

ONE
Minute Brief

15 May 2018



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Economic and political news

The prolonged national bus strike in South Africa (SA) ended yesterday after labour unions accepted a wage hike offer of 9.0% effective from April, while a second pay rise hike of 8.0% which will be implemented from April 2019.

According to a news report, South African Public Enterprises Minister, Pravin Gordhan, has sacked three board members at logistics firm, Transnet and appointed Popo Molefe as a new interim board.

News reports indicated that President, Cyril Ramaphosa, has appointed Deputy President, David Mabuza, as his special envoy to Russia.

Suspended South African Revenue Service Commissioner, Tom Moyane wants the state to pay his legal costs. Meanwhile, news reports indicated that the National Prosecuting Authority will review its decision not to prosecute Moyane.

Former Eastern Cape Premier, Nosimo Balindlela, has left the Democratic Alliance to rejoin the African National Congress.

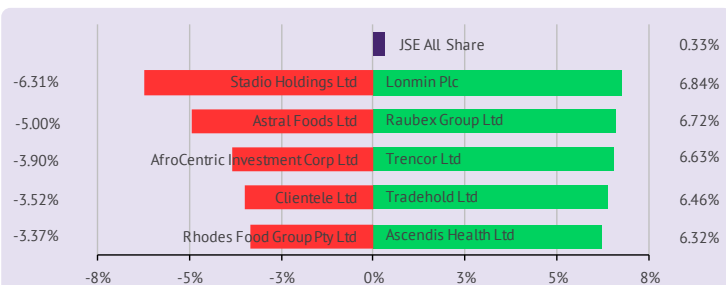
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	58614.45	▲	191.59	0.33	0.33	0.62	5.01	-1.50
JSE Top 40	52000.48	▲	177.70	0.34	0.34	1.13	5.38	-1.01
FTSE 100	7710.98	▼	-13.57	-0.18	-0.18	2.69	6.42	0.30
DAX 30	12977.71	▼	-23.53	-0.18	-0.18	2.90	4.26	0.47
CAC 40	5540.68	▼	-1.26	-0.02	-0.02	0.37	6.84	4.29
S&P 500	2730.13	▲	2.41	0.09	0.09	3.10	0.27	2.11
Nasdaq Composite	7411.32	▲	8.43	0.11	0.11	4.88	0.04	7.36
DJIA	24899.41	▲	68.24	0.27	0.27	3.05	0.25	0.73
MSCI Emerging	1168.90	▲	4.41	0.38	0.38	0.38	-0.55	0.90
MSCI Developed	2136.09	▲	4.14	0.19	0.19	2.38	0.95	1.55

South Africa Market ▲

South African markets closed higher

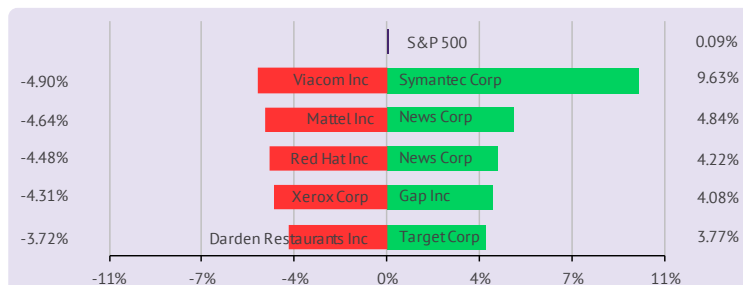
South African markets closed in the green yesterday, boosted by gains in property, mining and resources sector stocks. The JSE All Share Index rose 0.3% to close at 58,614.45.



US Market ▲

The S&P 500 futures are trading in the red

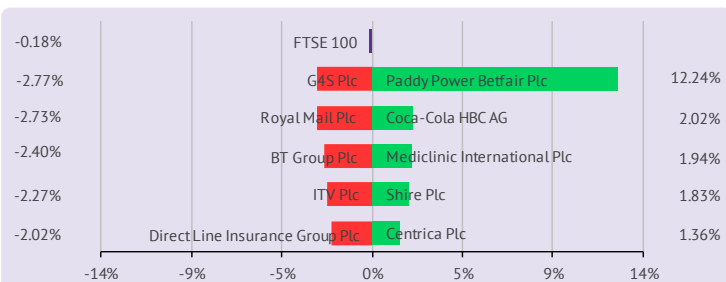
US markets closed higher yesterday, as trade tensions between the US and China subsided, after President, Donald Trump, pledged to help China's ZTE Corp. The S&P 500 Index climbed 0.1% to close at 2,730.13.



