

# ONE Minute Brief

12 February 2019

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## Economic and political news

Yesterday, Eskom implemented stage 4 load shedding, after six generating units unexpectedly went offline. After this, Eskom board members announced plans to conduct an “in-depth audit”. Meanwhile, the Democratic Alliance (DA) called for an urgent parliamentary debate on Eskom’s load shedding.

Ratings agency, Moody’s warned that Eskom poses a significant risk to the country’s finances and splitting the company into three entities would not solve much of its financial problems.

The DA announced that it has dropped Broad-Based Black Economic Empowerment as party policy, citing it as being “unsustainable”.

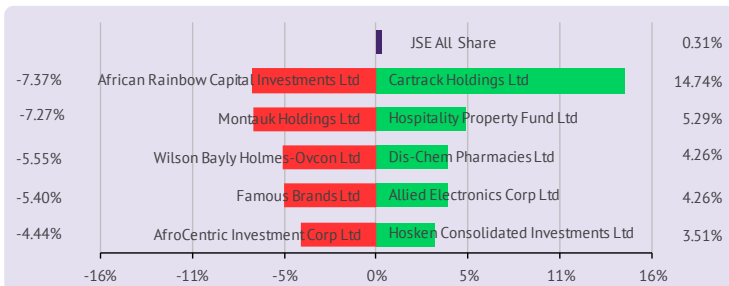
President, Cyril Ramaphosa, stated that disciplinary action will be instituted against National Treasury Director-General, Dondo Mogajane, for failing to disclose his criminal record.

According to a news report, trade union federation, Cosatu may withdraw its support for the African National Congress, ahead of the May national elections.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in industrial and resources sector stocks. The JSE All Share Index rose 0.3% to close at 53,409.14.



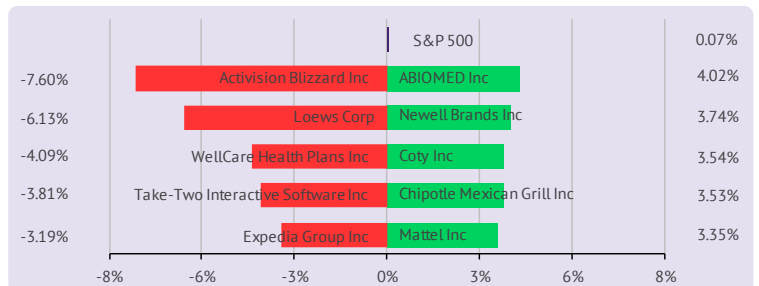
## Key indices

	As at 11 Feb 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53409.14	▲	164.96	0.31	0.31	-1.38	2.69	1.27
JSE Top 40 (ZAR)	47225.04	▲	223.25	0.47	0.47	-1.52	2.63	1.07
FTSE 100 (GBP)	7129.11	▲	57.93	0.82	0.82	2.30	3.58	5.96
DAX 30 (EUR)	11014.59	▲	107.81	0.99	0.99	-1.42	5.82	4.32
CAC 40 (EUR)	5014.47	▲	52.83	1.06	1.06	0.44	5.54	6.00
S&P 500 (USD)	2709.80	▲	1.92	0.07	0.07	0.21	7.87	8.10
Nasdaq Composite (USD)	7307.91	▲	9.71	0.13	0.13	0.36	9.74	10.14
DJIA (USD)	25053.11	▼	-53.22	-0.21	-0.21	0.21	7.17	7.40
MSCI Emerging Markets (USD)	1035.41	▼	-0.62	-0.06	-0.06	-1.38	8.70	7.19
MSCI Developed World (USD)	2021.60	▲	1.06	0.05	0.05	-0.34	7.67	7.31

## US Market ▲

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

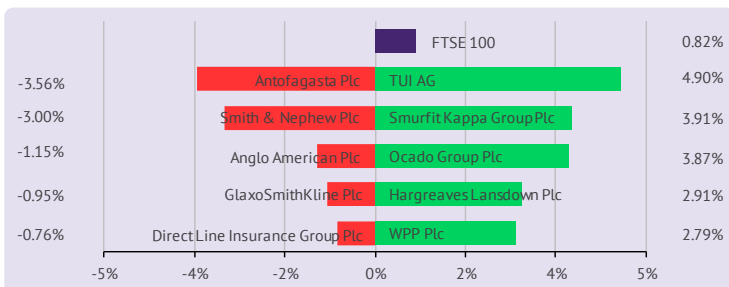
US markets closed mostly higher yesterday, as a new round of US-China trade talks resumed and amid gains in industrial sector stocks. The S&P 500 Index climbed 0.1% to close at 2,709.80.



