

ONE Minute Brief

8 May 2018

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Economic and political news

The Democratic Alliance (DA) wants Registrar of Banks, Kuben Naidoo, to establish a commission of inquiry into VBS Mutual Bank and the municipalities which deposited funds in it, in contravention of the Municipal Finance Management Act (MFMA). Separately, news reports indicated that the Sandton offices of VBS's largest shareholder, Vele Investments, were raided on Monday.

Eskom wants former board member, Mark Pamensky to repay legal fees amounting to ZAR310,000, which the firm has declared to have been paid 'unlawfully' on his behalf.

Nelson Mandela Bay Mayor, Athol Trollip, will face a third motion of no confidence on Thursday.

Parliament's Select Committee on Land and Mineral Resources has called for "harsher consequences" for the Sibanye-Stillwater mine, where seven miners died last week.

Economic Freedom Fighters (EFF) leader, Julius Malema, was sworn in as a member of the Pan African Parliament (PAP).

Key indices

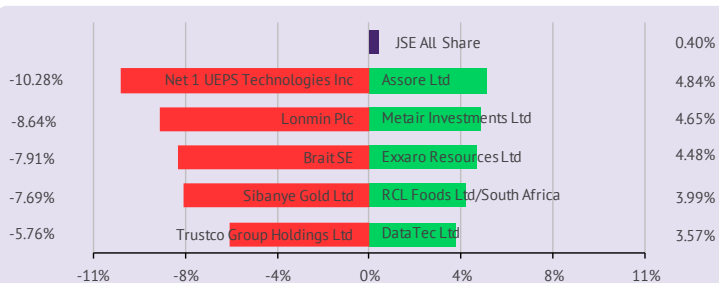
| | Last close | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------|------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 57880.72 | ▲ | 231.85 | 0.40 | 0.40 | -0.64 | 5.01 | -2.73 |
| JSE Top 40 | 51148.85 | ▲ | 275.26 | 0.54 | 0.54 | -0.53 | 5.38 | -2.63 |
| FTSE 100* | 7567.14 | ▲ | 64.45 | 0.86 | 0.00 | 0.77 | 6.42 | -1.57 |
| DAX 30 | 12948.14 | ▲ | 128.54 | 1.00 | 1.00 | 2.66 | 4.26 | 0.24 |
| CAC 40 | 5531.42 | ▲ | 15.37 | 0.28 | 0.28 | 0.20 | 6.84 | 4.12 |
| S&P 500 | 2672.63 | ▲ | 9.21 | 0.35 | 0.35 | 0.93 | 0.27 | -0.04 |
| Nasdaq Composite | 7265.21 | ▲ | 55.59 | 0.77 | 0.77 | 2.82 | 0.04 | 5.24 |
| DJIA | 24357.32 | ▲ | 94.81 | 0.39 | 0.39 | 0.80 | 0.25 | -1.46 |
| MSCI Emerging Markets | 1139.55 | ▲ | 3.38 | 0.30 | 0.30 | -2.14 | -0.55 | -1.63 |
| MSCI Developed World | 2096.86 | ▲ | 7.42 | 0.36 | 0.36 | 0.50 | 0.95 | -0.31 |

*Values as on 4 May 2018

South Africa Market ▲

South African markets closed higher

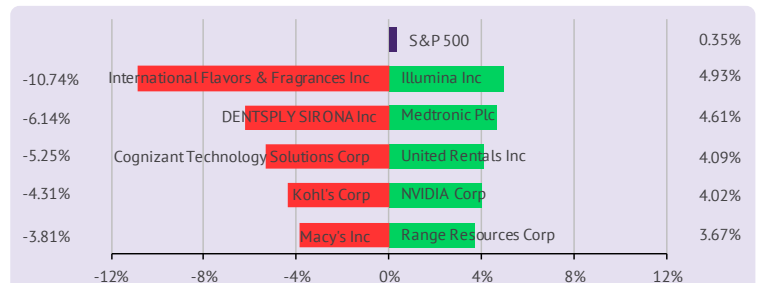
South African markets closed in the green yesterday, boosted by gains in banking, retail and financial sector stocks. The JSE All Share Index rose 0.4% to close at 57,880.72.



