

ONE Minute Brief

4 April 2018

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Economic and Political News

In South Africa (SA), the manufacturing PMI eased to its lowest level since December, to 46.90 in March, compared to a level of 50.80 in the previous month. On an annual basis, new vehicle sales advanced 1.1% to 49,233 units in March, compared to a drop of 3.8% in the prior month.

Health Minister, Chitalu Chilufya, stated that Zambia has lifted a ban on imported food from SA, barring "risky food" from units of Tiger Brands and RCL Foods that have been linked to the listeria outbreak.

At a briefing on the preliminary results, Finance Minister, Nhlanhla Nene, indicated that SA's Treasury is on track to achieve its revenue collection target of ZAR1.217tn for FY2017-18.

Citing rising dam levels in SA, drought-stricken Cape Town has deferred its forecast for "Day Zero," when taps in the city run dry, to 2019 from August 2018.

The head of the African National Congress' economic transformation subcommittee, Enoch Godongwana, stated that there were several opinions on the idea of a land tax, and he confirmed the governing party was investigating a tax instrument to drive land redistribution.

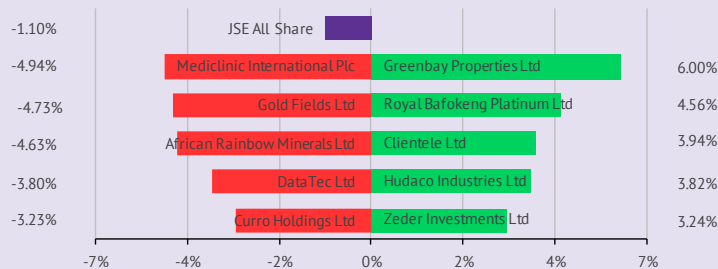
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54864.79	▼	-609.73	-1.10%	-1.10%	-1.10%	-4.89%
JSE Top 40	48179.94	▼	-614.56	-1.26%	-1.26%	-1.26%	-5.04%
FTSE 100	7030.46	▼	-26.15	-0.37%	-0.37%	-0.37%	-2.42%
DAX 30	12002.45	▼	-94.28	-0.78%	-0.78%	-0.78%	-2.73%
CAC 40	5152.12	▼	-15.18	-0.29%	-0.29%	-0.29%	-2.88%
S&P 500	2614.45	▲	32.57	1.26%	-1.00%	-1.00%	-2.69%
Nasdaq Composite	6941.28	▲	71.16	1.04%	-1.73%	-1.73%	-2.88%
DJIA	24033.36	▲	389.17	1.65%	-0.29%	-0.29%	-3.70%

South Africa Market ▼

South African markets closed lower

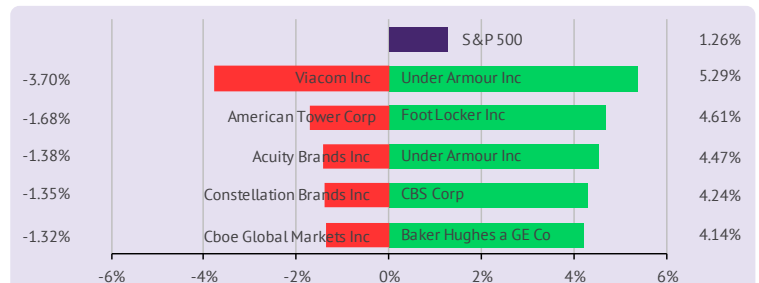
South African markets closed in the red yesterday, weighed down by losses in mining and banking sector stocks. Also, a decline in SA's manufacturing activity dampened market sentiment. The JSE All Share Index fell 1.1% to close at 54,864.79.



US Market ▲

The S&P 500 futures are trading in the red

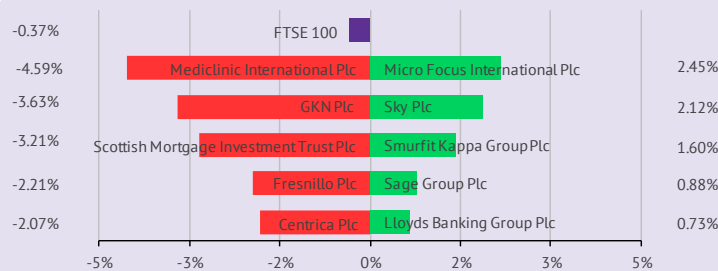
US markets closed higher yesterday, boosted by gains in technology and energy sector stocks. The S&P 500 Index climbed 1.3% to close at 2,614.45.



