

ONE Minute Brief

16 May 2018

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Economic and political news

In South Africa (SA), the unemployment rate remained steady at a 15-year high of 26.7% in 1Q18.

The High Court in Cape Town has ruled that Patricia de Lille should be reinstated as the Mayor of Cape Town and a Democratic Alliance Councillor pending a hearing on 25 May.

According to a news report, Eskom has frozen all new appointments as well as pay increases for senior management, in order to reduce its operating costs.

Mines Minister, Gwede Mantashe stated that SA aims to finalise a third version of a mining charter in June. Separately, Mantashe stated that the government's ZAR1.90bn budget allocation to the department of mineral resources was inadequate.

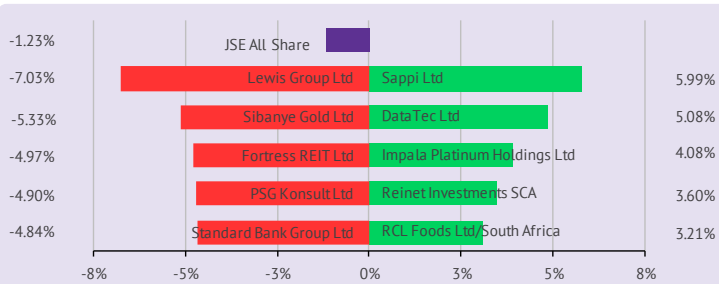
Public Enterprises Minister, Pravin Gordhan, stated that state capture may have cost the country around ZAR100.00bn or more.

The department of trade and industry is planning to launch ZAR500.00mn incentive scheme for metal and engineering industry.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking, property and retail sector stocks. On the macro front, SA's unemployment remained unchanged in 1Q18. The JSE All Share Index fell 1.2% to close at 57,891.77.



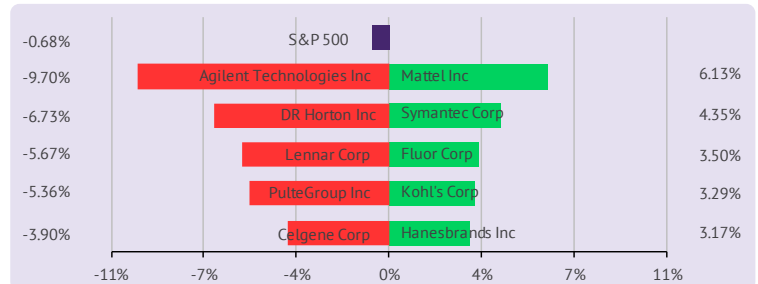
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57891.77	▼ -722.68	-1.23	-0.01	-0.62	5.01	-2.71
JSE Top 40	51333.23	▼ -667.25	-1.28	-0.01	-0.17	5.38	-2.28
FTSE 100	7722.98	▲ 12.00	0.16	0.00	2.85	6.42	0.46
DAX 30	12970.04	▼ -7.67	-0.06	0.00	2.84	4.26	0.41
CAC 40	5553.16	▲ 12.48	0.23	0.00	0.59	6.84	4.53
S&P 500	2711.45	▼ -18.68	-0.68	-0.01	2.39	0.27	1.42
Nasdaq Composite	7351.63	▼ -59.69	-0.81	-0.01	4.04	0.04	6.49
DJIA	24706.41	▼ -193.00	-0.78	-0.01	2.25	0.25	-0.05
MSCI Emerging Markets	1150.27	▼ -18.63	-1.59	-0.01	-1.22	-0.55	-0.71
MSCI Developed World	2119.98	▼ -16.11	-0.75	-0.01	1.60	0.95	0.79

US Market ▼

The S&P 500 futures are trading in the green

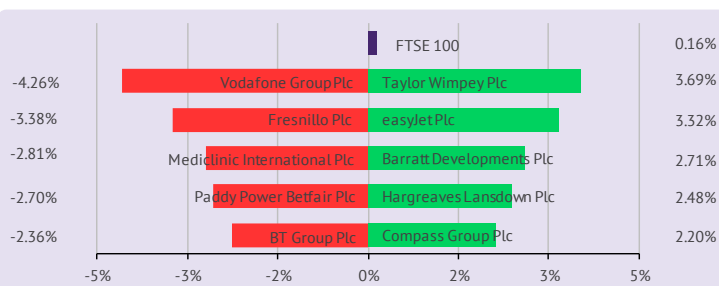
US markets closed lower yesterday, amid continued uncertainty over US -China trade talks and surge in government bond yields. Data indicated that the US monthly advance retail sales rose meeting market forecast in April. The S&P 500 Index dropped 0.7% to close at 2,711.45.



