

# ONE Minute Brief

16 February 2018

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## Economic and Political News

The National Assembly elected Cyril Ramaphosa as the new President of the Republic of South Africa in a parliamentary vote. Ramaphosa stated that he would work hard not to disappoint the people of South Africa (SA). He was later sworn into office as President. The opposition Economic Freedom Fighters (EFF) left the National Assembly before the start of election proceedings, while Democratic Alliance (DA) leader, Mmusi Maimane, has called for fresh elections.

S&P Global Ratings stated that SA's outlook will not be immediately affected by the change of the country's leadership and that the new administration would need time to implement measures to improve economic growth and stabilise public finances. Meanwhile, Moody's stated that it was closely monitoring developments in the nation and was focused on the policy implications of Jacob Zuma stepping down as head of state.

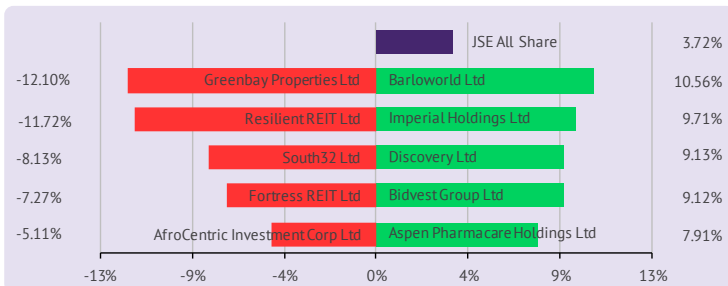
South Africa's chief prosecutor has declared Ajay Gupta, one of the three Gupta brothers accused of corruption in various cases, a fugitive from justice, after he failed to hand himself in to police.

The National Treasury has indicated that the nation's budget will be presented on Feb. 21, as planned.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, as investor sentiment was boosted following the election of Cyril Ramaphosa as President and amid gains in banking, platinum mining and retail sector stocks. The JSE All Share Index rose 3.7% to close at 59,533.10.



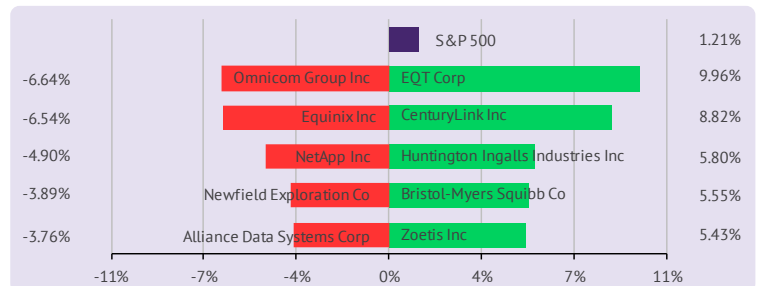
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59533.10	▲ 2133.55	3.72%	6.49%	0.05%	0.00%	0.05%
JSE Top 40	52565.45	▲ 2009.45	3.97%	6.65%	-0.09%	0.16%	0.06%
FTSE 100	7234.81	▲ 20.84	0.29%	2.01%	-3.97%	-2.01%	-5.89%
DAX 30	12346.17	▲ 7.01	0.06%	1.97%	-6.39%	2.10%	-4.42%
CAC 40	5222.52	▲ 57.26	1.11%	2.82%	-4.73%	3.19%	-1.69%
S&P 500	2731.20	▲ 32.57	1.21%	4.26%	-3.28%	5.62%	2.15%
Nasdaq Composite	7256.43	▲ 112.82	1.58%	5.56%	-2.09%	7.36%	5.11%
DJIA	25200.37	▲ 306.88	1.23%	4.17%	-3.63%	5.79%	1.95%

## US Market ▲

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

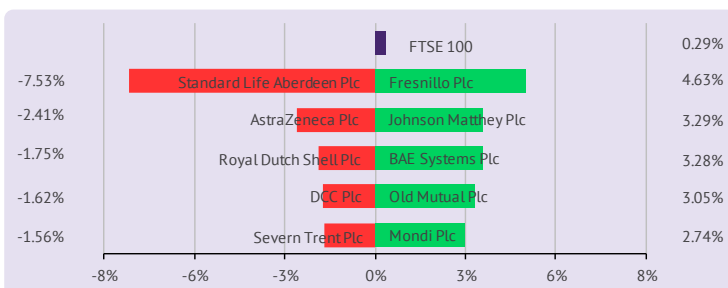
US markets closed higher yesterday, led by gains in technology sector stocks. Data showed that US producer price index (PPI) advanced at a faster pace on an annual basis in January. The S&P 500 Index climbed 1.2% to close at 2,731.20.