US Market ▲

The S&P 500 futures are trading in the red

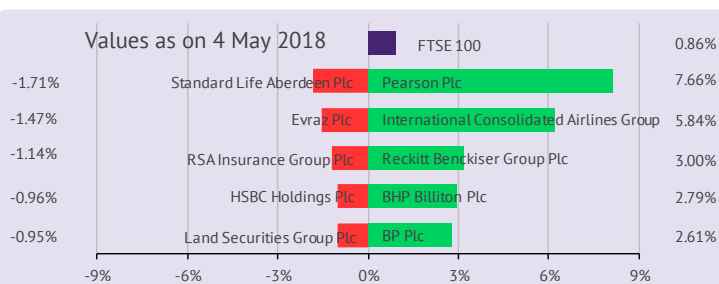
US markets closed higher yesterday, buoyed by gains in technology sector stocks and a surge in oil prices. Data showed that the US consumer credit rose at a slower than expected pace in March. The S&P 500 Index climbed 0.4% to close at 2,672.63.



UK Market ▼

The FTSE 100 futures are trading in negative territory

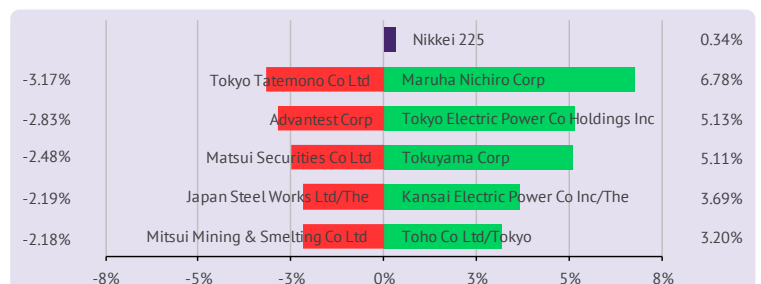
UK markets were closed yesterday on account of a national holiday.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 0.3% higher at 22,542.45



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USD ZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R12.5573. Later today, traders will keep a close watch on the US NFIB small optimism index and JOLTS job openings for further cues.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US consumer credit advanced in March, marking its slowest gain since September 2017.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound advanced 0.1% against the South African Rand to trade at R17.0191. Later today, traders will keep an eye on UK's Halifax house price index and BRC like-for-like sales data for further indication.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R14.9596. Going forward, market participants will keep a tab on Germany's trade balance, current account balance and industrial production for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's Sentix investor confidence index recorded an unexpected decline in May, reaching its lowest level since February 2017. Separately, Germany's factory orders surprisingly fell on a monthly basis in March. Meanwhile, the nation's construction PMI recorded a rise in April.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R9.4092. Earlier in the session, Australia's monthly retail sales recorded a flat reading in March. Meanwhile, Australia's largest trading partner, China posted a trade surplus in April.

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 | 12.5573 | ▲ | 0.34 | 0.34 | 0.65 | 5.24 | 1.29 |
| GBPZAR | 17.0191 | ▲ | 0.53 | 0.53 | -0.92 | 3.38 | 1.68 |
| EURZAR | 14.9596 | ▲ | 0.02 | 0.02 | -0.64 | 3.08 | 0.64 |
| AUDZAR | 9.4092 | ▼ | 0.06 | 0.06 | 0.46 | 3.20 | -2.45 |
| EURUSD | 1.1913 | ▼ | -0.32 | -0.32 | -1.29 | -2.00 | -0.69 |
| GBPUSD | 1.3554 | ▼ | 0.19 | 0.19 | -1.50 | -1.80 | 0.33 |
| Brent (\$/barrel) | 75.5 | ▼ | 1.74 | 1.74 | 1.98 | 7.72 | 13.91 |
| Gold (\$/oz) | 1313.0 | ▼ | -0.05 | -0.05 | -0.39 | -0.27 | 0.37 |
| Platinum (\$/oz) | 911.5 | ▼ | 0.33 | 0.33 | 0.98 | -2.47 | -2.24 |
| Copper (\$/MT)* | 6790.0 | - | 0.00 | 0.00 | 0.30 | 1.36 | -5.79 |

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,313.00/oz.

Yesterday, gold prices fell 0.1% to close at \$1,314.10/oz, as strength in the US Dollar, lowered demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.9% to trade at \$75.45/bl, ahead of the US President, Donald Trump's decision on Iran's nuclear deal.

