

ONE Minute Brief

11 May 2018

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Economic and political news

In South Africa (SA), mining production registered an unexpected drop of 8.4% on an annual basis in March, compared to a revised rise of 2.0% in the prior month. On a yearly basis, gold production fell 18.0% in March, compared to a drop of 7.1% in February. Annual platinum production declined 6.1% in March, compared to a fall of 8.8% in the previous month. The manufacturing production index surprisingly fell 1.3% on a yearly basis in March, compared to an advance of 0.6% in February.

According to a news report, Cabinet has approved the Tripartite Free Trade Agreement, which allows the creation of 26-state African common market.

News reports indicated that the Economic Freedom Fighters (EFF) has withdrawn the motion of no confidence against Nelson Mandela Bay Mayor, Athol Trollip.

News reports indicated that EFF leader, Julius Malema, has threatened legal action over North West Premier, Supra Mahumapelo's decision to take a leave of absence, instead of resigning.

News reports revealed that, the EFF is planning a national shutdown in order to bring awareness to problems in the public health system.

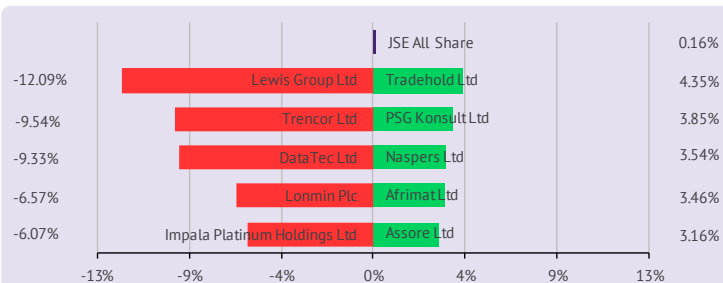
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	58005.62	▲	90.49	0.16	0.62	-0.42	5.01	-2.52
JSE Top 40	51493.07	▲	213.71	0.42	1.22	0.14	5.38	-1.98
FTSE 100	7700.97	▲	38.45	0.50	1.77	2.55	6.42	0.17
DAX 30	13022.87	▲	79.81	0.62	1.59	3.26	4.26	0.81
CAC 40	5545.95	▲	11.32	0.20	0.54	0.46	6.84	4.39
S&P 500	2723.07	▲	25.28	0.94	2.24	2.83	0.27	1.85
Nasdaq Composite	7404.98	▲	65.07	0.89	2.71	4.79	0.04	7.27
DJIA	24739.53	▲	196.99	0.80	1.97	2.39	0.25	0.08
MSCI Emerging Markets	1156.55	▲	12.79	1.12	1.79	-0.68	-0.55	-0.16
MSCI Developed World	2123.53	▲	13.69	0.65	1.63	1.77	0.95	0.95

South Africa Market ▲

South African markets closed higher

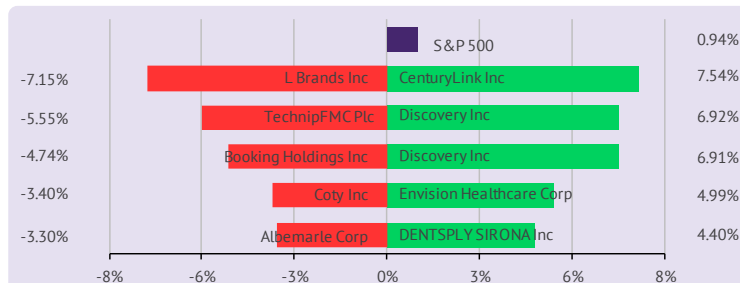
South African markets closed in the green yesterday, boosted by gains in banking and financial sector stocks. Data indicated that annual mining production unexpectedly slid in March. The JSE All Share Index rose 0.2% to close at 58,005.62.



US Market ▲

The S&P 500 futures are trading in the green

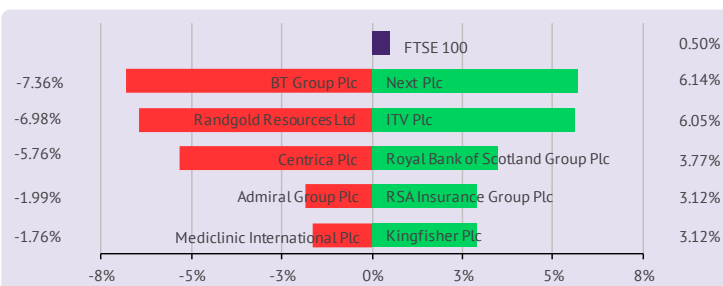
US markets closed higher yesterday, after a weaker-than-expected inflation data eased fears of rising prices. Data revealed that the US consumer price index (CPI) climbed less-than-expected on a monthly basis in April. The S&P 500 Index climbed 0.9% to close at 2,723.07.



