

ONE Minute Brief

7 March 2019

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Economic and political news

In South Africa (SA), the SACCI business confidence index dropped to 93.40 in February, compared to a reading of 95.10 in the prior month.

The South African Reserve Bank (SARB) Governor, Lesetja Kganyago, stated that the central bank still expects the economy to grow by 1.7% this year and 2.0% in 2020, despite an annualised growth of 0.8% in 4Q18.

The Business Unity South Africa (BUSA) has urged that the timeframe for Eskom's task team delegated with investigating the firm's power stations, should be extended.

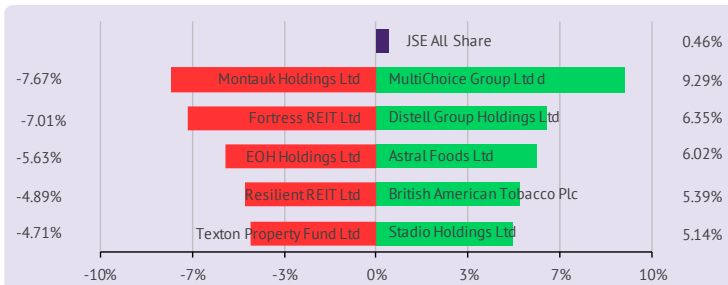
Public Investment Corporation's (PIC) former Chief Technology Officer, Luyanda Ntuane, in his testimony revealed that the PIC rewarded employees with extra pay and bonuses for helping to cover up a culture of mismanagement and corruption at the firm.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, as shares in Naspers jumped and boosted by gains in gold mining and industrial sector stocks. Data revealed that SA's SACCI business confidence index fell in February. The JSE All Share Index rose 0.5% to close at 56,073.86.

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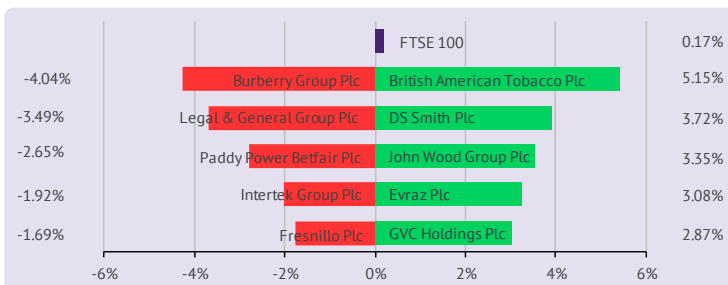


UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, as tobacco stocks surged following the news of US FDA Commissioner, Scott Gottlieb's resignation. The FTSE 100 Index advanced 0.2% to close at 7,196.00.

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Key indices

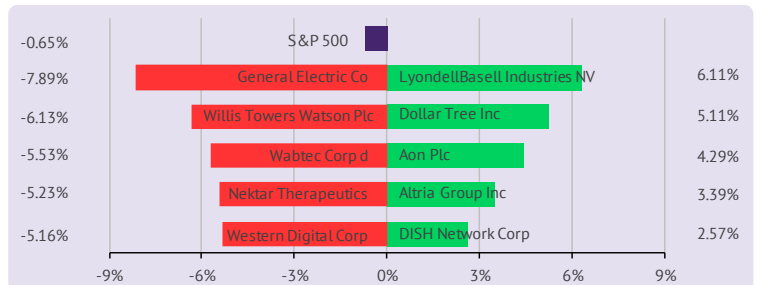
	As at 06 March 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56073.86	▲ 258.43	0.46	-0.23	0.13	3.41	6.33
JSE Top 40 (ZAR)	49875.04	▲ 289.38	0.58	0.07	0.42	3.57	6.74
FTSE 100 (GBP)	7196.00	▲ 12.57	0.17	1.26	1.71	1.52	6.95
DAX 30 (EUR)	11587.63	▼ -33.11	-0.28	-0.12	0.63	3.07	9.74
CAC 40 (EUR)	5288.81	▼ -8.71	-0.16	0.45	0.92	4.96	11.80
S&P 500 (USD)	2771.45	▼ -18.20	-0.65	-1.15	-0.47	2.97	10.56
Nasdaq Composite (USD)	7505.92	▼ -70.44	-0.93	-1.18	-0.35	3.44	13.12
DJIA (USD)	25673.46	▼ -133.17	-0.52	-1.36	-0.94	3.67	10.06
MSCI Emerging Markets (USD)	1055.68	▲ 0.56	0.05	0.39	0.45	0.10	9.29
MSCI Developed World (USD)	2078.69	▼ -8.81	-0.42	-0.84	-0.34	2.83	10.34

US Market ▼

The S&P 500 futures are trading in the red

US markets closed lower yesterday, amid ongoing concerns over US-China trade deal and following dismal US economic data. The S&P 500 Index dropped 0.7% to close at 2,771.45.

