

ONE Minute Brief

1 February 2019

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Economic and political news

In South Africa (SA), the producer price inflation slowed to 5.2% on a yearly basis in December, compared to a rise of 6.8% in the prior month. Trade surplus widened to ZAR17.17bn in December, compared to a revised surplus of ZAR3.29bn in the previous month.

Mineral Resources Minister and Chairman of the African National Congress, Gwede Mantashe, has been facing allegations that he took bribes from Bosasa.

The National Union of Metalworkers of South Africa stated that it would strike over a proposal to split up Eskom, stating that the restructuring would lead to massive job losses.

Eskom's Chief Operating Officer, Jan Oberholzer, stated that three power plants operated by Eskom have below 10 days of coal stockpiles.

The South African Broadcasting Corporation has scrapped its plan to lay off nearly 1,000 staff.

Tshwane Mayor, Solly Msimanga, has officially resigned from his position.

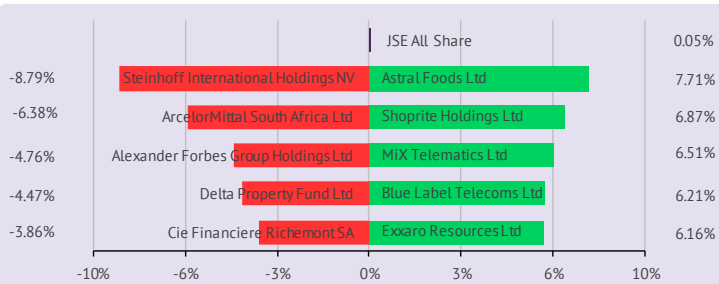
Key indices

	As at 31 Jan 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54156.75	▲	25.08	0.05	0.20	NA	2.69	2.69
JSE Top 40 (ZAR)	47955.98	▼	-16.20	-0.03	0.13	NA	2.63	2.63
FTSE 100 (GBP)	6968.85	▲	27.22	0.39	2.34	NA	3.58	3.58
DAX 30 (EUR)	11173.10	▼	-8.56	-0.08	-0.96	NA	5.82	5.82
CAC 40 (EUR)	4992.72	▲	17.96	0.36	1.36	NA	5.54	5.54
S&P 500 (USD)	2704.10	▲	23.05	0.86	1.48	NA	7.87	7.87
Nasdaq Composite (USD)	7281.74	▲	98.66	1.37	1.63	NA	9.74	9.74
DJIA (USD)	24999.67	▼	-15.19	-0.06	1.06	NA	7.17	7.17
MSCI Emerging Markets (USD)	1049.93	▲	13.29	1.28	1.70	NA	8.70	8.70
MSCI Developed World (USD)	2028.49	▲	17.54	0.87	1.33	NA	7.67	7.67

South Africa Market ▲

South African markets closed higher

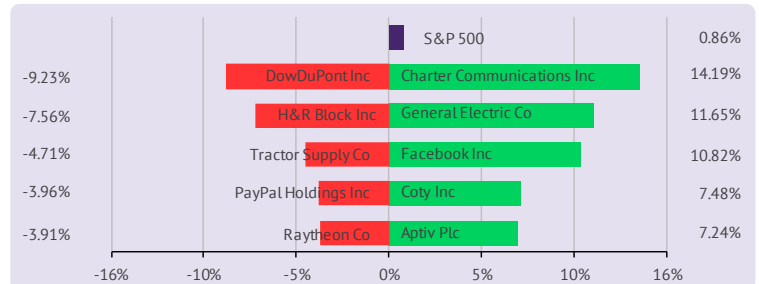
South African markets closed in the green yesterday, boosted by gains in food and retail sector stocks. Data revealed that SA's trade surplus widened more-than-anticipated in December. The JSE All Share Index rose 0.1% to close at 54,156.75.



US Market ▲

The S&P 500 futures are trading in the green

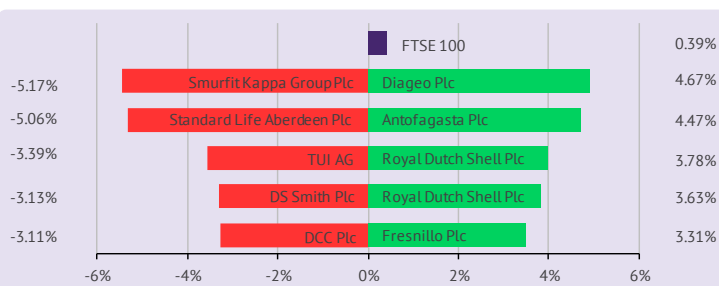
US markets closed mostly higher yesterday, amid robust earnings reports. Data indicated that the US Chicago purchasing managers' index (PMI) fell more-than-expected in December. The S&P 500 Index climbed 0.9% to close at 2,704.10.