Yesterday, Brent crude oil advanced 1.7% to settle at \$76.17/bl, amid continued concerns over the Venezuelan crisis.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.2% to trade at \$911.50/oz.

Yesterday, platinum prices climbed 0.3% to close at \$913.30/oz.

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Major South African corporate news

MTN Group Limited

In its 1Q18 Nigeria operation update, the company stated that its revenues increased to N249.22bn compared to N217.63bn posted in the corresponding period of the previous year. Its diluted EPS rose significantly to N79.10 compared to the same period of the prior year. Further, the company declared a dividend of 94.85 naira per share.

Redefine Properties Limited

In its 1H18 result, the company stated that its revenues increased to ZAR3.93bn compared to ZAR3.59bn posted in the corresponding period of the previous year. Its diluted EPS rose 22.2% compared to the same period of the prior year to 88.20c. Separately, the company declared an interim cash dividend of 47.30c per share.

Raubex Group Limited

In its FY18 results, the company stated that its revenues decreased to ZAR8.54bn compared to ZAR9.01bn posted in the corresponding period of the previous year. Its diluted EPS rose 15.5% compared to the same period of the prior year to 233.50c. Further, the company declared a final dividend of 33.00c per share.

Sibanye Gold Limited

The company announced that all the 13 employees who were trapped underground at its Masakhane mine have been rescued and brought to surface by mine rescue personnel. However, 7 of the 13 employees passed away from injuries sustained during the incident.

Major global economic news

Eurozone

In the Eurozone, the Sentix investor confidence index recorded an unexpected drop to a level of 19.20 in May. The index had registered a level of 19.60 in the previous month.

In Germany, the seasonally adjusted factory orders unexpectedly dropped 0.9% on a monthly basis in March. Factory orders had dropped by a revised 0.2% in the previous month.

Asia

In Australia, the seasonally adjusted retail sales remained flat on a MoM basis in March. Retail sales had climbed 0.6% in the prior month.

In China, trade surplus recorded a level of USD28.78bn in April, more than market forecast and compared to a deficit of USD4.98bn in the previous month.

US

In the US, consumer credit climbed USD11.62bn in March, less than market expectations. Consumer credit had advanced by a revised USD13.64bn in the previous month.

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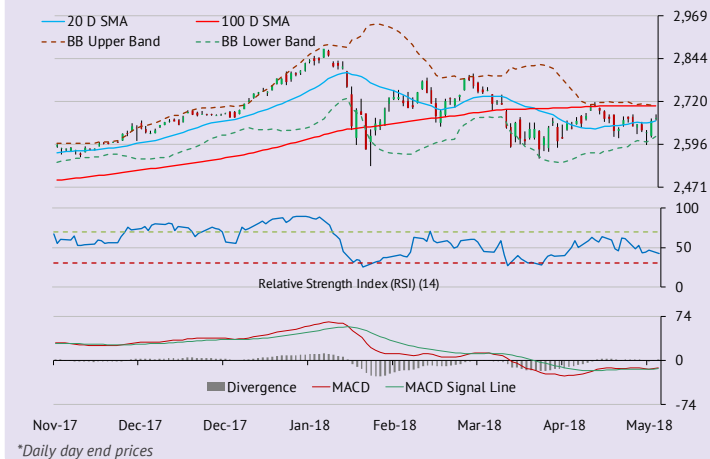
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 57,234.89, and a fall through could take it to the next support level of 56,589.07. The index is expected to find its first resistance at 58,528.49, and a rise through could take it to the next resistance level of 59,176.27.

S&P 500



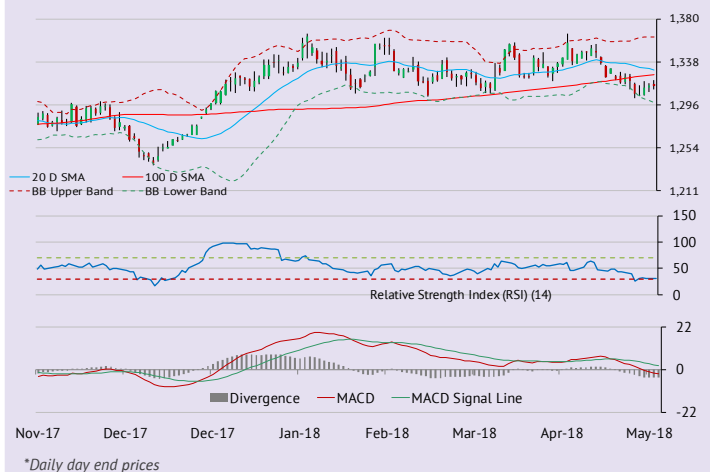
The S&P 500 index is expected to find support at 2,617.05, and a fall through could take it to the next support level of 2,561.47. The index is expected to find its first resistance at 2,705.78, and a rise through could take it to the next resistance level of 2,738.93.

