

# ONE Minute Brief

24 May 2018

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## Economic and political news

In South Africa (SA), the consumer price index (CPI) registered a less-than-expected rise of 4.5% on an annual basis in April, compared to an advance of 3.8% in March.

News reports revealed that North West Premier, Supra Mahumapelo, has resigned from his position.

News reports indicated that President, Cyril Ramaphosa, has pledged to donate half his salary to a fund honouring Nelson Mandela in a move aimed at encouraging his countrymen to do more for the poor.

President, Cyril Ramaphosa, has appointed former Judge, Robert Nugent, to head the tax-administration commission of inquiry.

According to a news report, SA ranked 53rd out of 63 countries in the global competitiveness index.

Mineral Resources Minister, Gwede Mantashe, stated that his department is on course to meet the June deadline to finalise the Mining Charter.

Public Services and Administration Minister, Ayanda Dlodlo, warned that SA's ZAR587bn public-sector wage bill could imperil the government.

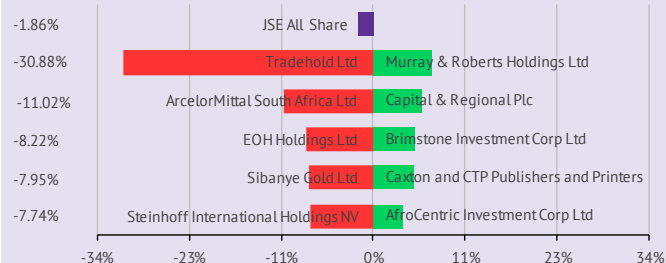
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57043.42	▼	-1078.42	-1.86	-1.32	-2.07	5.01	-4.14
JSE Top 40	50599.95	▼	-998.38	-1.93	-1.35	-1.59	5.38	-3.68
FTSE 100	7788.44	▼	-89.01	-1.13	0.12	3.72	6.42	1.31
DAX 30	12976.84	▼	-193.08	-1.47	-0.77	2.89	4.26	0.46
CAC 40	5565.85	▼	-74.25	-1.32	-0.87	0.82	6.84	4.77
S&P 500	2733.29	▲	8.85	0.32	0.75	3.22	0.27	2.23
Nasdaq Composite	7425.96	▲	47.50	0.64	0.97	5.09	0.04	7.57
DJIA	24886.81	▲	52.40	0.21	0.69	2.99	0.25	0.68
MSCI Emerging Markets	1133.10	▼	-8.96	-0.78	-0.41	-2.69	-0.55	-2.19
MSCI Developed World	2122.90	▼	-5.88	-0.28	0.10	1.74	0.95	0.92

## South Africa Market ▼

### South African markets closed lower

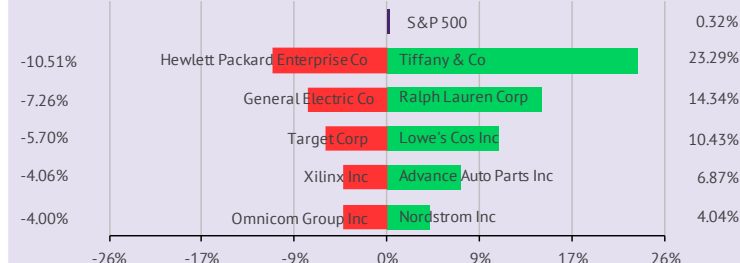
South African markets closed in the red yesterday, weighed down by losses in mining and resources sector stocks. Data indicated that SA's yearly CPI rose less-than-anticipated in April. The JSE All Share Index fell 1.9% to close at 57,043.42.