UK Market ▼

The FTSE 100 futures are trading in negative territory

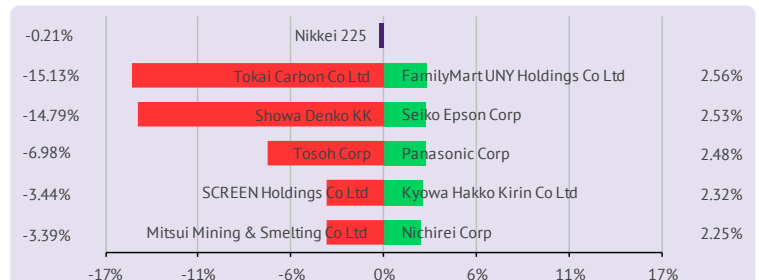
UK markets finished lower yesterday, amid escalating tensions about a potential trade war and led by losses in utility sector stocks. Data indicated that UK's factory output unexpectedly climbed in March. The FTSE 100 Index declined 0.4% to close at 7,030.46.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that Japan's services sector grew at its slowest pace in 17 months in March. The Nikkei 225 Index is trading 0.2% lower at 21,248.58.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally retreated against the South African Rand to trade at R11.8190. Later today, traders will keep a close watch on the US Markit services PMI, MBA mortgage applications, ADP employment change and durable goods orders for further cues.

The US Dollar fell against the South African Rand yesterday. Separately, SA's manufacturing output entered contractionary territory in March. The slump in manufacturing activity was attributed to a decline in business activity, new sales and inventories.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R16.6532. Later today, traders will keep an eye on UK's Markit construction PMI for further indication.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's Markit manufacturing PMI surprisingly advanced in March.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R14.5152. Going forward, market participants will keep a tab on the Eurozone's consumer price index and unemployment rate for further direction.

The Euro weakened against the South African Rand yesterday. Data revealed that Eurozone's factory output expanded at its slowest pace in eight months in March. Separately, Germany's final Markit manufacturing PMI unexpectedly dropped in March, reaching its lowest level since July 2017. Meanwhile, the nation's retail sales rose in line with market expectations on a monthly basis in February.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% firmer against the South African Rand at R9.1157. Earlier in the session, Australia's building approvals recorded a more-than-anticipated drop on a monthly basis in February. On the contrary, the nation's monthly retail sales advanced more than market forecast in February. Meanwhile, in China, Australia's largest trading partner, Caixin services PMI unexpectedly dropped to a four-month low level in March.

The Australian Dollar rose against the South African Rand yesterday. The Reserve Bank of Australia kept its interest rate unchanged at par with market expectations.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	11.8190	▼	-0.23%	-0.16%	-0.16%	0.38%	-4.53%
GBPZAR	16.6532	▲	-0.12%	0.13%	0.13%	2.24%	-0.61%
EURZAR	14.5152	▲	-0.47%	-0.63%	-0.63%	1.50%	-2.34%
AUDZAR	9.1157	▲	0.07%	-0.08%	-0.08%	-0.68%	-5.99%
EURUSD	1.2282	▲	-0.26%	-0.44%	-0.44%	1.07%	2.21%
GBPU\$D	1.4089	▲	0.09%	0.30%	0.30%	1.85%	4.03%
Brent (\$/barrel)	67.9	▼	0.71%	-1.76%	-1.76%	7.12%	1.87%
Gold (\$/oz)	1338.7	▲	-0.69%	0.76%	0.76%	0.37%	1.79%
Platinum (\$/oz)	925.3	=	-0.58%	-0.22%	-0.22%	-6.15%	-0.95%
Copper (\$/MT)*	6762.3	▲	1.24%	1.24%	1.24%	-3.12%	-6.17%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.4% to trade at \$1,338.70/oz.

Yesterday, gold prices fell 0.7% to close at \$1,332.80/oz, as a broad strength in the greenback and improved risk appetite amongst investors dented demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$67.89/bl.

Yesterday, Brent crude oil advanced 0.7% to settle at \$68.12/bl, after the American Petroleum Institute indicated that the US crude oil inventories dropped by 3.3mn bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$925.30/oz.

Yesterday, platinum prices declined 0.6% to close at \$925.30/oz.



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Major South Africa Corporate News

Advtech Limited

The company announced that it has acquired the prestigious Makini group of schools, which has 8 schools on 4 campuses in Nairobi and Kisumu and caters to 3200 students from Kindergarten to Grade 12.

