

ONE Minute Brief

18 April 2018

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Economic and political news

The International Monetary Fund (IMF) has raised South Africa's (SA) economic growth forecast to 1.5% for 2018 and 1.7% for 2019, up from its previous forecasts of 0.9% and 1.6% respectively, citing the election of a new political leadership. However, the IMF warned that growth would remain weak, if the country fails to carry out economic reforms.

President, Cyril Ramaphosa and British Prime Minister, Theresa May have agreed on new funding worth ZAR857.00mn by the UK to help SA improve its business environment.

SA's Auditor General, Kimi Makwetu, stated that he is terminating all contracts with auditing firm, KPMG citing series of recent scandals.

Trade union Solidarity has asked former Eskom Chief Executive Officer, Brian Molefe to repay ZAR11.00mn he received in pension payments until Friday, following a court ruling.

President, Cyril Ramaphosa has removed the director-general of State Security Agency (SSA), Arthur Fraser from his post.

The National Union of Metalworkers of South Africa (Numsa) stated that it would start an indefinite nationwide bus strike from today, until workers' demands are met.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in retail, property and financial sector stocks. The JSE All Share Index rose 0.2% to close at 56,826.74.



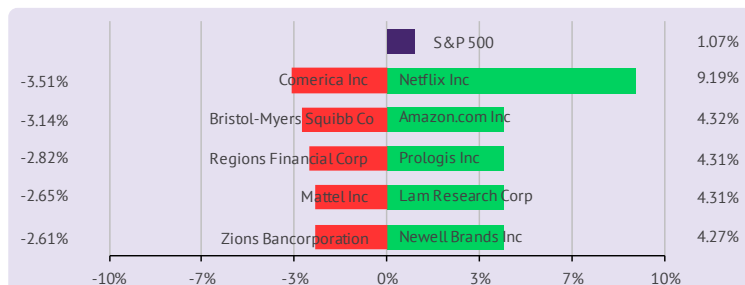
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56826.74	▲	93.27	0.16	0.47	2.44	-4.89
JSE Top 40	50176.00	▲	54.80	0.11	0.59	2.83	-5.04
FTSE 100	7226.05	▲	27.85	0.39	-0.53	2.40	-2.42
DAX 30	12585.57	▲	194.16	1.57	1.15	4.04	-2.73
CAC 40	5353.54	▲	40.58	0.76	0.72	3.60	-2.88
S&P 500	2706.39	▲	28.55	1.07	1.89	2.48	-2.69
Nasdaq Composite	7281.10	▲	124.81	1.74	2.45	3.08	-2.88
DJIA	24786.63	▲	213.59	0.87	1.75	2.84	-3.70
MSCI Emerging Markets	1164.36	▲	1.11	0.10	-0.49	-0.56	-2.03
MSCI Developed World	2116.43	▲	16.61	0.79	1.31	2.40	-2.41

US Market ▲

The S&P 500 futures are trading in the green

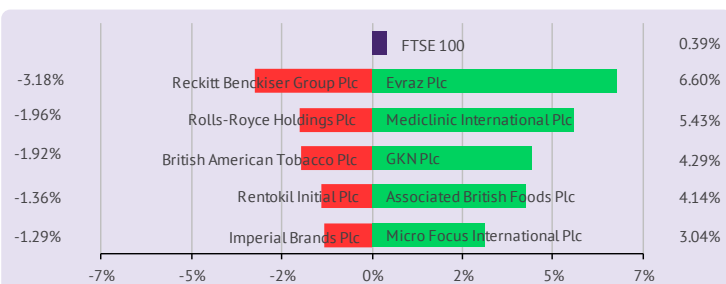
US markets closed higher yesterday, following robust earnings reports and buoyed by gains in technology sector stocks. Data showed that the US monthly industrial production rose more-than-expected in March. The S&P 500 Index climbed 1.1% to close at 2,706.39.



UK Market ▲

The FTSE 100 futures are trading in positive territory

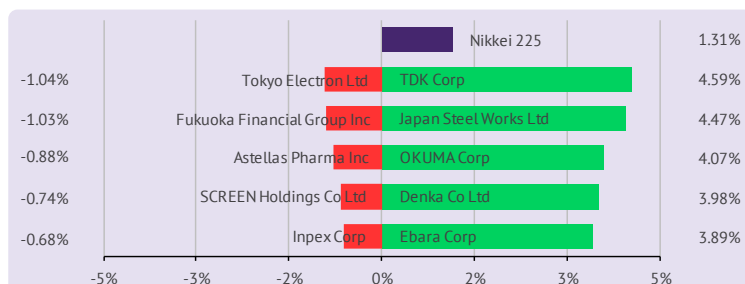
UK markets finished higher yesterday, amid weakness in the British Pound. Data revealed that UK's claimant count rate remained steady in March. The FTSE 100 Index advanced 0.4% to close at 7,226.05.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data indicated that Japan's trade surplus widened more than market forecast in March. The Nikkei 225 Index is trading 1.3% higher at 22,134.04.



