

ONE Minute Brief

7 February 2019

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Economic and political news

In South Africa (SA), the SACCI business confidence index slightly fell to a level of 95.10 in January, compared to a level of 95.20 in the previous month.

South African police has arrested five people, including Angelo Agrizzi, a former Executive of Bosasa, who testified at the state capture commission of inquiry, on charges of corruption and fraud in the awarding of government contracts.

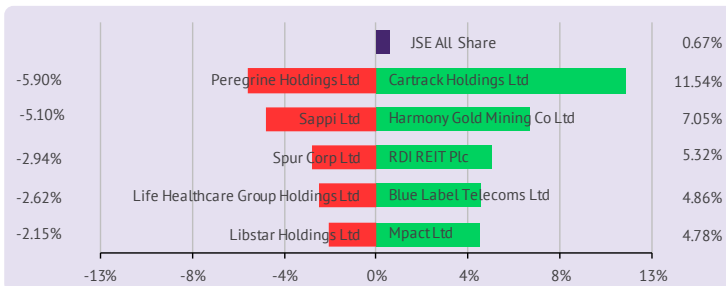
Former North West Premier, Supra Mahumapelo, has been reinstated as African National Congress's North West Chairman by the High Court in Johannesburg.

Yesterday, a number of Eskom employees protested at the firm's headquarters against potential job cuts and a proposal to split up the company.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining and industrial sector stocks. Data revealed that SA's SACCI business confidence index eased in January. The JSE All Share Index rose 0.7% to close at 54,574.28.



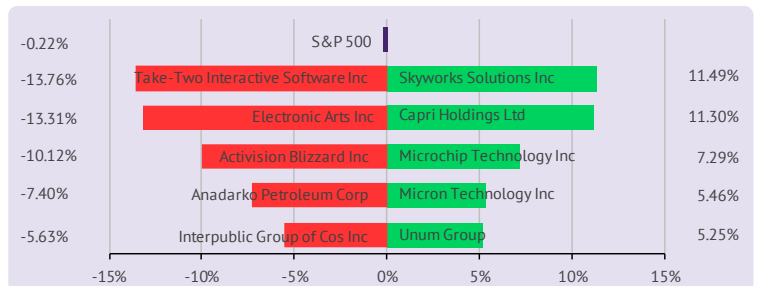
Key indices

	As at 06 Feb 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	54574.28	▲ 364.87	0.67	1.19	0.77	2.69	3.48
JSE Top 40 (ZAR)	48318.53	▲ 319.44	0.67	1.30	0.76	2.63	3.41
FTSE 100 (GBP)	7173.09	▼ -4.28	-0.06	2.18	2.93	3.58	6.61
DAX 30 (EUR)	11324.72	▼ -43.26	-0.38	1.29	1.36	5.82	7.25
CAC 40 (EUR)	5079.05	▼ -4.29	-0.08	1.19	1.73	5.54	7.36
S&P 500 (USD)	2731.61	▼ -6.09	-0.22	0.93	1.02	7.87	8.97
Nasdaq Composite (USD)	7375.28	▼ -26.80	-0.36	1.53	1.28	9.74	11.15
DJIA (USD)	25390.30	▼ -21.22	-0.08	1.30	1.56	7.17	8.84
MSCI Emerging Markets (USD)	1048.46	▼ -3.44	-0.33	-0.17	-0.14	8.70	8.54
MSCI Developed World (USD)	2047.11	▼ -4.24	-0.21	0.87	0.92	7.67	8.66

US Market ▼

The S&P 500 futures are trading in the red

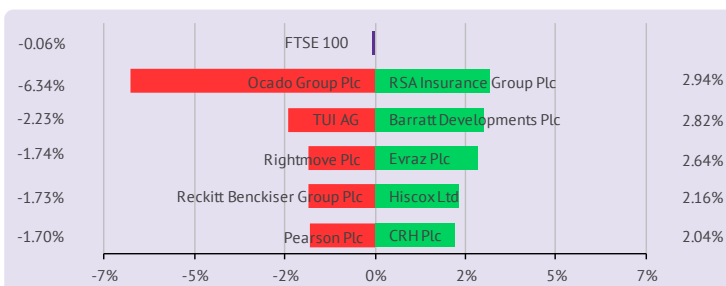
US markets closed lower yesterday, after the US President, Donald Trump's State of the Union address offered no specific economic policy initiatives and amid downbeat corporate earnings. The S&P 500 Index dropped 0.2% to close at 2,731.61.



