

ONE
Minute Brief

22 March 2018

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Economic and Political News

In South Africa (SA), the consumer price index rose less-than-expected by 4.0% YoY in February, compared to an advance of 4.4% in January. The current account deficit to GDP unexpectedly rose to 2.9% in 4Q17, compared to a revised reading of 2.1% in 3Q17. The leading indicator advanced to 106.10 in January, compared to a revised reading of 105.80 in the prior month.

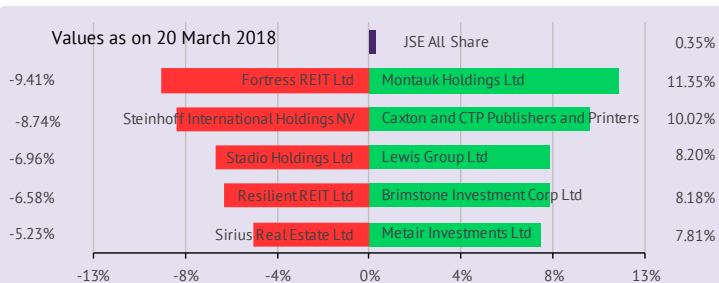
More than forty African countries signed the African Continental Free Trade Area (AfCFTA) deal, even as the region's two largest economies, Nigeria and South Africa, did not. SA President, Cyril Ramaphosa, stated that his government needed more time to consult relevant stakeholders about the treaty before signing it. However, he signed the Kigali Declaration on the establishment of the AfCFTA and stated that the agreement could provide new and meaningful trade and investment opportunities across the African continent. Earlier, on Tuesday, Moody's had stated that the deal could help improve the region's credit profile and boost intra-regional trade.

On Tuesday, the Treasury announced that Mark Kingon had been appointed as the acting Commissioner of South African Revenue Service (SARS).

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Tuesday, boosted by gains in retail and banking sector stocks. The JSE All Share Index rose 0.4% to close at 58,288.87.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, led by losses in retail sector stocks and amid strength in the British pound. Data indicated that UK's ILO unemployment rate unexpectedly declined in the November-January 2018 period. The FTSE 100 Index declined 0.3% to close at 7,038.97.



Key Indices

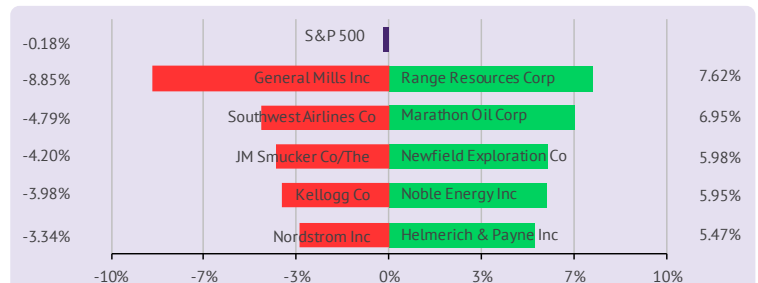
	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share*	58288.87	▲	200.45	0.35%	0.32%	-0.06%	-1.98%	-2.04%
JSE Top 40*	51615.22	▲	180.38	0.35%	0.38%	0.45%	-2.34%	-1.75%
FTSE 100	7038.97	▼	-22.30	-0.32%	-1.75%	-2.67%	-4.00%	-8.44%
DAX 30	12309.15	▲	1.82	0.01%	-0.65%	-1.02%	-5.71%	-4.71%
CAC 40	5239.74	▼	-12.69	-0.24%	-0.81%	-1.52%	-2.94%	-1.37%
S&P 500	2711.93	▼	-5.01	-0.18%	-1.46%	-0.07%	-3.89%	1.43%
Nasdaq Composite	7345.29	▼	-19.02	-0.26%	-1.83%	0.99%	-1.87%	6.40%
DJIA	24682.31	▼	-44.96	-0.18%	-1.06%	-1.39%	-4.28%	-0.15%