## UK Market ▲

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

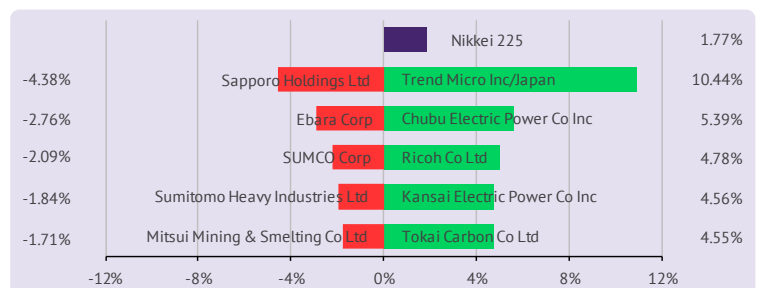
UK markets finished firmer yesterday, boosted by gains in mining and oil sector stocks. The FTSE 100 Index advanced 0.3% to close at 7,234.81.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 1.8% higher at 21,844.23.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R11.6032. Later today, traders will keep a close watch on the US Michigan consumer sentiment index and building permits for further cues.

The US Dollar fell against the South African Rand yesterday. The Rand rallied yesterday, after Cyril Ramaphosa was elected as the head of state following the resignation of Jacob Zuma. Data revealed that US PPI rose at a faster pace on a yearly basis in January. Meanwhile, initial jobless claims advanced more than market forecast for the week ended 10 February 2018. Moreover, the nation's industrial production unexpectedly dropped on a monthly basis in January. Furthermore, manufacturing production remained unchanged in January.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound marginally dropped against the South African Rand to trade at R16.3808. Later today, traders will keep an eye on UK's retail sales for further indication.

The British Pound declined against the South African Rand yesterday.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R14.5461. Going forward, market participants will keep a tab on German wholesale price index for further direction.

The Euro weakened against the South African Rand yesterday, despite data indicating that Eurozone's trade surplus widened more than market anticipation in December.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar marginally gained against the South African Rand to trade at R9.2336. Earlier in the session, the governor of the Reserve Bank of Australia (RBA), Philip Lowe, stated that the progress on lowering unemployment and returning inflation to the midpoint of the central bank's target will determine the timing of the first rate hike since 2010.

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	11.6032	▼	-0.82%	-3.11%	-1.95%	-4.29%	-6.15%
GBPZAR	16.3808	▼	-0.11%	-1.26%	-2.50%	0.50%	-2.01%
EURZAR	14.5461	▲	-0.37%	-1.09%	-1.20%	-0.98%	-2.16%
AUDZAR	9.2336	▲	-0.59%	-1.44%	-3.27%	-1.24%	-4.47%
EURUSD	1.2537	▲	0.44%	2.07%	0.74%	3.41%	4.17%
GBPUSD	1.4117	▲	0.71%	1.97%	-0.65%	5.02%	4.34%
Brent (\$/barrel)	64.7	▲	-0.05%	2.45%	-6.62%	3.02%	-3.80%
Gold (\$/oz)	1358.9	▲	-0.25%	2.97%	0.98%	2.27%	3.27%
Platinum (\$/oz)	1007.7	▲	0.20%	4.12%	-0.32%	7.50%	7.16%
Copper (\$/MT)*	7143.0	▲	0.31%	6.43%	0.91%	-1.78%	-0.89%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,358.90/oz.

Yesterday, gold prices fell 0.3% to close at \$1,352.10/oz, as risk appetite amongst investors increased, thereby reducing the demand appeal for the precious metal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.6% to trade at \$64.72/bl, as a weaker greenback raised the demand appeal for the crude oil.

Yesterday, Brent crude oil dropped 0.1% to settle at \$64.33/bl, amid rising concerns over US crude inventories and production.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.7% higher to trade at \$1,007.70/oz.

Yesterday, platinum prices climbed 0.2% to close at \$1001.10/oz.

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## Major South Africa Corporate News

### ArcelorMittal South Africa Limited

The company announced that the Competition Commission Tribunal has confirmed the previously announced amendment to divide the 2017 payment into three separate tranches of ZAR100.00mn each.

