

ONE Minute Brief

1 June 2018

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Economic and political news

In South Africa (SA), trade surplus narrowed to ZAR1.14bn in April, compared to a revised surplus of ZAR9.30bn posted in the prior month. The producer price index (PPI) climbed more-than-expected 4.4% on a yearly basis in April, compared to an advance of 3.7% in March. Annual electricity production fell 0.5% in April, compared to a rise of 1.2% in March. Electricity consumption slid 0.7% on an annual basis in April, compared to a drop of 0.1% in the previous month.

Public Investment Corporation and its Chief Executive, Dan Matjila, have dismissed a report that he is facing suspension over investment decisions.

According to a news report, former President, Jacob Zuma's eldest son Edward, has denied that his father is involved in the formation of a new political party.

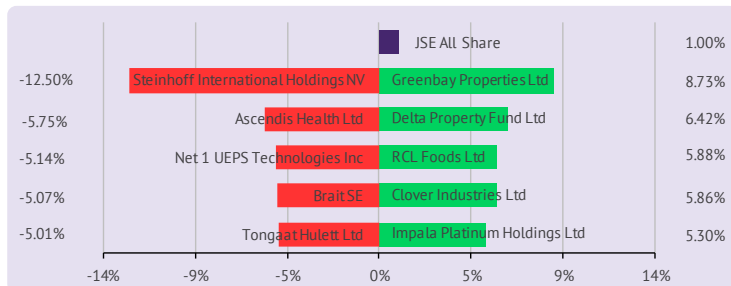
The Automobile Association stated that petrol price in the country is expected to rise by up to 85c per litre and diesel by 87c per litre, with effect from 6 June.

The Supreme Court of Appeal has dismissed the President, Cyril Ramaphosa's leave to appeal a ruling over the release of records explaining former president Jacob Zuma's controversial March 2017 Cabinet reshuffle.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by mining and resources sector stocks. Data indicated that SA's trade surplus narrowed in April. The JSE All Share Index rose 1.0% to close at 56,157.89.



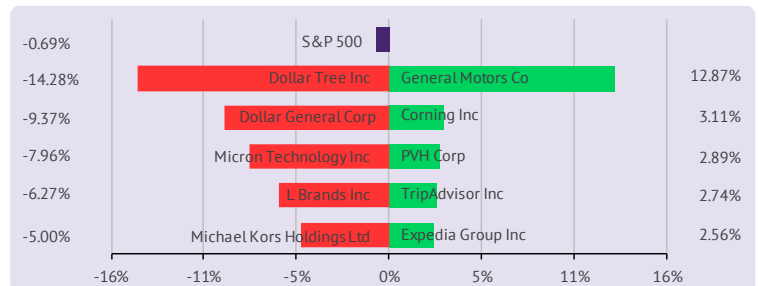
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56157.89	▲	556.26	1.00	-1.33	NA	-3.60	-5.62
JSE Top 40	49783.92	▲	496.59	1.01	-1.50	NA	-3.18	-5.23
FTSE 100	7678.20	▼	-11.37	-0.15	-0.67	NA	2.25	-0.12
DAX 30	12604.89	▼	-178.87	-1.40	-2.57	NA	-0.06	-2.42
CAC 40	5398.40	▼	-28.95	-0.53	-2.60	NA	-2.21	1.62
S&P 500	2705.27	▼	-18.74	-0.69	-0.59	NA	2.16	1.18
Nasdaq Composite	7442.12	▼	-20.34	-0.27	0.11	NA	5.32	7.80
DJIA	24415.84	▼	-251.94	-1.02	-1.36	NA	1.05	-1.23
MSCI Emerging Markets	1120.71	▲	7.96	0.72	-1.40	NA	-3.75	-3.26
MSCI Developed World	2092.92	▼	-7.50	-0.36	-0.85	NA	0.31	-0.50

US Market ▼

The S&P 500 futures are trading in the green

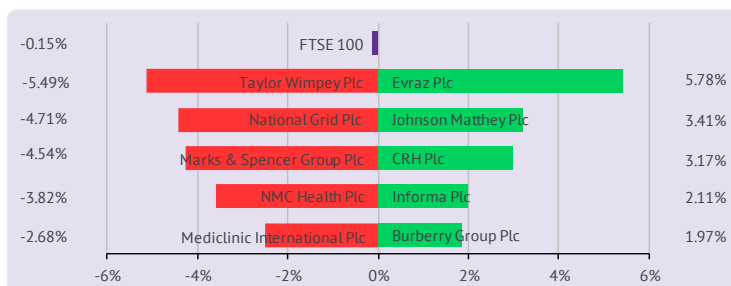
US markets closed lower yesterday, amid renewed trade war fears, after the US President, Donald Trump, announced plans to impose tariffs on the European Union, Mexico and Canada. The S&P 500 Index dropped 0.7% to close at 2,705.27.