## US Market ▲

### The S&P 500 futures are trading in the red

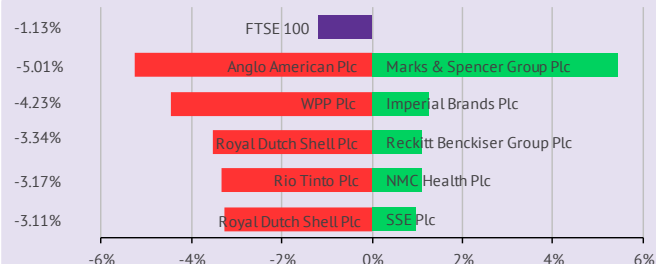
US markets closed higher yesterday, after the Federal Reserve (Fed) meeting minutes hinted at gradual interest rate hikes. Data showed that the US Markit manufacturing PMI advanced in May. The S&P 500 Index climbed 0.3% to close at 2,733.29.



## UK Market ▼

### The FTSE 100 futures are trading in negative territory

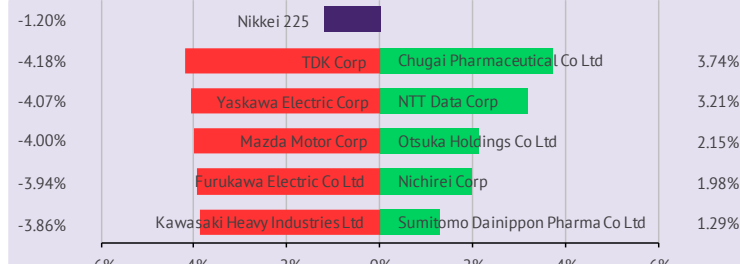
UK markets finished lower yesterday, led by losses in mining and energy sector stocks. Data revealed that that UK's annual CPI rose less-than-expected in April. The FTSE 100 Index fell 1.1% to close at 7,788.44.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning, on renewed US-China trade worries. The Nikkei 225 Index is trading 1.2% lower at 22,418.02.



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## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R12.4843. Later today, traders will keep a close watch on the US initial jobless claims, house price index and existing home sales data for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications recorded a decline in the week ended 18 May 2018, marking its lowest level since December 2017. Additionally, new home sales fell more than market forecast on a monthly basis in April. Meanwhile, the Markit manufacturing PMI surprised with a rise in May, notching its highest level since September 2014. Moreover, the Markit services PMI climbed to a three-month high level in the same month. Separately, in SA, the CPI climbed less than market forecast on an annual basis in April.

## GBP ZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.4% higher against the South African Rand at R16.6945. Later today, traders will keep an eye on UK's retail sales data along with the Bank of England Governor, Mark Carney's speech for further direction.

The British Pound declined against the South African Rand yesterday, following disappointing UK's inflation data. Data indicated that UK's consumer price inflation rose at a slower-than-expected pace on a yearly basis in April. Additionally, the annual producer price index (PPI) advanced less than market forecast in the same month. Moreover, the house price index recorded a less-than-anticipated rise on an annual basis in March. Meanwhile, the nation's yearly retail price index increased in line with market expectations in April.

## EUR ZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro gained 0.4% against the South African Rand to trade at R14.6239. Going forward, market participants will keep a tab on Germany's gross domestic product and GfK consumer confidence index for further indication.

The Euro weakened against the South African Rand yesterday, following a set of downbeat economic reports. On the data front, Eurozone's Markit manufacturing PMI fell to an 18-month low level in May. Additionally, the Markit services PMI unexpectedly slid in the same month. Moreover, the consumer confidence index registered an unexpected decline in May. Separately, Germany's Markit manufacturing PMI recorded a more-than-expected decline in May, marking its lowest level since February 2017. Further, the Markit services PMI unexpectedly dropped in May, recording its lowest reading since September 2016.

## AUD ZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% firmer against the South African Rand at R9.4483.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that, Australia's monthly Westpac leading index rebounded in April.

## Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	12.4843	▲	-0.93	-2.42	-0.05	5.24	0.58
GBPZAR	16.6945	▲	-1.56	-3.35	-3.13	3.38	-0.59
EURZAR	14.6239	▲	-1.62	-3.06	-3.19	3.08	-1.94
AUDZAR	9.4483	▲	-1.15	-1.85	0.34	3.20	-2.58
EURUSD	1.1713	▲	-0.70	-0.64	-3.15	-2.00	-2.57
GBPUSD	1.3372	▲	-0.63	-0.91	-3.02	-1.80	-1.23
Brent (\$/barrel)	79.5	▼	0.29	1.64	6.84	7.72	19.34
Gold (\$/oz)	1299.9	▲	-0.19	-0.13	-2.24	-0.27	-1.50
Platinum (\$/oz)	905.9	▲	-0.88	1.61	-0.40	-2.47	-3.58
Copper (\$/MT)*	6841.5	▼	-1.56	0.00	1.06	1.36	-5.07

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.8% to trade at \$1,299.90/oz.

Yesterday, gold prices fell 0.2% to close at \$1,289.60/oz, amid strength in the US Dollar, following Fed's meeting minutes.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$79.54/bl, on expectations that OPEC members will increase oil production, amid worries over supply from both Venezuela and Iran.

Yesterday, Brent crude oil advanced 0.3% to settle at \$79.80/bl. The US Energy Information Administration reported that crude oil inventories advanced by 5.8mn in the week ended 18 May 2018.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.6% to trade at \$905.90/oz.

Yesterday, platinum prices declined 0.9% to close at \$900.80/oz.



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## Major South African corporate news

### Arrowhead Properties Limited

In its 1H18 results, the company indicated that its revenues rose to ZAR1.11bn, compared to ZAR0.96bn posted in the corresponding period of the previous year. Its net asset value per share including non-controlling interest decreased 0.8% to 1123.68c, compared to the same period of the prior year. Further, the company has declared a gross dividend of 40.43c per share.

### Aspen Pharmacare Holdings Limited

The company announced the retirement of its Director, Mr John Buchanan with effect from 31 July 2018.

### Consolidated Infrastructure Group Limited

In its 1H18 results, the company revealed that its revenues significantly fell to ZAR1.30bn, compared to the same period of the preceding year. Its diluted loss per share stood at 612.90c, compared to a profit of 108.80c recorded in the corresponding period of the previous year.

### Exxaro Resources Limited

The company announced that it has appointed Ms Geraldine Joslyn Fraser-Moleketi, Mr Mark Moffett and Mr Lenamile Isaac Mphatlane to the board of the company.

### Hosken Consolidated Investments Limited

In its FY18 results, the company stated that its revenue increased to ZAR14.96bn, compared to ZAR14.31bn posted in the corresponding period of the previous year. Its diluted EPS fell 18.7% to 1,056.23c, compared to the same period of the prior year. Further, the company declared a final ordinary dividend of 190.00c per share.

### Hospitality Property Fund Limited

In its FY18 results, the company indicated that its revenues increased to ZAR866.92mn, compared to ZAR498.80mn posted in the corresponding period of the previous year. Its diluted HEPS rose 26.7% to 131.42c, compared to the same period of the prior year. Further, the company declared a dividend of 78.46c per share.

## Major global economic news

### US

Minutes of the Federal Reserve's (Fed) May meeting indicated that the central bank is on track to raise the benchmark interest rates again at its June meeting if the economy evolves as expected. Further, it revealed that policymakers would tolerate inflation rising above its 2.0% target for a "temporary period".

In the US, mortgage applications dropped 2.6% on a weekly basis in the week ended 18 May 2018, compared to a drop of 2.7% in the previous week.

In May, the preliminary Markit manufacturing PMI unexpectedly rose to 56.60 in the US, compared to a level of 56.50 in the prior month.

In the US, the flash Markit services PMI rose more than market forecast to a level of 55.70 in May, compared to a level of 54.60 in April.

### Eurozone

In the Eurozone, the flash manufacturing PMI eased more-than-expected to 55.50 in May, compared to a level of 56.20 in April.

