

ONE Minute Brief

6 March 2019

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Economic and political news

In South Africa (SA), gross domestic product (GDP) growth slowed to 1.4% on a quarterly basis in 4Q18, compared to a revised growth of 2.6% in the prior quarter.

Snehal Nagar, finance head at Eskom's primary energy division, in his testimony, revealed that Eskom's board tender committee made a pre-payment of ZAR659mn to Gupta-linked company, Tegeta Exploration in April 2016.

The Competition Commission has urged the Constitutional Court to prevent companies, including Standard Bank, from accessing information gathered on them during investigations.

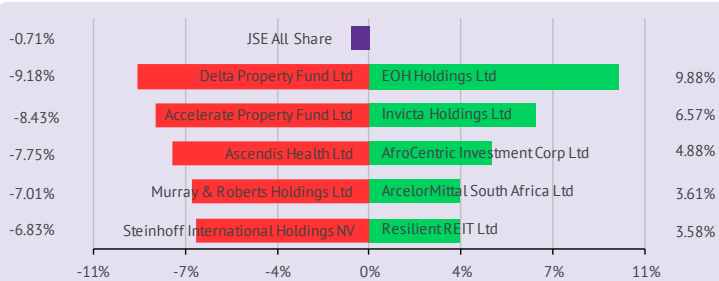
Growing unrest at Sibanye-Stillwater's gold operations, has prompted Mineral Resources Minister, Gwede Mantashe, to call on the police to stop violence at Sibanye mine and protect the local community.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in retail, mining and industrial sector stocks. Moreover, data showed that SA's economic growth slowed on a quarterly basis in 4Q18. The JSE All Share Index fell 0.7% to close at 55,815.43.

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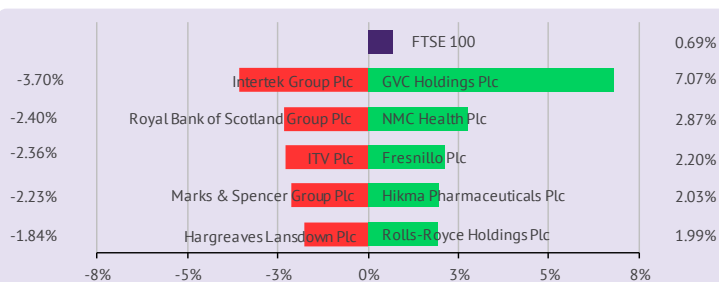


UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, amid upbeat results from Ladbrokes owner, GVC, and led by weakness in the British Pound. Data revealed that UK's Market services activity unexpectedly rose in February. The FTSE 100 Index advanced 0.7% to close at 7,183.43.

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Key indices

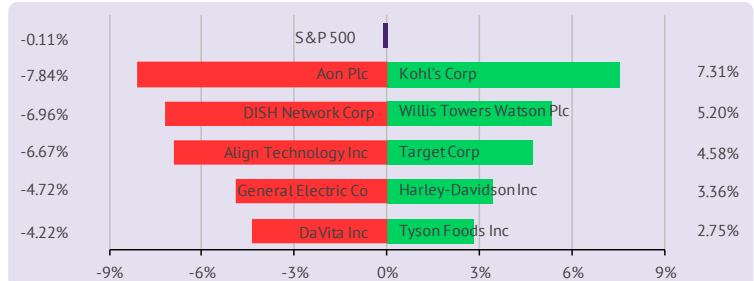
	As at 05 March 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55815.43	▼ -401.70	-0.71	-0.69	-0.33	3.41	5.84
JSE Top 40 (ZAR)	49585.66	▼ -309.36	-0.62	-0.51	-0.16	3.57	6.12
FTSE 100 (GBP)	7183.43	▲ 49.04	0.69	1.08	1.54	1.52	6.77
DAX 30 (EUR)	11620.74	▲ 28.08	0.24	0.16	0.91	3.07	10.06
CAC 40 (EUR)	5297.52	▲ 10.95	0.21	0.61	1.09	4.96	11.98
S&P 500 (USD)	2789.65	▼ -3.16	-0.11	-0.50	0.19	2.97	11.28
Nasdaq Composite (USD)	7576.36	▼ -1.21	-0.02	-0.25	0.58	3.44	14.18
DJIA (USD)	25806.63	▼ -13.02	-0.05	-0.84	-0.42	3.67	10.63
MSCI Emerging Markets (USD)	1055.12	▲ 1.50	0.14	0.34	0.40	0.10	9.23
MSCI Developed World (USD)	2087.50	▼ -2.90	-0.14	-0.42	0.08	2.83	10.81

US Market ▼

The S&P 500 futures are trading in the red

US markets closed lower yesterday, amid lingering concerns over trade talks between the US and China. Data indicated that the US Market services output rose less-than-expected in February. The S&P 500 Index dropped 0.1% to close at 2,789.65.