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USD ZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R12.0005. Later today, traders will keep a close watch on the US MBA mortgage applications data and Federal Reserve's Beige Book for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US industrial production advanced more than market expectations on a monthly basis in March. Additionally, the monthly housing starts surprisingly climbed in March. Moreover, building permits rebounded on a monthly basis in the same month. Further, manufacturing production rose at par with market forecast in March. Separately, the South African Rand advanced against the US dollar, after President, Cyril Ramaphosa announced investment plans worth USD100.00bn to boost the economy and after the IMF raised SA's 2018 growth forecast.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.3% higher against the South African Rand at R17.1668. Later today, traders will keep an eye on UK's consumer price index (CPI), producer price index (PPI) and the house price index for further cues.

The British Pound declined against the South African Rand yesterday. Data revealed that UK's claimant count rate remained unchanged in March. Further, the average weekly earnings excluding bonus rose in line with market expectations in the December-February period. Meanwhile the nations' ILO unemployment rate unexpectedly fell in the same period, marking its lowest level since comparable data began in 1971.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R14.8570. Going forward, market participants will keep a tab on Eurozone's CPI and construction output for further indication.

The Euro weakened against the South African Rand yesterday, after data indicated that Eurozone's ZEW economic sentiment index recorded a drop in April. Separately, Germany's ZEW expectations index fell more-than-anticipated in April, reaching to its weakest reading since November 2012. Additionally, ZEW survey current situation index fell more than market forecast in April.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R9.3228. Earlier in the session, Australia's Westpac leading index registered a decline on a monthly basis in March.

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	12.0005	▲	-0.55	-0.72	1.23	0.38	-3.20
GBPZAR	17.1668	▲	-0.92	-0.48	3.17	2.24	2.41
EURZAR	14.8570	▲	-0.63	-0.42	1.57	1.50	-0.19
AUDZAR	9.3228	▲	-0.75	-0.78	2.39	-0.68	-3.67
EURUSD	1.2380	▲	-0.08	0.32	0.37	1.07	3.04
GBPUSD	1.4303	▲	-0.36	0.35	1.95	1.85	5.74
Brent (\$/barrel)	71.9	▲	0.22	-1.38	3.23	7.12	7.04
Gold (\$/oz)	1347.4	▲	-0.02	0.18	1.84	0.37	2.89
Platinum (\$/oz)	933.9	=	0.89	0.71	0.71	-6.15	-0.03
Copper (\$/MT)*	6828.0	▼	-0.70	0.46	2.23	-3.12	-5.26

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices are trading marginally higher at \$1,347.40/oz.

Yesterday, gold prices fell marginally to close at \$1,347.20/oz, as strength in the US Dollar, lowered demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.5% to trade at \$71.92/bl, amid ongoing risk of global supply disruptions.

Yesterday, Brent crude oil advanced 0.2% to settle at \$71.58/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 1.00mn bls for the week ended 13 April 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$933.90/oz.

Yesterday, platinum prices climbed 0.9% to close at \$933.90/oz.

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Major South African corporate news

Cashbuild Limited

In its 3Q18 operational update, the company announced that its revenue increased by 7.0% with 39 new stores opened since 1 July 2016 contributing 5.0% of the increase and remaining 276 stores grew by 2.0%.

Pallinghurst Resources Limited

In its FY17 results, the company announced that its profit from operations increased to USD54.65mn compared to USD44.57mn posted in the corresponding period of the previous year. Its diluted EPS fell 33.3% to USD0.04 from the same period of the prior year.

Intu Properties Plc

In its 1Q18 trading update, the company stated that prime shopping centres had increased rents, high occupancy and increasing number of footfall compared to the corresponding period of the previous year. Further, the company signed 60 new leases during the period and high-quality names increased their presence with the company, which helped in great new brands coming to its shopping centres for the first time.

