

ONE Minute Brief

4 February 2019

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Economic and political news

In South Africa (SA), the manufacturing PMI dropped more-than-anticipated to 49.90 in January, compared to a level of 50.70 in the prior month. New vehicle sales unexpectedly fell 7.4% on an annual basis in January, compared to a drop of 1.9% in December.

The Treasury indicated that Finance Minister, Tito Mboweni, will announce an interim board for the Public Investment Corporation this week, after the fund's entire board resigned on Friday.

The Department of Energy stated that petrol price is set to rise by 7 cents per litre and diesel is expected to increase by between 1 and 2 cents per litre, with effect from Wednesday.

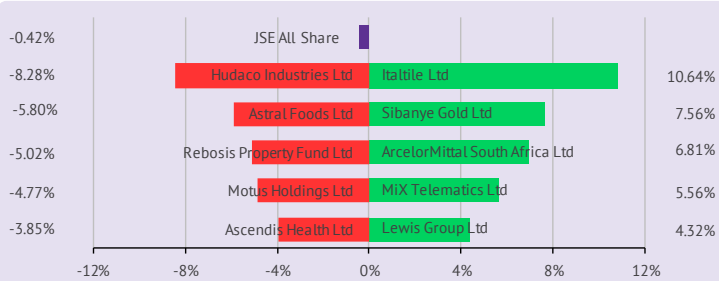
Eskom has secured a ZAR15bn loan facility from a consortium of local and international banks.

The Economic Freedom Fighters, in its election manifesto, stated that it will nationalise all mines by 2023, if elected this year.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red on Friday, weighed down by losses in industrial, banking and property sector stocks. Data indicated that SA's manufacturing PMI fell more-than-expected in January. The JSE All Share Index fell 0.4% to close at 53,930.14.



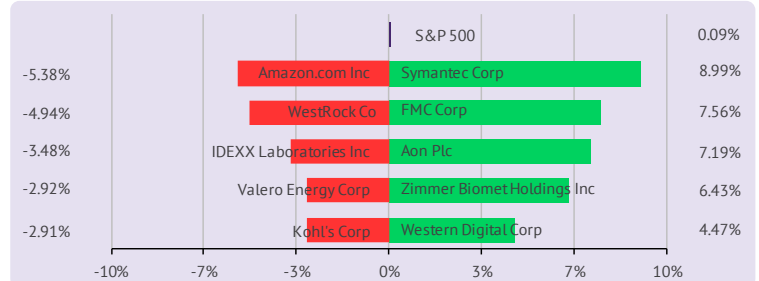
Key indices

	As at 01 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	53930.14	▼ -226.61	-0.42	NA	-0.42	2.69	2.26
JSE Top 40 (ZAR)	47697.78	▼ -258.20	-0.54	NA	-0.54	2.63	2.08
FTSE 100(GBP)	7020.22	▲ 51.37	0.74	NA	0.74	3.58	4.34
DAX 30 (EUR)	11180.66	▲ 7.56	0.07	NA	0.07	5.82	5.89
CAC 40 (EUR)	5019.26	▲ 26.54	0.53	NA	0.53	5.54	6.10
S&P 500 (USD)	2706.53	▲ 2.43	0.09	NA	0.09	7.87	7.97
Nasdaq Composite (USD)	7263.87	▼ -17.87	-0.25	NA	-0.25	9.74	9.47
DJIA (USD)	25063.89	▲ 64.22	0.26	NA	0.26	7.17	7.44
MSCI Emerging Markets (USD)	1050.20	▲ 0.27	0.03	NA	0.03	8.70	8.72
MSCI Developed World (USD)	2029.55	▲ 1.05	0.05	NA	0.05	7.67	7.73

US Market ▲

The S&P 500 futures are trading in the green

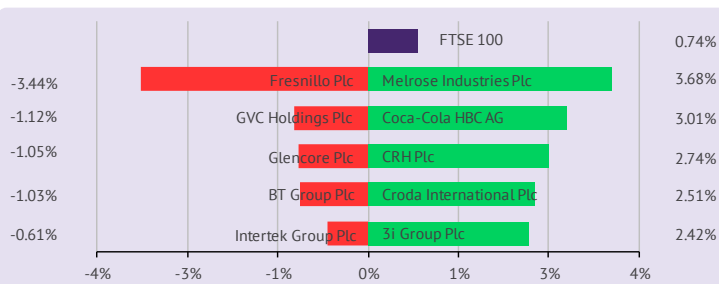
US markets closed mostly higher on Friday, following strong US jobs data and amid gains in energy and technology sector stocks. Data showed that the US Markit manufacturing PMI rose as expected in January. The S&P 500 Index climbed 0.1% to close at 2,706.53.



