

# ONE Minute Brief

14 March 2018

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## Economic and Political News

On a YoY basis, the manufacturing production index advanced 2.5% in January, in line with market expectations. In the previous month, the manufacturing production index had registered a rise of 2.0%.

The South African Reserve Bank indicated that a foreign exchange committee has been established to promote fairness and transparency, and adherence to global best practice in the foreign exchange market. The central bank separately indicated that it does not expect the hike in VAT to lead to higher interest rates.

Finance Minister, Nhlamhla Nene, stated that land expropriation without compensation would be dealt with in a responsible manner.

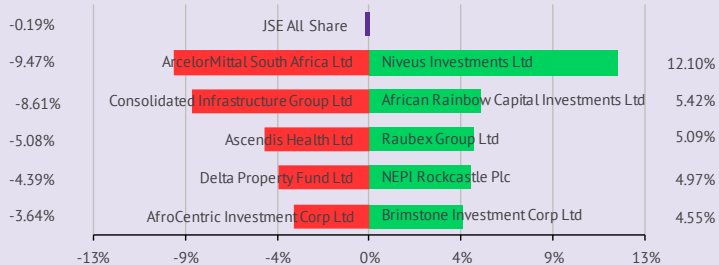
The Treasury stated that it plans to speed up the transfer of ownership of homes worth ZAR180.00bn to about 1.00mn poor people from April.

Home Affairs Minister, Malusi Gigaba, stated that he was not involved in an alleged attempt by one of the Gupta brothers to secure coal contracts from Eskom and to build another coal power station during his tenure as Minister of Public Enterprises.

## South Africa Market

### South African markets closed lower

South African markets closed in the red yesterday, led by losses in retail and mining sector stocks. Data revealed that South Africa's manufacturing production index unexpectedly fell in January. The JSE All Share Index fell 0.2% to close at 59,084.51.



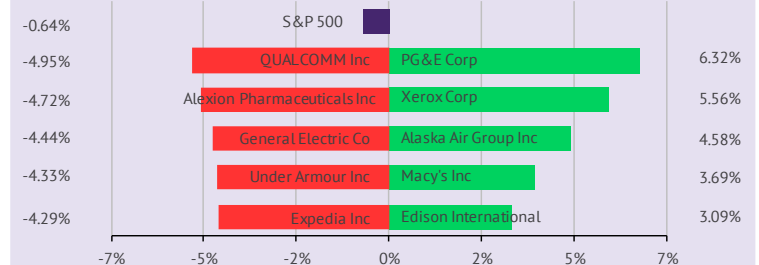
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59084.51	▼ -109.94	-0.19%	-0.14%	1.30%	-1.98%	-0.71%
JSE Top 40	52371.50	▼ -69.39	-0.13%	0.04%	1.92%	-2.34%	-0.31%
FTSE 100	7138.78	▼ -75.98	-1.05%	-1.19%	-1.29%	-4.00%	-7.14%
DAX 30	12221.03	▼ -197.36	-1.59%	-1.02%	-1.73%	-5.71%	-5.39%
CAC 40	5242.79	▼ -33.92	-0.64%	-0.60%	-1.46%	-2.94%	-1.31%
S&P 500	2765.31	▼ -17.71	-0.64%	-0.76%	1.90%	-3.89%	3.43%
Nasdaq Composite	7511.01	▼ -77.31	-1.02%	-0.66%	3.27%	-1.87%	8.80%
DJIA	25007.03	▼ -171.58	-0.68%	-1.30%	-0.09%	-4.28%	1.16%

## US Market

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

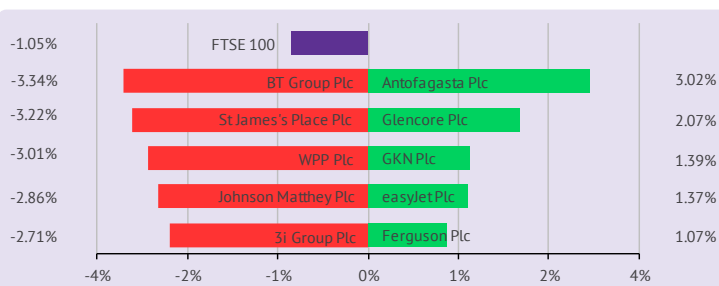
US markets closed lower yesterday, weighed down by losses in technology sector stocks, amid growing concerns over trade war between US and China. The S&P 500 Index dropped 0.6% to close at 2,765.31.