## UK Market ▲

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

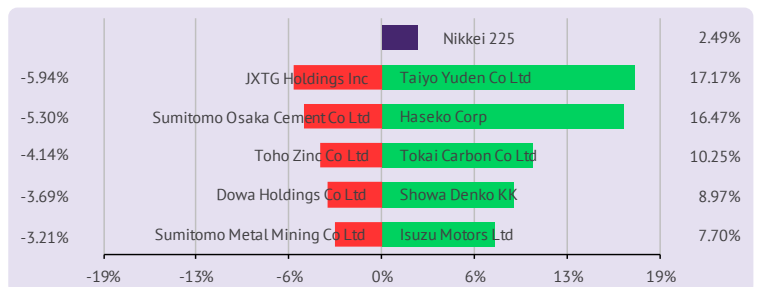
UK markets finished higher yesterday, amid weakness in the British Pound and optimism over US-China trade talks. The FTSE 100 Index advanced 0.8% to close at 7,129.11.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 2.5% higher at 20,840.04.



## USD ZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R13.7896. Later today, traders will keep a close watch on the US NFIB small optimism index and the JOLTS job openings for further cues.

The US Dollar rose against the South African Rand yesterday, after South Africa's Eskom implemented controlled power cuts due to shortage of generating capacity.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R17.7419. Ahead in the day, traders will keep an eye on the Bank of England Governor, Mark Carney's speech for further direction.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's economic growth slowed to a six-year low level on a quarterly basis in the fourth quarter of 2018. Additionally, industrial production registered an unexpected decline on a monthly basis in December. Moreover, monthly manufacturing production unexpectedly dropped in December. Further, construction output recorded an unexpected fall on a monthly basis in the same month.

## EUR ZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R15.5540. With no major economic news in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R9.7575. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index recorded a decline in the week ended 10 February 2019. Additionally, seasonally adjusted home loan approvals eased more than market expectations on a monthly basis in December. Meanwhile, the nation's business confidence index advanced in January. Moreover, the business conditions index climbed in the same month.

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	13.7896	▼	1.37	1.37	4.20	-7.61	-3.73
GBPZAR	17.7419	▼	0.70	0.70	2.20	-5.16	-3.07
EURZAR	15.5540	▼	0.93	0.93	2.66	-7.83	-5.38
AUDZAR	9.7575	▲	0.96	0.96	1.19	-4.79	-3.66
EURUSD	1.1279	▲	-0.42	-0.42	-1.50	-0.17	-1.67
GBPUSD	1.2864	▲	-0.69	-0.69	-1.94	2.78	0.79
Brent (\$/barrel)	62.0	▲	-0.95	-0.95	1.10	13.09	14.33
Gold (\$/oz)	1311.2	▲	-0.51	-0.51	-0.96	3.00	2.01
Platinum (\$/oz)	788.3	▲	-1.98	-1.98	-4.62	3.62	-1.17
Copper (\$/MT)*	6135.8	▼	-0.89	-0.89	-0.25	3.40	3.14

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,311.20/oz.

Yesterday, gold prices fell 0.5% to close at \$1,307.00/oz, as strength in the US Dollar lowered demand for the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 0.8% to trade at \$62.00/bl, amid OPEC-led supply cuts and US sanctions against Iran and Venezuela.

Yesterday, Brent crude oil dropped 1.0% to settle at \$61.51/bl, amid concerns over energy demand and signs of rising US oil production.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.2% to trade at \$788.30/oz.

Yesterday, platinum prices declined 2.0% to close at \$786.60/oz.

## Major South African corporate news

### Tongaat Hulett Limited

The company announced that it has appointed Mr Rob David Aitken as its Chief Financial Officer and Executive Director, with effect from 1 March 2019.

## Major global economic news

### UK

In the UK, preliminary gross domestic product growth slowed to 0.2% on a quarterly basis in 4Q18, in line with expectations and compared to a growth of 0.6% in the previous quarter.