*Values as on 20 March 2018

US Market ▼

The S&P 500 futures are trading in the green

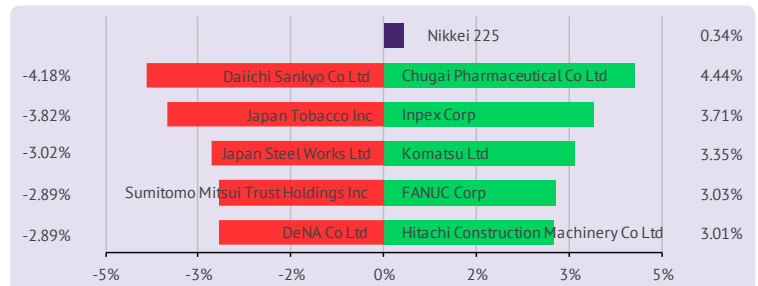
US markets closed lower yesterday, after the Federal Reserve (Fed) increased its key interest rates and raised its rate-hike forecast for next year. The S&P 500 Index dropped 0.2% to close at 2,711.93.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data revealed that Japan's Nikkei manufacturing PMI recorded a decline in March. The Nikkei 225 Index is trading 0.3% higher at 21,453.29.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.3% against the South African Rand to trade at R11.8622. Later today, traders will keep a close watch on the US Markit manufacturing and services PMI along with the US initial jobless claims, house price index and leading index for further cues.

The US Dollar fell against the South African Rand yesterday, after the Fed increased its benchmark interest rate and raised its 2019 rate forecast. On the data front, the MBA mortgage applications registered a drop for the week ended 16 March 2018. The current account deficit widened more than expected in 4Q 2017, amid an increase in goods imports. Meanwhile, the nation's existing home sales advanced more than market anticipation on a monthly basis in February.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.4% firmer against the South African Rand at R16.8001. Later today, traders will keep an eye on the Bank of England interest rate decision and UK's retail sales for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's CBI total trends orders dropped more than market forecast in March. Further, the claimant count rate recorded an advance in February. Meanwhile, the region's ILO unemployment rate dropped in the November-January 2018 period, recording its lowest level since 1975. Average weekly earnings rose higher than market forecast on an annual basis in the November-January period 2018, recording its fastest growth since September 2015. Moreover, the nation's public sector borrowing dropped more-than-anticipated in February.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.5% higher against the South African Rand at R14.6666. Going forward, market participants will keep a tab on Eurozone's current account balance along with the Markit manufacturing and services PMI across the region for further cues. Moreover, Germany's Ifo indices will be on investors radar.

The Euro weakened against the South African Rand yesterday.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R9.1876. Earlier in the session, Australia's unemployment rate rose higher than market expectations 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	11.8622	▲	-1.10%	-1.19%	0.31%	-0.47%	-4.44%
GBPZAR	16.8001	▲	-0.08%	0.26%	3.09%	-3.41%	0.08%
EURZAR	14.6666	▲	-0.33%	-0.79%	1.51%	-2.22%	-1.71%
AUDZAR	9.1876	▼	-0.02%	-0.58%	0.39%	-4.08%	-4.90%
EURUSD	1.2364	▲	0.78%	0.39%	1.18%	-1.77%	2.77%
GBPUSD	1.4163	▲	1.02%	1.43%	2.77%	-3.04%	4.65%
Brent (\$/barrel)	69.5	▲	3.04%	4.92%	7.32%	-6.04%	3.89%
Gold (\$/oz)	1336.4	▲	0.73%	0.70%	0.27%	-1.58%	0.93%
Platinum (\$/oz)	959.5	▲	0.59%	0.04%	-3.80%	-1.61%	1.76%
Copper (\$/MT)*	6760.5	▲	0.54%	-1.51%	-1.94%	-2.60%	-6.20%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 1.1% to trade at \$1,336.40/oz.

Yesterday, gold prices rose 0.7% to close at \$1,321.50/oz, as weakness in the US Dollar, following Fed's interest rate hike, increased demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil is trading marginally higher at \$69.48/bl.

Yesterday, Brent crude oil advanced 3.0% to settle at \$69.47/bl, after the US Energy Information Administration (EIA) indicated that crude supplies dropped by 2.6mn bls to 428.31 mn bls during the week ended March 16, 2018.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.9% to trade at \$959.50/oz.

Yesterday, platinum prices climbed 0.6% to close at \$950.60/oz.



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Major South Africa Corporate News

Remgro Limited

The company announced that it has approved the retirement of Executive Director, Mr Wilhelm Emil Bühmann from the board with effect from April 30, 2018.

Telkom SA SOC Limited

The company announced the appointment of Mr Sello Moloko and Ms. Dolly Mokgatle to the Board of Directors of the company as independent Non-Executive Directors with effect from March 20, 2018.

Major Global Economic News

US

The Fed officials voted unanimously to increase the benchmark interest rate by a quarter percentage point to a range of 1.50% to 1.75%, citing an improving economic outlook. Further, Fed's Chairman, Jerome Powell, indicated that the US economy has strengthened in recent months and inflation appears to be moving towards the central bank's 2.00% goal. In its quarterly economic outlook, the central bank stuck to its prior forecast of three rate hikes in 2018 but lifted its 2018 economic growth projection from 2.50% to 2.70%, while growth forecast for 2019 was raised to 2.40%, from 2.10% estimated earlier in December. However, inflation estimate was left unchanged at 1.90% for this year.