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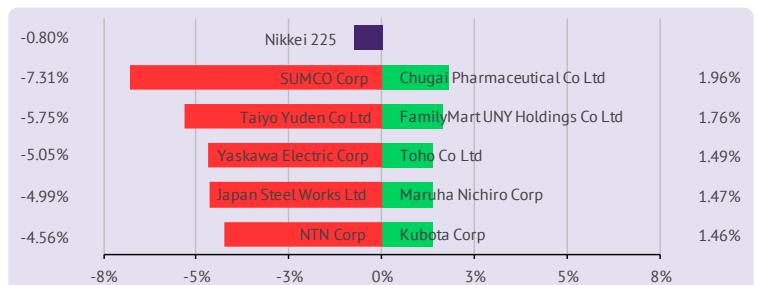


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, mirroring losses in their US peers. The Nikkei 225 Index is trading 0.8% lower at 21,423.59.

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USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading slightly lower against the South African Rand at R14.2640. Later today, traders will keep a close watch on the US initial jobless claims and consumer credit data for further cues.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US MBA mortgage applications declined in the week ended 1 March 2019. Further, the ADP employment change recorded a less-than-anticipated advance in February. Additionally, trade deficit widened more than market forecast in December, recording its lowest level in 10 years. Separately, in SA, the SACCI business confidence index declined to its lowest level in five months in February.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R18.7983. Ahead in the day, traders will keep an eye on the UK's Halifax house prices for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading slightly lower against the South African Rand at R16.1258. Going forward, market participants will keep a tab on the European Central Bank's interest rate decision along with the Eurozone's gross domestic product for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's Markit construction PMI registered an advance in February.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.2% against the South African Rand to trade at R10.0493. Earlier in the session, Australia's AiG performance of construction index recorded a rise in February. Moreover, trade surplus surprisingly widened in January. Meanwhile, the nation's retail sales rose less than market forecast 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	14.2640	▼	0.71	0.27	1.30	6.27	-0.55
GBPZAR	18.7983	▲	0.65	-0.01	0.60	7.50	2.56
EURZAR	16.1258	▼	0.72	-0.25	0.73	5.58	-1.97
AUDZAR	10.0493	▲	-0.03	-0.38	0.42	3.66	-0.89
EURUSD	1.1305	▼	-0.01	-0.51	-0.56	-0.67	-1.40
GBPUSD	1.3180	▲	-0.06	-0.24	-0.70	1.17	3.26
Brent (\$/barrel)	66.3	▲	0.20	1.41	-0.48	8.99	22.66
Gold (\$/oz)	1287.1	▼	0.23	-0.89	-2.17	-0.27	0.49
Platinum (\$/oz)	825.8	▼	-1.18	-4.12	-5.38	6.12	4.05
Copper (\$/MT)*	6499.5	▼	-0.74	-0.39	-0.85	6.57	9.25

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices marginally declined to trade at \$1,287.10/oz.

Yesterday, gold prices rose 0.2% to close at \$1,287.60/oz, amid weakness in US equities.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.4% to trade at \$66.27/bl, amid ongoing crude supply cuts by the Organisation of the Petroleum Exporting Countries and the US sanctions against Venezuela and Iran.

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Yesterday, Brent crude oil advanced 0.2% to settle at \$65.99/bl. The US Energy Information Administration reported that crude oil inventories rose by 7.1mn bls to 452.93mn bls in the week ended 1 March 2019.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$825.80/oz.

Yesterday, platinum prices declined 1.2% to close at \$828.10/oz.

Major South African corporate news

African Oxygen Limited

In its FY18 results, the company announced that its revenues increased by 6.2% to ZAR6.05bn, compared to ZAR5.69bn recorded in the same period of the previous year. Its diluted EPS fell 28.6% to 144.00c, from an EPS of 201.80c in the prior year. The company has declared a total dividend per share of 25.00c per share.

Grindrod Limited

In its FY18 results, the company announced that its revenues advanced to ZAR3.42bn, from ZAR3.06bn posted in the same period of the preceding year. Its diluted EPS stood at 106.10c, up from 85.50c recorded in the corresponding period of the previous year. The company has declared a final dividend of 14.60c per share.

Brimstone Investment Corporation Limited

In its FY18 trading statement, the company indicated that it expects headline loss per share (HEPS) to be between 19.20c and 23.00c, compared to HEPS of 11.20c per share in the previous year. Further, the company expects loss per share to be in the range of 29.50c to 35.40c, compared to an EPS of 19.10c per share recorded in the prior year.