UK Market ▼

The FTSE 100 futures are trading in positive territory

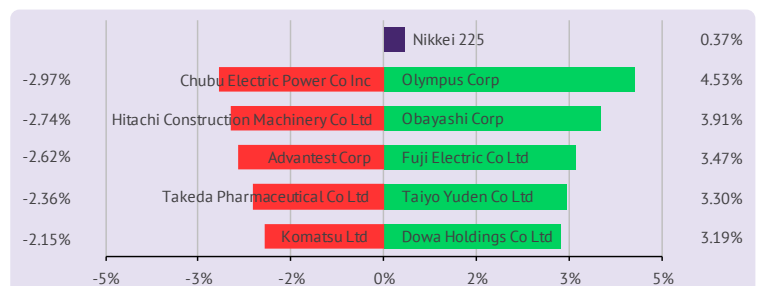
UK markets finished lower yesterday, amid persistent geopolitical tensions in Europe and led by losses in financial sector stocks. The FTSE 100 Index declined 0.2% to close at 7,678.20.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data revealed that Japan's Nikkei manufacturing PMI recorded a rise in May. The Nikkei 225 Index is trading 0.4% higher at 22,284.72.



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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 R12.7064. Later today, traders will keep a close watch on the US non-farm payrolls data, unemployment rate and average hourly earnings along with the Markit manufacturing PMI and construction spending data for further cues.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US initial jobless claims fell more than market forecast in the week ended 26 May 2018. Moreover, the Chicago purchasing manager index surprisingly climbed in May. On the flipside, pending home sales unexpectedly eased on a monthly basis in April. Separately, in SA, the South African Rand declined against the US Dollar, following disappointing trade data. On the data front, trade surplus recorded a drop in April. Additionally, annual electricity production declined in April. Moreover, electricity consumption eased on an annual basis in April. On the contrary, the PPI advanced more-than-expected in April.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R16.8518. Later today, traders will keep an eye on UK's Markit manufacturing PMI for further indication.

The British Pound advanced against the South African Rand yesterday. Data indicated that UK's monthly Nationwide house price index unexpectedly declined in May. Additionally, net consumer credit advanced more than market anticipations in April. Meanwhile, mortgage approvals unexpectedly slid in the same month.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R14.8438. Going forward, market participants will keep a tab on the Markit manufacturing across the Eurozone for further direction.

The Euro strengthened against the South African Rand yesterday, as tensions in Italy subsided. Data revealed that Eurozone's consumer price index (CPI) recorded a more-than-expected advance on an annual basis in May. Further, the region's unemployment rate dropped in April.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.2% against the South African Rand to trade at R9.5928. Earlier in the session, Australia's AiG performance of manufacturing index dipped in May. Meanwhile, in China, Australia's largest trading partner, the Caixin manufacturing PMI remained unchanged 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	12.7064	▲	1.42	1.58	NA	1.91	2.56
GBPZAR	16.8518	▼	1.54	1.54	NA	-1.58	1.00
EURZAR	14.8438	▼	1.68	1.97	NA	-1.31	-0.03
AUDZAR	9.5928	▼	1.31	1.76	NA	2.42	-0.55
EURUSD	1.1682	▼	0.24	0.36	NA	-3.19	-2.60
GBPUSD	1.3263	▼	0.09	-0.08	NA	-3.38	-1.59
Brent (\$/barrel)	77.4	▼	0.08	1.47	NA	3.84	15.99
Gold (\$/oz)	1302.6	▲	-0.11	-0.28	NA	-1.45	-0.70
Platinum (\$/oz)	908.7	▼	0.18	0.98	NA	0.63	-2.58
Copper (\$/MT)*	6844.8	▲	0.21	-0.30	NA	1.10	-5.03

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,302.60/oz.

Yesterday, gold prices fell 0.1% to close at \$1,300.10/oz, reversing its previous session gains.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$77.40/bL.

Yesterday, Brent crude oil advanced 0.1% to settle at \$77.56/bL, after the US Energy Information Administration reported that crude supplies dropped by 4.2mn bls in the week ended 25 May 2018. According to the monthly Reuters survey, OPEC's oil production fell by 70,000 bpd to 32.00 mn bpd, amid continuous decline in Venezuela that dragged the cartel's total production to the lowest level since April 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$908.70/oz.

Yesterday, platinum prices climbed 0.2% to close at \$910.10/oz.



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Major South African corporate news

Barclays Africa Group Limited

The company announced that it has appointed Mohamed Husain as the Independent Director of the company and ABSA Bank board with effect from 1 June 2018.