## UK Market

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

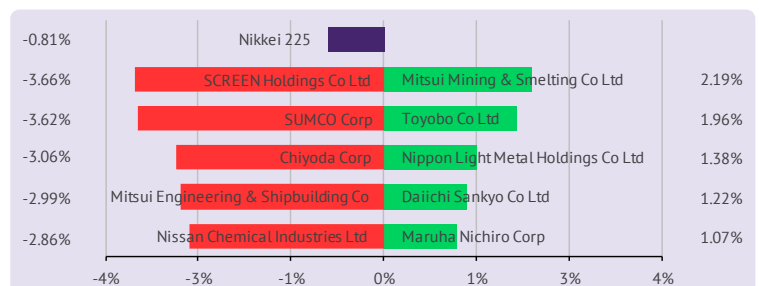
UK markets finished lower yesterday, amid strength in the British Pound. The FTSE 100 Index declined 1.1% to close at 7,138.78.



## Asian Market

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street, amid US political developments. The Nikkei 225 Index is trading 0.8% lower at 21,789.27.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.3% against the South African Rand to trade at R11.7859. Later today, traders will keep a close watch on the US producer price index (PPI), advance retail sales, business inventories and the MBA mortgage applications for further direction.

The US Dollar fell against the South African Rand yesterday, following the firing of US Secretary of State, Rex Tillerson by the US President, Donald Trump and amid slowdown in US inflation. Data indicated that the US consumer price index (CPI) advanced in line with market anticipations on an annual basis in February. Separately, in South Africa, manufacturing production unexpectedly dropped on a monthly basis in January.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R16.4820. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R14.6198. Going forward, market participants will keep a tab on the European Central Bank (ECB) President, Mario Draghi's speech along with Eurozone's industrial production and Germany's CPI for further cues.

The Euro strengthened against the South African Rand yesterday, after the Organisation for Economic Co-operation and Development (OECD) raised Eurozone's growth forecast.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R9.2790. Earlier in the session, Australia's Westpac consumer confidence index recorded a rise in March. Meanwhile, in China, Australia's largest trading partner industrial production advanced at a faster pace on an annual basis in February.

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	11.7859	▼	-0.05%	0.02%	0.18%	-0.47%	-4.57%
GBPZAR	16.4820	▼	0.36%	0.82%	1.65%	-3.41%	-1.32%
EURZAR	14.6198	▼	0.39%	0.69%	1.80%	-2.22%	-1.44%
AUDZAR	9.2790	▼	-0.22%	0.19%	1.47%	-4.08%	-3.87%
EURUSD	1.2405	▲	0.45%	0.67%	1.61%	-1.77%	3.21%
GBPUSD	1.3984	▲	0.40%	0.81%	1.47%	-3.04%	3.32%
Brent (\$/barrel)	64.7	▲	-0.48%	-1.30%	-0.14%	-6.04%	-3.33%
Gold (\$/oz)	1328.1	▲	0.48%	0.23%	0.70%	-1.58%	1.36%
Platinum (\$/oz)	970.4	▲	0.46%	0.32%	-2.11%	-1.61%	3.54%
Copper (\$/MT)*	6915.3	▲	0.57%	-0.32%	0.30%	-2.60%	-4.05%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,328.10/oz.

Yesterday, gold prices rose 0.5% to close at \$1,327.10/oz, as weakness in the US Dollar and departure of the US Secretary of State, Rex Tillerson boosted demand for the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil is trading marginally higher at \$64.66/bl.

Yesterday, Brent crude oil dropped 0.5% to settle at \$64.64/bl, on expectations for a further rise in the US crude supply and production. Additionally, the American Petroleum Institute (API) reported that crude oil inventories rose 1.2mn bls for the week ended March 9, 2018.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.3% to trade at \$970.40/oz.

Yesterday, platinum prices climbed 0.5% to close at \$967.30/oz.



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## Major South Africa Corporate News

### Adcock Ingram Holdings Limited

The company announced that all conditions precedent to the previously announced acquisition of Genop Holdings Proprietary Limited, including regulatory approvals, have been met and the acquisition is now unconditional.

### Firststrand Limited

The company announced that court has sanctioned the scheme by which the recommended cash offer for Aldermore Plc by FirstRand International Limited, which is a wholly-owned subsidiary of the company, is being implemented.

