

# ONE Minute Brief

23 February 2018

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## Economic and Political News

S&P Global has stated that the decision to raise the VAT rate was good from a revenue standpoint. The agency, however, cautioned that plans to cut spending were backloaded to outer years. Meanwhile, Treasury Director-General, Dondo Mogajane, stated that he had received positive feedback on the 2018 Budget from S&P, Moody's and Fitch.

The Democratic Alliance (DA) has urged President, Cyril Ramaphosa to immediately dismiss Public Enterprises Minister, Lynne Brown, citing that she was guilty of misleading Parliament, having failed to disclose business dealings between Gupta-linked Trillian and Eskom.

News reports indicate that the African National Congress (ANC) will hold a two-day meeting of the National Executive Committee (NEC), starting on Sunday, against the backdrop of growing speculation regarding cabinet changes and other provincial leadership disputes in the party.

The National Prosecuting Authority's Asset Forfeiture Unit (AFU) has filed opposing papers in the High court against Atul Gupta's preservation order and accused him of being a beneficiary of money received through criminal activity, delay in submitting the 2017-18 financial statements of South African Airways (SAA).

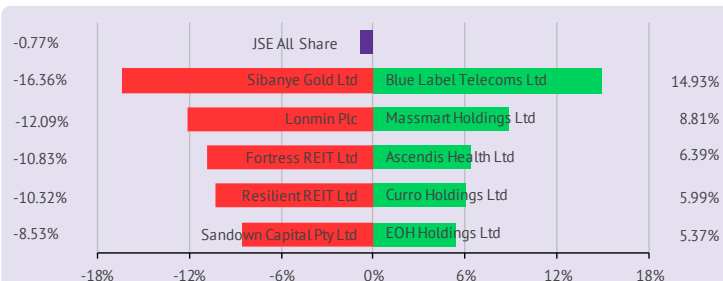
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	58155.09	▼	-450.88	-0.77%	-1.64%	-2.27%	-2.27%
JSE Top 40	51258.52	▼	-468.85	-0.91%	-1.64%	-2.58%	-2.43%
FTSE 100	7252.39	▼	-29.18	-0.40%	-0.58%	-3.73%	-5.66%
DAX 30	12461.91	▼	-8.58	-0.07%	0.08%	-5.52%	-3.53%
CAC 40	5309.23	▲	7.06	0.13%	0.52%	-3.15%	-0.06%
S&P 500	2703.96	▲	2.63	0.10%	-1.03%	-4.24%	1.14%
Nasdaq Composite	7210.09	▼	-8.14	-0.11%	-0.41%	-2.72%	4.44%
DJIA	24962.48	▲	164.70	0.66%	-1.02%	-4.54%	0.98%

## South Africa Market ▼

### South African markets closed lower

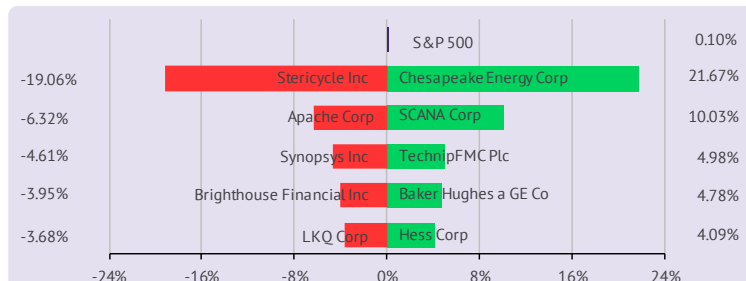
South African markets closed in the red yesterday, driven by losses in mining and financial sector stocks. The JSE All Share Index fell 0.8% to close at 58,155.09.



## US Market ▲

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

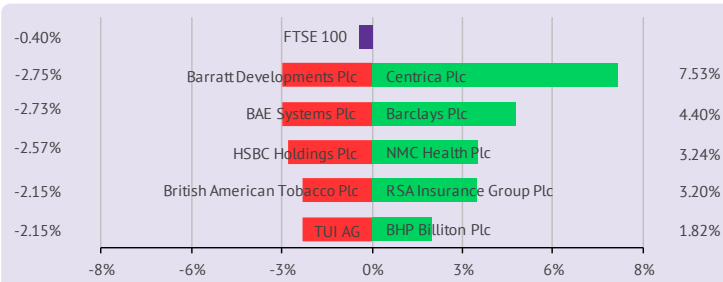
US markets closed higher yesterday, following robust data on the jobs market and supported by gains in industrial and energy sector stocks. The S&P 500 Index climbed 0.1% to close at 2,703.96.



