

# ONE Minute Brief

22 February 2019

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## Economic and political news

The National Assembly has adopted a motion to dissolve parliament before its five-year term officially expires, ahead of the May general elections.

Ratings agencies expressed concern over South Africa's (SA) bailout plan for Eskom and warned that the support plan would put further strain on the country's finances.

The Association of Mineworkers and Construction Union (AMCU) is planning to extend strike at Sibanye-Stillwater's gold shafts to its platinum mines next week.

Finance Minister, Tito Mboweni, warned that the biggest risks to SA's fiscal framework are state-owned firms and a high public sector wage bill.

Ian Stuart, a senior National Treasury official, stated that Eskom bailout could reach as much as ZAR150bn over 10 years.

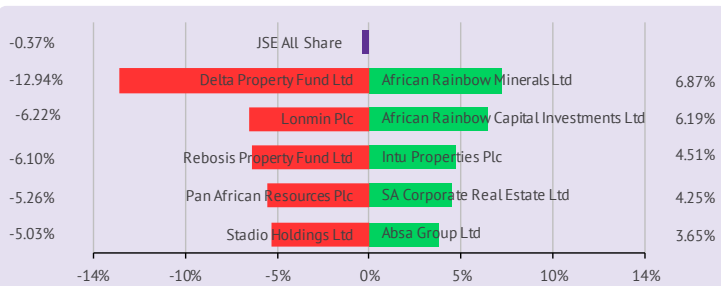
## Key indices

	As at 21 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55483.79	▼ -207.79	-0.37	1.57	2.45	2.69	5.21
JSE Top 40 (ZAR)	49205.36	▼ -200.05	-0.40	1.57	2.61	2.63	5.30
FTSE 100 (GBP)	7167.39	▼ -61.23	-0.85	-0.96	2.85	3.58	6.53
DAX 30 (EUR)	11423.28	▲ 21.31	0.19	1.09	2.24	5.82	8.19
CAC 40 (EUR)	5196.11	▲ 0.16	0.00	0.83	4.07	5.54	9.84
S&P 500 (USD)	2774.88	▼ -9.82	-0.35	-0.03	2.62	7.87	10.69
Nasdaq Composite (USD)	7459.71	▼ -29.36	-0.39	-0.17	2.44	9.74	12.42
DJIA (USD)	25850.63	▼ -103.81	-0.40	-0.13	3.40	7.17	10.82
MSCI Emerging Markets (USD)	1050.99	▲ 1.67	0.16	1.98	0.10	8.70	8.81
MSCI Developed World (USD)	2077.44	▼ -6.20	-0.30	0.53	2.41	7.67	10.27

## South Africa Market ▼

### South African markets closed lower

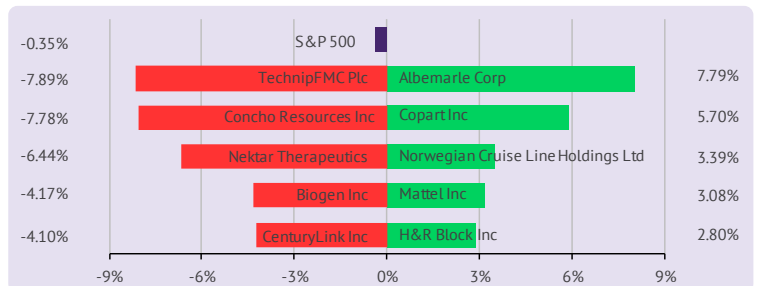
South African markets closed in the red yesterday, weighed down by losses in gold mining and resources sector stocks. The JSE All Share Index fell 0.4% to close at 55,483.79.