UK Market ▲

The FTSE 100 futures are trading in negative territory

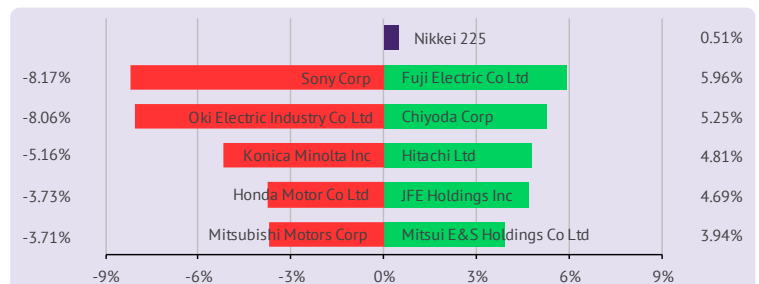
UK markets finished higher on Friday, amid optimism over trade talks between the US and China. The FTSE 100 Index advanced 0.7% to close at 7,020.22.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.5% higher at 20,894.32.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.3% against the South African Rand to trade at R13.3609. Later today, traders will keep a close watch on the US factory orders and durable goods orders for further direction.

The US Dollar rose against the South African Rand on Friday, after the US non-farm payrolls registered a more-than-expected rise in January, recording its largest gain since February 2018. Additionally, the ISM manufacturing PMI surprised with an advance in January. Moreover, the Markit manufacturing PMI jumped in line with market forecast in January. Further, construction spending climbed more than market anticipations on a monthly basis in December. Meanwhile, the nation's unemployment rate unexpectedly climbed to a seven-month high in January. Moreover, monthly average hourly earnings recorded a less-than-expected rise in January. Also, the Michigan consumer sentiment index fell in January, marking its worst reading since the US President, Donald Trump was elected as President. Separately, in SA, the manufacturing PMI registered a more-than-expected decline in January. Additionally, Naamsa vehicle sales unexpectedly dropped on an annual basis in January.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.3% higher against the South African Rand at R17.4762. Ahead in the day, traders will keep an eye on UK's construction PMI for further cues.

The British Pound advanced against the South African Rand on Friday. On the macro front, UK's Markit manufacturing PMI declined more than market forecast in January, hitting its lowest level in three months.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.2974. Going forward, market participants will keep a tab on the Eurozone's Sentix investor confidence index and producer price index for further indication.

The Euro strengthened against the South African Rand on Friday. Data indicated that the Eurozone's consumer price index (CPI) climbed in line with market anticipations on a yearly basis in January. Meanwhile, the region's Markit manufacturing PMI dropped in line with market expectations in January. Separately, Germany's Markit manufacturing PMI fell more than market forecast in January.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R9.6652. Earlier in the session, Australia's building approvals unexpectedly declined on a monthly basis in December. Meanwhile, in China, Australia's largest trading partner, the Markit services PMI recorded a less-than-anticipated fall in January.

The Australian Dollar rose against the South African Rand on Friday.

Key currencies & commodities

	Current#		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.3609	▲	0.53	NA	0.53	-7.61	-7.12
GBPZAR	17.4762	▲	0.30	NA	0.30	-5.16	-4.88
EURZAR	15.2974	▲	0.63	NA	0.63	-7.83	-7.25
AUDZAR	9.6652	▲	0.19	NA	0.19	-4.79	-4.60
EURUSD	1.1449	▼	0.07	NA	0.07	-0.17	-0.10
GBPUSD	1.3079	-	-0.23	NA	-0.23	2.78	2.55
Brent (\$/barrel)	62.7	▼	3.14	NA	3.14	13.09	16.64
Gold (\$/oz)	1317.9	▲	-0.21	NA	-0.21	3.00	2.78
Platinum (\$/oz)	824.2	▼	0.24	NA	0.24	3.62	3.87
Copper (\$/MT)*	6115.8	▼	-0.58	NA	-0.58	3.40	2.80

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,317.90/oz.