UK Market ▲

The FTSE 100 futures are trading in positive territory

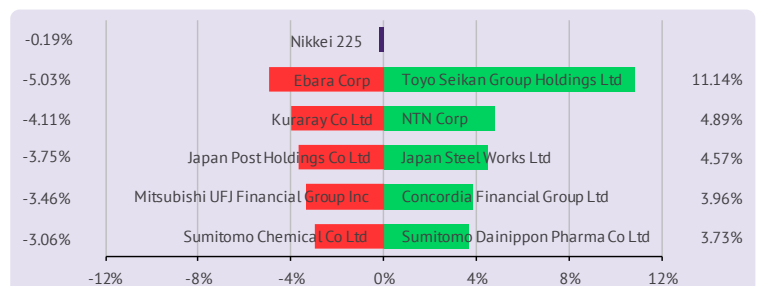
UK markets finished higher yesterday, boosted by gains in energy sector stocks. The FTSE 100 Index advanced 0.2% to close at 7,722.98.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data revealed that Japan's gross domestic product (GDP) unexpectedly fell on a quarterly basis in 1Q18. The Nikkei 225 Index is trading 0.2% lower at 22,775.08.



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USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R12.5589. Later today, traders will keep a close watch on the US MBA mortgage applications, housing starts and building permits data along with industrial and manufacturing production for further indication.

The US Dollar rose against the South African Rand yesterday, following a moderate rise in the US retail sales data and surge in the US treasury yields. Data showed that, the US advance retail sales climbed at par with market anticipations on a monthly basis in April. Further, business inventories recorded a flat reading in March. Additionally, the NAHB housing market index recorded a more-than-expected rise in May. Separately, in SA, unemployment rate recorded a steady reading in 1Q18.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R16.9553. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, UK's ILO unemployment rate remained unchanged at a 42-year low in the January-March 2018 period. Additionally, data indicated that average weekly earnings advanced for a second month in a row in the same period. Further, UK's claimant count rate recorded a rise in April.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R14.8584. Going forward, market participants will keep a tab on the ECB President, Mario Draghi's speech along with Eurozone and Germany's consumer price index for further direction.

The Euro strengthened against the South African Rand yesterday. Data revealed that Eurozone's GDP advanced meeting market expectations on a quarterly basis in 1Q18. Further, monthly industrial production climbed less-than-anticipated in March. Moreover, the ZEW economic sentiment index edged up in May. Separately, Germany's economy grew at a slower-than-expected pace in the first three months of 2018, marking the its slowest rate since the third quarter of 2016. Further, the ZEW expectations index remained unchanged in May, reaching its the lowest level since late 2012. Moreover, the ZEW current situation index registered a decline in the same month.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R9.3849. Earlier in the session, Australia's Westpac consumer confidence index eased in May.

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	12.5589	▼	1.99	0.03	0.92	5.24	1.55
GBPZAR	16.9553	▼	1.55	0.02	-1.09	3.38	1.50
EURZAR	14.8584	▼	1.21	0.02	-1.08	3.08	0.20
AUDZAR	9.3849	▼	1.21	0.02	0.09	3.20	-2.82
EURUSD	1.1831	▼	-0.75	-0.01	-1.99	-2.00	-1.39
GBPUSD	1.3500	▼	-0.40	0.00	-1.90	-1.80	-0.08
Brent (\$/barrel)	78.3	▼	0.26	0.02	5.01	7.72	17.29
Gold (\$/oz)	1293.9	▲	-2.12	-0.02	-2.19	-0.27	-1.45
Platinum (\$/oz)	900.3	▲	-1.93	-0.03	-0.80	-2.47	-3.96
Copper (\$/MT)*	6769.5	▼	-1.27	-0.02	-0.01	1.36	-6.07

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,293.90/oz.

Yesterday, gold prices fell 2.1% to close at \$1,290.30/oz, as strength in the US Dollar, lowered demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.2% to trade at \$78.31/bl.

Yesterday, Brent crude oil advanced 0.3% to settle at \$78.43/bl, amid political turmoil in the Middle East and continued concerns over the US sanctions against Iran. Meanwhile, the American Petroleum Institute reported that crude oil inventories advanced by 4.9mn bls in the week ended 11 May 2018.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.3% to trade at \$900.30/oz.

Yesterday, platinum prices declined 1.9% to close at \$897.20/oz.

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Major South African corporate news

Barclays Africa Group Limited

The company announced the resignation of its Executive Director, David Hodnett with immediate effect.

DataTec Limited

The company announced that a subsidiary of Logicalis Group Limited has agreed to acquire 100.0% stake in a Chilean ICT services and solutions provider, Coasin Chile SA.

Investec Property Fund Limited

In its FY18 results, the company revealed that its revenue advanced 4.5% to ZAR1.86bn compared to the same period of the preceding year. Its diluted EPS stood at 172.62c, compared to 208.16c recorded in the corresponding period of the previous year. Further, the company declared a final dividend of 70.16c per share.

Rebosis Property Fund Limited

The company announced that through its subsidiary, Ascension Properties Limited it has completed a sale agreement with Boxwood Property Investment Fund for the property letting enterprises for an aggregate consideration of ZAR888.00mn.

Sibanye Gold Limited

The company announced that that it has received the approval of the South African Reserve Bank for the proposed acquisition of Lonmin Plc.

