

# ONE Minute Brief

31 May 2018

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## Economic and political news

In South Africa (SA), private sector credit registered a less-than-expected rise of 5.07% on an annual basis in April, compared to a rise of 5.96% in March. On an annual basis, M3 money supply increased 6.39% in April, less than market expectations and compared to an advance of 6.42% in the prior month.

News reports revealed that the Parliament will hold a full inquiry, later in the year, into how the home affairs department granted South African citizenship to the Gupta family.

According to a news report, the Democratic Alliance (DA) has lodged a complaint against officials of the West Rand district municipality and other municipalities for allegedly making illegal deposits with VBS Mutual Bank.

Former Transport Minister, Joe Maswanganyi, has been appointed as the new Chairman of Parliament's portfolio committee on public service and administration.

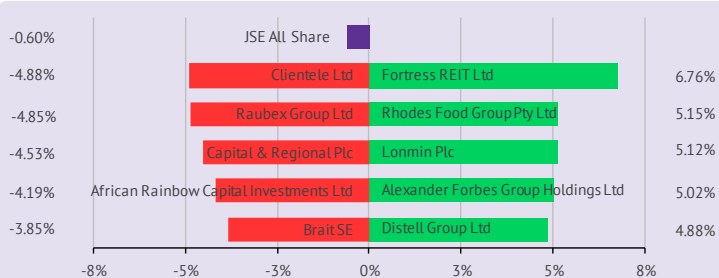
According to a news report, a huge fuel-price hike is expected to be announced on Friday, amid surge in the price of Brent crude oil.

A news report indicated that the United Arab Emirates has banned the import of livestock from SA, following an outbreak of Rift Valley fever.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in retail and industrial sector stocks. Data revealed that SA's annual private sector credit rose less-than-anticipated in April. The JSE All Share Index fell 0.6% to close at 55,601.63.



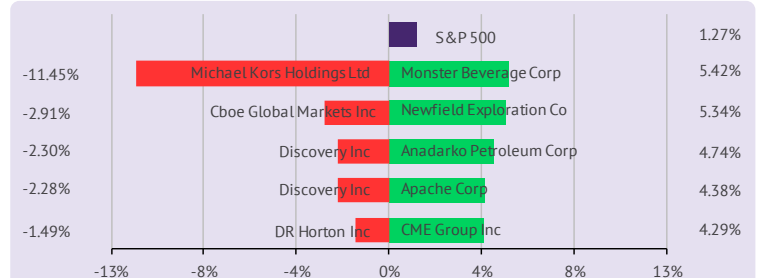
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55601.63	▼	-334.12	-0.60	-2.31	-4.55	5.01	-6.56
JSE Top 40	49287.33	▼	-335.21	-0.68	-2.48	-4.15	5.38	-6.18
FTSE 100	7689.57	▲	56.93	0.75	-0.53	2.40	6.42	0.02
DAX 30	12783.76	▲	117.25	0.93	-1.19	1.36	4.26	-1.04
CAC 40	5427.35	▼	-10.71	-0.20	-2.08	-1.69	6.84	2.16
S&P 500	2724.01	▲	34.15	1.27	0.10	2.87	0.27	1.89
Nasdaq Composite	7462.45	▲	65.86	0.89	0.38	5.61	0.04	8.10
DJIA	24667.78	▲	306.33	1.26	-0.34	2.09	0.25	-0.21
MSCI Emerging Markets	1112.75	▼	-13.50	-1.20	-2.10	-4.44	-0.55	-3.95
MSCI Developed World	2100.42	▲	17.15	0.82	-0.49	0.67	0.95	-0.14

## US Market ▲

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

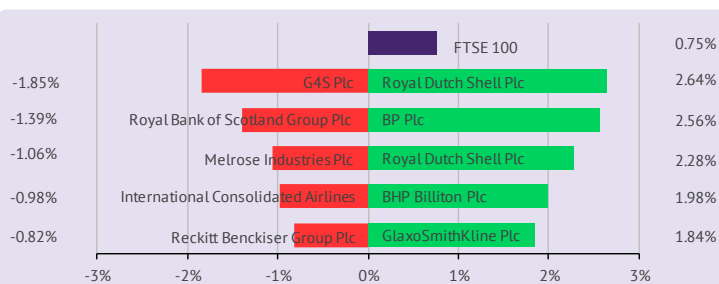
US markets closed higher yesterday, as political tensions in Italy subsided. Data indicated that the US gross domestic product (GDP) rose at a slower-than-expected pace in 1Q18. The S&P 500 Index climbed 1.3% to close at 2,724.01.



