

ONE Minute Brief

30 May 2018

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Economic and political news

South Africa's (SA) parliament passed a series of labour bills including the National Minimum Wage Bill which will allow workers to earn ZAR3,500 per month. The other two bills are the Labour Relations Amendment Bill and the Basic Conditions of Employment Amendment Bill.

Finance Minister, Nhlanhla Nene, has been elected as the Chairperson of the board of Governors of the New Development Bank. Meanwhile, the New Development Bank has approved a USD200mn Durban project which aims to help Transnet enhance capacity at its Durban port.

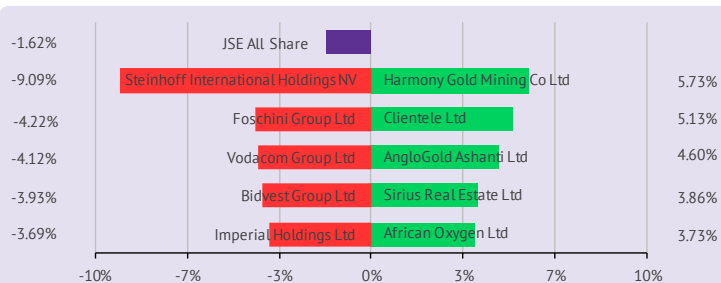
According to a news report, the African National Congress (ANC) has urged the government to immediately use Section 25 of the Constitution to expropriate land in order to test the argument that the Constitution does permit expropriation of land without compensation. Separately, the ANC's national executive committee has asked its sub-committee to immediately focus on the nationalisation of the South African Reserve Bank (SARB).

News reports revealed that the SARB had imposed a total of ZAR77.5mn in administrative fines on China Construction Bank and VBS Mutual Bank in 2017 for failure to comply with the Financial Intelligence Centre Act.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in industrial and retail sector stocks. The JSE All Share Index fell 1.6% to close at 55,935.75.



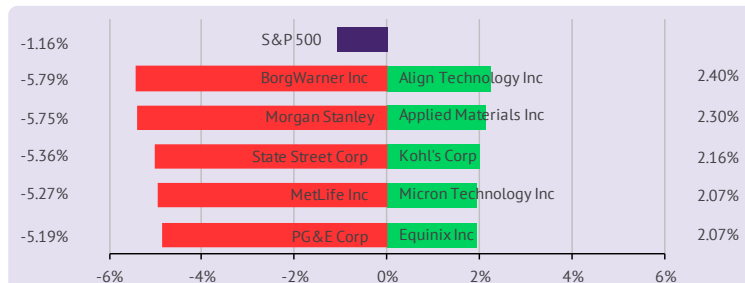
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55935.75	▼ -921.49	-1.62	-1.72	-3.98	5.01	-6.00
JSE Top 40	49622.54	▼ -928.15	-1.84	-1.82	-3.49	5.38	-5.54
FTSE 100	7632.64	▼ -97.64	-1.26	-1.26	1.64	6.42	-0.72
DAX 30	12666.51	▼ -196.95	-1.53	-2.10	0.43	4.26	-1.94
CAC 40	5438.06	▼ -70.87	-1.29	-1.89	-1.49	6.84	2.36
S&P 500	2689.86	▼ -31.47	-1.16	-1.16	1.58	0.27	0.61
Nasdaq Composite	7396.59	▼ -37.26	-0.50	-0.50	4.67	0.04	7.14
DJIA	24361.45	▼ -391.64	-1.58	-1.58	0.82	0.25	-1.45
MSCI Emerging Markets	1126.25	▼ -10.75	-0.95	-0.91	-3.28	-0.55	-2.78
MSCI Developed World	2083.27	▼ -23.86	-1.13	-1.30	-0.16	0.95	-0.96