UK Market ▲

The FTSE 100 futures are trading in positive territory

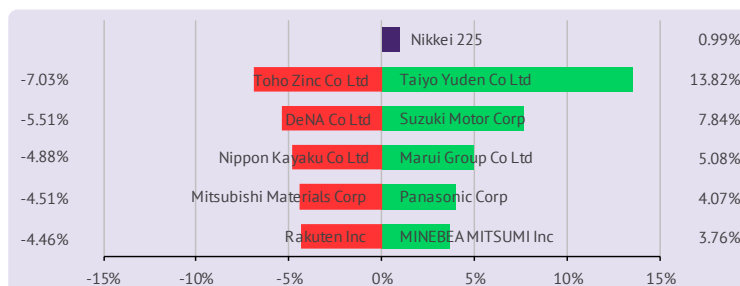
UK markets finished higher yesterday, as the British pound weakened, after the Bank of England (BoE) downgraded UK's inflation and economic growth outlook. The FTSE 100 Index rose 0.5% at 7,700.97.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 1.0% higher at 22,720.62.



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USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R12.3148. Later today, traders will keep a close watch on the US Michigan consumer sentiment index for further direction.

The US Dollar fell against the South African Rand yesterday, following a weaker-than-expected US inflation data. Data indicated that the US CPI rose less than expected on a monthly basis in April. Further, initial jobless claims remained unchanged in the week ended 5 May 2018. Additionally, annual average hourly earnings slowed in April. Moreover, monthly budget surplus widened more-than-anticipated in April. Separately, in SA, mining production surprisingly dropped on an annual basis in March, marking its sharpest fall in two years. Further, annual gold production registered a decline in March. Additionally, platinum production eased on a yearly basis in the same month. Moreover, the seasonally adjusted manufacturing production index unexpectedly dropped on an annual basis in March.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R16.6594. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, after the BoE held its interest rate steady and lowered economic growth forecasts. On the data front, UK's NEISR gross domestic product (GDP) recorded a rise in April. Meanwhile, trade deficit widened more than market forecast in March. Further, industrial production recorded a less-than-anticipated rise on a monthly basis in March. On the contrary, monthly manufacturing production dropped for the second straight month in the same month.

EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R14.6759. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic factors.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R9.2790. Earlier in the session, Australia's home loans declined more-than-expected 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	12.3148	▲	-2.04	-1.58	-1.28	5.24	-0.66
GBPZAR	16.6594	▲	-2.26	-1.67	-3.08	3.38	-0.55
EURZAR	14.6759	▲	-1.50	-1.94	-2.59	3.08	-1.32
AUDZAR	9.2790	▲	-1.13	-1.63	-1.24	3.20	-4.11
EURUSD	1.1918	▲	0.54	-0.38	-1.35	-2.00	-0.75
GBPUSD	1.3528	▲	-0.21	-0.09	-1.77	-1.80	0.04
Brent (\$/barrel)	77.3	▼	0.34	3.47	3.72	7.72	15.85
Gold (\$/oz)	1320.2	▼	0.71	0.58	0.23	-0.27	0.99
Platinum (\$/oz)	926.4	▲	0.93	1.63	2.29	-2.47	-0.97
Copper (\$/MT)*	6884.0	▲	1.62	0.01	1.68	1.36	-4.48

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.2% lower to trade at \$1,320.20/oz.

Yesterday, gold prices rose 0.7% to close at \$1,322.30/oz, as weakness in the US Dollar, increased demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.2% to trade at \$77.33/bl.

Yesterday, Brent crude oil advanced 0.3% to settle at \$77.47/bl, amid rising Middle East tensions.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$926.40/oz.

Yesterday, platinum prices climbed 0.9% to close at \$925.10/oz.

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Major South African corporate news

Allied Electronics Corporation Limited

In its FY18 results, the company stated that its revenue increased to ZAR14.74bn compared to ZAR13.89bn posted in the corresponding period of the previous year. Its diluted EPS fell 6.9% compared to the same period of the prior year to 108.00c.

Brimstone Investment Corporation Limited

The company announced the appointment of Mrs. T Moodley as its Executive Director with immediate effect.

Datatec Limited

In its 1H18 trading statement, the company announced that the headline loss per share is expected to be in the range of 19.10c to 21.10c, which is significantly lower compared to the same period of the prior year. Further, EPS is expected to be in the range of 20.50c to 19.10c, which is a significant increase compared to the same period of the prior year.