## UK Market ▼

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

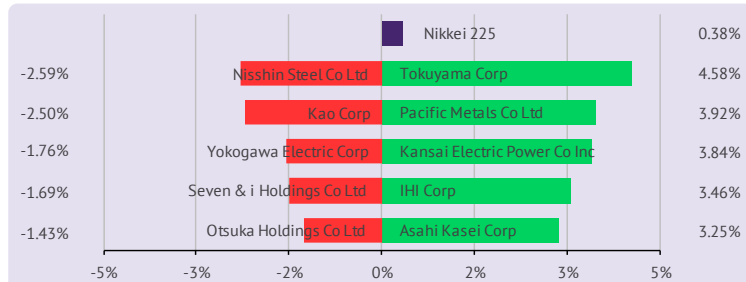
UK markets finished lower yesterday, amid dismal earnings results from British American Tobacco and BAE Systems. The FTSE 100 Index declined 0.4% to close at 7,252.39.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. On the data front, Japan's national consumer price index (CPI) advanced more than market forecast on an annual basis in January. The Nikkei 225 Index is trading 0.4% higher at 21,818.79.



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## USDZAR ▲

### USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R11.6754. With no major economic news in the US today, investor sentiment will be determined by global macroeconomic news.

The US Dollar marginally rose against the South African Rand yesterday, after the US initial jobless claims unexpectedly dropped to a five-week low during the week ended January 17, 2018. Additionally, the US leading index increased more than market expectations in January.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally gained against the South African Rand to trade at R16.2838. Amid no major economic news in the UK, investor sentiment will be determined by global macroeconomic factors.

The British Pound advanced against the South African Rand yesterday. Data revealed that UK's gross domestic product (GDP) rose at a slower-than-expected pace on a quarterly basis in 4Q17. Further, the index of services showed a flat reading at par with market expectations on a monthly basis in December.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R14.3678. Going forward, market participants will keep a tab on Eurozone's CPI and Germany's GDP for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's Ifo business climate index fell more than market forecast in February. Additionally, the Ifo expectations index registered a more-than-expected drop in February. Moreover, the Ifo current assessment index declined more than market anticipation in the same month.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R9.1404.

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	11.6754	▲	0.00%	0.58%	-1.59%	-4.29%	-5.81%
GBPZAR	16.2838	▲	0.26%	-0.27%	-3.14%	0.50%	-2.65%
EURZAR	14.3678	▼	0.38%	-0.14%	-2.23%	-0.98%	-3.18%
AUDZAR	9.1404	▼	0.48%	-0.55%	-4.15%	-1.24%	-5.34%
EURUSD	1.2306	▼	0.37%	-0.61%	-0.68%	3.41%	2.71%
GBPUSD	1.3948	▼	0.27%	-0.50%	-1.66%	5.02%	3.28%
Brent (\$/barrel)	66.4	▼	1.48%	2.39%	-3.63%	3.02%	-0.72%
Gold (\$/oz)	1330.2	▼	0.05%	-1.67%	-0.63%	2.27%	1.63%
Platinum (\$/oz)	999.0	▼	0.28%	-1.27%	-0.49%	7.50%	6.98%
Copper (\$/MT)*	7126.5	▲	0.69%	-0.90%	0.67%	-1.78%	-1.12%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices are trading marginally lower at \$1,330.20/oz.

Yesterday, gold prices marginally rose to close at \$1,330.60/oz.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil is trading marginally lower at \$66.38/bl.

Yesterday, Brent crude oil advanced 1.5% to settle at \$66.39/bl, after the Energy Information Administration (EIA) stated that US crude oil inventories fell by 1.62mn bls to 420.48mn bls in the week ended February 16, 2018.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices are trading slightly weaker at \$999.00/oz.

Yesterday, platinum prices climbed 0.3% to close at \$999.40/oz.



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## Major South Africa Corporate News

### African Oxygen Limited

In its FY17 results, the company revealed that its revenue advanced 2.7% to ZAR5.69bn compared to the same period of the preceding year. Its diluted EPS stood at 201.80c, compared to 192.90c recorded in the corresponding period of the previous year. Further, the company declared a final cash dividend of 54.00c per share.

### Anglo American Plc

In its FY17 results, the company indicated that its revenue increased to USD26.24bn, compared to USD21.38bn posted in the corresponding period of the previous year. Its diluted EPS significantly rose compared to the same period of the prior year to 2.53c. Further, the company proposed a final dividend of 54.00c per share.