On Friday, gold prices fell 0.2% to close at \$1,316.90/oz, as the US Dollar strengthened, following better-than-expected US jobs data and a rebound in the ISM manufacturing index.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$62.65/bl.

On Friday, Brent crude oil advanced 3.1% to settle at \$62.75/bl, amid political turmoil in Venezuela and drop in OPEC crude output. Additionally, Baker Hughes reported that US oil rig count fell by 15 to 847 last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$824.20/oz.

On Friday, platinum prices climbed 0.2% to close at \$826.70/oz.

Major South African corporate news

ArcelorMittal South Africa Limited

In its FY18 trading statement, the company announced that it expects HEPS to be between 84.00c and 94.00c, compared to a headline loss per share of 230.00c posted in same period of the previous year. Further, the company expects EPS to be in the range of 120.00c to 130.00c, compared to a loss per share of 469.00c recorded in the corresponding period of the preceding year.

Group Five Limited

The company announced that its Chief Executive Officer (CEO), Solomon Themba Mosai, has resigned with effect from 31 January 2019. Further, the company has appointed Dr Thabo C Kgogo as interim CEO.

Major global economic news

US

In the US, non-farm payrolls climbed by 304.00K in January, more than market expectations. Non-farm payrolls had registered a revised increase of 222.00K in the prior month.

In January, unemployment rate registered an unexpected rise to 4.0% in the US, compared to a rate of 3.9% in the previous month.

In the US, the ISM manufacturing activity index advanced unexpectedly to a level of 56.60 in January, compared to a revised reading of 54.30 in the prior month.

In the US, the final Markit manufacturing PMI registered a rise to 54.90 in January, meeting market expectations. The preliminary figures had also recorded a rise to 54.90. In the previous month, the Markit manufacturing PMI had recorded a level of 53.80.

In the US, construction spending registered a more-than-anticipated rise of 0.8% on a monthly basis in November. In the prior month, construction spending had advanced by a revised 0.1%.

In the US, seasonally adjusted final wholesale inventories climbed 0.3% on a monthly basis in November, less-than-expected and compared to a rise of 0.8% in the prior month. The preliminary figures had indicated an advance of 0.9%.

In the US, average hourly earnings of all employees registered a rise of 0.1% on a monthly basis in January, less than market expectations. Average hourly earnings of all employees had advanced 0.4% in the previous month.

In January, the final Michigan consumer sentiment index eased to 91.20 in the US, less than market expectations. The index had recorded a reading of 98.30 in the prior month. The preliminary figures had recorded a drop to 90.70.

Asia

In Australia, seasonally adjusted building approvals registered an unexpected drop of 8.4% on a monthly basis in December, compared to a revised drop of 9.8% in the prior month.

In China, the Markit services PMI index dropped less-than-expected to 53.60 in January, compared to a reading of 53.90 in the prior month.

Eurozone

In the Eurozone, the flash CPI advanced 1.4% on an annual basis in January, in line with market expectations. In the previous month, the CPI had recorded a rise of 1.6%.

In the Eurozone, the final manufacturing PMI dropped to 50.50 in January, meeting market expectations. In the previous month, the manufacturing PMI had recorded a level of 51.40. The preliminary figures had also recorded a drop to 50.50.

In Germany, the final manufacturing PMI dropped more-than-expected to 49.70 in January, compared to a level of 51.50 in the prior month. The preliminary figures had indicated a fall to 49.90.

UK

In the UK, the Markit manufacturing PMI registered a more-than-expected drop to 52.80 in January. In the previous month, the manufacturing PMI had registered a reading of 54.20.