## US Market ▼

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

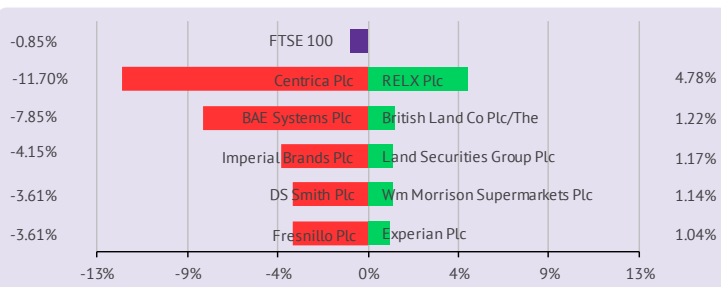
US markets closed lower yesterday, amid dismal US economic data and disappointing earnings report. Data showed that the US Markit manufacturing PMI fell more-than-expected in February. The S&P 500 Index dropped 0.4% to close at 2,774.88.



## UK Market ▼

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

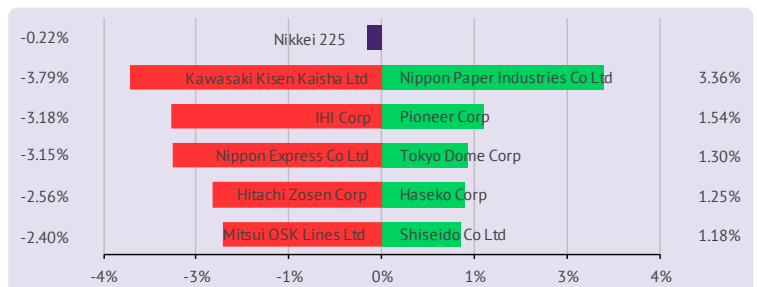
UK markets finished lower yesterday, amid downbeat corporate news from Centrica and BAE Systems and led by losses in mining and energy sector stocks. The FTSE 100 Index declined 0.9% to close at 7,167.39.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. Data indicated that Japan's annual national consumer price index (CPI) rose as expected in January. The Nikkei 225 Index is trading 0.2% lower at 21,416.05.



## USD ZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar marginally declined against the South African Rand to trade at R14.0182. Amid no major economic news in the US, market sentiment will be determined by global macroeconomic news.

The US Dollar rose against the South African Rand yesterday, amid news that trade negotiations between China and the US are nearing a deadline. Data showed that the US initial jobless claims fell more than market anticipations in the week ended 16 February 2019. Moreover, the services PMI climbed more than market forecast in February. In contrast, the nation's Philadelphia Fed business outlook dropped more than market expectations in February. Additionally, the Markit manufacturing PMI registered a more-than-anticipated decline to its lowest level in 17 months in February. Further, monthly durable goods orders advanced less than market forecast in December. Moreover, the leading index unexpectedly dropped in January. Also, existing home sales recorded an unexpected decline to a 3-year low level on a monthly basis in January.

## GBP ZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R18.2739. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's public sector net borrowing posted a more-than-expected surplus in January.

## EUR ZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro slightly declined against the South African Rand to trade at R15.8943. Going forward, market participants will keep a tab on the Eurozone's CPI, Germany's gross domestic product and the Ifo survey indices for further indication.

The Euro strengthened against the South African Rand yesterday. On the macro front, the Eurozone's Markit manufacturing PMI declined more than market forecast to a 68-month low level in February. Meanwhile, the region's services PMI jumped more-than-anticipated in the same month, notching its highest level in 3 months. Separately, Germany's CPI rose in line with market expectations on an annual basis in January. Additionally, the services PMI surprised with an advance in February. Meanwhile, the nation's Markit manufacturing recorded an unexpected fall in February, hitting its lowest level in 74-months.

## AUD ZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally weaker against the South African Rand at R9.9476. Meanwhile, in China, Australia's largest trading partner, new home prices rose at its weakest pace since April 2018 on a monthly basis in January.