## UK Market ▲

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

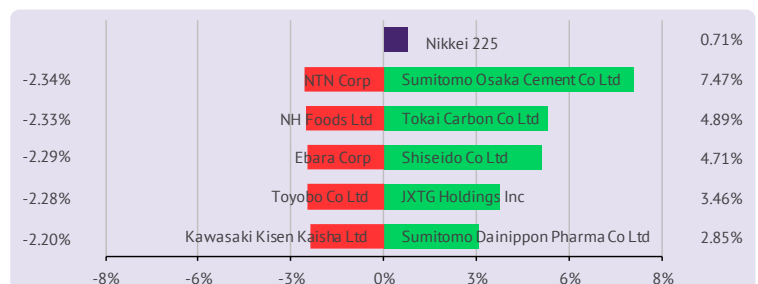
UK markets finished higher yesterday, boosted by gains in energy sector stocks. Data showed that UK's GfK consumer confidence index improved in May. The FTSE 100 Index advanced 0.8% to close at 7,689.57.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. Data revealed that Japan's monthly industrial production advanced less-than-expected in April. The Nikkei 225 Index is trading 0.7% higher at 22,174.01.



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## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R12.5292. Later today, traders will keep a close watch on the US initial jobless claims, pending home sales and the Chicago purchasing manager index for further direction.

The US Dollar fell against the South African Rand yesterday, after the US GDP grew slower than market expectations on a quarterly basis in the first three months. Additionally, the MBA mortgage applications registered a decline in the week ended 25 May 2018, marking its lowest level since January 2016. Moreover, the ADP employment change jumped less-than-expected in May. Meanwhile, the advance goods trade deficit unexpectedly narrowed to a six-month low level in April. Separately, in SA, the annual private sector credit climbed less-than-expected in April. On a yearly basis, M3 money supply rose less than market forecast in April.

## GBP ZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R16.6710. Later today, traders will keep an eye on UK's nationwide house price index, net consumer credit, retail sales and mortgage approvals for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's GfK consumer confidence index improved in May, recording its highest level since May 2017.

## EUR ZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R14.6178. Going forward, market participants will keep a tab on the Eurozone's consumer price index (CPI) and unemployment rate for further cues.

The Euro weakened against the South African Rand yesterday. Data revealed that Eurozone's economic confidence index registered a decline in May. Moreover, the consumer confidence index recorded a steady reading in the same month. Separately, Germany's CPI advanced more than market forecast on an annual basis in May. Moreover, monthly retail sales rebounded in April. Additionally, unemployment rate unexpectedly dropped in May.

## 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 R9.4761. Earlier in the session, Australia's private sector credit rose in line with market expectations on a monthly basis in April. Meanwhile, in China, Australia's largest trading partner, manufacturing PMI unexpectedly climbed in May.

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	12.5292	▲	-1.36	0.16	0.49	5.24	1.12
GBPZAR	16.6710	▲	-1.12	0.01	-3.07	3.38	-0.53
EURZAR	14.6178	▲	-0.30	0.29	-2.94	3.08	-1.68
AUDZAR	9.4761	▼	-0.44	0.45	1.10	3.20	-1.83
EURUSD	1.1667	▲	1.08	0.12	-3.42	-2.00	-2.83
GBPUSD	1.3306	▲	0.28	-0.17	-3.47	-1.80	-1.68
Brent (\$/barrel)	77.2	▼	2.80	1.39	3.76	7.72	15.90
Gold (\$/oz)	1307.3	▲	0.19	-0.17	-1.34	-0.27	-0.60
Platinum (\$/oz)	909.3	▲	0.29	0.80	0.45	-2.47	-2.75
Copper (\$/MT)*	6830.5	▼	-0.22	-0.51	0.89	1.36	-5.22

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 0.4% to trade at \$1,307.30/oz.

Yesterday, gold prices rose 0.2% to close at \$1,301.50/oz, amid weakness in the US Dollar, following weaker than expected US GDP data.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil fell 0.3% to trade at \$77.24/bl.

Yesterday, Brent crude oil advanced 2.8% to settle at \$77.50/bl, amid reports that the OPEC will continue with crude supply cuts through the end of the year. The American Petroleum Institute reported that the US crude supplies advanced by 1.0mn bls in the week ended 25 May 2018.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$909.30/oz.

Yesterday, platinum prices climbed 0.3% to close at \$908.50/oz.



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## Major South African corporate news

### Nampak Limited

In its 1H18 results, the company stated that its revenues increased to ZAR8.85bn, compared to ZAR8.67bn posted in the corresponding period of the previous year. Its diluted EPS from continuing operations rose 1.5% from the same period of the prior year to 129.00c.

### Omnia Holdings Limited

The company announced that its indirect subsidiary, Omnia Fertilizer Limited has completed a settlement agreement with the Competition Commission and agreed to pay an administrative penalty of ZAR30.00mn in relation to the complaint regarding the supply of fertilizer by Nutri-Flo CC.

### Santam Limited

In its operational update for the four-month period ended 30 April 2018, the company stated that its conventional insurance business segment achieved strong underwriting outcomes with a net underwriting margin above the upper end of the target range of 4.0% to 8.0%. Further, the company's specialist business experienced strong growth in the corporate property business.

### Spar Group Limited

In its 1H18 results, the company revealed that its revenues rose 5.3% to ZAR50.94bn, compared to the same period of the preceding year. Its diluted EPS stood at 531.00c, compared to 468.00c recorded in the corresponding period of the previous year. Further, the company declared an interim dividend of 270.00c per share.