UK Market ▼

The FTSE 100 futures are trading in negative territory

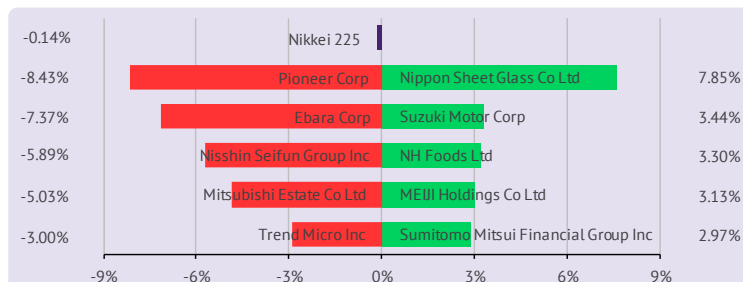
UK markets finished lower yesterday, led by losses in financial sector stocks and amid strength in the British Pound. The FTSE 100 Index declined 0.2% to close at 7,710.98.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid concerns over economic and geopolitical risks. The Nikkei 225 Index is trading 0.1% lower at 22,834.06.



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USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally higher against the South African Rand at R12.3349. Later today, traders will keep a close watch on the US advance retail sales data, business inventories and the NAHB housing market index for further cues.

The US Dollar rose against the South African Rand yesterday.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R16.7262. Later today, traders will keep an eye on UK's claimant count rate, ILO unemployment rate and average weekly earnings for further direction.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R14.7198. Going forward, market participants will keep a tab on Eurozone's gross domestic product (GDP), industrial production and ZEW economic sentiment index along with Germany's GDP, ZEW survey indices for further indication.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R9.2853. On the data front, Australia's Roy Morgan weekly consumer confidence index climbed in the week ended 13 May 2018. Meanwhile, in China, Australia's largest trading partner industrial production advanced more than market expectations on a yearly basis in April. Further, annual retail sales recorded a lower-than-expected rise in the same month.

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	12.3349	▲	0.59	0.01	-1.05	5.24	-0.43
GBPZAR	16.7262	▲	0.86	0.01	-2.59	3.38	-0.04
EURZAR	14.7198	▲	0.57	0.01	-2.27	3.08	-1.00
AUDZAR	9.2853	▲	0.40	0.00	-1.10	3.20	-3.97
EURUSD	1.1933	▲	-0.13	0.00	-1.25	-2.00	-0.65
GBPUSD	1.3562	▲	0.10	0.00	-1.50	-1.80	0.32
Brent (\$/barrel)	78.4	▲	1.44	0.01	4.74	7.72	16.99
Gold (\$/oz)	1313.4	▼	-0.19	0.00	-0.08	-0.27	0.68
Platinum (\$/oz)	913.0	▼	-1.19	-0.01	1.16	-2.47	-2.07
Copper (\$/MT)*	6856.3	▼	-0.76	-0.01	1.27	1.36	-4.87

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices declined 0.4% to trade at \$1,313.40/oz.

Yesterday, gold prices fell 0.2% to close at \$1,318.20/oz, as strength in the US Dollar, dented demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.2% to trade at \$78.36/bl.

Yesterday, Brent crude oil advanced 1.4% to settle at \$78.23/bl, after the Organisation of Petroleum Exporting Countries (OPEC) stated that the global oil glut has been nearly eliminated and amid ongoing tensions in the Middle East. Additionally, the OPEC in its monthly report, revised up its forecast for 2018 global crude oil demand by 25,000 bls to 98.85 bls per day.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.2% to trade at \$913.00/oz.

Yesterday, platinum prices declined 1.2% to close at \$914.90/oz.

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Major South African corporate news

Astral Foods Limited

In its 1H18 results, the company stated that its revenue increased to ZAR6.67bn compared to ZAR5.79bn posted in the corresponding period of the previous year. Its diluted EPS significantly rose to ZAR19.17 compared to the same period of the prior year. Further, the company declared an interim dividend of ZAR10.00 per share.

Murray & Roberts Holdings Limited

The company announced that its previously stated disposal of Genrec to the Southern Palace Group of Companies and other transaction has been implemented in accordance with the required terms with effect from 1 May 2018.