US Market ▼

The S&P 500 futures are trading in the green

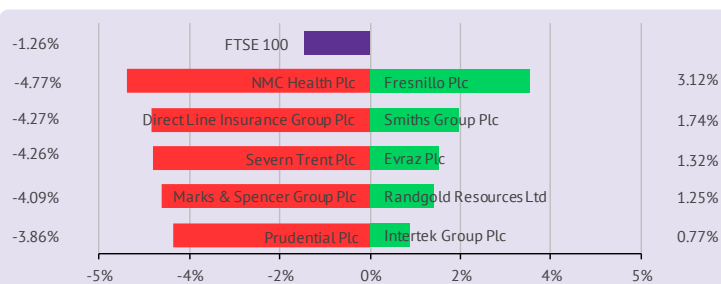
US markets closed lower yesterday, amid rising geopolitical tensions and led by losses in banking sector stocks. Data revealed that the US consumer confidence index advanced meeting market expectations in May. The S&P 500 Index dropped 1.2% to close at 2,689.86.



UK Market ▼

The FTSE 100 futures are trading in negative territory

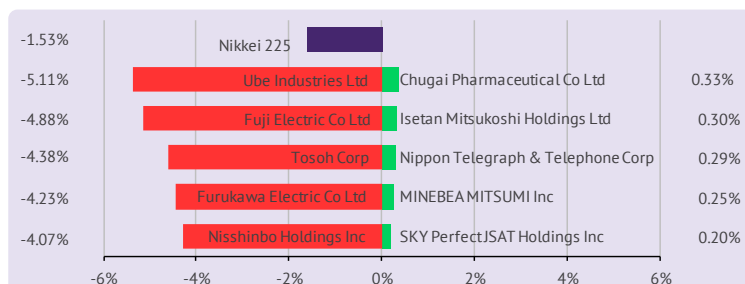
UK markets finished lower yesterday, amid political turmoil in Europe. The FTSE 100 Index declined 1.3% to close at 7,632.64.



Asian Market ▼

Trading lower

Asian markets are trading weaker this morning, amid global stock market selloff. Data showed that Japan's monthly retail trade rebounded in April. The Nikkei 225 Index is trading 1.5% lower at 22,017.06.



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USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R12.6725. Later today, traders will keep a close watch on the release of US Federal Reserve Beige Book survey, gross domestic product, MBA mortgage applications, advance goods trade balance and ADP employment change data for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US consumer confidence index climbed at par with market forecast in May. Additionally, the Dallas Fed manufacturing activity index recorded a more-than-expected rise in the same month.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.2% against the South African Rand to trade at R16.7952. Amid lack of major economic news in the UK today, investors would focus on macroeconomic factors.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's BRC shop price index registered a decline on an annual basis in May.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.2% against the South African Rand to trade at R14.6160. Going forward, market participants will keep a tab on Eurozone's OECD economic forecast, economic and consumer confidence index along with Germany's consumer price index, retail sales and unemployment rate data for further direction.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R9.4985. Earlier in the session, Australia's building approvals dropped more than market anticipations on a monthly basis 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	12.6725	▼	1.84	1.55	1.88	5.24	2.52
GBPZAR	16.7952	▼	1.37	1.14	-1.97	3.38	0.59
EURZAR	14.6160	▼	1.10	0.59	-2.65	3.08	-1.38
AUDZAR	9.4985	▼	1.30	0.90	1.55	3.20	-1.40
EURUSD	1.1534	▼	-0.73	-0.95	-4.45	-2.00	-3.87
GBPUUSD	1.3253	▲	-0.47	-0.45	-3.73	-1.80	-1.95
Brent (\$/barrel)	74.9	▼	0.12	-1.37	0.94	7.72	12.74
Gold (\$/oz)	1303.3	▲	-0.36	-0.36	-1.53	-0.27	-0.79
Platinum (\$/oz)	906.1	▲	0.51	0.51	0.17	-2.47	-3.03
Copper (\$/MT)*	6845.5	▼	-0.29	-0.29	1.12	1.36	-5.02

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,303.30/oz.

Yesterday, gold prices fell 0.4% to close at \$1,299.00/oz, amid strength in the US Dollar.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$74.92/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$75.39/bl, amid concerns over a potential rise in oil supply.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices are trading marginally higher at \$906.10/oz.

