

ONE Minute Brief

8 February 2019

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Economic and political news

In South Africa (SA), gross gold & forex reserves dropped to USD50.83bn in January, compared to a level of USD51.64bn in the prior month. In contrast, net gold & forex reserves advanced to USD43.59bn in January, compared to a level of USD43.09bn in December. Further, electricity production fell 1.8% on a yearly basis in December, compared to a drop of 0.2% in the prior month. Annual electricity consumption climbed 0.9% in December, compared to a similar rise in November.

President, Cyril Ramaphosa, in his State of the Nation Address (SONA), announced that the 2019 general election will take place on 8 May. Meanwhile, he stated that Eskom will be remodelled and split into three state-owned entities dealing with generation, transmission and distribution. Further, he assured that he would soon sign the Competition Amendment Bill into law in a bid to increase investment and foster greater economic inclusion.

Former Finance Minister, Trevor Manuel has been appointed to head a panel to interview candidates for the post of the Commissioner of the South African Revenue Service (SARS).

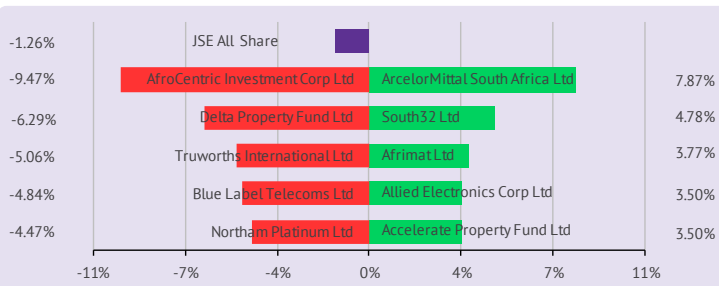
Key indices

	As at 07 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53888.85	▼ -685.43	-1.26	-0.08	-0.49	2.69	2.18
JSE Top 40 (ZAR)	47672.55	▼ -645.98	-1.34	-0.05	-0.59	2.63	2.02
FTSE 100 (GBP)	7093.58	▼ -79.51	-1.11	1.04	1.79	3.58	5.43
DAX 30 (EUR)	11022.02	▼ -302.70	-2.67	-1.42	-1.35	5.82	4.39
CAC 40 (EUR)	4985.56	▼ -93.49	-1.84	-0.67	-0.14	5.54	5.39
S&P 500 (USD)	2706.05	▼ -25.56	-0.94	-0.02	0.07	7.87	7.95
Nasdaq Composite (USD)	7288.35	▼ -86.93	-1.18	0.34	0.09	9.74	9.84
DJIA (USD)	25169.53	▼ -220.77	-0.87	0.42	0.68	7.17	7.90
MSCI Emerging Markets (USD)	1041.97	▼ -6.49	-0.62	-0.78	-0.76	8.70	7.87
MSCI Developed World (USD)	2026.94	▼ -20.18	-0.99	-0.13	-0.08	7.67	7.59

South Africa Market ▼

South African markets closed lower

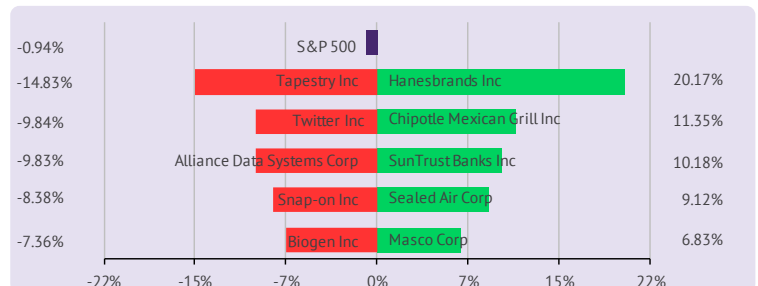
South African markets closed in the red yesterday, led by losses in retail and industrial sector stocks. The JSE All Share Index fell 1.3% to close at 53,888.85.



US Market ▼

The S&P 500 futures are trading in the red

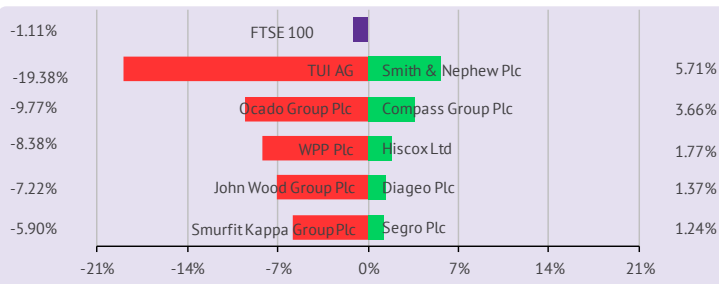
US markets closed lower yesterday, amid renewed fears over US-China trade talks and slowdown in global economic growth. Data revealed that US initial jobless claims fell less than expected in the week ended 02 February. The S&P 500 Index dropped 0.9% to close at 2,706.05.



