

# ONE Minute Brief

6 June 2018

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## Economic and political news

In South Africa (SA), annualised gross domestic product (GDP) fell more-than-expected by 2.2% on a quarterly basis in 1Q18, marking its biggest drop in the last nine years and compared to a growth of 3.1% in 4Q17.

The National Prosecuting Authority has rejected former President, Jacob Zuma's request to delay Friday's court hearing over a USD2.5bn arms deal.

Deputy Mineral Resources Minister, Godfrey Oliphant, stated that a draft of the revised third Mining Charter might be unveiled on 8 June, however, there are debates regarding a 10% "free-carry" component in the unchanged empowerment ownership level of 30.0% for newly issued mining rights.

According to a news report, the Democratic Alliance wants Home Affairs Minister, Malusi Gigaba, to be summoned to Parliament to explain why the Cape Town and Port Elizabeth refugee reception offices have not been re-opened.

News reports revealed that South African police have seized documents from the offices of MTN Group, after Turkey's Turkcell launched a lawsuit over a disputed Iran licence.

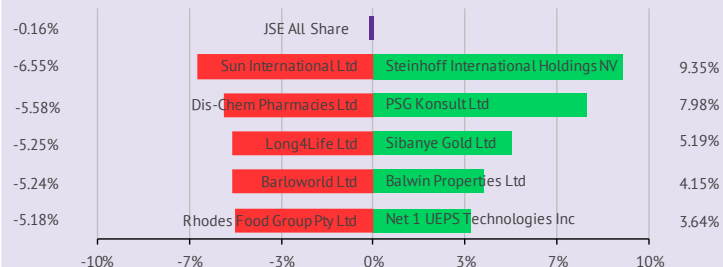
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57779.11	▼	-91.78	-0.16	0.87	2.89	-3.60	-2.90
JSE Top 40	51413.93	▲	9.38	0.02	1.06	3.27	-3.18	-2.13
FTSE 100	7686.80	▼	-54.49	-0.70	-0.19	0.11	2.25	-0.01
DAX 30	12787.13	▲	16.38	0.13	0.49	1.45	-0.06	-1.01
CAC 40	5460.95	▼	-11.96	-0.22	-0.08	1.16	-2.21	2.79
S&P 500	2748.80	▲	1.93	0.07	0.52	1.61	2.16	2.81
Nasdaq Composite	7637.86	▲	31.40	0.41	1.11	2.63	5.32	10.64
DJIA	24799.98	▼	-13.71	-0.06	0.67	1.57	1.05	0.33
MSCI Emerging Markets	1144.44	▼	-2.31	-0.20	1.26	2.12	-3.75	-1.21
MSCI Developed World	2119.37	▼	-2.49	-0.12	0.48	1.26	0.31	0.76

## South Africa Market ▼

### South African markets closed lower

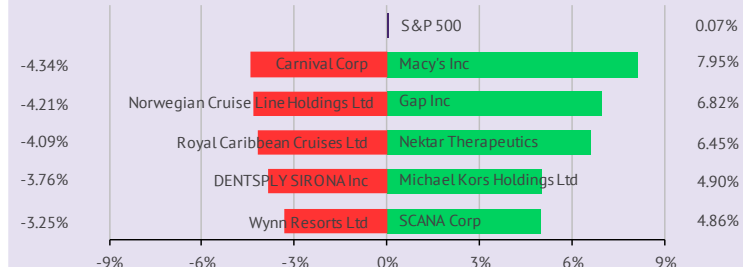
South African markets closed in the red yesterday, after SA's economy contracted in the first quarter of 2018 and led by losses in banking and retail sector stocks. The JSE All Share Index fell 0.2% to close at 57,779.11.