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	14.0182	▼	0.09	-0.40	5.81	-7.61	-2.25
GBPZAR	18.2739	▼	0.02	0.81	5.27	-5.16	-0.16
EURZAR	15.8943	▼	0.08	0.02	4.79	-7.83	-3.41
AUDZAR	9.9476	▼	-0.88	-0.89	3.22	-4.79	-1.72
EURUSD	1.1339	▲	-0.02	0.35	-0.98	-0.17	-1.14
GBPUSD	1.3036	▼	-0.05	1.19	-0.50	2.78	2.27
Brent (\$/barrel)	66.9	▼	-0.01	1.24	10.24	13.09	24.67
Gold (\$/oz)	1327.8	▲	-1.47	0.41	0.29	3.00	3.29
Platinum (\$/oz)	828.9	▲	-0.95	2.40	0.19	3.62	3.82
Copper (\$/MT)*	6394.5	▼	-0.52	3.25	3.95	3.40	7.49

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,327.80/oz.

Yesterday, gold prices fell 1.5% to close at \$1,323.50/oz, as strength in the US Dollar, lowered demand for the precious yellow metal.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$66.88/bl, after the US reported that its crude production hit a record high of 12.0mn bls per day.

Yesterday, Brent crude oil marginally dropped to settle at \$67.07/bl, after the Energy Information Administration reported that domestic crude supplies rose for a fifth consecutive week by 3.7mn bls in the week ended 15 February 2019.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$828.90/oz.

Yesterday, platinum prices declined 1.0% to close at \$826.30/oz.

## Major South African corporate news

### Adcock Ingram Holdings Limited

In its 1H19 results, the company announced that its revenues rose to ZAR3.60bn, compared to ZAR3.12bn recorded in the previous year. Further, the company's diluted earnings per share (EPS) rose 14.0% to 212.90c, compared to an EPS of 186.60c reported in the same period of the prior year. Further, the company declared an interim dividend of 100.00c per share.

### Aveng Limited

In its 1H19 trading statement, the company indicated that it expects headline loss per share to be in range of 5.90c and 6.50c compared to a loss of 84.40c per share in the same period of the previous year. Further, the company expects loss per share to be in the range of 6.90c to 7.60c compared to a loss of 87.70c per share in the corresponding period of the preceding year.

### Discovery Limited

In its 1H19 results, the company reported that its net income declined 11.0% to ZAR24.45bn from ZAR27.57bn posted in the same period of the preceding year. Its diluted EPS stood at 352.50c, compared to an EPS of 411.50c recorded in the corresponding period of the previous year. Further, the Directors declared an interim gross cash dividend of 506.71c per B preference share, payable from the income reserves of the company.

### Sibanye Gold Limited

In its FY18 results, the company announced that its revenues rose 10% to ZAR50.66bn, compared to ZAR26.69bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 109.00c, compared to an EPS of 16.00c recorded in the corresponding period of the previous year.

### Truworths International Limited

In its 1H19 results, the company announced that its revenues stood at ZAR10.90bn, compared to ZAR10.91bn posted in the same period of the previous year. The company has declared an interim dividend of 249.00c per share, compared to 261.00c per share posted in the same period of the preceding year. The group's financial position remains strong, with net asset value per share increasing by 8.5% to 2,622c.

### Woolworths Holdings Limited

In its 1H19 results, the company announced that its revenues advanced 2.4% to ZAR37.02bn, compared to ZAR36.14bn in the same period of the preceding year. Its diluted EPS stood at 196.00c, compared to loss per share of 503.10c recorded in the corresponding period of the previous year. Further, the company declared an interim dividend of 92.00c per share.

## Major global economic news

### US

In the US, the flash Markit services PMI advanced more-than-expected to 56.20 in February, compared to a level of 54.20 in the previous month.

In the US, the flash Markit manufacturing PMI eased to 53.70 in February, more-than-anticipated and compared to a level of 54.90 in the prior month.

In the US, seasonally adjusted initial jobless claims registered a more-than-expected drop to 216.00K in the week ended 16 February 2019, compared to a level of 239.00K in the prior week.

In the US, flash durable goods orders climbed 1.2% on a monthly basis in December, less than market expectations. In the prior month, durable goods orders had recorded a rise of 0.7%.

In January, existing home sales unexpectedly fell by 1.2% to a level of 4.94mn on a monthly basis in the US. In the prior month, existing home sales had recorded a revised level of 5.00mn.

In the US, the Philadelphia Fed manufacturing index fell more than expected to a level of -4.10 in February. The Philadelphia Fed manufacturing index had recorded a reading of 17.00 in January.

