

ONE Minute Brief

5 April 2018

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Economic and Political News

South Africa's Energy Minister, Jeff Radebe, has signed the long-awaited renewable energy contracts worth ZAR55.92bn with independent power producers.

The South African High Court ruled that empowerment deals do not need to be topped up once a company reaches the 26% black ownership level and companies could not be penalised for falling below this level.

The South African Revenue Services (Sars) indicated that the fall in the collection of Value Added Tax (VAT) could be attributed to the slower recovery of consumer confidence.

The South African Communist Party (SACP) Leader, Blade Nzimande, has indicated that the party will not come out in support of former President, Jacob Zuma, during his court appearance on Friday.

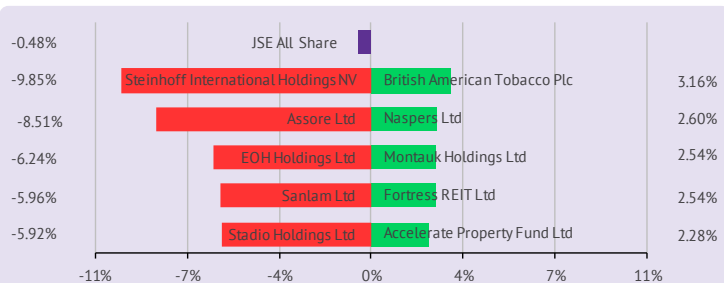
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54602.68	▼	-262.11	-0.48%	-1.57%	-1.57%	-4.89%
JSE Top 40	48051.90	▼	-128.04	-0.27%	-1.52%	-1.52%	-5.04%
FTSE 100	7034.01	▲	3.55	0.05%	-0.32%	-0.32%	-2.42%
DAX 30	11957.90	▼	-44.55	-0.37%	-1.15%	-1.15%	-2.73%
CAC 40	5141.80	▼	-10.32	-0.20%	-0.49%	-0.49%	-2.88%
S&P 500	2644.69	▲	30.24	1.16%	0.14%	0.14%	-2.69%
Nasdaq Composite	7042.11	▲	100.83	1.45%	-0.30%	-0.30%	-2.88%
DJIA	24264.30	▲	230.94	0.96%	0.67%	0.67%	-3.70%

South Africa Market ▼

South African markets closed lower

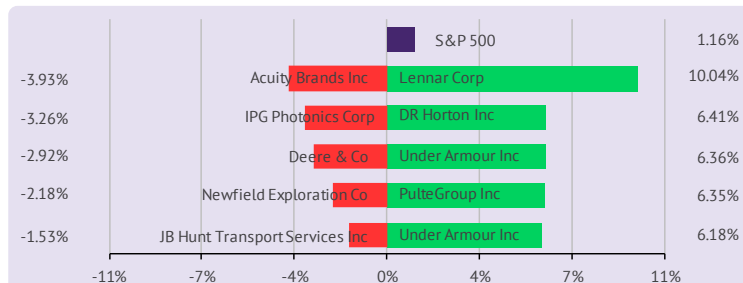
South African markets closed in the red yesterday, weighed down by losses in retail, financial and banking sector stocks. The JSE All Share Index fell 0.5% to close at 54,602.68.



US Market ▲

The S&P 500 futures are trading in the green

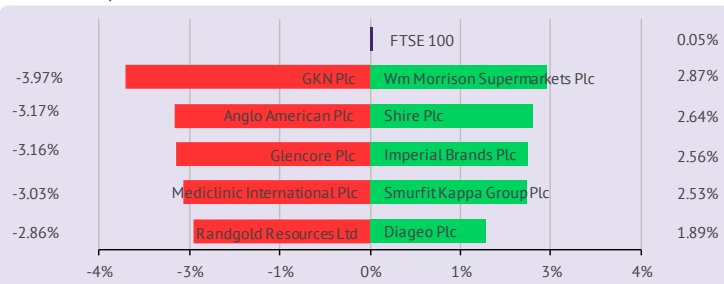
US markets closed higher yesterday, as investors shrugged off trade war fears. On the macro front, the US final Markit services PMI unexpectedly dropped in March. The S&P 500 Index climbed 1.2% to close at 2,644.69.