## US Market ▲

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

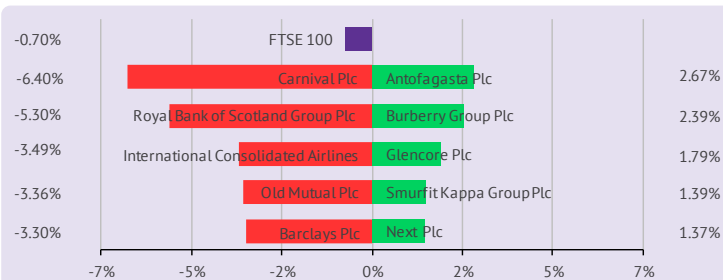
US markets closed mostly higher yesterday, boosted by gains in technology sector stocks. Data indicated that the US Markit services PMI surprisingly advanced in May. The S&P 500 Index climbed 0.1% to close at 2,748.80.



## UK Market ▼

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

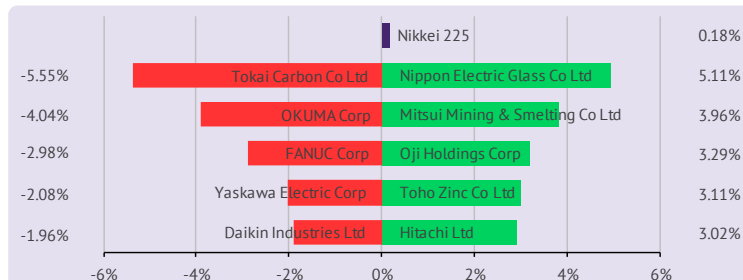
UK markets finished lower yesterday, as shares of Royal Bank of Scotland Plc plunged, after the British government reduced its stake in the bank. The FTSE 100 Index declined 0.7% to close at 7,686.80.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.2% higher at 22,579.98.



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## USD ZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R12.7293. Later today, traders will keep a close watch on the US MBA mortgage applications and trade balance data for further indication.

The US Dollar rose against the South African Rand yesterday, after the US Markit services PMI recorded a more-than-expected rise in May, notching its highest level in more than three years. Moreover, the ISM non-manufacturing PMI advanced more than market forecast in the same month. Additionally, JOLTS job openings surprised with a rise in April. Separately, the South African Rand dropped against the US Dollar, after the nation's economy suffered its worst fall in nine years in the first three months of 2018.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R17.0703. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, after UK's Markit services PMI climbed more than market anticipations in May.

## EUR ZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.3% against the South African Rand to trade at R14.9271. Amid lack of major economic releases in the Eurozone today, investor sentiment would be determined by global macroeconomic factors.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's Markit services PMI eased more-than-expected in May. Further, retail sales recorded a less-than-anticipated rise on a monthly basis in April, marking its third consecutive gain in turnover. Separately, Germany's Markit services PMI declined in line with market forecast in May, reaching its lowest reading since September 2016.

## AUD ZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R9.7483. Earlier in the session, Australia's GDP grew more than market expectations on a quarterly basis in 1Q18.

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	12.7293	▼	1.61	0.64	0.55	1.91	3.12
GBPZAR	17.0703	▼	2.23	0.99	1.28	-1.58	2.30
EURZAR	14.9271	▼	1.79	1.14	0.77	-1.31	0.74
AUDZAR	9.7483	▲	1.20	1.27	1.20	2.42	0.65
EURUSD	1.1727	▲	0.16	0.51	0.21	-3.19	-2.39
GBPUSD	1.3409	▲	0.60	0.35	0.71	-3.38	-0.89
Brent (\$/barrel)	75.7	▲	0.12	-1.84	-2.81	3.84	12.73
Gold (\$/oz)	1301.7	▲	0.34	0.21	-0.20	-1.45	-0.90
Platinum (\$/oz)	901.7	▲	-0.24	-0.60	-0.97	0.63	-3.52
Copper (\$/MT)*	7095.3	▲	1.75	3.09	3.66	1.10	-1.55

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,301.70/oz.

Yesterday, gold prices rose 0.3% to close at \$1,297.50/oz, amid weakness in the US Dollar.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$75.65/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$75.38/bl, amid reports that the US government has asked Saudi Arabia and other major exporters to boost oil production by 1.0mn bls per day. Moreover, the American Petroleum Institute reported that US crude supplies dropped by 2.0mn bls in the week ended 1 June.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices marginally rose to trade at \$901.70/oz.