40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Grindrod Ltd	779	3.87	1.96	26.67
Ascendis Health Ltd	525	-8.70	-3.85	26.20
Sibanye Gold Ltd	1210	15.57	7.56	20.76
Kumba Iron Ore Ltd	34060	16.92	0.58	20.33
Assore Ltd	34679	11.08	0.89	19.58
Accelerate Property Fund Ltd	393	-1.75	0.00	19.09
Anglo American Platinum Ltd	63602	5.66	-0.31	18.23
Octodec Investments Ltd	2000	5.26	0.50	16.82
Arrowhead Properties Ltd	467	10.66	2.64	16.17
Lonmin Plc	956	11.16	3.91	13.95
Libstar Holdings Ltd	797	0.13	-1.60	13.86
Resilient REIT Ltd	6483	7.16	0.34	13.74
Exxaro Resources Ltd	15650	6.54	1.67	13.51
Curro Holdings Ltd	2885	3.04	0.17	13.09
Absa Group Ltd	18290	1.61	-1.02	13.03
Pan African Resources Plc	180	-1.64	-2.70	12.50
Northam Platinum Ltd	4850	1.04	0.37	12.11
MiX Telematics Ltd	950	14.46	5.56	11.76
Investec Property Fund Ltd	1532	1.12	-1.16	11.42
SA Corporate Real Estate Ltd	374	3.89	-0.27	11.31
NEPI Rockcastle Plc	12536	4.90	-0.06	10.94
Stadio Holdings Ltd	387	-3.73	-3.25	10.89
Italtile Ltd	1549	11.44	10.64	10.64
Hyprop Investments Ltd	9000	2.74	0.00	10.43
Stenprop Ltd	1950	-0.56	0.00	10.38
Growthpoint Properties Ltd	2567	2.11	-1.16	10.17
RCL Foods Ltd	1541	1.45	-0.45	10.07
Raubex Group Ltd	1870	-4.15	0.05	10.00
Clover Industries Ltd	2000	1.21	0.50	9.95
Investec Ltd	8656	-2.52	-0.57	9.57
Gold Fields Ltd	5377	3.36	0.02	8.98
Fortress REIT Ltd	1579	5.62	1.81	8.90
Standard Bank Group Ltd	19424	-0.36	-0.39	8.63
Royal Bafokeng Platinum Ltd	2875	-0.86	0.00	8.57
Hospitality Property Fund Ltd	950	-0.94	0.00	8.57
Barloworld Ltd	12158	-3.53	0.48	8.57
Reunert Ltd	7302	-4.42	3.57	8.41
Attacq Ltd	1598	5.62	0.44	8.34
Oceana Group Ltd	7651	2.01	-0.51	8.23
Distell Group Holdings Ltd	11598	-1.21	-0.02	7.99
JSE All Share Index	53930	-0.22	-0.42	2.26

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Monetary Base (Jan)	✓✓✓	JPY500.20tn*	JPY504.20tn	Monthly
Japan	01:50	Monetary Base (YoY) (Jan)	✓	4.70%*	4.80%	Monthly
Spain	10:00	Unemployment Change (Jan)	✓✓✓	62.50K	-50.60K	Monthly
Eurozone	11:30	Sentix Investor Confidence (Feb)	✓✓✓	-	-1.50	Monthly
UK	11:30	Markit Construction PMI (Jan)	✓✓✓	52.50	52.80	Monthly
Eurozone	12:00	Producer Price Index (MoM) (Dec)	✓✓✓	-0.50%	-0.30%	Monthly
Eurozone	12:00	Producer Price Index (YoY) (Dec)	✓✓✓	3.10%	4.00%	Monthly
Italy	12:00	Consumer Price Index (MoM) (Jan) (P)	✓✓✓	-	-0.10%	Monthly
Italy	12:00	Consumer Price Index (YoY) (Jan) (P)	✓✓✓	-	1.10%	Monthly
US	17:00	Cap Goods Orders Nondef Ex Air (Nov) (F)	✓	0.10%	-0.60%**	Monthly
US	17:00	Cap Goods Ship Nondef Ex Air (Nov) (F)	✓	0.20%	-0.10%**	Monthly
US	17:00	Durable Goods Orders (Nov) (F)	✓✓✓	1.70%	0.80%**	Monthly
US	17:00	Durable Goods Orders ex Transportation (Nov) (F)	✓✓	0.20%	-0.30%**	Monthly
US	17:00	Factory Orders (MoM) (Nov)	✓✓✓	0.30%	-2.10%	Monthly
US	21:00	Loan Officer Survey (Q4)	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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