Group Five Limited

The company announced that it has completed the disposal of its 50.0% stake in its steel pipe business, Group Five Pipe, for total cash consideration of ZAR80.00mn.

Netcare Limited

In its 1H18 results, the company stated that its revenues increased to ZAR9.97bn compared to ZAR9.21bn posted in the corresponding period of the previous year. Its diluted loss per share from continuing operations stood at 9.50c, compared to EPS from continuing operations of 92.90c recorded in the corresponding period of the previous year. Further, the company declared an interim dividend of 44.00c per share.

Lonmin Plc

In its 1H18 interim results, the company stated that its revenue increased to USD561.00mn compared to USD486.00mn posted in the corresponding period of the previous year. Its diluted loss per share significantly fell to 23.30c compared to the same period of the prior year. Further, in its 2Q18 production report, indicated that the total mined production decreased by 4.6% to 2.20mn tonnes. Its platinum production was 143,374.00oz, which was 3.9% higher compared to the comparative prior year period.

Sappi Limited

In its 2Q18 results, the company stated that its sales increased to USD1.49bn compared to USD1.32bn posted in the corresponding period of the previous year. Its basic EPS rose 18.8% to 19.00c compared to the same period of the prior year.

Major global economic news

Asia

According to minutes of the Reserve Bank of Australia's (RBA) May meeting, officials shared a broad agreement that interest rate should remain at the current low level in the foreseeable future, as inflation is likely to remain sluggish in the wake of stubbornly weak wage growth. Further, officials reiterated that any future movement in interest rate is more likely to be up than down.

In China, industrial production rose 7.0% on a yearly basis in April, more than market forecast and compared to a rise of 6.0% in the previous month.

In China, retail sales recorded a less-than-anticipated rise of 9.4% on an annual basis in April, compared to an advance of 10.1% in the prior month.

In Japan, the tertiary industry index recorded a more-than-expected drop of 0.3% on a monthly basis in March. In the prior month, the index had registered a revised rise of 0.1%.

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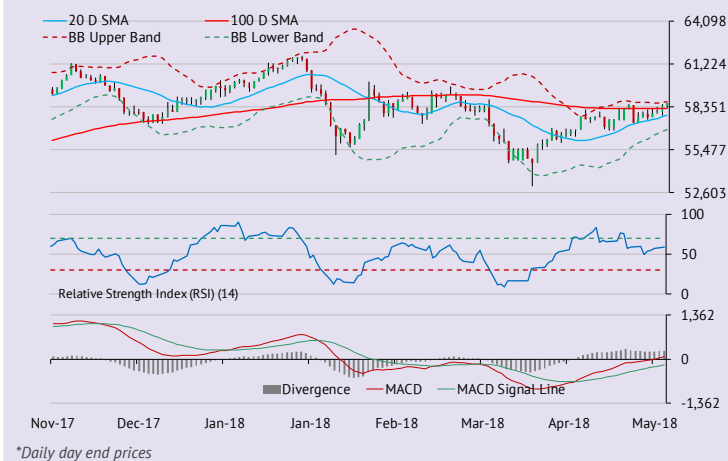
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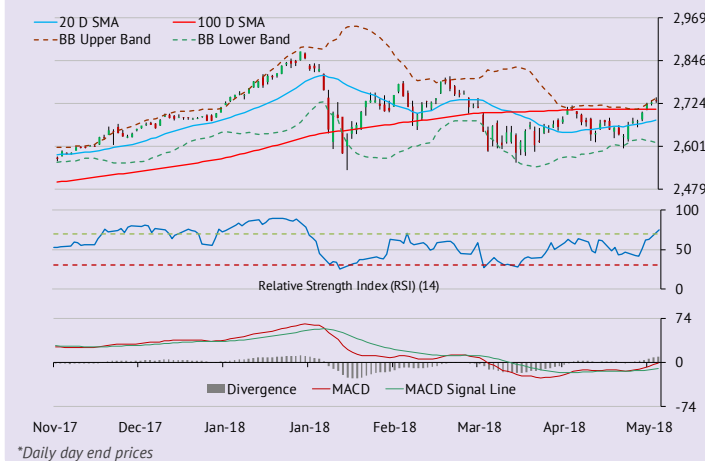
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 57,837.93, and a fall through could take it to the next support level of 57,061.40. The index is expected to find its first resistance at 59,018.72, and a rise through could take it to the next resistance level of 59,422.98.