UK Market ▼

The FTSE 100 futures are trading in positive territory

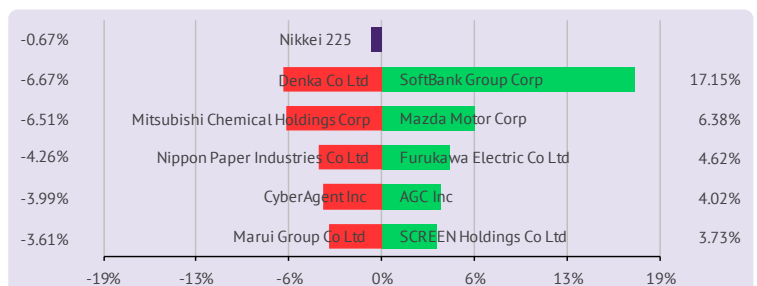
UK markets finished lower yesterday, amid strength in the British Pound and led by losses in financial and healthcare sector stocks. The FTSE 100 Index declined 0.1% to close at 7,173.09.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.7% lower at 20,733.29.



USD ZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading slightly higher against the South African Rand at R13.5464. 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, after the US trade deficit narrowed more than market expectations in November. In contrast, the nation's MBA mortgage applications registered a decline in the week ended 1 February 2019, marking its lowest level in 10 months. Separately, in SA, the SACCI business confidence index recorded a drop in January.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R17.5089. Ahead in the day, traders will keep an eye on the Bank of England's (BoE) interest rate decision and Britain's Halifax house price index for further direction.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro marginally rose against the South African Rand to trade at R15.3879. Going forward, market participants will keep a tab on the European Central Banks' economic bulletin along with Germany's industrial production for further indication.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's factory orders registered an unexpected decline on a monthly basis in December. Additionally, the Markit construction PMI eased in January.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R9.6261. Earlier in the session, Australia's AiG performance of construction index advanced in January. Meanwhile, the nation's NAB business confidence index recorded a fall in the fourth quarter of 2018.

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	13.5464	▲	1.24	1.62	2.16	-7.61	-5.62
GBPZAR	17.5089	▼	1.09	0.47	0.76	-5.16	-4.43
EURZAR	15.3879	▲	0.84	0.78	1.42	-7.83	-6.52
AUDZAR	9.6261	▲	-0.57	-0.38	-0.19	-4.79	-4.96
EURUSD	1.1359	▼	-0.39	-0.82	-0.75	-0.17	-0.92
GBPUSD	1.2929	▼	-0.10	-1.12	-1.35	2.78	1.40
Brent (\$/barrel)	62.5	▼	1.15	-0.10	3.04	13.09	16.52
Gold (\$/oz)	1307.6	▼	-0.36	-0.56	-0.77	3.00	2.20
Platinum (\$/oz)	806.4	▼	-0.74	-1.56	-1.32	3.62	2.25
Copper (\$/MT)*	6260.5	▲	0.70	2.37	1.78	3.40	5.24

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices declined 0.1% to trade at \$1,307.60/oz.

Yesterday, gold prices fell 0.4% to close at \$1,309.50/oz, as strength in the US Dollar lowered demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$62.54/bl.

Yesterday, Brent crude oil advanced 1.2% to settle at \$62.69/bl, after the US Energy Information Administration reported that crude oil inventories rose less-than-expected by 1.3mn bls in the week ended 1 February 2019.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.9% lower to trade at \$806.40/oz.