Royal Bafokeng Platinum Limited

In its 1Q18 production report, the company stated that the total tonnes milled advanced 9.9% to 758kt with BRPM contributing 551.00kt and Styldrift 207.00kt. Further, total tonnes delivered to concentrators increased by 1.9% to 735.00kt with BRPM contributing 535.00kt and Styldrift 200.00kt.

Major global economic news

US

In the US, industrial production rose 0.5% on a monthly basis in March, more than market expectations. In the prior month, industrial production had recorded a revised rise of 1.0%.

In the US, manufacturing production climbed 0.1% on a monthly basis in March, meeting market expectations. In the prior month, manufacturing production had climbed by a revised 1.5%.

In the US, housing starts unexpectedly climbed by 1.9% on monthly basis to an annual rate of 1319.00K in March. Housing starts had registered a revised reading of 1295.00K in the prior month.

In March, building permits surprisingly advanced 2.5% on monthly basis, to an annual rate of 1354.00K in the US. Building permits had recorded a revised level of 1321.00K in the previous month.

Eurozone

In Eurozone, the ZEW economic sentiment index eased to 1.90 in April. In the previous month, the index had recorded a level of 13.40.

In Germany, the ZEW economic sentiment index recorded a more-than-expected drop to -8.20 in April. In the previous month, the index had recorded a reading of 5.10.

In Germany, the ZEW current situation index eased to 87.90 in April, more than market forecast and compared to a level of 90.70 in the previous month.

UK

In the UK, the claimant count rate remained flat at 2.4% in March.

In the December-February 2018 period, the ILO unemployment rate registered an unexpected drop to 4.2% in the UK. In the November-January 2018 period, the ILO unemployment rate had registered a reading of 4.3%.

In the UK, the average earnings including bonus climbed 2.8% on an annual basis in the December-February 2018 period, lower than market expectations. In the November-January 2018 period, the average earnings including bonus had registered a similar rise.

Asia

In Australia, the Westpac leading index recorded a drop of 0.2% on a monthly basis in March. In the previous month, the index had recorded a revised rise of 0.4%.

In Japan, total trade surplus widened more than market forecast to Yen797.30bn in March. Japan had reported a total trade surplus of Yen3.40bn in the previous month.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Mar)	✓✓✓	Yen119.20bn*	-Yen201.50bn	Monthly
Japan	01:50	Exports (YoY) (Mar)	✓✓	2.10%*	1.80%	Monthly
Japan	01:50	Imports (YoY) (Mar)	✓✓	-0.60%*	16.50%	Monthly
Japan	01:50	Merchandise Trade Balance Total (Mar)	✓✓✓	Yen797.30bn*	Yen3.40bn	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Mar)	✓✓	0.60%	0.80%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Mar)	✓✓	4.10%	4.00%	Monthly
UK	10:30	Consumer Price Index (MoM) (Mar)	✓✓✓	0.30%	0.40%	Monthly
UK	10:30	Consumer Price Index (YoY) (Mar)	✓✓✓	2.70%	2.70%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (MoM) (Mar)	✓	0.10%	0.00%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (YoY) (Mar)	✓✓	2.30%	2.60%	Monthly
UK	10:30	Retail Price Index (MoM) (Mar)	✓✓✓	0.30%	0.80%	Monthly
UK	10:30	Retail Price Index (YoY) (Mar)	✓✓	3.50%	3.60%	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (MoM) (Mar)	✓	0.30%	-1.10%	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (YoY) (Mar)	✓	4.30%	3.40%	Monthly
UK	10:30	Retail Price Index Ex Mort Int.Payments (YoY) (Mar)	✓✓	3.60%	3.60%	Monthly
Eurozone	11:00	Construction Output s.a. (MoM) (Feb)	✓✓✓	-	-2.20%	Monthly
Eurozone	11:00	Construction Output w.d.a. (YoY) (Feb)	✓	-	3.70%	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Mar)	✓✓✓	1.00%	0.20%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Mar) (F)	✓✓✓	1.40%	1.40%**	Monthly
US	13:00	MBA Mortgage Applications (13-Apr)	✓	-	-1.90%	Weekly
South Africa	13:00	Retail Sales (MoM) (Feb)	✓✓	0.10%	-1.60%	Monthly
South Africa	13:00	Retail Sales (YoY) (Feb)	✓✓	3.00%	3.10%	Monthly
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled
US	21:00	Fed's William Dudley speech	✓✓	-	-	As scheduled
US	22:30	Fed's Quarles speech	✓✓	-	-	As scheduled
Eurozone	-	Eurogroup meeting	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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