UK Market ▼

The FTSE 100 futures are trading in negative territory

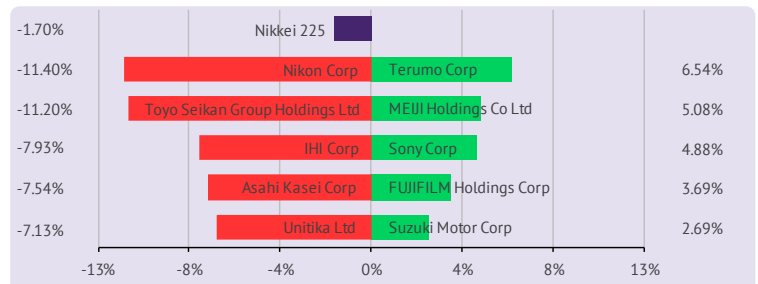
UK markets finished lower yesterday, after the Bank of England (BoE) lowered its growth and inflation forecasts, citing uncertainty surrounding Brexit. The FTSE 100 Index declined 1.1% to close at 7,093.58.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid worries over trade tensions and global growth outlook. The Nikkei 225 Index is trading 1.7% lower at 20,397.93.



USD ZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R13.6489. Amid no major economic news in the US today, market sentiment will be determined by global macroeconomic news.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US initial jobless claims fell less than expected in the week ended 2 February 2019. Meanwhile, the nation's consumer credit rose less than market forecast in December. Separately, in SA, gross gold & forex reserves declined in January. Moreover, annual electricity production eased in December. Meanwhile, the nation's net gold & forex reserves recorded a rise in January. Additionally, electricity consumption registered an advance on a yearly basis in December.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R17.6758. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound climbed against the South African Rand yesterday. On the data front, the British Halifax house price index fell more than market forecast on a monthly basis in January.

EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R15.4795. Going forward, market participants will keep a tab on Germany's current account and trade balance data for further direction.

The Euro strengthened against the South African Rand yesterday. Meanwhile, the European Commission trimmed its projection for the eurozone economic growth for this year and the next, on the back of global trade tensions and a slowdown in the Chinese economy, along with several other regional geopolitical uncertainties. Moreover, data indicated that Germany's industrial production unexpectedly declined on a monthly basis in December.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.2% against the South African Rand to trade at R9.6595, after the Reserve Bank of Australia downgraded its growth forecast for the economy.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.6489	▲	0.65	2.28	2.83	-7.61	-5.00
GBPZAR	17.6758	▲	0.82	1.29	1.59	-5.16	-3.65
EURZAR	15.4795	▲	0.43	1.22	1.86	-7.83	-6.12
AUDZAR	9.6595	▼	0.60	0.22	0.41	-4.79	-4.39
EURUSD	1.1341	-	-0.18	-1.00	-0.93	-0.17	-1.10
GBPUSD	1.2948	▼	0.15	-0.97	-1.20	2.78	1.55
Brent (\$/barrel)	61.2	▼	-1.69	-1.78	1.30	13.09	14.55
Gold (\$/oz)	1312.5	▲	-0.01	-0.57	-0.78	3.00	2.19
Platinum (\$/oz)	798.3	▲	-2.03	-3.56	-3.32	3.62	0.18
Copper (\$/MT)*	6228.0	▼	-0.52	1.84	1.25	3.40	4.69

*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 \$1,312.50/oz, as uncertainties surrounding the US-China trade dispute and concerns about slowing global growth led investors to seek shelter in the safe haven commodity.

Yesterday, gold prices marginally fell to close at \$1,309.40/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.7% to trade at \$61.19/bl, extending its previous session losses.

Yesterday, Brent crude oil dropped 1.7% to settle at \$61.63/bl, as concerns over global economic slowdown weighed on the demand outlook for the commodity.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.1% to trade at \$798.30/oz.

Yesterday, platinum prices declined 2.0% to close at \$797.90/oz.

Major South African corporate news

ArcelorMittal South Africa Limited

In its FY18 results, the company indicated that its revenue rose to ZAR45.27bn from ZAR39.02bn posted in the corresponding period of the previous year. Its diluted EPS stood at 125.00c compared with a loss per share of 469.00c recorded in the same period of the prior year.

Northam Platinum Limited

In its 1H19 trading statement and operational update, the company indicated that it expects headline loss per share to be in the range of 18.60c to 19.40c, compared with the same period of the previous year. Further, the company expects loss per share to be between 17.80c and 18.60c. The company expects to record an operating profit of ZAR1.00bn, compared to the prior year period. Also, revenue for the period increased by 48.6% to approximately ZAR5.00bn and net debt stood at approximately ZAR2.90bn.

Woolworths Holdings Limited

The company announced that David Thomas, the Chief Executive Officer (CEO) of David Jones, an Australian subsidiary of the company, has resigned.

Major global economic news

Asia

In December, Japan posted a trade surplus (BOP basis) of JPY216.20bn, compared to a deficit of JPY559.10bn in the prior month.