### Vukile Property Fund Limited

In its FY18 results, the company indicated that its property revenues increased to ZAR2.01bn, compared to ZAR1.96bn posted in the corresponding period of the previous year. Its diluted EPS significantly rose to 320.65c, compared to the same period of the prior year. Further, the company declared a dividend of 168.82c per share.

## Major global economic news

### Eurozone

In the Eurozone, the economic sentiment index dropped to 112.50 in May, compared to a reading of 112.70 in the prior month.

In the Eurozone, the final consumer confidence index eased to 0.20 in May, meeting market expectations and compared to a revised level of 0.30 in the previous month. The preliminary figures had also recorded a fall to 0.20.

In Germany, the flash CPI recorded a more-than-expected rise of 2.2% on a yearly basis in May. In the previous month, the CPI had registered a rise of 1.6%.

In Germany, retail sales registered a more-than-expected rise of 2.3% on a monthly basis in April, compared to a drop of 0.6% in the prior month.

In May, seasonally adjusted unemployment rate recorded an unexpected drop to a level of 5.2% in Germany. Unemployment rate had registered a level of 5.3% in the prior month.

### Asia

In Australia, private sector credit climbed 0.4% on a monthly basis in April, meeting market expectations and compared to a rise of 0.5% in the prior month.

In China, the NBS manufacturing PMI unexpectedly advanced to a level of 51.90 in May, compared to a reading of 51.40 in the prior month.

In Japan, flash industrial production advanced 0.3% on a monthly basis in April, lower-than-expected and compared to a rise of 1.4% in March.

### US

According to the Federal Reserve's (Fed) Beige Book report, the US economy expanded moderately from late April to early May. Further, it revealed that most districts reported a pickup in manufacturing activity.

In the US, the second estimate of annualised GDP climbed 2.2% on a quarterly basis in 1Q18, compared to an advance of 2.9% in the previous quarter. The preliminary figures had indicated an advance of 2.3%.

In the US, mortgage applications recorded a drop of 2.90% on a weekly basis in the week ended 25 May 2018. Mortgage applications had fallen 2.6% in the prior week.

In April, US posted an advance goods trade deficit of USD68.20bn in April, compared to a revised deficit of USD68.60bn in the prior month.

In May, private sector employment climbed by 178.00K in the US, lower than market anticipations. The private sector employment had registered a revised gain of 163.00K in the prior month.

### UK

In the UK, the GfK consumer confidence recorded a rise to -7.00 in May, compared to a level of -9.00 in the previous month.

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## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	Lloyds Business Barometer (May)	✓	35.00*	32.00	Monthly
UK	01:01	GfK Consumer Confidence (May)	✓✓✓	-7.00*	-9.00	Monthly
Japan	01:50	Industrial Production (MoM) (Apr) (P)	✓✓✓	0.30%*	1.40%	Monthly
Japan	01:50	Industrial Production (YoY) (Apr) (P)	✓✓✓	2.50%*	2.40%	Monthly
China	03:00	NBS Manufacturing PMI (May)	✓✓	51.90*	51.40	Monthly
Japan	07:00	Housing Starts (YoY) (Apr)	✓	-8.90%	-8.30%	Monthly
Japan	07:00	Annualised Housing Starts (Apr)	✓✓	0.90mn units	0.90mn units	Monthly
UK	08:00	Nationwide House Prices n.s.a. (YoY) (May)	✓✓	3.00%	2.60%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (May)	✓✓✓	0.20%	0.20%	Monthly
UK	10:30	Net Consumer Credit (Apr)	✓✓	GBP1.30bn	GBP0.30bn	Monthly
UK	10:30	Mortgage Approvals (Apr)	✓✓✓	63.50K	62.90K	Monthly
Eurozone	11:00	Unemployment Rate (Apr)	✓✓✓	8.40%	8.50%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (May) (P)	✓✓✓	1.60%	1.20%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Apr)	✓✓	0.70%	-0.20%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Apr)	✓✓	4.20%	3.70%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Apr)	✓	-	-0.10%	Monthly
South Africa	13:00	Electricity Production (YoY) (Apr)	✓	-	1.20%	Monthly
South Africa	14:00	Trade Balance (Apr)	✓✓	ZAR4.70bn	ZAR9.50bn	Monthly
US	14:30	Personal Income (MoM) (Apr)	✓✓	0.30%	0.30%	Monthly
US	14:30	Personal Spending (Apr)	✓✓	0.40%	0.40%	Monthly
US	14:30	Continuing Jobless Claims (19-May)	✓✓✓	1733.00K	1741.00K	Weekly
US	14:30	Initial Jobless Claims (26-May)	✓✓✓	228.00K	234.00K	Weekly
US	15:45	Chicago PMI (May)	✓✓✓	58.30	57.60	Monthly
US	16:00	Pending Home Sales (YoY) (Apr)	✓	-	-4.40%	Monthly
US	16:00	Pending Home Sales (MoM) (Apr)	✓✓	0.40%	0.40%	Monthly
US	18:45	FOMC Member Bostic speech	✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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