

ONE Minute Brief

10 May 2018

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Economic and political news

In South Africa (SA), the business confidence index dropped to 96.00 in April, compared to a level of 97.60 in the prior month.

News reports indicated that North West Premier, Supra Mahumapelo will not resign, but will rather temporarily vacate his post. Further, reports indicated that North West Finance MEC, Wendy Nelson, will be appointed as acting premier in the province.

According to news reports, the nationwide strike by bus drivers will continue, after workers rejected a compromise offer made by intervening parties.

According to Bloomberg Economics, SA ranked as the most vulnerable country to Iran sanctions, followed by Thailand and Turkey.

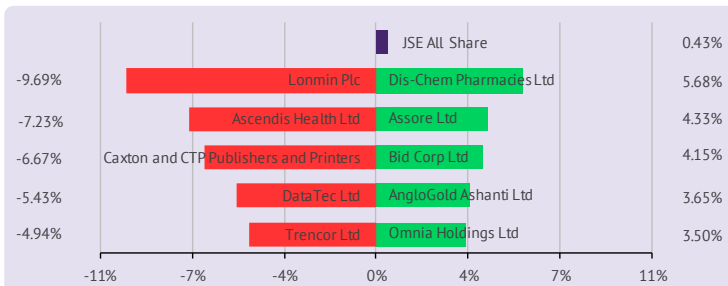
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57915.13	▲	249.89	0.43	0.46	-0.58	5.01	-2.67
JSE Top 40	51279.36	▲	276.78	0.54	0.80	-0.27	5.38	-2.39
FTSE 100	7662.52	▲	96.77	1.28	1.26	2.04	6.42	-0.33
DAX 30	12943.06	▲	30.85	0.24	0.96	2.62	4.26	0.20
CAC 40	5534.63	▲	12.70	0.23	0.34	0.26	6.84	4.18
S&P 500	2697.79	▲	25.87	0.97	1.29	1.88	0.27	0.90
Nasdaq Composite	7339.91	▲	73.00	1.00	1.81	3.87	0.04	6.32
DJIA	24542.54	▲	182.33	0.75	1.15	1.57	0.25	-0.71
MSCI Emerging Markets	1143.76	▲	1.10	0.10	0.67	-1.78	-0.55	-1.27
MSCI Developed World	2109.84	▲	14.77	0.70	0.98	1.12	0.95	0.30

South Africa Market ▲

South African markets closed higher

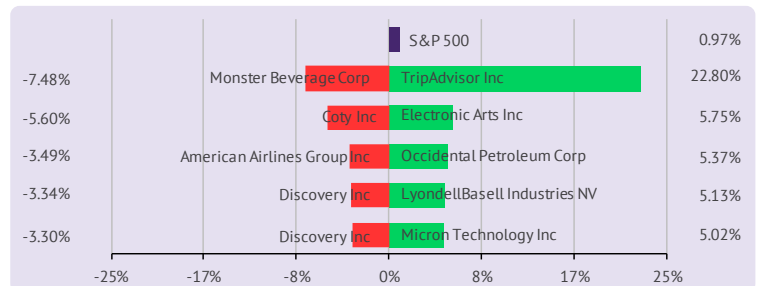
South African markets closed in the green yesterday, boosted by gains in mining and resources sector stocks. On the data front, SA's business confidence declined for the third consecutive month in April. The JSE All Share Index rose 0.4% to close at 57,915.13.



US Market ▲

The S&P 500 futures are trading in the green

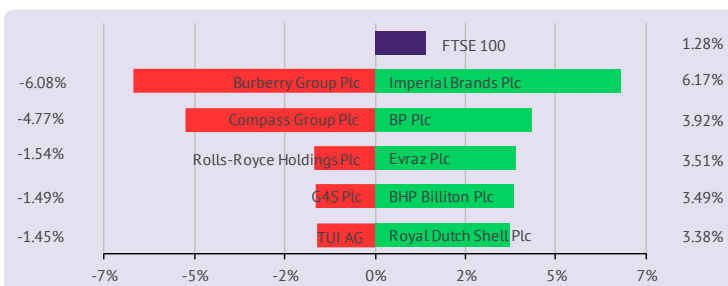
US markets closed higher yesterday, amid gains in energy and technology shares. Data showed that the US annual producer price index (PPI) rose less-than-expected in April. The S&P 500 Index climbed 1.0% to close at 2,697.79.



