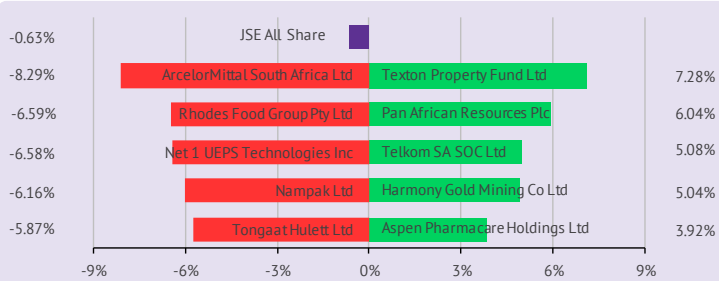
A preliminary Special Investigating Unit (SIU) probe revealed that a ZAR185mn SABC security tender was irregularly awarded by its interim board and should be set aside.

The African National Congress (ANC) in Limpopo has confirmed that its Finance Manager, Imtyaz Mohamed, has resigned from his post after being implicated in the VBS Mutual Bank scandal.

South Africa Market ▼

South African markets closed lower

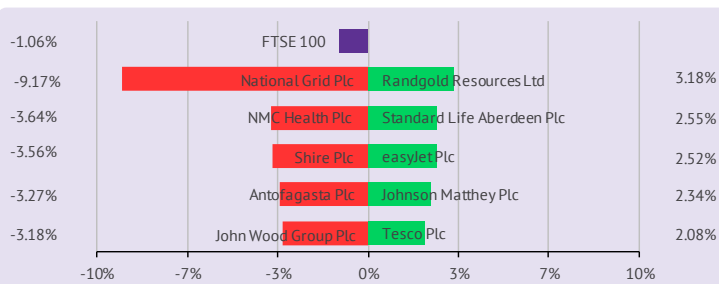
South African markets closed in the red yesterday, amid fears over slowing global growth and led by losses in industrial and banking sector stocks. Data showed that SA's leading indicator surprisingly advanced in October. The JSE All Share Index fell 0.6% to close at 51,237.08.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets closed weaker yesterday, on the back of lower oil prices and amid global growth worries. The FTSE 100 Index declined 1.1% to close at 6,701.59.



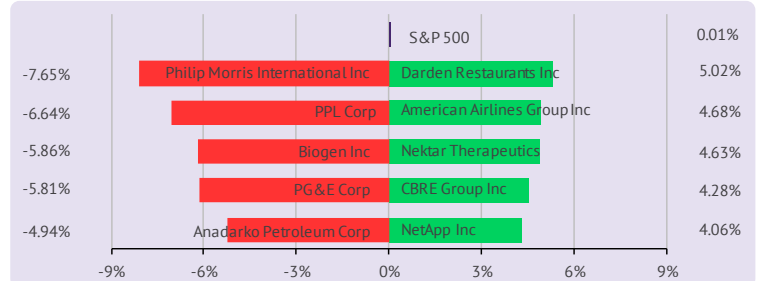
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	51237.08	▼ -323.39	-0.63	-0.63	1.13	-3.29	-13.89
JSE Top 40	45227.16	▼ -301.71	-0.66	-0.66	1.28	-3.22	-13.91
FTSE 100	6701.59	▼ -71.65	-1.06	-2.10	-3.99	-2.07	-12.83
DAX 30	10740.89	▼ -31.31	-0.29	-1.15	-4.59	-1.66	-16.85
CAC 40	4754.08	▼ -45.79	-0.95	-2.05	-4.99	-1.76	-10.51
S&P 500	2546.16	▲ 0.22	0.01	-2.07	-7.75	1.79	-4.77
Nasdaq Composite	6783.91	▲ 30.18	0.45	-1.83	-7.46	0.34	-1.73
DJIA	23675.64	▲ 82.66	0.35	-1.76	-7.29	1.68	-4.22
MSCI Emerging Markets	962.98	▼ -4.84	-0.50	-0.92	-3.19	4.06	-16.87
MSCI Developed World	1908.16	▼ -6.17	-0.32	-1.77	-6.53	0.96	-9.28