USD ZAR



The pair is expected to find support at 12.4085, and a fall through could take it to the next support level of 12.2750. The pair is expected to find its first resistance at 12.7055, and a rise through could take it to the next resistance level of 12.8690.

XAU USD



Gold is expected to find support at \$1,304.23/oz, and a fall through could take it to the next support level of \$1,294.37/oz. The precious metal is expected to find its first resistance at \$1,322.03/oz, and a rise through could take it to the next resistance level of \$1,329.97/oz.

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Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous/ **Previous est. | Frequency |
|--------------|-------|---|-----------|-----------------------|------------------------------|--------------|
| Japan | 1:30 | Household Spending (YoY) (Mar) | ✓✓ | -0.70%* | 0.10% | Monthly |
| China | - | Trade Balance (Apr) | ✓✓ | USD28.78 bn* | -USD4.98 bn | Monthly |
| Switzerland | 7:45 | Unemployment Rate n.s.a. (Apr) | ✓✓ | 2.90% | 2.90% | Monthly |
| Switzerland | 7:45 | Unemployment Rate s.a. (Apr) | ✓✓ | 2.90% | 2.90% | Monthly |
| Germany | 8:00 | Industrial Production (Mar) | ✓ | - | 105.50 | Monthly |
| Germany | 8:00 | Exports (Mar) | ✓ | - | EUR104.70 bn | Monthly |
| Germany | 8:00 | Imports (Mar) | ✓ | - | EUR86.30 bn | Monthly |
| Switzerland | 8:00 | UBS Real Estate Bubble Index (Q1) | ✓✓ | - | 1.32 | Quarterly |
| Germany | 8:00 | Industrial Production n.s.a. and w.d.a. (YoY) (Mar) | ✓✓✓ | 3.00% | 2.60% | Monthly |
| Germany | 8:00 | Industrial Production s.a. (MoM) (Mar) | ✓✓✓ | 0.80% | -1.60% | Monthly |
| Germany | 8:00 | Current Account n.s.a. (Mar) | ✓ | EUR27.00 bn | EUR20.70 bn | Monthly |
| Germany | 8:00 | Exports s.a. (MoM) (Mar) | ✓ | 1.80% | -3.20% | Monthly |
| Germany | 8:00 | Imports s.a. (MoM) (Mar) | ✓ | 1.00% | -1.30% | Monthly |
| Germany | 8:00 | Trade Balance n.s.a. (Mar) | ✓✓✓ | EUR22.50 bn | EUR18.40 bn | Monthly |
| South Africa | 8:00 | Net Gold & Forex Reserve (Apr) | ✓ | USD43.40 bn | USD43.38 bn | Monthly |
| South Africa | 8:00 | Gross Gold & Forex Reserve (Apr) | ✓ | USD49.54 bn | USD49.98 bn | Monthly |
| US | 9:15 | Fed's Powell to Speak at SNB/IMF Event in Zurich | ✓✓✓ | - | - | As scheduled |
| UK | 9:30 | Halifax House Prices (3m/YoY) (Apr) | ✓ | 3.20% | 2.70% | Monthly |
| UK | 9:30 | Halifax House Prices (MoM) (Apr) | ✓ | -0.20% | 1.50% | Monthly |
| US | 12:00 | NFIB Small Business Optimism (Apr) | ✓ | 104.50 | 104.70 | Monthly |
| Canada | 14:15 | Housing Starts s.a. (Apr) | ✓✓✓ | 220.00 K | 225.20 K | Monthly |
| US | 14:55 | Redbook Index (YoY) (04-May) | ✓ | - | 3.50% | Weekly |
| US | 14:55 | Redbook Index s.a. (MoM) (04-May) | ✓ | - | 0.50% | Weekly |
| US | 16:00 | JOLTs Job Openings (Mar) | ✓ | 6100.00 K | 6052.00 K | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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