In the US, the MBA mortgage applications recorded a drop of 1.1% on a weekly basis for the week ended 16 March 2018. In the previous week, mortgage applications had registered a rise of 0.9%.

In the US, existing home sales rose 3.0% more than market expectations to a level of 5.54mn on a monthly basis in February. In the previous month, existing home sales had recorded a level of 5.38mn.

The US posted a current account deficit of USD128.20bn in 4Q 2017, compared to a revised current account deficit of USD101.50bn in the prior quarter. Market expectation was for a current account deficit of USD125.00bn.

Asia

In Australia, the seasonally adjusted unemployment rate recorded a more-than-expected rise to 5.6% in February. In the previous month, unemployment rate had recorded a reading of 5.5%.

In Japan, the preliminary manufacturing PMI recorded a drop to 53.20 in March, compared to a level of 54.10 in the prior month.

In Japan, the all industry activity index recorded a drop of 1.8% on a monthly basis in January, in line with market expectations. The index had advanced by a revised 0.6% in the prior month.

UK

In the UK, the claimant count rate rose to 2.4% in February, compared to 2.3% in the previous month.

In the UK, the average earnings including bonus registered a more-than-expected rise of 2.8% on an annual basis in the November-January 2018 period. In the October-December 2017 period, the average earnings including bonus had advanced by a revised 2.7%.

In the UK, the ILO unemployment rate dropped more-than-anticipated to 4.3% in the November-January 2018 period. The ILO unemployment rate had recorded a reading of 4.4% in the October-December 2017 period.

In the UK, the balance of firms reporting total order book above normal fell more than market forecast to a level of 4.00 in March. The balance of firms reporting total order book above normal had registered a level of 10.00 in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Mar) (P)	✓✓✓	53.20*	54.10	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Jan)	✓✓✓	-1.80%*	0.50%	Monthly
Germany	10:30	Markit Manufacturing PMI (Mar) (P)	✓✓✓	59.80	60.60	Monthly
Germany	10:30	Markit Services PMI (Mar) (P)	✓✓✓	55.00	55.30	Monthly
Eurozone	11:00	Current Account s.a (Jan)	✓✓✓	-	EUR29.90bn	Monthly
Germany	11:00	Ifo - Business Climate (Mar)	✓✓✓	114.60	115.40	Monthly
Germany	11:00	Ifo - Expectations (Mar)	✓✓	104.40	105.40	Monthly
Eurozone	11:00	Markit Services PMI (Mar) (P)	✓✓✓	56.00	56.20	Monthly
Germany	11:00	Ifo - Current Assessment (Mar)	✓✓	125.60	126.30	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Mar) (P)	✓✓✓	58.10	58.60	Monthly
UK	11:30	Retail Sales (MoM) (Feb)	✓✓✓	0.40%	0.10%	Monthly
UK	11:30	Retail Sales (YoY) (Feb)	✓✓✓	1.40%	1.60%	Monthly
South Africa	13:00	Retail Sales (MoM) (Jan)	✓✓	-0.10%	-2.60%	Monthly
South Africa	13:00	Retail Sales (YoY) (Jan)	✓✓	5.90%	5.30%	Monthly
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
UK	14:00	Monetary Policy Summary	✓✓✓	-	-	As scheduled
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
US	14:30	Continuing Jobless Claims (10-Mar)	✓✓✓	1870.00K	1879.00K	Weekly
US	14:30	Initial Jobless Claims (17-Mar)	✓✓✓	225.00K	226.00K	Weekly
US	15:00	Housing Price Index (MoM) (Jan)	✓	0.40%	0.30%	Monthly
US	15:45	Markit Manufacturing PMI (Mar) (P)	✓✓✓	55.50	55.30	Monthly
US	16:00	Leading Indicator (MoM) (Feb)	✓✓✓	0.50%	1.00%	Monthly
US	16:45	Markit Services PMI (Mar) (P)	✓✓✓	56.00	55.90	Monthly
US	17:00	Kansas City Fed Manufacturing Activity (Mar)	✓✓✓	17.00	17.00	Monthly
UK	19:00	BoE Ramsden Speech	✓✓	-	-	As scheduled
Eurozone	-	ECB's Draghi Participates in European Council Meeting, Brussels	✓	-	-	As scheduled

Note: ✓✓✓ High

✓✓ Medium

✓ Low

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