UK Market ▲

The FTSE 100 futures are trading in positive territory

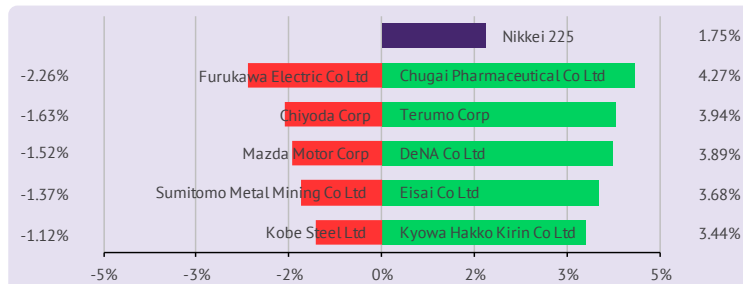
UK markets finished higher yesterday, supported by gains in defensive sector stocks. Data indicated that UK's Markit construction PMI fell more than market forecast in March. The FTSE 100 Index advanced 0.1% to close at 7,034.01.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 1.8% higher at 21,692.67.



Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading slightly higher against the South African Rand to trade at R11.8869. Later today, traders will keep a close watch on the US trade balance and initial jobless claims for further cues.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US final Markit services PMI recorded an unexpected drop in March. Additionally, the MBA mortgage applications registered a decline in the week ended March 30, 2018. Further, the final durable goods orders dropped in February. Meanwhile, the nation's ADP employment change surprised with a rise in March.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand to trade at R16.7366. Later today, traders will keep an eye on UK's Markit services PMI for further indication.

The British Pound advanced against the South African Rand yesterday. Data revealed that UK's Markit construction PMI registered a more-than-expected fall in March.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R14.6015. Going forward, market participants will keep a tab on Markit services PMI across the Eurozone along with Eurozone's producer price index and retail sales data for further direction. Also, Germany's factory orders would attract market attention.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's consumer price index (CPI) rose in line with market expectations on an annual basis in March. Additionally, unemployment rate recorded a drop at par with market forecast in February, marking its lowest level since December 2008.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R9.1549. Earlier in the session, Australia's services PMI advanced in March. Additionally, AiG performance of service index recorded a rise in the same month. Meanwhile, the nation's trade surplus narrowed less than market expectations in February.

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	11.8869	▲	0.52%	0.35%	0.35%	0.38%	-4.04%
GBPZAR	16.7366	▲	0.66%	0.80%	0.80%	2.24%	0.05%
EURZAR	14.6015	▲	0.58%	-0.05%	-0.05%	1.50%	-1.78%
AUDZAR	9.1549	▼	0.92%	0.84%	0.84%	-0.68%	-5.13%
EURUSD	1.2285	▲	0.07%	-0.37%	-0.37%	1.07%	2.27%
GBPU\$	1.4080	▲	0.16%	0.46%	0.46%	1.85%	4.19%
Brent (\$/barrel)	68.4	▲	-0.15%	-1.90%	-1.90%	7.12%	1.72%
Gold (\$/oz)	1334.2	▼	0.23%	0.98%	0.98%	0.37%	2.02%
Platinum (\$/oz)	912.1	=	-1.43%	-1.64%	-1.64%	-6.15%	-2.37%
Copper (\$/MT)*	6690.8	▼	-1.06%	0.17%	0.17%	-3.12%	-7.16%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,334.20/oz, as fears over US-China trade war eased, after US is open to negotiate on tariffs with China.

Yesterday, gold prices rose 0.2% to close at \$1,335.80/oz, as China stated that it would impose tariffs of up to 25.0% on 106 US products, intensifying trade tensions between the two countries.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$68.35/bl.

Yesterday, Brent crude oil dropped 0.2% to settle at \$68.02/bl. The US Energy Information Administration (EIA) reported that crude oil inventories surprisingly dropped by 4.6mn bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$912.10/oz.

Yesterday, platinum prices declined 1.4% to close at \$912.10/oz.

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Major South Africa Corporate News

Allied Electronics Corporation Limited

The company announced that substantial progress has been made regarding the fulfilment of the conditions precedent to the disposal. Further, the last of the conditions precedent is expected to be fulfilled by May 31, 2018.

Murray & Roberts Holdings Limited

The company advised its shareholders to not accept any offer from Aton GmbH when made, as the fair value price range for control of the company is ZAR20.00 per share to ZAR22.00 per share as suggested by the independent expert, BDO Corporate Finance Proprietary Limited.