In Japan, housing loans registered a rise of 2.4% on an annual basis in 4Q 2018. Housing loans had climbed by a revised 2.5% in the prior quarter.

In Japan, total current account surplus widened to JPY1562.30bn in December, compared to a surplus of JPY1438.70bn in the previous month.

The Reserve Bank of Australia (RBA), in its monetary policy statement, cut its economic and inflation growth forecasts. Further, the board stated that it does not see strong case to move rates in the near term.

US

In the US, seasonally adjusted initial jobless claims recorded a drop to a level of 234.00K in the week ended 02 February 2019, less than market expectations. In the previous week, initial jobless claims had recorded a level of 253.00K.

In the US, consumer credit rose by USD16.55bn in December, lower than market expectations and compared to a revised rise of USD22.41bn in the previous month.

UK

The BoE, in its latest monetary policy decision, kept its key interest rate unchanged at 0.75%, as widely expected and maintained its asset purchase facility steady at GBP435.00bn. However, the central bank slashed its growth forecast for this year to 1.2% from 1.7%, citing uncertainty over Brexit. Growth projections for 2020 was also lowered to 1.5%, while the growth outlook for 2021 was raised to 1.9%.

In the UK, the Halifax house price index recorded a more-than-expected drop of 2.9% on a monthly basis in January. The index had advanced by a revised 2.5% in the prior month.

Eurozone

The European Commission downgraded its growth forecasts for the euro area for 2019 and 2020, citing heightened uncertainty and downside risks to the outlook. It slashed Eurozone's economic growth projection for this year to 1.3% from 1.9% and to 1.6% from 1.7% for 2020.

In Germany, seasonally adjusted industrial production recorded an unexpected drop of 0.4% on a monthly basis in December. In the prior month, industrial production had recorded a revised drop of 1.3%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Labour Cash Earnings (YoY) (Dec)	✓✓	1.80%*	1.70%	Monthly
Japan	01:30	Household Spending (YoY) (Dec)	✓✓	0.10%*	-0.60%	Monthly
Japan	01:50	Bank Lending including Trusts (YoY) (Jan)	✓	2.40%*	2.40%	Monthly
Japan	01:50	Bank Lending ex-Trust (YoY) (Jan)	✓	2.40%*	2.50%	Monthly
Japan	01:50	Housing Loans (YoY) (Q4)	✓	2.40%*	2.50%	Quarterly
Japan	01:50	Current Account n.s.a. (Dec)	✓	JPY452.80 bn*	JPY757.20 bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Dec)	✓✓✓	JPY216.20 bn*	-JPY559.10 bn	Monthly
Japan	01:50	Adjusted Current Account Total (Dec)	✓	JPY1562.30 bn*	JPY1438.70 bn	Monthly
US	02:30	Fed's Bullard Speaks at St. Cloud State University	✓	-	-	As scheduled
Japan	06:30	Bankruptcies (YoY) (Jan)	✓✓	-	-10.63%	Monthly
Switzerland	08:45	Unemployment Rate n.s.a. (Jan)	✓✓	2.70%	2.70%	Monthly
Switzerland	08:45	Unemployment Rate s.a. (Jan)	✓✓	2.40%	2.40%	Monthly
Germany	09:00	Exports (Dec)	✓	-	EUR116.30 bn	Monthly
Germany	09:00	Imports (Dec)	✓	-	EUR95.70 bn	Monthly
Germany	09:00	Current Account n.s.a. (Dec)	✓	EUR23.30 bn	EUR21.40 bn	Monthly
Germany	09:00	Exports s.a. (MoM) (Dec)	✓	0.40%	-0.40%	Monthly
Germany	09:00	Imports s.a. (MoM) (Dec)	✓	0.50%	-1.60%	Monthly
Germany	09:00	Trade Balance n.s.a. (Dec)	✓✓✓	EUR16.50 bn	EUR20.50 bn	Monthly
France	09:45	Industrial Production (MoM) (Dec)	✓✓✓	0.60%	-1.30%	Monthly
France	09:45	Industrial Production (YoY) (Dec)	✓✓✓	-1.40%	-2.10%	Monthly
France	09:45	Manufacturing Production (MoM) (Dec)	✓✓✓	1.10%	-1.40%	Monthly
France	09:45	Manufacturing Production (YoY) (Dec)	✓✓✓	-1.20%	-2.20%	Monthly
Italy	11:00	Industrial Production s.a. (MoM) (Dec)	✓✓	0.40%	-1.60%	Monthly
Italy	11:00	Industrial Production n.s.a. (YoY) (Dec)	✓✓	-3.30%	-2.60%	Monthly
Greece	12:00	Industrial Production (YoY) (Dec)	✓	-	3.10%	Monthly
Canada	15:15	Housing Starts s.a. (Jan)	✓✓✓	205.00 K	213.40 K	Monthly
Canada	15:30	Unemployment Rate (Jan)	✓✓	5.70%	5.60%	Monthly
US	20:15	Fed's Daly Speaks at Economic Forecast Conference	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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