Murray & Roberts Holdings Limited

In its 1H19 results, the company announced that its revenues plunged 17.0% to ZAR9.78bn, compared to ZAR11.81bn posted in the corresponding period of the previous year. Its diluted EPS stood at 55.00c.

Major global economic news

US

The Federal Reserve's (Fed) Beige Book reported that most of the Fed districts witnessed 'slight-to-moderate' growth in late January and February. However, the partial government shutdown led to slower economic activity in about half of the districts. Further, the report revealed concerns over economic slowdown in 2019 and supported Fed officials pledge to remain patience on future interest-rate hikes.

In the US, the MBA mortgage applications registered a drop of 2.5% on a weekly basis in the week ended 01 March 2019. The MBA mortgage applications had climbed 5.3% in the prior week.

In the US, the ADP private sector employment rose less-than-expected by 183.00K in February. The private sector employment had recorded a revised gain of 300.00K in the prior month.

In the US, trade deficit widened more-than-anticipated to USD59.80bn in December, compared to a revised deficit of USD50.30bn in the prior month.

Asia

In Australia, the AiG performance of construction index advanced to 43.80 in February. In the prior month, the index had registered a reading of 43.10.

In Australia, seasonally adjusted trade surplus unexpectedly widened to AUD4549.00 million in January, compared to a revised surplus of AUD3769.00mn in the prior month.

In January, seasonally adjusted retail sales rose 0.1% on a monthly basis in Australia, less than market expectations. In the prior month, retail sales had fallen 0.4%.

Eurozone

The Organisation for Economic Co-Operation & Development (OECD), in its economic outlook report, slashed its 2019 global growth forecast to 3.3% from 3.5% projected in November. Additionally, the agency also trimmed its 2020 growth projection to 3.4%. Further, the OECD warned that trade tensions and political uncertainty are posing risks to the global economic growth.

In Germany, the Markit construction PMI rose to a level of 54.70 in February, compared to a reading of 50.70 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	04:00	Tokyo Average Office Vacancies (Feb)	✓	1.78%*	1.82%	Monthly
Japan	07:00	Leading Economic Index (Jan) (P)	✓✓✓	95.90*	97.50	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Feb)	✓	-	USD50.83bn	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Feb)	✓	USD43.50bn	USD43.59bn	Monthly
UK	10:30	Halifax House Prices (3m/YoY) (Feb)	✓	1.00%	0.80%	Monthly
UK	10:30	Halifax House Prices (MoM) (Feb)	✓	0.10%	-2.90%	Monthly
South Africa	11:00	Current Account Balance (Q4)	✓	-ZAR163.00bn	-ZAR177.00bn	Quarterly
South Africa	11:00	Current Account to GDP (Q4)	✓✓	-3.20%	-3.50%	Quarterly
UK	11:30	BoE's Tenreyro speech	✓✓	-	-	As scheduled
Eurozone	12:00	OECD Interim Economic Outlook	✓✓	-	-	As scheduled
Eurozone	12:00	Household Consumption (QoQ) (Q4)	✓	0.20%	0.10%	Quarterly
Eurozone	12:00	Employment Change (QoQ) (Q1)	✓✓✓	0.30%	0.30%	Quarterly
Eurozone	12:00	Employment Change (YoY) (Q1)	✓✓	1.20%	1.20%	Quarterly
South Africa	13:00	Electricity Production (YoY) (Jan)	✓	-	-1.80%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Jan)	✓	-	0.00%	Monthly
Eurozone	14:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
US	15:30	Non-Farm Productivity (Q4) (F)	✓	1.50%	0.00%**	Quarterly
Eurozone	15:30	ECB's Draghi Speaks in Frankfurt After Policy Decision	✓	-	-	As scheduled
Eurozone	15:30	ECB Monetary policy statement and press conference	✓✓✓	-	-	As scheduled
US	15:30	Initial Jobless Claims (02-Mar)	✓✓✓	225.00K	225.00K	Weekly
US	15:30	Continuing Jobless Claims (23-Feb)	✓✓✓	1774.00K	1805.00K	Weekly
US	15:30	Unit Labour Costs (Q4) (P)	✓	1.70%	0.90%	Quarterly
US	19:00	Household Change in Net Worth (Q4)	✓	-	USD2070.00bn	Quarterly
US	19:15	Fed's Brainard speech	✓✓	-	-	As scheduled
US	22:00	Consumer Credit Change (Jan)	✓✓	USD17.00bn	USD16.55bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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