Grand Parade Investments Limited

The company announced the resignation of Ms Tasneem Karriem as the Chief Executive Officer (CEO) and as Executive Director of the company, with effect from April 2, 2018. Further, Dr Hassen Adams, Executive Chairman would assume the role of acting CEO until a suitable replacement has been appointed.

Northam Platinum Limited

The company announced that an agreement has been reached with the Association of Mineworkers and Construction Union (AMCU), the representative union, for a full return to work by the affected Murray & Roberts Cementation Limited employees, beginning from April 4, 2018.

Major Global Economic News

US

In the US, the final Markit services PMI registered an unexpected drop to 54.00 in March. The preliminary figures had indicated a drop to 54.10. In the previous month, Markit services PMI had recorded a reading of 55.90.

In the US, the MBA mortgage applications dropped 3.3% on a weekly basis in the week ended March 30, 2018. Mortgage applications had advanced 4.8% in the previous week.

In March, the private sector employment surprisingly rose to 241.00K in the US, compared to an increase of 235.00K in the prior month.

In the US, the final durable goods orders recorded a rise of 3.0% on a monthly basis in February. Durable goods orders had fallen by a revised 3.5% in the previous month. The preliminary figures had recorded a rise of 3.1%.

Asia

In Australia, the AIG performance of services index registered a rise to 56.90 in March. In the prior month, the index had registered a level of 54.00.

In Australia, the seasonally adjusted trade surplus narrowed less than market forecast to AUD825.00mn in February, compared to a revised trade surplus of AUD952.00mn in the previous month.

Eurozone

In the Eurozone, the preliminary CPI recorded a rise of 1.4% on an annual basis in March, at par with market expectations. In the prior month, the CPI had climbed 1.1%.

In the Eurozone, the unemployment rate dropped 8.5% in February, meeting market expectations. In the previous month, the unemployment rate had recorded a level of 8.6%.

UK

In the UK, the construction PMI recorded a more-than-expected drop to 47.00 in March, compared to a reading of 51.40 in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Germany	08:00	Factory Orders s.a. (MoM) (Feb)	✓✓	1.50%	-3.90%	Monthly
Germany	08:00	Factory Orders n.s.a. (YoY) (Feb)	✓✓✓	6.50%	8.20%	Monthly
Germany	09:55	Markit Services PMI (Mar) (F)	✓✓✓	54.20	54.20**	Monthly
Eurozone	10:00	Markit Composite PMI (Mar) (F)	✓✓✓	55.30	55.30**	Monthly
Eurozone	10:00	Markit Services PMI (Mar) (F)	✓✓✓	55.00	55.00**	Monthly
UK	10:00	New Car Registrations (YoY) (Mar)	✓	-	-2.80%	Monthly
UK	10:30	Official Reserves (Changes) (Mar)	✓✓	-	USD651.00mn	Monthly
UK	10:30	Markit Services PMI (Mar)	✓✓✓	54.00	54.50	Monthly
Eurozone	11:00	Retail Sales (Feb)	✓✓	-	104.70	Monthly
Greece	11:00	Industrial Production (YoY) (Feb)	✓	-	-1.70%	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Feb)	✓✓✓	0.00%	0.40%	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Feb)	✓✓✓	1.50%	1.50%	Monthly
Eurozone	11:00	Retail Sales (MoM) (Feb)	✓✓✓	0.50%	-0.10%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Feb)	✓✓✓	2.20%	2.30%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Mar)	✓✓	-	98.90	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Feb)	✓	-	1.20%	Monthly
South Africa	13:00	Electricity Production (YoY) (Feb)	✓	-	2.40%	Monthly
US	13:30	Challenger Job Cuts (YoY) (Mar)	✓	-	-4.30%	Monthly
Eurozone	13:30	ECB Monetary Policy Meeting Accounts	✓✓✓	-	-	As scheduled
US	14:30	Initial Jobless Claims (31-Mar)	✓✓✓	225.00K	215.00K	Weekly
US	14:30	Trade Balance (Feb)	✓✓✓	-USD56.80bn	-USD56.60bn	Monthly
US	14:30	Continuing Jobless Claims (24-Mar)	✓✓✓	1843.00K	1871.00K	Weekly
US	19:00	Fed's Bostic Speaks on Financial Literacy	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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