Tsogo Sun Holdings Limited

The company announced that negotiations on the proposed disposal of certain casino precinct properties to Hospitality Property Fund Limited are progressing well and detailed terms of the Proposed Transaction and other facts would soon be published by the company.

Murray & Roberts Holdings Limited

The company along with Aveng announced that it continues to fulfill the pre-conditions for making a formal offer to Aveng shareholders and are currently in the process of conducting a reciprocal due diligence.

Sibanye Gold Limited

In its 1Q18 operational update, the company stated that its South African and the US platinum group metals sector continued to deliver solid operational performances. Further, gold operation in South Africa experienced safety related stoppages which has negatively impacted production.

Major global economic news

UK

In the UK, the Nationwide house price index unexpectedly eased 0.2% on a monthly basis in May. The index had risen by a revised 0.1% in the prior month.

In the UK, net consumer credit advanced GBP1.80bn in April, higher than market expectations. Net consumer credit had climbed by a revised GBP0.40bn in the previous month.

In April, number of mortgage approvals for house purchases unexpectedly eased to a level of 62.50K in the UK, compared to a revised level of 62.80 K in the previous month.

US

In the US, seasonally adjusted initial jobless claims fell more-than-expected to a level of 221.00K in the week ended 26 May 2018. Initial jobless claims had registered a level of 234.00K in the prior week.

In the US, pending home sales recorded an unexpected drop of 1.3% on a monthly basis in April. Pending home sales had recorded a revised rise of 0.6% in the prior month.

In the US, the Chicago Fed purchasing managers index jumped to 62.70 in May, higher than market expectations. The index had registered a level of 57.60 in the previous month.

Asia

In Australia, the AIG performance of manufacturing index registered a drop to 57.50. The index had registered a level of 58.30 in the previous month.

In China, the Markit manufacturing PMI index remained unchanged at a level of 51.10 in May.

In Japan, the final manufacturing PMI fell to a level of 52.80 in May, compared to a reading of 53.80 in the previous month. The preliminary figures had recorded a fall to 52.50.

Eurozone

In the Eurozone, the flash CPI advanced 1.9% on a yearly basis in May, higher than market expectations. In the prior month, the CPI had climbed 1.2%.

In April, unemployment rate dropped to 8.5% in the Eurozone, compared to a revised reading of 8.6% in the prior month.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Loans & Discounts Corp (YoY) (Apr)	✓	2.79%*	1.91%	Monthly
Japan	01:50	Capital Spending (Q1)	✓✓✓	3.40%*	4.30%	Quarterly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (May) (F)	✓✓✓	52.80*	52.50**	Monthly
US	02:30	Fed's Kaplan Speaks in Dallas	✓	-	-	As scheduled
China	03:45	Caixin/Markit Manufacturing PMI (May)	✓✓✓	51.10*	51.10	Monthly
Germany	09:55	Markit Manufacturing PMI (May) (F)	✓✓✓	56.80	56.80**	Monthly
Eurozone	10:00	Markit Manufacturing PMI (May) (F)	✓✓✓	55.50	55.50**	Monthly
UK	10:30	Markit Manufacturing PMI (May)	✓✓✓	53.50	53.90	Monthly
South Africa	11:00	PMI Manufacturing (May)	✓✓	50.70	50.90	Monthly
US	14:30	Average Weekly Hours All Employees (May)	✓	34.50	34.50	Monthly
US	14:30	Unemployment Rate (May)	✓✓✓	3.90%	3.90%	Monthly
US	14:30	Underemployment Rate (May)	✓✓	-	7.80%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (May)	✓✓	0.20%	0.10%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (May)	✓✓	2.60%	2.60%	Monthly
US	14:30	Change in Manufacturing Payrolls (May)	✓	20.00K	24.00K	Monthly
US	14:30	Change in Non-farm Payrolls (May)	✓✓✓	190.00K	164.00K	Monthly
US	14:30	Change in Private Payrolls (May)	✓✓	190.00K	168.00K	Monthly
US	14:55	Fed's Kashkari Speaks in Minneapolis	✓	-	-	As scheduled
US	15:45	Markit Manufacturing PMI (May) (F)	✓✓✓	56.60	56.60**	Monthly
US	16:00	ISM Employment (May)	✓	-	54.20	Monthly
US	16:00	ISM Manufacturing PMI (May)	✓✓✓	58.20	57.30	Monthly
US	16:00	ISM Prices Paid (May)	✓✓	78.00	79.30	Monthly
US	16:00	Construction Spending (MoM) (Apr)	✓✓	0.80%	-1.70%	Monthly
US	21:30	Total Vehicle Sales (May)	✓	16.70mn	17.07mn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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