Yesterday, platinum prices climbed 0.5% to close at \$905.90/oz.



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Major South African corporate news

Attacq Limited

The company announced that it has received approval from JSE for its conversion to a Real Estate Investment Trust with effect from 29 May 2018.

Vukile Property Fund Limited

The company announced the retirement of Mr. Anton Botha from the board of Directors at the upcoming annual general meeting. Following the retirement, Mr. Nigel Payne would succeed Mr. Botha.

Blue Label Telecoms Limited

The company announced that Cell C Limited, in which the company has substantial interest, has concluded a long-term wholesale national roaming agreement with MTN, to improve the quality of Cell C customers' roaming experience through the addition of seamless 3G and LTE roaming.

Major global economic news

UK

In the UK, the BRC shop price index dropped 1.1% on a yearly basis in May. The index had dropped 1.0% in the previous month.

US

In the US, the Dallas Fed manufacturing business index advanced more than market expectations to 26.80 in May. The index had registered a level of 21.80 in the previous month.

Asia

In Australia, the seasonally adjusted building approvals slid 5.0% on a monthly basis in April, more than market expectations. Building approvals had risen by a revised 3.5% in the previous month.

In Japan, retail trade recorded a more than expected rise of 1.4% on a monthly basis in April. In the prior month, retail trade had recorded a drop of 0.7%.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (May)	✓✓✓	-1.10%*	-1.00%	Monthly
Japan	01:50	Retail Trade (YoY) (Apr)	✓✓✓	1.60%*	1.00%	Monthly
Japan	01:50	Retail Trade s.a. (MoM) (Apr)	✓✓✓	1.40%*	-0.70%	Monthly
Japan	07:00	Consumer Confidence Index (May)	✓✓	43.90	43.60	Monthly
Germany	08:00	Retail Sales (MoM) (Apr)	✓✓✓	0.50%	-0.60%	Monthly
Germany	08:00	Retail Sales (YoY) (Apr)	✓✓✓	1.60%	1.30%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Apr)	✓	6.55%	6.42%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Apr)	✓	6.11%	5.96%	Monthly
Germany	09:55	Unemployment Change (May)	✓✓✓	-10.00K	-7.00K	Monthly
Germany	09:55	Unemployment Rate s.a. (May)	✓✓✓	5.30%	5.30%	Monthly
Eurozone	11:00	Business Climate Indicator (May)	✓✓	1.29	1.35	Monthly
Eurozone	11:00	Consumer Confidence (May) (F)	✓✓✓	0.20	0.20**	Monthly
Eurozone	11:00	Economic Sentiment Indicator (May)	✓	112.00	112.70	Monthly
US	13:00	MBA Mortgage Applications (25-May)	✓	-	-2.60%	Weekly
Germany	14:00	Consumer Price Index (YoY) (May) (P)	✓✓✓	1.90%	1.60%	Monthly
Germany	14:00	Consumer Price Index (MoM) (May) (P)	✓✓✓	0.30%	0.00%	Monthly
US	14:15	ADP Employment Change (May)	✓✓✓	190.00K	204.00K	Monthly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q1) (S)	✓✓✓	2.30%	2.30%**	Quarterly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q1) (S)	✓✓✓	2.00%	2.00%**	Quarterly
US	14:30	Wholesale Inventories (MoM) (Apr) (P)	✓✓✓	0.50%	0.30%	Monthly
US	14:30	Personal Consumption (QoQ) (Q1) (S)	✓✓✓	1.20%	1.10%**	Quarterly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q1) (S)	✓✓✓	2.50%	2.50%**	Quarterly
US	14:55	Redbook Index (YoY) (25-May)	✓	-	3.20%	Weekly
US	14:55	Redbook Index s.a. (MoM) (25-May)	✓	-	0.00%	Weekly
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled
US	21:00	Fed to Hold Board Meeting to Discuss Volcker Rule Changes	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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