UK Market ▲

The FTSE 100 futures are trading in negative territory

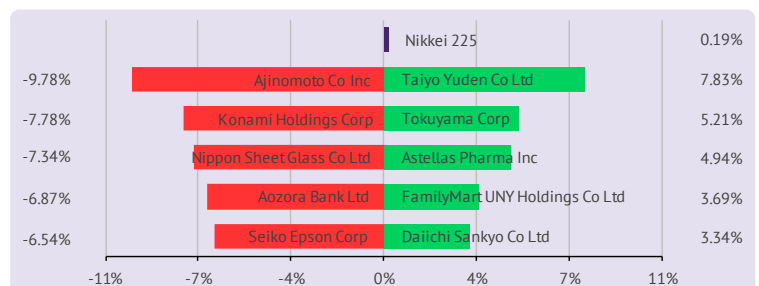
UK markets finished higher yesterday, on the back of strong earnings report from Royal Dutch Shell Plc and Diageo Plc. The FTSE 100 Index advanced 0.4% to close at 6,968.85.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data showed that Japan's jobless rate unexpectedly fell in December. The Nikkei 225 Index is trading 0.2% higher at 20,812.37.



USD ZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R13.2940. Later today, traders will keep a close watch on the US non-farm payrolls data, unemployment rate, ISM manufacturing PMI and the Markit manufacturing PMI along with construction orders, average hourly earnings and the Michigan consumer sentiment index for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US initial jobless claims climbed more than market forecast in the week ended 26 January 2019, recording its highest level since September 2017. Additionally, the Chicago Fed PMI registered a more-than-expected decline in January. Separately, in SA, producer price inflation slowed on an annual basis in December. Meanwhile, the nation's trade surplus widened more than market anticipations in December.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R17.4103. Ahead in the day, traders will keep an eye on UK's Markit manufacturing PMI for further indication.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's Nationwide house price index climbed more than market forecast on a monthly basis 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 R15.2113. Going forward, market participants will keep a tab on the Eurozone's consumer price index and the Markit manufacturing PMI across the Eurozone for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, the Eurozone's gross domestic product (GDP) rose in line with market anticipations on a quarterly basis in the fourth quarter, marking its lowest pace of growth in four years. Meanwhile, the region's unemployment rate remained unchanged in December. Separately, Germany's monthly retail sales declined more than market expectations in December, recording its fastest rate of drop in 11 years. Meanwhile, the nation's unemployment rate recorded a steady rate in January.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R9.6251. Earlier in the session, Australia's CBA manufacturing PMI registered a drop in January. On the other hand, the nation's producer price index (PPI) recorded a rise on a yearly basis in 4Q18. Additionally, the AiG performance of manufacturing index climbed in January. Meanwhile, in China, Australia's largest trading partner, the manufacturing PMI fell more than market expectations 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	13.2940	▲	-0.57	-2.68	NA	-7.61	-7.61
GBPZAR	17.4103	▲	-0.61	-3.30	NA	-5.16	-5.16
EURZAR	15.2113	▲	-0.87	-2.35	NA	-7.83	-7.83
AUDZAR	9.6251	▼	-0.23	-1.45	NA	-4.79	-4.79
EURUSD	1.1442	▼	-0.28	0.37	NA	-0.17	-0.17
GBPUSD	1.3096	▼	-0.05	-0.66	NA	2.78	2.78
Brent (\$/barrel)	60.9	▲	-1.31	-1.30	NA	13.09	13.09
Gold (\$/oz)	1323.5	▲	0.75	1.66	NA	3.00	3.00
Platinum (\$/oz)	822.8	▼	1.04	1.38	NA	3.62	3.62
Copper (\$/MT)*	6151.3	▲	0.51	1.88	NA	3.40	3.40

*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 \$1,323.50/oz.

Yesterday, gold prices rose 0.8% to close at \$1,319.70/oz, buoyed by the US Federal Reserve's decision to pause interest rate hikes in future.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.1% to trade at \$60.88/bl.

Yesterday, Brent crude oil dropped 1.3% to settle at \$60.84/bl, amid renewed concerns over global economic growth and reduced demand for oil.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.2% to trade at \$822.80/oz.

Yesterday, platinum prices climbed 1.0% to close at \$824.70/oz.