Trencor Limited

The company announced that it expects HEPS to be in the range of 100.00c to 130.00c, which is significantly higher compared to the same period of the preceding year. Further, it expects loss per share to be in the range of 138.00c to 216.00c, which is significantly lower compared to the loss per share of the corresponding period of the previous year.

Major global economic news

Eurozone

In the Eurozone, the seasonally adjusted preliminary GDP recorded a rise of 0.4% on a quarterly basis in 1Q18, in line with market expectations. GDP had registered a similar rise in the prior quarter.

In the Eurozone, the seasonally adjusted industrial production rose 0.5% on a monthly basis in March, less-than-expected and compared to a revised drop of 0.9% in the previous month.

In May, the economic sentiment index rose to a level of 2.40 in the Eurozone. The index had recorded a level of 1.90 in the previous month.

In Germany, the seasonally adjusted flash GDP advanced 0.3% on a quarterly basis in 1Q18, lower than market expectations. In the previous quarter, GDP had registered a rise of 0.6%.

In Germany, the current situation index eased to 87.40 in May, less than market forecast and compared to a reading of 87.90 in the prior month.

In May, the economic sentiment index remained unchanged at a level of -8.20 in Germany.

US

In the US, advance retail sales advanced 0.3% on a monthly basis in April, meeting market forecast and compared to a revised advance of 0.8% in the prior month.

In the US, business inventories recorded a flat reading 0.0% on a monthly basis in March, compared to an advance of 0.6% in the previous month.

In the US, the NAHB housing market index recorded a more-than-expected rise to 70.00 in May, compared to a revised reading of 68.00 in the prior month.

UK

In the UK, claimant count rate advanced to 2.5% in April. The claimant count rate had recorded a level of 2.4% in the prior month.

In the UK, the ILO unemployment rate remained steady at 4.2% in the January-March 2018 period, in line with market expectations.

In the January-March 2018 period, the average earnings including bonus recorded a rise of 2.6% on an annual basis in the UK, meeting market expectations. The average earnings including bonus had risen 2.8% in the December-February 2018 period.

Asia

In Australia, Westpac consumer confidence index dropped 0.6% on monthly basis in May, to a level of 101.80 and compared to a level of 102.40 in the prior month.

In Japan, the flash GDP unexpectedly fell 0.2% in on a quarterly basis 1Q18, compared to a rise of 0.4% in the previous quarter.

In Japan, final industrial production rose more-than-expected 1.4% on a monthly basis in March, compared to a revised advance of 2.0%. The preliminary figures had indicated a rise of 1.2%.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Gross Domestic Product (QoQ) (Q1) (P)	✓✓	-0.20%*	0.10%	Quarterly
Japan	01:50	Gross Domestic Product Annualised (Q1) (P)	✓✓✓	-0.60%*	0.60%	Quarterly
Japan	06:30	Industrial Production (MoM) (Mar) (F)	✓✓✓	1.40%*	1.20%**	Monthly
Japan	06:30	Industrial Production (YoY) (Mar) (F)	✓✓✓	2.40%*	2.20%**	Monthly
Germany	08:00	Consumer Price Index (MoM) (Apr) (F)	✓✓✓	0.00%	0.00%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (Apr) (F)	✓✓✓	1.60%	1.60%**	Monthly
Eurozone	09:00	Non-monetary policy's ECB meeting	✓✓	-	-	As scheduled
UK	10:10	BoE's John Speaks on Benchmark Reform in Liverpool	✓	-	-	As scheduled
Eurozone	11:00	Consumer Price Index (MoM) (Apr)	✓✓✓	0.30%	1.00%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Apr) (F)	✓✓✓	1.20%	1.20%**	Monthly
US	13:00	MBA Mortgage Applications (11-May)	✓	-	-0.40%	Weekly
South Africa	13:00	Retail Sales (MoM) (Mar)	✓✓	0.50%	1.80%	Monthly
South Africa	13:00	Retail Sales (YoY) (Mar)	✓✓	4.70%	4.90%	Monthly
Eurozone	14:00	ECB President Draghi Speaks in Frankfurt	✓✓✓	-	-	As scheduled
US	14:30	FOMC Member Bostic speech	✓✓	-	-	As scheduled
US	14:30	Building Permits (Apr)	✓✓✓	1350.00K	1354.00K	Monthly
US	14:30	Housing Starts (Apr)	✓✓✓	1310.00K	1319.00K	Monthly
US	14:30	Housing Starts (MoM) (Apr)	✓✓✓	-0.70%	1.90%	Monthly
US	14:30	Building Permits (MoM) (Apr)	✓✓✓	-2.10%	2.50%	Monthly
Eurozone	14:30	ECB's Coeure Chairs a Panel in Frankfurt	✓	-	-	As scheduled
US	15:15	Capacity Utilisation (Apr)	✓	78.40%	78.00%	Monthly
US	15:15	Industrial Production (MoM) (Apr)	✓✓✓	0.60%	0.50%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Apr)	✓✓✓	0.50%	0.10%	Monthly
Eurozone	16:30	ECB's Praet Chairs Panel in Frankfurt	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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