In the UK, manufacturing production unexpectedly eased 0.7% on a monthly basis in December. Manufacturing production had recorded a revised drop of 0.1% in the previous month.

In the UK, industrial production recorded an unexpected drop of 0.5% on a monthly basis in December. Industrial production had fallen by a revised 0.3% in the previous month.

In the UK, construction output unexpectedly eased 2.8% on a monthly basis in December. In the prior month, construction output had risen by a revised 0.1%.

In the UK, visible trade deficit narrowed to GBP12.10bn in December, compared to a revised visible trade deficit of GBP12.40bn in the prior month.

### Asia

In Australia, the NAB business conditions climbed to a level of 7.00 in January. The index had recorded a level of 2.00 in the previous month.

In Australia, the NAB business confidence index rose to a level of 4.00 in January, compared to a reading of 3.00 in the previous month.

In Australia, the ANZ Roy Morgan weekly consumer confidence index dropped to a level of 114.1 in the week ended 10 February 2019, compared to a reading of 118.1 in the prior week.

In Australia, seasonally adjusted home loan approvals registered a more-than-expected drop of 6.1% on a monthly basis in December. In the previous month, home loan approvals had registered a drop of 0.9%.

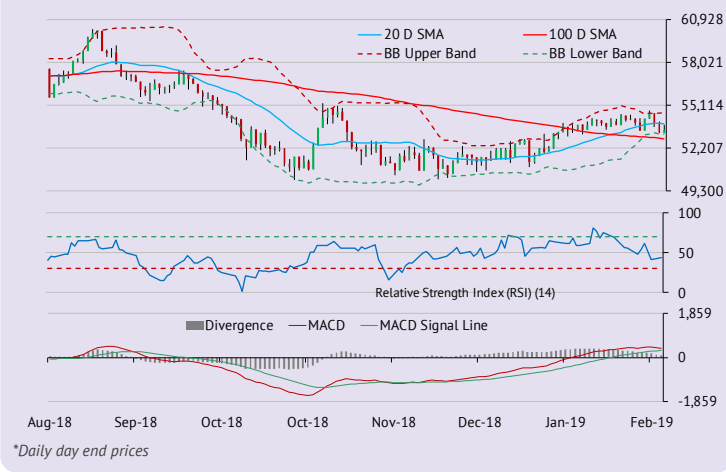
## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	1:50	Money Supply M3 (YoY) (Jan)	✓	2.10%*	2.10%	Monthly
 Japan	1:50	Money Supply M2+CD (YoY) (Jan)	✓	2.40%*	2.40%	Monthly
 Eurozone	5:30	ECB's Lane Speaks in Hong Kong	✓	-	-	As scheduled
 Japan	6:30	Tertiary Industry Index (MoM) (Dec)	✓✓	-0.30%*	-0.30%	Monthly
 Japan	8:00	Machine Tool Orders (YoY) (Jan) (P)	✓✓✓	-	-18.30%	Monthly
 Germany	10:00	German Buba President Weidmann speech	✓✓	-	-	As scheduled
 Eurozone	10:00	ECB's Weidmann Speaks in Pretoria	✓	-	-	As scheduled
 South Africa	11:30	Unemployment Rate (Q4)	✓✓	27.60%	27.50%	Quarterly
 US	13:00	NFIB Small Business Optimism (Jan)	✓	103.00	104.40	Monthly
 South Africa	13:00	Manufacturing Production Index (YoY) (Dec)	✓✓	1.40%	1.60%	Monthly
 South Africa	13:00	Manufacturing Production s.a. (MoM) (Dec)	✓✓	0.40%	0.70%	Monthly
 UK	15:00	BoE Governor Carney Speaks in London	✓✓✓	-	-	As scheduled
 US	15:55	Redbook Index (YoY) (08-Feb)	✓	-	5.70%	Weekly
 US	15:55	Redbook Index s.a. (MoM) (08-Feb)	✓	-	-2.00%	Weekly
 US	17:00	JOLTs Job Openings (Dec)	✓	6832.00K	6888.00K	Monthly
 US	19:45	Powell Speaks in Mississippi About Rural Poverty	✓✓✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