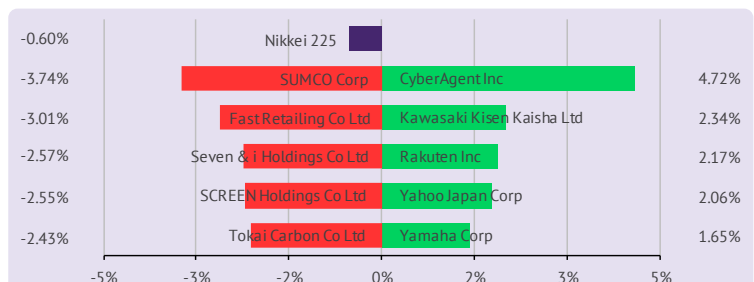
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.6% lower at 21,595.99.



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 R14.1918. Later today, traders will keep a close watch on the US Federal Reserve's Beige book release, the US MBA mortgage applications, the ADP employment change and trade balance data for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US Markit services Purchasing Managers' Index (PMI) advanced less than market forecast in February. Also, monthly budget surplus narrowed more than market anticipations in January. Meanwhile, the nation's home sales climbed to a 7-month high level on a monthly basis in December. Separately, economic growth in SA slowed on a quarterly basis in the fourth quarter of 2018.

GBP ZAR

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.2% against the South African Rand to trade at R18.6402. 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, amid lack of progress in Brexit negotiations. On the macro front, UK's Markit services PMI surprised with a rise in February.

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EUR ZAR

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R16.0280. Going forward, market participants will keep a tab on the Eurozone's OECD interim economic outlook along with Germany's Markit construction PMI for further direction.

The Euro weakened against the South African Rand yesterday. Data indicated that the Eurozone's Markit services PMI climbed more than market forecast in February. Additionally, retail sales rose at par with market anticipations on a monthly basis in January. Separately, Germany's Markit services PMI registered a more-than-expected rise in February, notching its highest level in five months.







AUD ZAR

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.6% lower against the South African Rand at R9.9798. Earlier in the session, Australia's quarterly GDP registered a less-than-expected rise in 4Q18.

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	14.1918		-0.44	-0.44	0.58	6.27	-1.25
GBPZAR	18.6402		-0.40	-0.65	-0.05	7.50	1.90
EURZAR	16.0280		-0.73	-0.96	0.01	5.58	-2.67
AUDZAR	9.9798		-0.55	-0.35	0.45	3.66	-0.85
EURUSD	1.1294		-0.28	-0.50	-0.55	-0.67	-1.39
GBPUSD	1.3135		-0.02	-0.18	-0.64	1.17	3.32
Brent (\$/barrel)	65.4		0.29	1.21	-0.68	8.99	22.42
Gold (\$/oz)	1287.8		-0.22	-1.12	-2.39	-0.27	0.27
Platinum (\$/oz)	832.6		-0.11	-2.98	-4.25	6.12	5.29
Copper (\$/MT)*	6548.0		1.33	0.35	-0.11	6.57	10.07

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

Gold

Trading in the green

At 06:00 SAST, gold prices advanced 0.2% to trade at \$1,287.80/oz.

Yesterday, gold prices fell 0.2% to close at \$1,284.70/oz, amid lower demand concerns after China slashed its economic growth guidance for 2019 to 6.0% from 6.5%. Moreover, a weaker greenback pushed the dollar denominated commodity lower.

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Brent Crude Oil

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.7% lower to trade at \$65.38/bl, after the American Petroleum Institute reported that crude oil inventories advanced more-than-expected by 7.29mn bls in the week ended 1 March 2019.

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Yesterday, Brent crude oil advanced 0.3% to settle at \$65.86/bl, amid ongoing crude oil production cuts from the Organisation of the Petroleum Exporting Countries members and other oil producers.

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Platinum

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.6% to trade at \$832.60/oz.

Yesterday, platinum prices declined 0.1% to close at \$838.00/oz.

Major South African corporate news

Anglo American Plc

The company indicated that the value of rough diamond sales for De Beers' second sales cycle of 2019, amounted to USD490.00mn.

AngloGold Ashanti Limited

The company announced that it has entered into a deal with Royal Road Minerals Limited for selling its stake in Northern Colombia Holdings Limited. The company will receive a cash consideration of approximately USD4.60mn, following the completion of the transaction. Closing of the transaction is subject to certain conditions precedent, including the achievement of a capital raise of at least USD3.50mn by Royal Road Minerals and the receipt of certain regulatory approvals by the companies.