Yesterday, platinum prices declined 0.7% to close at \$813.80/oz.

Major South African corporate news

Gold Fields Limited

In its FY18 trading statement, the company announced that it expects HEPS to be in the range of USD0.05 to USD0.09, which is 65.0% to 81.0% lower compared to the same period of the previous year. Further, the company expects basic loss per share to be between USD0.40 and USD0.44, higher than the basic loss of USD0.02 per share reported for FY17.

Sappi Limited

In its 1Q19 results, the company announced that its revenue increased to USD1.42bn, from USD1.33bn posted in the corresponding period of the previous year. Its diluted EPS rose to 15.00c, compared to 11.00c recorded in the same period of the prior year. The company stated that its EBITDA excluding special items stood at USD197.00mn compared to USD172.00mn posted in the comparable period of the preceding year. Further, net debt for the period stood at USD1.56bn.

Major global economic news

US

In the US, the MBA mortgage applications fell 2.5% on a weekly basis in the week ended 1 February 2019. The MBA mortgage applications had recorded a drop of 3.0% in the prior week.

In the US, trade deficit narrowed more than market forecast to USD49.30bn in November, following a deficit of USD55.50bn in the previous month.

Eurozone

In Germany, seasonally adjusted factory orders unexpectedly fell 1.6% on a monthly basis in December. In the prior month, factory orders had dropped by a revised 0.2%.

In Germany, the Markit construction PMI dropped to 50.7 in January, compared to a level of 53.3 in the previous month.

Asia

In Australia, the AiG performance of construction index rose to 43.10 in January, compared to a level of 42.60 in the prior month.

In Australia, the NAB business confidence index dropped to 1.00 in January. In the prior month, the index had recorded a level of 3.00.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
US	1:05	Fed's Quarles Speaks on Bank Stress Testing	✓	-	-	As scheduled
Japan	7:00	Leading Economic Index (Dec) (P)	✓✓✓	97.90	99.10	Monthly
South Africa	8:00	Net Gold & Forex Reserve (Jan)	✓	-	USD43.09bn	Monthly
South Africa	8:00	Gross Gold & Forex Reserve (Jan)	✓	-	USD51.64bn	Monthly
Germany	9:00	Industrial Production (Dec)	✓	-	103.20	Monthly
Germany	9:00	Industrial Production n.s.a. and w.d.a. (YoY) (Dec)	✓✓✓	-3.40%	-4.70%	Monthly
Germany	9:00	Industrial Production s.a. (MoM) (Dec)	✓✓✓	0.80%	-1.90%	Monthly
UK	10:30	Halifax House Prices (3m/YoY) (Jan)	✓	1.50%	1.30%	Monthly
UK	10:30	Halifax House Prices (MoM) (Jan)	✓	-0.70%	2.20%	Monthly
Eurozone	12:00	European Commission publishes Economic Forecasts	✓	-	-	As scheduled
South Africa	13:00	Electricity Consumption (YoY) (Dec)	✓	-	0.90%	Monthly
South Africa	13:00	Electricity Production (YoY) (Dec)	✓	-	-0.20%	Monthly
UK	14:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.75%	0.75%	As scheduled
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	14:00	Bank of England Inflation Report	✓✓✓	-	-	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
Eurozone	14:15	ECB's Mersch Speaks in Brussels	✓	-	-	As scheduled
UK	14:30	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (26-Jan)	✓✓✓	1733.00K	1782.00K	Weekly
US	15:30	Initial Jobless Claims (02-Feb)	✓✓✓	221.00K	253.00K	Weekly
US	16:15	Fed's Kaplan Speaks in Dallas	✓	-	-	As scheduled
US	16:30	Fed's Clarida Discusses Paper on Global Factor in Neutral Rate	✓✓	-	-	As scheduled
US	22:00	Consumer Credit Change (Dec)	✓✓	USD17.00bn	USD22.15bn	Monthly
US	-	Fed Chairman Powell to Host Town Hall Meeting with Educators	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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