UK Market ▲

The FTSE 100 futures are trading in negative territory

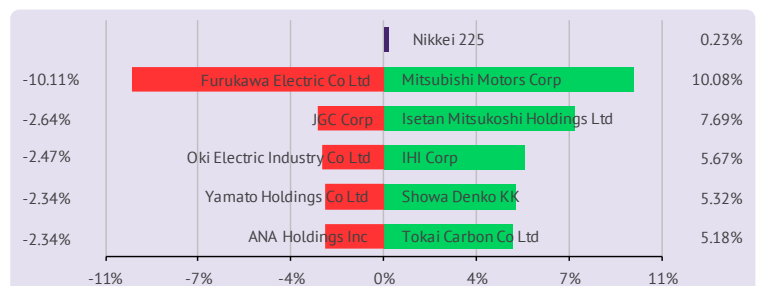
UK markets finished higher yesterday, boosted by gains in energy sector stocks, following a surge in crude oil prices. The FTSE 100 Index advanced 1.3% to close at 7,662.52.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data indicated that Japan's trade surplus widened more than market anticipations in March. The Nikkei 225 Index is trading 0.2% higher at 22,460.83.



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USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R12.5653. Later today, traders will keep a close watch on the US consumer price index (CPI), initial jobless claims, average hourly earnings and monthly budget statement for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US PPI recorded a less-than-expected advance on an annual basis in April. Further, the MBA mortgage loans registered a decline in the week ended 4 May 2018. Separately, in SA, the business confidence index dropped to its lowest level since November 2017 in April.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound advanced 0.2% against the South African Rand to trade at R17.0469. Later today, traders will keep an eye on the Bank of England's interest rate decision along with UK's NEISR gross domestic product, trade balance, industrial and manufacturing production for further indication. Data indicated that UK's RICS house price index tumbled more than market anticipations in April, marking its lowest level since April 2012.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R14.9051. Going forward, market participants will keep a tab on the ECB Economic Bulletin for further cues.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R9.3824. Meanwhile, in China, Australia's largest trading partner, the annual CPI climbed at a slower than expected pace in April, while the nation's PPI rose in line with expectations on a yearly basis 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	12.5653	▲	-0.10	0.47	0.77	5.24	1.41
GBPZAR	17.0469	▲	-0.08	0.61	-0.84	3.38	1.76
EURZAR	14.9051	▲	-0.22	-0.44	-1.10	3.08	0.18
AUDZAR	9.3824	▲	0.04	-0.51	-0.11	3.20	-3.01
EURUSD	1.1862	▲	-0.11	-0.91	-1.88	-2.00	-1.28
GBPUSD	1.3566	▲	0.00	0.12	-1.57	-1.80	0.25
Brent (\$/barrel)	77.8	▲	3.15	3.13	3.37	7.72	15.46
Gold (\$/oz)	1314.2	▲	-0.05	-0.13	-0.47	-0.27	0.28
Platinum (\$/oz)	916.9	▲	0.49	0.69	1.35	-2.47	-1.88
Copper (\$/MT)*	6774.3	▲	0.99	0.00	0.06	1.36	-6.00

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.1% to trade at \$1,314.20/oz.

Yesterday, gold prices fell 0.1% to close at \$1,313.00/oz, amid strength in the US Dollar.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$77.76/bl.

Yesterday, Brent crude oil advanced 3.2% to settle at \$77.21/bl, as the US decision to pull out of the Iran nuclear deal, raised the prospects of disruptions to Middle East oil supplies. Additionally, the US Energy Information Administration reported that crude oil inventories fell by 2.2mn bls in the week ended 4 Mar 2018.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices are trading marginally higher at \$916.90/oz.

Yesterday, platinum prices climbed 0.5% to close at \$916.60/oz.

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Major South African corporate news

Adcorp Holdings Limited

In its FY18 operational update, the company stated that its revenue decreased by 3.0% compared to previous year and the EBITDA rose by 4.0% to ZAR387.00mn compared to the prior period. Further, it expects the headline loss per share from continuing operations to be in the range of 80.00c and 90.00c compared to 79.80c reported in the previous year.