Attacq Limited

In its 1H19 results, the company announced that its gross revenue increased to ZAR1,085.32mn from ZAR912.83mn posted in the corresponding period of the previous year. Its diluted EPS stood at 4.40c compared with 40.50c recorded in the same period of the prior year. The company has declared an interim dividend of 40.50c per share.

Clover Industries Limited

In its 1H19 results, the company announced that its revenue stood at ZAR4.39bn, compared to ZAR4.21bn recorded in the same period last year. Its diluted EPS fell to 121.60c, compared to an EPS of 122.6c in the prior year. The company has declared an interim gross cash dividend of 27.89c per share for the period.

Exxaro Resources Limited

In its FY18 trading statement, the company indicated that it expects HEPS to be in range of 2,607.00c and 2,708.00c, compared to HEPS of 502.00c in the corresponding period last year. Further, the company expects attributable EPS to be between 2,690.00c to 2,886.00c, which represents an increase between 39.0% to 49.0%, compared to an attributable EPS of 1,923.00c in the same period of the preceding year.

Nedbank Group Limited

In its FY18 results, the company announced that its net interest income advanced to ZAR28.82bn, compared to ZAR27.62bn in the same period last year. Its diluted EPS stood at 2,712.00c, compared to 2,372.00c recorded in the previous year. The company declared total dividend of 1,415.00c per share for the period.

Major global economic news

Eurozone

In the Eurozone, the final Markit services PMI registered a more-than-expected rise to 52.80 in February, compared to a revised reading of 51.20 in the prior month. The preliminary figures had indicated a rise to 52.30.

In January, seasonally adjusted retail sales advanced 1.3% on a monthly basis in the Eurozone, in line with market expectations. Retail sales had recorded a revised drop of 1.4% in the previous month.

In Germany, the final Markit services PMI advanced more-than-anticipated to 55.30 in February, compared to a downwardly revised level of 53.00 in the previous month. The preliminary figures had recorded a rise to 55.10.

US

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Asia

In Australia, seasonally adjusted GDP advanced 0.2% on a quarterly basis in 4Q18, less than market expectations. GDP had recorded a rise of 0.3% in the previous quarter.

UK

In the UK, the Markit services PMI recorded an unexpected rise to a level of 51.30 in February. In the previous month, the Markit services PMI had recorded a reading of 50.10.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Japan	03:30	BoJ Harada makes a speech in Kofu	✓	-	-	As scheduled
South Africa	11:30	SACCI Business Confidence Index (Feb)	✓	-	95.10	Monthly
Eurozone	12:00	OECD Interim Economic Outlook	✓✓	-	-	As scheduled
Japan	13:50	Japan Foreign Reserves (Feb)	✓	-	USD1279.30bn	Monthly
US	14:00	MBA Mortgage Applications (01-Mar)	✓	-	5.30%	Weekly
UK	14:15	BoE's Cunliffe speech	✓✓	-	-	As scheduled
US	15:15	ADP Employment Change (Feb)	✓✓✓	190.00K	213.00K	Monthly
US	15:30	Trade Balance (Dec)	✓✓✓	-USD57.90bn	-USD49.30bn	Monthly
US	17:00	Cap Goods Orders Nondef Ex Air (Jan) (F)	✓	-	-0.60%**	Monthly
US	17:00	Cap Goods Ship Nondef Ex Air (Jan) (F)	✓	-	-0.10%**	Monthly
US	17:00	Factory Orders (MoM) (Jan)	✓✓✓	-	0.10%	Monthly
US	17:00	Factory Orders (Jan)	✓✓✓	-	499876.00mn	Monthly
US	17:00	Durable Goods Orders (Jan) (F)	✓✓✓	-	1.20%**	Monthly
US	17:00	Durable Goods Orders ex Transportation (Jan) (F)	✓✓	-	0.10%**	Monthly
US	17:00	Manufacturing New Orders (Jan)	✓	-	USD499876.00mn	Monthly
US	17:00	Inventories / Shipment Ratio (Jan)	✓	-	1.35	Monthly
US	17:00	Unfilled Orders/Shipments (Jan)	✓	-	6.55	Monthly
US	19:00	Fed's Williams Speaks to Economic Club of New York	✓	-	-	As scheduled
US	19:00	Fed's Mester Participates in Moderated Discussion	✓	-	-	As scheduled
UK	19:30	BoE's Saunders Speaks in London.	✓	-	-	As scheduled
US	21:00	Fed's Beige Book	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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