### Asia

In Japan, the national CPI climbed 0.2% on a yearly basis in January, meeting market expectations. In the previous month, the national CPI had risen 0.3%.

In China, new home prices rose 0.61% on a monthly basis in January, compared to an advance of 0.77% in the previous month.

### Eurozone

In the Eurozone, the flash manufacturing PMI recorded a more-than-anticipated drop to 49.20 in February. In the previous month, the manufacturing PMI had registered a reading of 50.50.

In the Eurozone, the preliminary services PMI climbed to 52.30 in February, more than market forecast and compared to a level of 51.20 in the prior month.

In Germany, the preliminary manufacturing PMI unexpectedly dropped to a level of 47.60 in February. In the prior month, the manufacturing PMI had recorded a level of 49.70.

In Germany, the preliminary services PMI recorded an unexpected rise to 55.10 in February. In the previous month, the services PMI had recorded a level of 53.00.

In January, the final CPI rose 1.4% on an annual basis in Germany, at par with market expectations. In the prior month, the CPI had registered a rise of 1.7%. The preliminary figures had also indicated a rise of 1.4%.

### UK

In the UK, public sector net borrowing reported a more-than-expected surplus of GBP15.80bn in January, compared to a revised deficit of GBP2.14bn in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Jan)	✓✓✓	0.20%*	0.30%	Monthly
Japan	01:30	National CPI Ex Food, Energy (YoY) (Jan)	✓✓	0.40%*	0.30%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Jan)	✓✓✓	0.80%*	0.70%	Monthly
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q4) (F)	✓✓✓	0.00%	0.00%**	Quarterly
Germany	09:00	Private Consumption (QoQ) (Q4)	✓	0.10%	-0.30%	Quarterly
Germany	09:00	Capital Investment (QoQ) (Q4)	✓	0.70%	0.80%	Quarterly
Germany	09:00	Government Spending (QoQ) (Q4)	✓	0.60%	0.20%	Quarterly
Germany	09:00	Gross Domestic Product w.d.a. (YoY) (Q4) (F)	✓✓	0.60%	0.60%**	Quarterly
Germany	09:00	Gross Domestic Product n.s.a. (YoY) (Q4) (F)	✓✓	0.90%	0.90%**	Quarterly
Switzerland	09:30	Industrial Production (YoY) (Q4)	✓✓	-	1.40%	Quarterly
Germany	11:00	Ifo - Business Climate (Feb)	✓✓✓	98.90	99.10	Monthly
Germany	11:00	Ifo - Expectations (Feb)	✓✓	94.30	94.20	Monthly
Germany	11:00	Ifo - Current Assessment (Feb)	✓✓	103.90	104.30	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Jan) (F)	✓✓✓	1.10%	1.10%**	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Jan)	✓✓✓	-1.10%	0.00%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Jan) (F)	✓✓✓	1.40%	1.60%**	Monthly
UK	13:00	CBI Distributive Trades Survey - Realised (Feb)	✓✓	5.00%	0.00%	Monthly
US	15:15	Atlanta Fed's Bostic Delivers Opening Remarks in New York	✓	-	-	As scheduled
US	17:15	Fed's Williams, Daly Discuss Inflation at Forum in New York	✓	-	-	As scheduled
Eurozone	17:30	ECB President Draghi Speaks in Bologna, Italy	✓✓✓	-	-	As scheduled
US	19:00	Clarida Speaks in New York on Fed Tools, Communications	✓	-	-	As scheduled
US	19:30	New York Fed's Potter Discusses Quantitative Tools	✓	-	-	As scheduled
US	20:30	Fed's Bullard to Speak on Balance Sheet in New York	✓	-	-	As scheduled
US	20:30	Fed's Harker Takes Part in Panel Discussion on Balance Sheet	✓	-	-	As scheduled
US	20:30	Quarles Speaks in New York on Future of Fed Balance Sheet	✓	-	-	As scheduled
US	-	Fed Monetary Policy Report	✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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