Naspers Limited

The company announced the disposal of its entire 11.2% stake in Indian ecommerce company, Flipkart Online Services Private Limited for USD2.20bn to Walmart.

MTN Group Limited

The company announced that the United States decision to reimpose economic sanctions against Iran will limit the ability of the company to repatriate cash, both dividends and loans, from MTN IranCell.

Netcare Limited

In its 1H18 trading statement, the company stated that it expects HEPS to be in the range of 134.30c to 139.60c, which is significantly lower compared to the corresponding period of the previous year due to impairment of the contractual economic interest in debt of BMI Healthcare and retail price index swap valuation credit in 1H17.

Major global economic news

Asia

In China, the CPI recorded a rise of 1.8% on an annual basis in April, less than market expectations. In the previous month, the CPI had recorded a rise of 2.1%.

In China, the PPI advanced 3.4% on an annual basis in April, at par with market expectations. The PPI had registered a rise of 3.1% in the prior month.

In Japan, trade surplus widened more-than-expected to JPY1190.70bn in March, compared to a surplus of JPY188.70bn in the previous month.

In Japan, non-seasonally adjusted current account surplus widened to JPY3122.30bn in March, more than market forecast and compared to a surplus of JPY2076.00bn in the prior month.

US

In the US, the PPI rose 2.6% on an annual basis in April, less-than-anticipated and compared to a rise of 3.0% in the prior month.

In the US, mortgage applications dropped 0.4% on a weekly basis in the week ended 4 May 2018. Mortgage applications had recorded a drop of 2.5% in the prior week.

UK

In the UK, RICS house price balance fell to a level of 8.0% in April, more than market expectations. In the prior month, house price balance had recorded a reading of 0.0%.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	RICS Housing Price Balance (Apr)	✓✓✓	-8.00%*	0.00%	Monthly
Japan	01:50	Adjusted Current Account Total (Mar)	✓	JPY1772.30bn*	JPY963.10bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Mar)	✓✓✓	JPY1190.70bn*	JPY188.70bn	Monthly
China	03:30	Consumer Price Index (YoY) (Apr)	✓✓✓	1.80%*	2.10%	Monthly
China	03:30	Producer Price Index (YoY) (Apr)	✓✓✓	3.40%*	3.10%	Monthly
UK	10:30	Trade Balance; non-EU (Mar)	✓✓✓	-	-GBP2.24bn	Monthly
UK	10:30	Industrial Production (MoM) (Mar)	✓✓✓	0.20%	0.10%	Monthly
UK	10:30	Industrial Production (YoY) (Mar)	✓✓✓	3.10%	2.20%	Monthly
UK	10:30	Manufacturing Production (MoM) (Mar)	✓✓✓	-0.20%	-0.20%	Monthly
UK	10:30	Manufacturing Production (YoY) (Mar)	✓✓✓	2.90%	2.50%	Monthly
UK	10:30	Total Trade Balance (Mar)	✓✓✓	-GBP2.00bn	-GBP0.97bn	Monthly
UK	10:30	Visible Trade Balance (Mar)	✓✓✓	-GBP11.30bn	-GBP10.20bn	Monthly
South Africa	11:30	Gold Production (YoY) (Mar)	✓	-	-7.10%	Monthly
South Africa	11:30	Mining Production (YoY) (Mar)	✓✓	0.20%	3.10%	Monthly
UK	13:00	NIESR GDP Estimate (3M) (Apr)	✓✓✓	-	0.20%	Monthly
UK	13:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	13:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
South Africa	13:00	Manufacturing Production s.a. (MoM) (Mar)	✓✓	0.30%	-2.40%	Monthly
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
South Africa	13:00	Manufacturing Production Index (YoY) (Mar)	✓✓	1.00%	0.60%	Monthly
US	14:30	Consumer Price Index (MoM) (Apr)	✓✓✓	0.30%	-0.10%	Monthly
US	14:30	Consumer Price Index (YoY) (Apr)	✓✓✓	2.50%	2.40%	Monthly
US	14:30	Continuing Jobless Claims (28-Apr)	✓✓✓	1800.00K	1756.00K	Weekly
US	14:30	Initial Jobless Claims (05-May)	✓✓✓	219.00K	211.00K	Weekly
US	20:00	Monthly Budget Statement (Apr)	✓✓✓	USD215.00bn	-USD208.70bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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