## Major Global Economic News

### Asia

Minutes of the Bank of Japan's (BoJ) January meeting indicated that some policymakers called for monitoring the impact of the current accommodative policy. Further, it revealed that most of the officials shared the view that the central bank should continue to pursue its powerful monetary easing until inflation hits its 2.0% target.

In China, industrial production recorded a more-than-expected rise of 7.2% on an annual basis in February. In the previous month, industrial production had advanced 6.6%.

In China, retail sales advanced 9.7% on a YoY basis in February, lower than market forecast and compared to an advance of 10.2% in the prior month.

In Japan, machinery orders recorded a more-than-expected rise of 8.2% on a monthly basis in January. Machinery orders had registered a drop of 11.9% in the previous month.

In Australia, Westpac consumer confidence index rose 0.2% on a monthly basis in March, to a level of 103.00, compared to a reading of 102.70 in the prior month.

### UK

UK Chancellor of the Exchequer, Philip Hammond, in his first Spring Statement, raised Britain's growth projections and predicted a fall in government borrowing as well as national debt over the coming years. Hammond indicated that the Office for Budget Responsibility has upgraded UK's economic growth forecast to 1.5% for 2018, from an earlier prediction of 1.4%. However, growth outlook for 2021 and 2022 were revised lower to 1.4% and 1.5%, respectively. Further, the Chancellor stated that British inflation should fall back to the central bank's 2.0% target over the next 12 months, while forecasting that public spending could rise in 2018's Autumn Budget.

### US

In the US, the CPI recorded a rise of 2.2% on an annual basis in February, in line with market expectations. The CPI had advanced 2.1% in the previous month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	BoJ Minutes of Policy Meeting	✓✓✓	-	-	As scheduled
Japan	01:50	Machinery Orders (MoM) (Jan)	✓	8.20%*	-11.90%	Monthly
Japan	01:50	Machinery Orders (YoY) (Jan)	✓✓	2.90%*	-5.00%	Monthly
China	04:00	Industrial Production YTD (YoY) (Feb)	✓✓	7.20%*	6.60%	Monthly
China	04:00	Retail Sales YTD (YoY) (Feb)	✓	9.70%*	10.20%	Monthly
Germany	09:00	Consumer Price Index (MoM) (Feb) (F)	✓✓✓	0.50%	0.50%**	Monthly
Germany	09:00	Consumer Price Index (YoY) (Feb) (F)	✓✓✓	1.40%	1.40%**	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Feb) (F)	✓✓✓	0.50%	0.50%**	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Feb) (F)	✓✓✓	1.20%	1.20%**	Monthly
Eurozone	09:30	ECB's Coeure meets fintech companies in Berlin	✓	-	-	As scheduled
Eurozone	10:00	ECB President Draghi speaks in Frankfurt	✓✓✓	-	-	As scheduled
Eurozone	10:45	ECB's Peter Praet to speak in Frankfurt	✓	-	-	As scheduled
Eurozone	12:00	Employment Change (QoQ) (Q4)	✓✓✓	-	0.40%	Quarterly
Eurozone	12:00	Employment Change (YoY) (Q4)	✓✓	-	1.70%	Quarterly
South Africa	12:00	BER Business Confidence Index (Q1)	✓✓	-	34.00	Quarterly
Eurozone	12:00	Industrial Production s.a. (MoM) (Jan)	✓✓✓	-0.50%	0.40%	Monthly
Eurozone	12:00	Industrial Production w.d.a. (YoY) (Jan)	✓✓✓	4.40%	5.20%	Monthly
Eurozone	12:45	ECB Vice President Constancio speaks in Frankfurt	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (09-Mar)	✓	-	0.30%	Weekly
US	14:30	Advance Retail Sales (MoM) (Feb)	✓✓✓	0.30%	-0.30%	Monthly
US	14:30	Producer Price Index (MoM) (Feb)	✓✓✓	0.10%	0.40%	Monthly
US	14:30	Producer Price Index (YoY) (Feb)	✓✓✓	2.80%	2.70%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (Feb)	✓✓✓	0.40%	0.00%	Monthly
US	16:00	Business Inventories (Jan)	✓	0.60%	0.40%	Monthly
Eurozone	18:15	ECB's Coeure speaks in Berlin	✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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