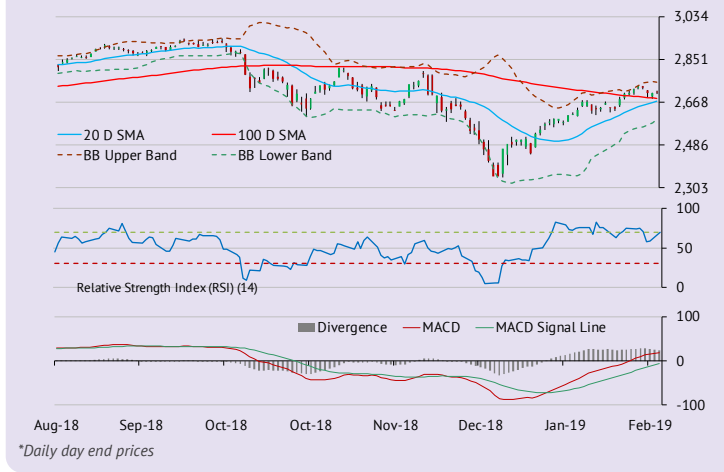
## Technical snapshot

### JSE All Share



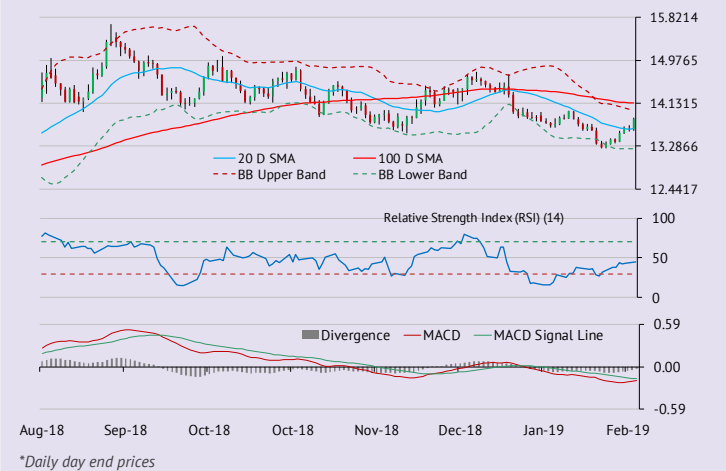
The JSE All Share index is expected to find support at 52,858.06, and a fall through could take it to the next support level of 52,306.99. The index is expected to find its first resistance at 54,346.33, and a rise through could take it to the next resistance level of 55,283.53.

### S&P 500



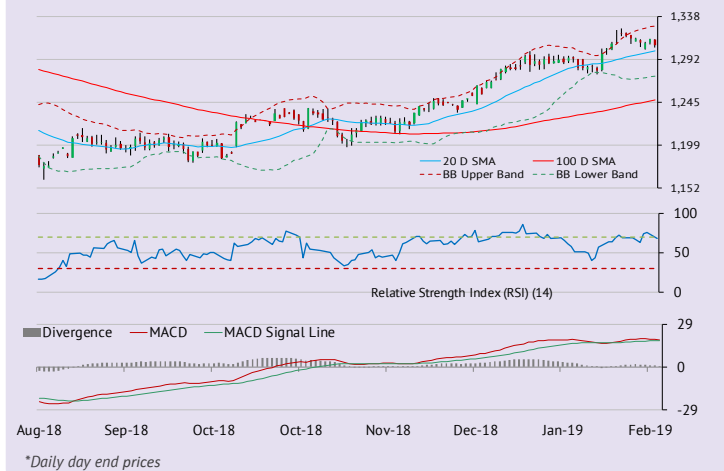
The S&P 500 index is expected to find support at 2,681.43, and a fall through could take it to the next support level of 2,653.05. The index is expected to find its first resistance at 2,738.58, and a rise through could take it to the next resistance level of 2,767.35.

### USD ZAR



The pair is expected to find support at 13,484.2, and a fall through could take it to the next support level of 13,157.3. The pair is expected to find its first resistance at 13,923, and a rise through could take it to the next resistance level of 14,173.5.

### XAU USD



Gold is expected to find support at \$1,301.10/oz, and a fall through could take it to the next support level of \$1,295.20/oz. The precious metal is expected to find its first resistance at \$1,314.00/oz, and a rise through could take it to the next resistance level of \$1,321.00/oz.

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