### Blue Label Telecoms Limited

In its 1H18 results, the company indicated that its revenue rose to ZAR13.55bn compared to ZAR13.25bn posted in the corresponding period of the previous year. Its diluted EPS significantly increased compared to the same period of the prior year to 166.04c.

### Caxton and CTP Publishers and Printers Limited

In its 1H18 results, the company reported that its revenue declined 4.0% to ZAR3.35bn compared to the same period of the preceding year. Its EPS stood at 55.70c, compared to 66.70c recorded in the corresponding period of the previous year.

### Intu Properties Plc

In its FY17 results, the company revealed that its revenue rose 3.7% to GBP616.00mn compared to the same period of the preceding year. Its diluted EPS stood at 15.0p, compared to 11.20p recorded in the corresponding period of the previous year.

### Massmart Holdings Limited

In its FY17 results, the company stated that its revenue increased to ZAR92.44bn compared to ZAR91.56bn posted in the corresponding period of the previous year. Its diluted EPS rose 1.8% compared to the same period of the prior year to 613.40c.

## Major Global Economic News

### Eurozone

According to the minutes of the European Central Bank's (ECB) January meeting, some policymakers pushed for considering a change in the language pertaining to the monetary policy stance early this year. However, it was concluded that such an adjustment would be premature at this juncture, as inflation is still not moving decisively higher despite the robust pace of economic expansion.

In Germany, the Ifo business climate index fell more than market forecast to a level of 115.40 in February. The index had recorded a level of 117.60 in the prior month.

In February, the Ifo current assessment index registered a more-than-anticipated drop of 126.30 in Germany. In the prior month, the index had recorded a revised level of 127.80.

In Germany, the Ifo business expectations index eased to 105.40 in February, more than market expectations and compared to a revised reading of 108.30 in the prior month.

### US

In the US, the seasonally adjusted initial jobless claims unexpectedly eased to a level of 222.00K during the week ended February 17, 2018, compared to a revised reading of 229.00K in the previous week.

In the US, leading indicator registered a more-than-expected rise of 1.0% on a monthly basis in January. In the previous month, leading indicator had registered a rise of 0.60%.

### UK

In the UK, the second estimate of GDP registered a lower-than-expected rise of 0.4% on a quarterly basis in 4Q17. The preliminary figures had recorded a rise of 0.5%. GDP had registered a similar rise in the previous quarter.

In the UK, the index of services remained flat in line with market expectations on a monthly basis in December, compared to an advance of 0.4% in the prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Jan)	✓✓✓	1.40%*	1.00%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Jan)	✓✓✓	0.90%*	0.90%	Monthly
Japan	01:50	Corporate Service Price (YoY) (Jan)	✓	0.70%*	0.80%	Monthly
Germany	09:00	Gross Domestic Product n.s.a. (YoY) (Q4) (F)	✓✓	2.30%	2.30%**	Quarterly
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q4) (F)	✓✓✓	0.60%	0.60%**	Quarterly
Germany	09:00	Gross Domestic Product w.d.a. (YoY) (Q4) (F)	✓✓	2.90%	2.90%**	Quarterly
Germany	09:00	Private Consumption (QoQ) (Q4)	✓	0.10%	-0.10%	Quarterly
Germany	09:00	Government Spending (QoQ) (Q4)	✓	0.40%	0.00%	Quarterly
Germany	09:00	Exports (QoQ) (Q4)	✓	2.20%	1.70%	Quarterly
Germany	09:00	Domestic Demand s.a. (QoQ) (Q4)	✓	0.20%	0.40%	Quarterly
Germany	09:00	Capital Investment (QoQ) (Q4)	✓	0.50%	0.40%	Quarterly
Germany	09:00	Construction Investment (QoQ) (Q4)	✓	-0.20%	-0.40%	Quarterly
Germany	09:00	Imports (QoQ) (Q4)	✓	1.40%	0.90%	Quarterly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Jan) (F)	✓✓✓	1.00%	1.00%**	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Jan)	✓✓✓	-0.90%	0.40%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Jan) (F)	✓✓✓	1.30%	1.30%**	Monthly
UK	14:00	BoE's Ramsden Speaks on Productivity in Cambridge	✓	-	-	As scheduled
US	17:15	Fed's William Dudley speech	✓✓	-	-	As scheduled
US	20:30	FOMC Member Mester speech	✓✓	-	-	As scheduled
US	22:40	Fed's Williams Speaks on Outlook for U.S. Economy	✓	-	-	As scheduled
US	-	Fed Monetary Policy Report	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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