US Market ▲

The S&P 500 futures are trading in the green

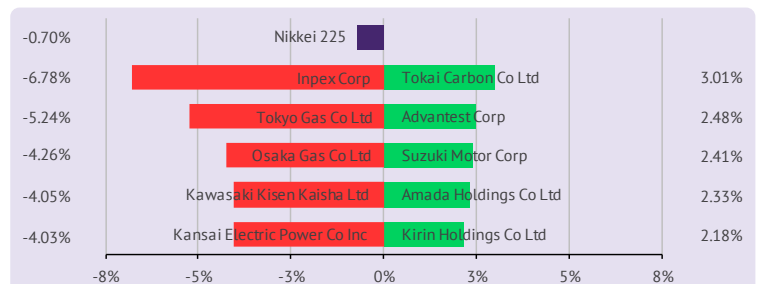
US markets closed higher yesterday, ahead of the Federal Reserve's interest rate decision and boosted by gains in technology sector stocks. Data indicated that the US monthly housing starts rebounded in November. The S&P 500 Index marginally rose to close at 2,546.16.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data revealed that Japan's trade deficit widened more-than-expected in November. The Nikkei 225 Index is trading 0.7% lower at 20,968.37.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R14.3125. Later today, traders will keep a close watch on the FOMC interest rate decision, current account balance, the MBA mortgage applications and existing home sales for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US housing starts rebounded on a monthly basis in November. Additionally, monthly building permits surprised with a rise in November. Separately, in SA, the leading indicator unexpectedly climbed in October.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading slightly firmer against the South African Rand at R18.1399. Ahead in the day, traders will keep an eye on UK's consumer price index, producer price index (PPI), CBI total trend orders and house price index for further cues.

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 0.1% weaker against the South African Rand at R16.2955. Going forward, market participants will keep a tab on the Eurozone's construction output and Germany's PPI for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, Germany's Ifo business climate index registered a more-than-expected decline in December, marking its lowest level since December 2016. Additionally, Ifo expectations index fell more than market forecast in December. Moreover, Ifo current assessment index dropped more than market anticipations in the same month.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R10.2992. Earlier in the session, Australia's Westpac leading index recorded a drop on a monthly basis 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	14.3125	▼	-0.31	-0.33	3.47	-6.20	15.90
GBPZAR	18.1399	▲	-0.18	0.08	2.54	-6.23	8.47
EURZAR	16.2955	▼	-0.21	0.12	3.85	-6.12	9.76
AUDZAR	10.2992	▼	-0.27	-0.31	1.63	-2.97	6.64
EURUSD	1.1386	▲	0.11	0.49	0.39	0.04	-5.36
GBPUSD	1.2673	▲	0.12	0.45	-0.86	-0.13	-6.47
Brent (\$/barrel)	56.4	▲	-5.62	-6.67	-5.38	-20.76	-15.87
Gold (\$/oz)	1254.6	▲	0.14	0.99	2.38	0.43	-4.59
Platinum (\$/oz)	792.7	▼	-0.14	1.21	-0.63	-5.12	-14.92
Copper (\$/MT)*	5944.8	▼	-2.47	-2.99	-4.53	3.16	-17.51

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.4% to trade at \$1,254.60/oz.

Yesterday, gold prices rose 0.1% to close at \$1,249.20/oz, as weakness in the US Dollar increased demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$56.44/bl. Meanwhile, the American Petroleum Institute reported that crude oil inventories advanced by 3.5mn bls to 441.3mn bls in the week ended 14 December 2018.

Yesterday, Brent crude oil dropped 5.6% to settle at \$56.26/bl, amid concerns over crude oversupply and after a report indicated that Russia was increasing its output to 11.42mn bls per day this month.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.3% to trade at \$792.70/oz.

Yesterday, platinum prices declined 0.1% to close at \$794.8/oz.

