

ONE Minute Brief

23 March 2018

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Economic and Political News

In South Africa (SA), retail sales registered a less-than-expected rise of 3.1% on an annual basis in January. Retail sales had recorded a revised rise of 5.1% in the previous month.

S&P Global Ratings stated that it expects SA's economic growth to rise by 1.0% in 2018 and by 1.7% next year. The agency added that it maintains a stable outlook for the nation's banks and forecasts strong profitability and sound capitalisation in 2018. However, it expressed concerns over high household leverage and strained affordability.

President, Cyril Ramaphosa, backed the state's decision to fund former President, Jacob Zuma's legal fees, citing that the court cases he was facing were in regard to his duties as a parliamentary official.

Finance Minister Nhlanhla Nene has warned executives of the South African Revenue Service (SARS) not to hamper attempts to rebuild the institution.

Deputy Finance Minister, Mondli Gungubele, assured that the treasury would tread carefully with corporate tax, emphasising that a collaboration between the public and private sector was of high importance.

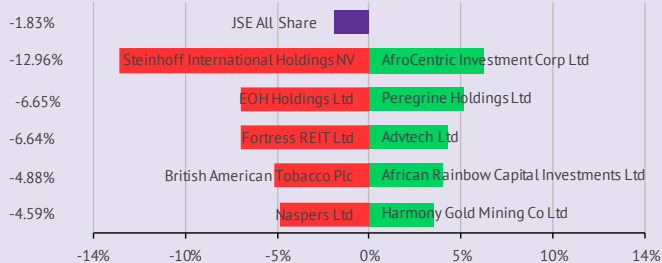
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	57224.60	▼ -1064.27	-1.83%	-1.51%	-1.89%	-1.98%	-3.83%
JSE Top 40	50517.26	▼ -1097.96	-2.13%	-1.76%	-1.69%	-2.34%	-3.84%
FTSE 100	6952.59	▼ -86.38	-1.23%	-2.95%	-3.86%	-4.00%	-9.56%
DAX 30	12100.08	▼ -209.07	-1.70%	-2.34%	-2.70%	-5.71%	-6.33%
CAC 40	5167.21	▼ -72.53	-1.38%	-2.19%	-2.88%	-2.94%	-2.74%
S&P 500	2643.69	▼ -68.24	-2.52%	-3.94%	-2.58%	-3.89%	-1.12%
Nasdaq Composite	7166.68	▼ -178.61	-2.43%	-4.21%	-1.46%	-1.87%	3.81%
DJIA	23957.89	▼ -724.42	-2.93%	-3.96%	-4.28%	-4.28%	-3.08%

South Africa Market ▼

South African markets closed lower

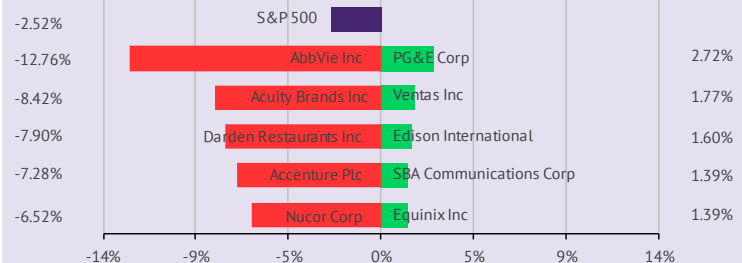
South African markets closed in the red yesterday, led by losses in shares of Naspers, after the company announced that it would divest 2.0% of its stake in Hong Kong based, Tencent. The JSE All Share Index fell 1.8% to close at 57,224.60.



US Market ▼

The S&P 500 futures are trading in the green

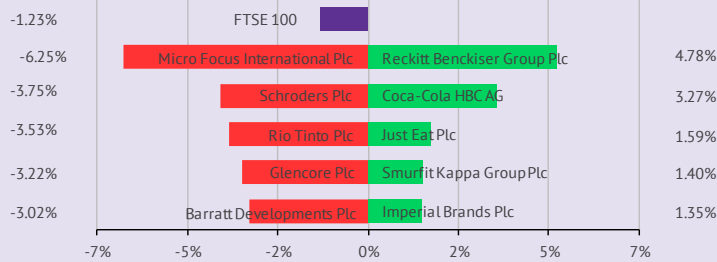
US markets closed sharply lower yesterday, on renewed concerns about a potential global trade war. Data indicated that the US Market manufacturing advanced more than market forecast in March. The S&P 500 Index dropped 2.5% to close at 2,643.69.