### Aspen Pharmacare Holdings Limited

In its 1H18 trading statement, the company indicated that it expects HEPS to be in the range of 820.40c to 846.00c, which is an increase of 28.0% to 32.0% compared to the corresponding period of the previous year. Further, it expects EPS to be in the range of 785.60c to 810.40c, which is an increase of 27.0% to 31.0%, compared to the same period of the prior year.

### Blue Label Telecoms Limited

In its 1H18 trading statement, the company stated that it expects HEPS to be in the range of 158.51c to 174.86c, which is 94.0% to 114.0% higher compared to same period of the previous year.

### City Lodge Hotels Limited

In its 1H18 results, the company stated that its revenue decreased to ZAR787.08mn from ZAR791.23mn posted in the corresponding period of the previous year. Its diluted EPS fell 5.7%, compared to the same period of the prior year to 429.70c.

### Discovery Limited

In its 1H18 trading statement, the company expects HEPS to be in the range of 418.00c to 433.00c, which is an increase of 33.0% to 38.0% compared to the corresponding period of the previous year. Further, it expects EPS to be in the range of 409.00c to 425.00c, which is an increase of 30.0% to 35.0%, compared to the same period of the prior year.

### Mpact Limited

In its FY17 trading update, the company stated that it expects HEPS to be in the range of 170.00c to 155.00c, which is a decline of 30.0% to 36.0%, compared to the corresponding period of the previous year. Further, it expects EPS to be in the range of 170.00c to 155.00c, which is a decrease of 28.0% to 34.0%, compared to the same period of the prior year.

## Major Global Economic News

### US

In the US, PPI recorded a more-than-expected rise of 2.7% on an annual basis in January, compared to an advance of 2.6% in the previous month.

In the US, the seasonally adjusted initial jobless claims rose more-than-anticipated to a level of 230.00K for the week ended 10 February 2018. Initial jobless claims had registered a revised reading of 223.00K in the previous week.

In February, the NAHB housing market index remained steady meeting market expectations at a level of 72.00 in the US.

In the US, monthly industrial production unexpectedly dropped 0.1% in January, compared to a revised rise of 0.4% in the previous month.

In the US, manufacturing production remained steady on a monthly basis in January, compared to an advance of 0.1% in the previous month.

### Asia

The RBA governor, Philip Lowe, stated that the progress on lowering unemployment and returning inflation to the midpoint of the central bank's target will determine the timing of the first rate hike since 2010. Further, he stated that he projects the property price growth and debt to grow at a slower pace than income in order to defuse an increasing housing debt.

### Eurozone

In the Eurozone, the seasonally adjusted trade surplus widened more than market forecast to EUR23.80bn in December. The Eurozone had registered a revised trade surplus of EUR22.00bn in the previous month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Germany	09:00	Wholesale Price Index (MoM) (Jan)	✓	-	-0.30%	Monthly
Germany	09:00	Wholesale Price Index (YoY) (Jan)	✓	-	1.80%	Monthly
Eurozone	10:20	ECB's Coeure Speaks in Skopje, Macedonia	✓	-	-	As scheduled
UK	11:30	Retail Sales (MoM) (Jan)	✓✓✓	0.50%	-1.50%	Monthly
UK	11:30	Retail Sales (YoY) (Jan)	✓✓✓	2.50%	1.40%	Monthly
UK	11:30	Retail Sales ex-Fuel (MoM) (Jan)	✓✓✓	0.60%	-1.60%	Monthly
UK	11:30	Retail Sales ex-Fuel (YoY) (Jan)	✓✓✓	2.40%	1.30%	Monthly
US	15:30	Export Price Index (YoY) (Jan)	✓	-	2.60%	Monthly
US	15:30	Export Price Index (Jan)	✓	-	124.50	Monthly
US	15:30	Import Price Index (Jan)	✓	-	125.20	Monthly
US	15:30	Building Permits (MoM) (Jan)	✓✓✓	0.00%	-0.10%	Monthly
US	15:30	Export Price Index (MoM) (Jan)	✓	0.30%	-0.10%	Monthly
US	15:30	Import Price Index (MoM) (Jan)	✓	0.60%	0.10%	Monthly
US	15:30	Building Permits (Jan)	✓✓✓	1300.00K	1302.00K	Monthly
US	15:30	Import Price Index (YoY) (Jan)	✓	3.00%	3.00%	Monthly
US	15:30	Housing Starts (Jan)	✓✓✓	1234.00K	1192.00K	Monthly
US	15:30	Housing Starts (MoM) (Jan)	✓✓✓	3.50%	-8.20%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Feb) (P)	✓✓✓	95.40	95.70	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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