S&P 500



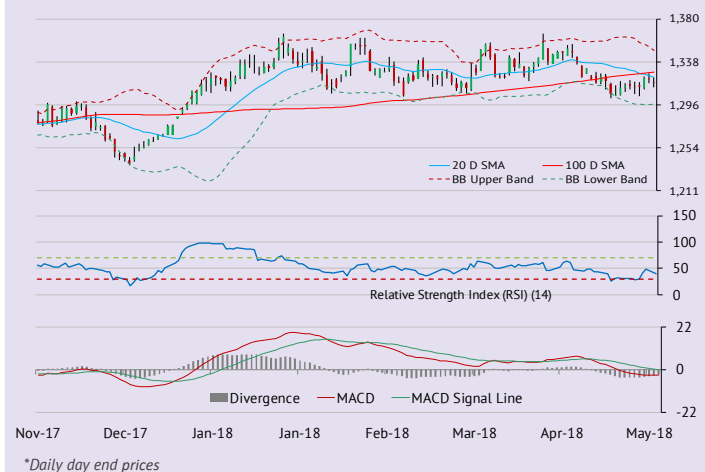
The S&P 500 index is expected to find support at 2,676.19, and a fall through could take it to the next support level of 2,622.24. The index is expected to find its first resistance at 2,763.09, and a rise through could take it to the next resistance level of 2,796.04.

USD ZAR



The pair is expected to find support at 12.0997, and a fall through could take it to the next support level of 11.8694. The pair is expected to find its first resistance at 12.6415, and a rise through could take it to the next resistance level of 12.9530.

XAU USD



Gold is expected to find support at \$1,306.17/oz, and a fall through could take it to the next support level of \$1,294.13/oz. The precious metal is expected to find its first resistance at \$1,328.27/oz, and a rise through could take it to the next resistance level of \$1,338.33/oz.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	04:00	Industrial Production (YoY) (Apr)	✓✓	7.00%*	6.00%	Monthly
China	04:00	Retail Sales (YoY) (Apr)	✓✓✓	9.40%*	10.10%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Mar)	✓✓	-0.30%*	0.00%	Monthly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q1) (P)	✓✓✓	0.40%	0.60%	Quarterly
UK	10:30	Claimant Count Rate s.a. (Apr)	✓✓	-	2.40%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Mar)	✓✓✓	4.20%	4.20%	Monthly
UK	10:30	Average Earnings Including Bonus (3Mo/Yr) (Mar)	✓✓	2.60%	2.80%	Monthly
UK	10:30	Employment Change (3M/3M) (Mar)	✓✓✓	125.00 K	55.00 K	Monthly
Eurozone	11:00	ZEW Survey - Economic Sentiment (May)	✓✓	-	1.90	Monthly
Germany	11:00	ZEW Survey - Economic Sentiment (May)	✓✓✓	-8.20	-8.20	Monthly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q1) (P)	✓✓✓	0.40%	0.40%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q1) (P)	✓✓	2.50%	2.50%	Quarterly
Eurozone	11:00	Industrial Production s.a. (MoM) (Mar)	✓✓✓	0.70%	-0.80%	Monthly
Germany	11:00	ZEW Survey - Current Situation (May)	✓✓	85.50	87.90	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Mar)	✓✓✓	3.60%	2.90%	Monthly
South Africa	11:30	Unemployment Rate (Q1)	✓✓	26.90%	26.70%	Quarterly
US	14:00	FOMC Member Kaplan Speech	✓✓	-	-	As scheduled
US	14:30	NY Empire State Manufacturing Index (May)	✓✓	15.00	15.80	Monthly
US	14:30	Retail Sales Ex Auto & Gas (Apr)	✓✓✓	0.40%	0.30%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (Apr)	✓✓✓	0.50%	0.20%	Monthly
US	14:30	Retail Sales "Control Group" (MoM) (Apr)	✓✓	0.40%	0.40%	Monthly
US	14:30	Advance Retail Sales (MoM) (Apr)	✓✓✓	0.30%	0.60%	Monthly
US	16:00	Business Inventories (Mar)	✓	0.10%	0.60%	Monthly
US	16:00	NAHB Housing Market Index (May)	✓	69.00	69.00	Monthly
US	19:00	FOMC Member Williams Speech	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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