UK Market ▼

The FTSE 100 futures are trading in negative territory

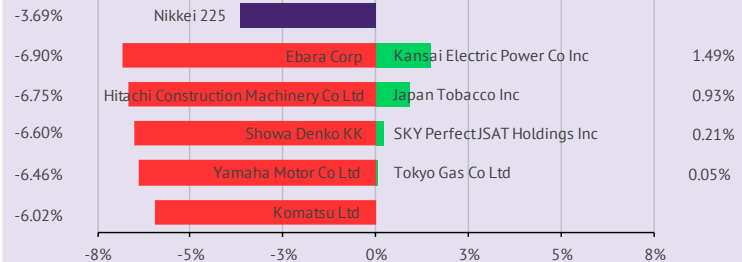
UK markets finished lower yesterday, as the British Pound strengthened, following the Bank of England's (BoE) hawkish tone. Data revealed that the UK's monthly retail sales rose more-than-expected in February. The FTSE 100 Index declined 1.2% to close at 6,952.59.



Asian Market ▼

Trading lower

Asian markets are trading sharply lower this morning, tracking overnight losses on Wall Street. Data showed that Japan's national consumer price index (CPI) rose in line with market expectations on an annual basis in February. The Nikkei 225 Index is trading 3.7% lower at 20,795.09.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R11.8475. Later today, traders will keep a close watch on the US durable goods orders and new home sales for further indication.

The US Dollar rose against the South African Rand yesterday. Data showed that the US Markit manufacturing PMI advanced more than market anticipation in March. Additionally, the house price index rose higher than market expectations on a monthly basis in January. Moreover, the leading index climbed more than market forecast in February. Meanwhile, the nation's Markit services PMI unexpectedly dropped in March. Further, initial jobless claims surprisingly advanced for the week ended 17 March 2018. Separately, retail sales in SA advanced lower-than-anticipated on an annual basis in January.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R16.7238. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, after the BoE kept its interest rate unchanged. On the data front, UK's retail sales advanced more than forecast on a monthly basis in February.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro climbed 0.2% against the South African Rand to trade at R14.6132. Amid no major economic news across the Eurozone, investor sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday, after Eurozone's Markit manufacturing PMI dropped more than market expectations in March, reaching to its lowest level in eight months. Additionally, Markit services PMI declined to a five-month low in the same month. Meanwhile, the region's current account surplus widened in January, notching its highest level in four months. Separately, Germany's Markit manufacturing PMI fell more than market forecast in March, marking its lowest growth since July 2017. Moreover, Markit services PMI registered a more-than-expected drop in March. Furthermore, Ifo business climate index fell less than market anticipation in March. Additionally, Ifo current assessment index slid lower-than-expected in the same month. Further, Ifo expectations index dropped in line with market forecast in March.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.2% against the South African Rand to trade at R9.1375.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's unemployment rate advanced more than market forecast in February.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	11.8475	▼	0.16%	-1.03%	0.48%	-0.47%	-4.29%
GBPZAR	16.7238	▲	-0.17%	0.09%	2.91%	-3.41%	-0.09%
EURZAR	14.6132	▲	-0.14%	-0.94%	1.37%	-2.22%	-1.86%
AUDZAR	9.1375	▲	-0.79%	-1.37%	-0.41%	-4.08%	-5.65%
EURUSD	1.2336	▲	-0.29%	0.10%	0.89%	-1.77%	2.47%
GBPUSD	1.4117	▲	-0.32%	1.10%	2.44%	-3.04%	4.31%
Brent (\$/barrel)	69.6	▲	-0.81%	4.08%	6.46%	-6.04%	3.05%
Gold (\$/oz)	1343.9	▲	0.45%	1.15%	0.72%	-1.58%	1.38%
Platinum (\$/oz)	954.6	▲	-0.16%	-0.12%	-3.95%	-1.61%	1.59%
Copper (\$/MT)*	6652.5	▼	-1.60%	-3.08%	-3.51%	-2.60%	-7.69%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 1.2% to trade at \$1,343.90/oz.

Yesterday, gold prices rose 0.5% to close at \$1,327.40/oz, as the US Dollar weakened, amid renewed trade war tensions.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.9% to trade at \$69.55/bl, after Saudi Arabia stated that the OPEC and Russian production cuts introduced in 2017 would be required to be extended in 2019.

Yesterday, Brent crude oil dropped 0.8% to settle at \$68.91/bl, weighed down by an increase in US crude production.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.6% higher to trade at \$954.60/oz.

Yesterday, platinum prices declined 0.2% to close at \$949.10/oz.

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Major South Africa Corporate News

Brimstone Investment Corporation Limited

The company announced that its previously announced acquisition of Milpark Investments SPV Proprietary Limited has become unconditional and was implemented on March 19, 2018. Separately, it has entered into an asset-for-share agreement with Stadio Holdings Limited under which the company would sell 17.2% stake in Milpark Investments SPV Proprietary Limited to Stadio Holdings Limited for approximately ZAR50.90mn.