In May, the preliminary services PMI unexpectedly eased to a level of 53.90 in the Eurozone, compared to a reading of 54.70 in the previous month.

In the Eurozone, the preliminary consumer confidence index unexpectedly dropped to a level of 0.20 in May. The index had registered a level of 0.40 in the prior month.

In Germany, the preliminary manufacturing PMI dropped more than market anticipations to 56.80 in May, compared to a reading of 58.10 in the prior month.

In May, the preliminary services PMI unexpectedly fell to a level of 52.10 in Germany, compared to a level of 53.00 in the previous month.

### UK

In the UK, the house price index advanced 4.2% on an annual basis in March, less than market expectations. In the previous month, the index had registered a revised similar rise.

In the UK, the CPI rose 2.4% on an annual basis in April, less than market anticipations. The CPI had climbed 2.5% in the prior month.

In April, the non-seasonally adjusted input PPI registered a rise of 5.3% on a yearly basis in the UK, less than market expectations and compared to a revised rise of 4.4% in the prior month.

In the UK, the retail price index recorded a rise of 0.5% on monthly basis in April, to a level of 279.70. In the previous month, the index had registered a level of 278.30.

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## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	03:30	BOJ Sakurai speaks in Maebashi	✓	-	-	As scheduled
Japan	07:00	Leading Economic Index (Mar) (F)	✓✓✓	-	105.00**	Monthly
Germany	08:00	Gross Domestic Product n.s.a. (YoY) (Q1) (F)	✓✓	1.60%	1.60%**	Quarterly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.30%	0.30%**	Quarterly
Germany	08:00	Gross Domestic Product w.d.a. (YoY) (Q1) (F)	✓✓	2.30%	2.30%**	Quarterly
Germany	08:00	Gfk Consumer Confidence Survey (Jun)	✓✓✓	10.80	10.80	Monthly
US	09:00	Fed's William Dudley speech	✓✓	-	-	As scheduled
UK	10:00	BOE's Governor Carney speech	✓✓	-	-	As scheduled
US	10:15	Fed's Dudley Speaks on Reference Rate Reform at BoE Event	✓	-	-	As scheduled
UK	10:30	Retail Sales (MoM) (Apr)	✓✓✓	0.90%	-1.20%	Monthly
Eurozone	10:30	ECB's Praet Speaks in Brussels	✓✓	-	-	As scheduled
UK	10:30	Retail Sales (YoY) (Apr)	✓✓✓	0.20%	1.10%	Monthly
Eurozone	12:30	ECB's Praet Speaks in Brussels	✓✓	-	-	As scheduled
Eurozone	13:30	ECB Monetary Policy Meeting Accounts	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (12-May)	✓✓✓	1746.00 K	1707.00 K	Weekly
US	14:30	Initial Jobless Claims (19-May)	✓✓✓	220.00 K	222.00 K	Weekly
US	15:00	Housing Price Index (MoM) (Mar)	✓	0.60%	0.60%	Monthly
US	15:00	House Price Purchase Index (QoQ) (Q1)	✓✓	0.70%	1.60%	Quarterly
US	16:00	Existing Home Sales (Apr)	✓✓✓	5.50 mn	5.60 mn	Monthly
US	16:00	Existing Home Sales (MoM) (Apr)	✓✓✓	-0.90%	1.10%	Monthly
US	16:35	FOMC Member Bostic speech	✓✓	-	-	As scheduled
US	17:00	Kansas City Fed Manufacturing Activity (May)	✓✓✓	20.00	26.00	Monthly
US	19:00	BOE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	20:00	Fed's Harker Speaks About Technology's Impact on Labor Market	✓	-	-	As scheduled
South Africa	-	SARB Interest Rate Decision	✓✓	6.50%	6.50%	As scheduled
Eurozone	-	Eurogroup meeting	✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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