Major South African corporate news

PPC Limited

The company announced that Mr Jacobus Hendrik De La Rey Snyman has resigned as Company Secretary, with effect from 31 January 2019.

Major global economic news

Asia

In Australia, the PPI advanced 2.0% on an annual basis in 4Q18. In the prior quarter, the PPI had advanced 2.1%.

In Australia, the CBA manufacturing PMI recorded a drop to 53.9 in January, compared to a reading of 54.3 in the previous month.

In Australia, the AiG performance of manufacturing index recorded a rise to 52.50 in January. The index had registered a revised level of 50.00 in the prior month.

In Japan, the final manufacturing PMI dropped to 50.30 in January, compared to a reading of 52.60 in the previous month. The preliminary figures had indicated a drop to 50.00.

In Japan, unemployment rate registered an unexpected drop to 2.4% in December. Unemployment rate had registered a rate of 2.5% in the previous month.

In China, the Markit manufacturing PMI recorded a more-than-anticipated drop to 48.30 in January. The Markit manufacturing PMI had registered a reading of 49.70 in the previous month.

US

In the US, the seasonally adjusted initial jobless claims registered a more-than-expected rise to 253.00K in the week ended 26 January 2019, compared to a revised reading of 200.00K in the prior week.

In the US, the Chicago Fed PMI eased to 56.70 in January, more than market expectations. In the prior month, the index had registered a revised reading of 63.80.

Eurozone

In the Eurozone, seasonally adjusted preliminary GDP climbed 0.2% on a quarterly basis in 4Q18, meeting market forecast compared to a similar rise in the prior quarter.

In the Eurozone, unemployment rate remained steady at 7.9% in December.

In Germany, retail sales fell 4.3% on a monthly basis in December, more than market expectations. Retail sales had advanced 1.4% in the previous month.

In Germany, seasonally adjusted unemployment rate remained unchanged at 5.0% in January.

UK

In the UK, seasonally adjusted house prices recorded a more-than-expected rise of 0.3% on a monthly basis in January, compared to a fall of 0.7% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Unemployment Rate (Dec)	✓✓	2.40%*	2.50%	Monthly
Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Jan) (F)	✓✓✓	50.30*	50.00**	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Jan)	✓✓✓	48.30*	49.70	Monthly
Germany	10:55	Markit Manufacturing PMI (Jan) (F)	✓✓✓	49.90	49.90**	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Jan) (F)	✓✓✓	50.50	50.50**	Monthly
South Africa	11:00	Naamsa Vehicle Sales (YoY) (Jan)	✓	0.10%	-1.90%	Monthly
South Africa	11:00	PMI Manufacturing (Jan)	✓✓	50.50	50.70	Monthly
UK	11:30	Markit Manufacturing PMI (Jan)	✓✓✓	53.50	54.20	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Jan) (P)	✓✓✓	1.40%	1.60%	Monthly
US	15:30	Change in Household Employment (Jan)	✓	-	-	Monthly
US	15:30	Average Hourly Earnings All Employees (YoY) (Jan)	✓✓	3.20%	3.20%	Monthly
US	15:30	Average Weekly Hours All Employees (Jan)	✓	34.50	34.50	Monthly
US	15:30	Change in Non-farm Payrolls (Jan)	✓✓✓	165.00K	312.00K	Monthly
US	15:30	Unemployment Rate (Jan)	✓✓✓	3.90%	3.90%	Monthly
US	15:30	Change in Manufacturing Payrolls (Jan)	✓	19.00K	32.00K	Monthly
US	15:30	Change in Private Payrolls (Jan)	✓✓	175.00K	301.00K	Monthly
US	16:45	Fed's Kaplan Speaks in Austin	✓	-	-	As scheduled
US	16:45	Markit Manufacturing PMI (Jan) (F)	✓✓✓	54.90	54.90**	Monthly
US	17:00	ISM Employment (Jan)	✓	-	56.20	Monthly
US	17:00	ISM New Orders (Jan)	✓	-	51.10	Monthly
US	17:00	ISM Manufacturing PMI (Jan)	✓✓✓	54.00	54.10	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Jan) (F)	✓✓✓	90.70	90.70**	Monthly
US	17:00	Construction Spending (MoM) (Nov)	✓✓	0.20%	-0.10%	Monthly
US	17:00	ISM Prices Paid (Jan)	✓✓	54.40	54.90	Monthly
US	17:00	Wholesale Inventories (MoM) (Nov) (F)	✓✓✓	0.50%	0.80%**	Monthly
US	-	Total Vehicle Sales (Jan)	✓	17.20mn	17.50mn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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