Major South African corporate news

Anglo American Plc

The company announced that the value of rough diamond sales for De Beers' tenth sales cycle of 2018, amounted to USD540.00mn.

Major global economic news

Eurozone

In Germany, the Ifo business climate index eased more-than-expected to 101.00 in December, compared to a level of 102.00 in the previous month.

In Germany, the Ifo business expectations index fell to a level of 97.30 in December, more than market expectations. In the previous month, the index had recorded a level of 98.70.

In Germany, the Ifo current assessment index registered a more-than-anticipated drop to 104.70 in December. In the prior month, the index had recorded a reading of 105.40.

US

In the US, housing starts rose 3.2% to an annual rate of 1256.00K on a monthly basis in November. Housing starts had recorded a revised reading of 1217.00K in the prior month.

In the US, building permits recorded an unexpected rise of 5.0% to an annual rate of 1328.00K on monthly basis in November. Building permits had recorded a revised level of 1265.00K in the prior month.

Asia

In Australia, the Westpac leading index eased 0.09% on a monthly basis in November. In the prior month, the index had climbed 0.08%.

In Japan, merchandise (total) trade deficit widened more-than-expected to JPY737.30bn in November, following a deficit of JPY449.30bn in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Nov)	✓✓✓	-JPY492.20bn*	-JPY302.70bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Nov)	✓✓✓	-JPY737.30bn*	-JPY449.30bn	Monthly
Germany	09:00	Producer Price Index (MoM) (Nov)	✓✓✓	-0.10%	0.30%	Monthly
Germany	09:00	Producer Price Index (YoY) (Nov)	✓✓✓	3.10%	3.30%	Monthly
Spain	10:00	House Mortgage Approvals (YoY) (Oct)	✓	-	9.50%	Monthly
Spain	10:00	Total Mortgage Lending (YoY) (Oct)	✓	-	15.40%	Monthly
UK	11:30	Consumer Price Index (MoM) (Nov)	✓✓✓	0.20%	0.10%	Monthly
UK	11:30	Consumer Price Index (YoY) (Nov)	✓✓✓	2.30%	2.40%	Monthly
UK	11:30	Retail Price Index (Nov)	✓	284.80	284.50	Monthly
UK	11:30	Producer Price Index - Input n.s.a. (MoM) (Nov)	✓	-2.80%	0.80%	Monthly
UK	11:30	Producer Price Index - Input n.s.a. (YoY) (Nov)	✓	5.00%	10.00%	Monthly
UK	11:30	Producer Price Index - Output n.s.a. (MoM) (Nov)	✓	0.00%	0.30%	Monthly
UK	11:30	Producer Price Index - Output n.s.a. (YoY) (Nov)	✓✓	3.00%	3.30%	Monthly
UK	11:30	Retail Price Index (MoM) (Nov)	✓✓✓	0.10%	0.10%	Monthly
UK	11:30	Retail Price Index (YoY) (Nov)	✓✓	3.20%	3.30%	Monthly
Eurozone	12:00	Construction Output s.a. (MoM) (Oct)	✓✓✓	-	2.00%	Monthly
UK	13:00	CBI Industrial Trends Survey - Orders (Dec)	✓	6.00	10.00	Monthly
US	14:00	MBA Mortgage Applications (14-Dec)	✓	-	1.60%	Weekly
US	15:30	Current Account Balance (Q3)	✓✓	-USD125.00bn	-USD101.50bn	Quarterly
US	17:00	Existing Home Sales (MoM) (Nov)	✓✓✓	-0.40%	1.40%	Monthly
US	17:00	Existing Home Sales (Nov)	✓✓✓	5.20mn	5.22mn	Monthly
US	21:00	Fed Interest Rate Decision	✓✓✓	2.50%	2.25%	As scheduled
US	21:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
US	21:00	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled
US	21:30	Fed's Powell Holds Press Conference Following FOMC Decision	✓✓✓	-	-	As scheduled
US	21:30	FOMC Press conference	✓✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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