AECI Limited

The company announced that all conditions precedent to the acquisition of Much Asphalt Proprietary Limited has been fulfilled, including the conclusion of a management agreement in terms of which management retained approximately 2.0% of the shares of Much Asphalt.

Anglo American Plc

The company announced the suspension of its Minas-Rio iron ore operation in Brazil, with effect from March 29, to conduct a full inspection of the pipeline. The suspension decision was taken due to a minor leak that was identified in the pipeline. Further, the company announced that full inspection of the pipeline will take approximately 90 days to complete during which time operations at Minas-Rio will remain suspended.

Murray & Roberts Holdings Limited

The company announced that it has been given an additional underground mining project in the sub-Saharan, North American and Australasian markets to the value of ZAR3.70bn.

Major Global Economic News

Asia

In Australia, the seasonally adjusted building approvals recorded a more-than-expected drop of 6.2% on a monthly basis in February. In the previous month, building approvals had risen by a revised 17.2%.

In Australia, the seasonally adjusted retail sales rose 0.6% on a monthly basis in February, more than market expectations. In the previous month, retail sales had advanced by a revised 0.2%.

In China, the Caixin services PMI index unexpectedly dropped to 52.30 in March. In the prior month, the Caixin services PMI index had registered a reading of 54.20.

In Japan, Nikkei Japan services PMI dropped to 50.90 in March. In the prior month, Nikkei Japan services PMI had recorded a level of 51.70.

Eurozone

In the Eurozone, the final manufacturing PMI eased to 56.60 in March, meeting market expectations. The preliminary figures had also recorded a drop to 56.60. In the prior month, the manufacturing PMI had registered a level of 58.60.

In Germany, the final manufacturing PMI recorded an unexpected drop to 58.20 in March, compared to a preliminary reading of 58.40. In the previous month, manufacturing PMI had recorded a reading of 60.60.

In Germany, retail sales advanced 0.7% on a monthly basis in February, in line with market anticipations. In the prior month, retail sales had dropped by a revised 0.3%.

UK

In the UK, the manufacturing PMI recorded an unexpected rise to a level of 55.10 in March, compared to a revised reading of 55.00 in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Mar)	✓✓✓	-1.00%*	-0.80%	Monthly
Japan	02:30	Nikkei Japan Services PMI (Mar)	✓✓	50.90*	51.70	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Mar)	✓✓✓	51.30*	52.20	Monthly
China	03:45	HSBC China Composite PMI (Mar)	✓✓✓	51.80*	53.30	Monthly
China	03:45	Caixin/Markit Services PMI (Mar)	✓✓✓	52.30*	54.20	Monthly
UK	10:30	Markit Construction PMI (Mar)	✓✓✓	51.00	51.40	Monthly
Eurozone	11:00	Unemployment Rate (Feb)	✓✓✓	8.50%	8.60%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Mar) (P)	✓✓✓	1.10%	1.10%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Mar) (P)	✓✓✓	1.10%	1.00%	Monthly
US	13:00	MBA Mortgage Applications (30-Mar)	✓	-	4.80%	Weekly
US	14:15	ADP Employment Change (Mar)	✓✓✓	210.00K	235.00K	Monthly
US	15:45	Markit Composite PMI (Mar) (F)	✓✓✓	-	54.30**	Monthly
US	15:45	Markit Services PMI (Mar) (F)	✓✓✓	54.20	54.10**	Monthly
US	15:45	Fed's Bullard Speaks on U.S. Economy and Monetary Policy	✓	-	-	As scheduled
US	16:00	Cap Goods Orders Nondef Ex Air (Feb) (F)	✓	-	1.80%**	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Feb) (F)	✓	-	1.40%**	Monthly
US	16:00	Durable Goods Orders (Feb) (F)	✓✓✓	-	3.10%**	Monthly
US	16:00	Durable Goods Orders ex Transportation (Feb) (F)	✓✓	-	1.20%**	Monthly
US	16:00	Factory Orders (MoM) (Feb)	✓✓✓	1.70%	-1.40%	Monthly
US	16:00	ISM Non-Manufacturing PMI (Mar)	✓✓✓	59.00	59.50	Monthly
US	17:00	Fed's Mester Speaks on Diversity in Economics	✓	-	-	As scheduled

Note: ✓✓✓ High

✓✓ Medium

✓ Low

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