Naspers Limited

The company announced its intention to sell up to 190.00mn shares of Tencent Holdings Limited, which equals to 2.0% of Tencent's total issued share capital and thereby reducing the company's stake in Tencent from 33.2% to 31.2%. The proceeds from the sale would be used to reinforce the company's balance sheet and would be deployed over time to accelerate the growth in online food delivery and fintech businesses globally.

Major Global Economic News

Eurozone

In the Eurozone, the seasonally adjusted current account surplus widened to EUR37.60bn in January. The current account surplus recorded a revised level of EUR31.00bn in the previous month.

In March, the flash manufacturing PMI dropped more than market forecast to 56.60 in the Eurozone. The manufacturing PMI had registered a level of 58.60 in the prior month.

In the Eurozone, the preliminary services PMI fell more-than-anticipated to a level of 55.00 in March. Services PMI had registered a level of 56.20 in the prior month.

In Germany, the preliminary manufacturing PMI fell to a level of 58.40 in March, more than market expectations and compared to a reading of 60.60 in the previous month.

In March, the preliminary services PMI registered a drop to 54.20 in Germany, higher than market forecast and compared to a reading of 55.30 in the previous month.

In Germany, the Ifo business expectations index recorded a drop to 104.40 in March, in line with market expectations. In the prior month, the Ifo business expectations index had registered a level of 105.40.

In March, the Ifo business climate index registered a lower-than-expected drop to 114.70 in Germany. The Ifo business climate index had recorded a reading of 115.40 in the prior month.

In Germany, the Ifo current assessment index fell to a level of 125.90 in March, less than market anticipations and compared to a level of 126.30 in the previous month.

UK

The BoE, at its March monetary policy meeting, opted to keep the benchmark interest rate steady at 0.50% and its asset purchase facility at GBP435.00bn, with two officials surprisingly voting for an immediate rate hike. The minutes of the meeting indicated that officials expressed the need for further gradual monetary policy tightening in order to bring inflation back to the central bank's 2.00% target. Further, the central bank warned that an increase in protectionism could have a "significant negative impact" on global growth and could stoke inflation.

In the UK, retail sales recorded a more-than-expected rise of 0.8% on a monthly basis in February. Retail sales had recorded a rise of 0.1% in the previous month.

US

In the US, the flash Markit manufacturing PMI recorded a more-than-expected rise to 55.70 in March. The Markit manufacturing PMI had registered a level of 55.30 in the previous month.

In the US, the flash Markit services PMI unexpectedly eased to a level of 54.10 in March. In the previous month, Markit services PMI had registered a reading of 55.90.

In the US, the seasonally adjusted initial jobless claims recorded an unexpected rise to a level of 229.00K for the week ended 17 March 2018, compared to a level of 226.00K in the previous week.

In the US, the housing price index climbed 0.8% on a monthly basis in January, more than market expectations and compared to a revised advance of 0.4% in the prior month.

In the US, leading indicator advanced 0.6% on a monthly basis in February, more-than-anticipated and compared to a revised advance of 0.8% in the previous month.

Asia

In Japan, the national CPI rose 1.5% on an annual basis in February, in line with market expectations. In the previous month, the national CPI advanced 1.4%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Feb)	✓✓✓	1.50%*	1.40%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Feb)	✓✓✓	1.00%*	0.90%	Monthly
UK	14:00	BoE Quarterly Bulletin	✓	-	-	As scheduled
US	14:10	Fed's Bostic Speaks on the Economic Outlook	✓	-	-	As scheduled
US	14:30	Durable Goods Orders ex Transportation (Feb) (P)	✓✓	0.50%	-0.30%	Monthly
US	14:30	Durable Goods Orders (Feb) (P)	✓✓✓	1.60%	-3.60%	Monthly
US	14:30	Cap Goods Orders Nondef Ex Air (Feb) (P)	✓	0.90%	-0.30%	Monthly
UK	14:30	MPC Member Vlieghe Speech	✓✓	-	-	As scheduled
US	14:30	Cap Goods Ship Nondef Ex Air (Feb) (P)	✓	0.50%	-0.10%	Monthly
US	16:00	New Home Sales (Feb)	✓✓✓	620.00K	593.00K	Monthly
US	16:00	New Home Sales (MoM) (Feb)	✓✓✓	4.60%	-7.80%	Monthly
US	16:30	Fed's Kashkari Speaks in Moderated Q&A	✓	-	-	As scheduled
US	21:30	CFTC Report	✓	-	-	As scheduled
Eurozone	-	EU Debt Rating to be Reviewed by Moody's	✓	-	-	As scheduled
Eurozone	-	EU Leaders Meet in Brussels	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High

✓✓ Medium

✓ Low

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