Yesterday, platinum prices declined 0.2% to close at \$901.30/oz.



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## Major South African corporate news

### DataTec Limited

The company announced that it has successfully renewed the replacement facility of USD280.00mn for Westcon Europe's current working capital needs.

### Tiger Brands Limited

The company announced that Chief Growth Officer of its consumer brands, Grattan Kirk, has resigned with effect from 22 June 2018. Further, the company announced that it has appointed Yokesh Maharaj as its Chief Growth Officer for Exports and International with effect from 2 July 2018.

## Major global economic news

### Eurozone

In the Eurozone, the final Markit services PMI dropped to 53.80 in May, compared to a reading of 54.70 in the previous month. The preliminary figures had indicated a drop to 53.90.

In the Eurozone, seasonally adjusted retail sales registered a less-than-anticipated rise of 0.1% in on a monthly basis in April, less than market expectations. Retail sales had risen by a revised 0.4% in the previous month.

In Germany, the Markit final services PMI fell to a level of 52.10 in May, meeting market expectations. Services PMI had registered a level of 53.00 in the prior month. The preliminary figures had also recorded a drop to 52.10.

### Asia

In Australia, seasonally adjusted GDP advanced 1.0% on a quarterly basis in 1Q18, compared to a revised rise of 0.5% in the prior quarter.

### US

In the US, the final Markit services PMI advanced more-than-anticipated to 56.80 in May. The preliminary figures had recorded an advance to 55.70. In the previous month, Markit services PMI had recorded a reading of 54.60.

In the US, JOLTs job openings registered an unexpected rise to 6698.00K in April, compared to a revised reading of 6633.00K in the prior month.

In May, the ISM non-manufacturing PMI climbed to 58.60 in the US, more than market expectations. In the previous month, the non-manufacturing PMI had recorded a level of 56.80.

### UK

In the UK, the Markit services PMI climbed more than market expectations to 54.00 in May. In the previous month, the services PMI had registered a reading of 52.80.

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## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Spain	09:00	Industrial Output n.s.a. (YoY) (Apr)	✓✓	-	-3.60%	Monthly
Spain	09:00	Industrial Output s.a. (YoY) (Apr)	✓✓	5.10%	5.10%	Monthly
Eurozone	09:00	ECB's Praet Speaks in Berlin	✓	-	-	As scheduled
Switzerland	09:15	Harmonised Index of Consumer Prices (HICP) (MoM) (May)	✓✓	-	0.20%	Monthly
Switzerland	09:15	Harmonised Index of Consumer Prices (HICP) (YoY) (May)	✓✓	-	0.40%	Monthly
Switzerland	09:15	Consumer Price Index (MoM) (May)	✓✓	0.30%	0.20%	Monthly
Switzerland	09:15	Consumer Price Index (YoY) (May)	✓✓	0.90%	0.80%	Monthly
South Africa	11:30	SACCI Business Confidence Index (May)	✓✓✓	-	96.00	Monthly
UK	12:00	BoE's Tenreyro Speaks at CBI Event in Belfast	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (01-Jun)	✓	-	-2.90%	Weekly
US	14:30	Unit Labour Costs (Q1) (F)	✓	2.80%	2.70%**	Quarterly
Canada	14:30	Building Permits (MoM) (Apr)	✓	-1.00%	3.10%	Monthly
Canada	14:30	International Merchandise Trade (Apr)	✓✓✓	-CAD3.40bn	-CAD4.14bn	Monthly
US	14:30	Non-Farm Productivity (Q1) (F)	✓	0.60%	0.70%**	Quarterly
US	14:30	Trade Balance (Apr)	✓✓✓	-USD49.00bn	-USD49.00bn	Monthly
Canada	16:00	Ivey PMI n.s.a. (May)	✓✓	-	70.40	Monthly
Canada	16:00	Ivey PMI s.a. (May)	✓✓✓	-	71.50	Monthly
UK	17:00	BoE's McCafferty Speaks on LBC Radio	✓	-	-	As scheduled
Japan	-	Labour Cash Earnings (YoY) (Apr)	✓✓	0.80%*	2.10%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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