Imperial Holdings Limited

In its 10M18 trading update, the company announced that the revenue, operating profit and profit before tax from continuing operations are in line with expectations with improved growth in 2H18 compared to 1H18. Further, the Motus division recorded a stronger performance than Imperial Logistics.

Nedbank Group Limited

In its 1Q18 performance update, the company announced that its net interest income modestly increased compared to the same period of the previous year. Further, net interest margin advanced due to advances, funding mix benefits and improved asset pricing.

Vukile Property Fund Limited

The company announced that it has acquired Habaneras Shopping Centre for an aggregate consideration of EUR80.63mn through its subsidiary Castellana Properties Socimi SA.

Major global economic news

UK

The BoE Monetary Policy Committee voted 7-2 to keep the benchmark interest rate on hold at 0.50%, amid a slump in first-quarter economic growth. According to minutes of the meeting, officials believed that the recent slowdown in economic activity will prove temporary but cautioned that Britain's economy is still clouded by Brexit uncertainties. Further, the central bank trimmed its 2018 growth forecast from a moderate 1.8% to a modest 1.4%, entirely due to weak first-quarter growth and added that inflation will slow faster than previously estimated.

In the UK, NIESR estimated GDP registered a rise of 0.1% on a monthly basis in the February-April 2018 period. GDP had climbed 0.2% in the January-March 2018 period.

In the UK, total trade deficit widened more-than-expected to GBP3.09bn in March, compared to a revised total deficit of GBP1.18bn in the prior month.

In March, industrial production recorded a rise of 0.1% on a monthly basis in the UK, less than market anticipations and compared to a similar rise in the prior month.

In the UK, manufacturing production fell 0.1% on a monthly basis in March, less than market expectations. In the prior month, manufacturing production had registered a drop of 0.2%.

US

In the US, the CPI climbed 0.2% on a monthly basis in April, less than market expectations. The CPI had climbed 2.4% in the prior month.

In the US, the seasonally adjusted initial jobless claims remained unchanged at 211.00K in the week ended 5 May 2018.

In April, budget surplus recorded a reading of USD214.30bn in the US, more than market expectations. The US had registered a deficit of USD208.70bn in the prior month.

Asia

In Australia, the seasonally adjusted home loan approvals recorded a more-than-expected drop of 2.2% on a monthly basis in March. Home loan approvals had recorded a drop of 0.2% in the prior month.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Spain	9:00	Consumer Price Index (MoM) (Apr) (F)	✓✓✓	0.80%	0.80%**	Monthly
 Spain	9:00	Consumer Price Index (YoY) (Apr) (F)	✓✓✓	1.10%	1.10%**	Monthly
 Spain	9:00	Harmonised Index of Consumer Prices (MoM) (Apr) (F)	✓✓✓	0.80%	0.80%**	Monthly
 Spain	9:00	Harmonised Index of Consumer Prices (YoY) (Apr) (F)	✓✓✓	1.10%	1.10%**	Monthly
 Portugal	12:00	Consumer Price Index (MoM) (Apr)	✓	-	1.90%	Monthly
 Portugal	12:00	Consumer Price Index (YoY) (Apr)	✓	-	0.70%	Monthly
 US	14:30	Export Price Index (YoY) (Apr)	✓	-	3.40%	Monthly
 US	14:30	Export Price Index (Apr)	✓	-	126.30	Monthly
 US	14:30	Import Price Index (Apr)	✓	-	126.90	Monthly
 Canada	14:30	Unemployment Rate (Apr)	✓✓	5.80%	5.80%	Monthly
 US	14:30	Import Price Index (MoM) (Apr)	✓	0.50%	0.00%	Monthly
 US	14:30	Import Price Index (YoY) (Apr)	✓	3.90%	3.60%	Monthly
 US	14:30	Fed's Bullard speech	✓✓	-	-	As scheduled
 Canada	14:30	Full Time Employment Change (Apr)	✓✓	16.80 K	68.30 K	Monthly
 Canada	14:30	Net Change in Employment (Apr)	✓✓	20.00 K	32.30 K	Monthly
 Canada	14:30	Part Time Employment Change (Apr)	✓✓	12.00 K	-35.90 K	Monthly
 Canada	14:30	Participation Rate (Apr)	✓	65.50	65.50	Monthly
 US	14:30	Export Price Index (MoM) (Apr)	✓	0.40%	0.30%	Monthly
 Canada	15:00	Bank of Canada's Wilkins Speaks at Women's Forum Canada	✓	-	-	As scheduled
 Eurozone	15:15	ECB's Draghi Speaks in Florence	✓✓✓	-	-	As scheduled
 US	16:00	Reuters/Michigan Consumer Sentiment Index (May) (P)	✓✓✓	98.30	98.80	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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