

ONE Minute Brief

7 June 2018

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Economic and political news

In South Africa (SA), the business confidence index eased to 94.00 in May, recording its lowest reading since October 2017. In the prior month, the index had recorded a reading of 96.00.

Mining Minister, Gwede Mantashe, stated that the government has scrapped plans to compel mining companies to contribute 1.0% of their annual turnover to a new community development agency.

News reports indicated that the Democratic Alliance has called for the immediate suspension of KwaZulu-Natal (KZN) Cooperative Governance and Traditional Affairs (CoGTA) MEC, Nomusa Dube-Ncube citing her involvement in massive corruption in the Nkandla and Mthonjaneni municipalities.

Eskom has kept its pay hike offer to workers at 0% in a second round of wage talks, in order to strengthen its balance sheet. Meanwhile, unions have threatened to strike over the wage offer.

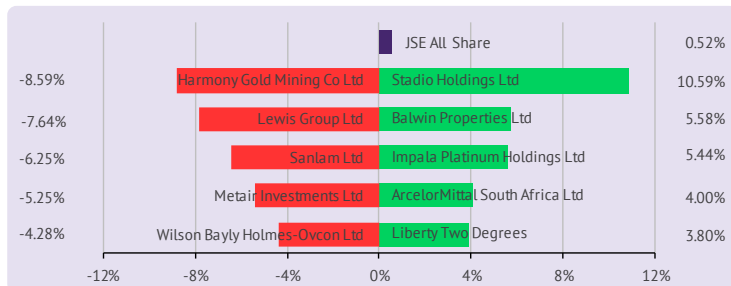
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	58081.87	▲	302.76	0.52	1.40	3.43	-3.60	-2.39
JSE Top 40	51736.77	▲	322.84	0.63	1.69	3.92	-3.18	-1.52
FTSE 100	7712.37	▲	25.57	0.33	0.14	0.45	2.25	0.32
DAX 30	12830.07	▲	42.94	0.34	0.83	1.79	-0.06	-0.68
CAC 40	5457.56	▼	-3.39	-0.06	-0.15	1.10	-2.21	2.73
S&P 500	2772.35	▲	23.55	0.86	1.38	2.48	2.16	3.69
Nasdaq Composite	7689.24	▲	51.38	0.67	1.79	3.32	5.32	11.38
DJIA	25146.39	▲	346.41	1.40	2.07	2.99	1.05	1.73
MSCI Emerging Markets	1150.17	▲	5.73	0.50	1.77	2.63	-3.75	-0.72
MSCI Developed World	2136.74	▲	17.37	0.82	1.31	2.09	0.31	1.58

South Africa Market ▲

South African markets closed higher

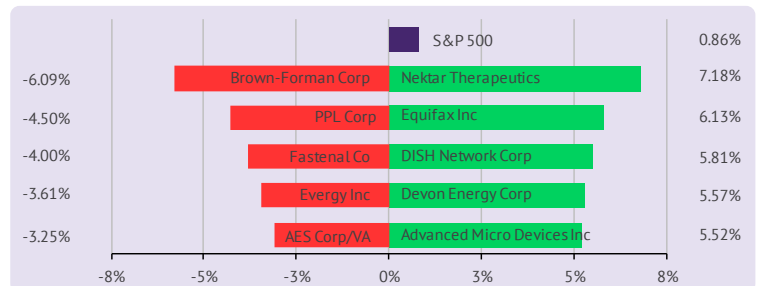
South African markets closed in the green yesterday, supported by gains in banking and platinum mining sector stocks. The JSE All Share Index rose 0.5% to close at 58,081.87.



US Market ▲

The S&P 500 futures are trading in the green

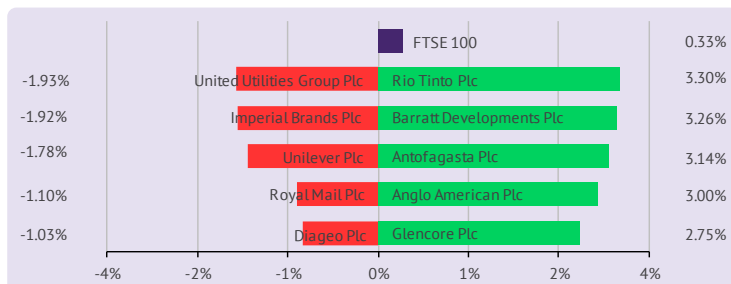
US markets closed higher for the fourth consecutive session yesterday, boosted by gains in banking sector stocks. Data revealed that trade deficit in the US unexpectedly narrowed in April. The S&P 500 Index climbed 0.9% to close at 2,772.35.



UK Market ▲

The FTSE 100 futures are trading in positive territory

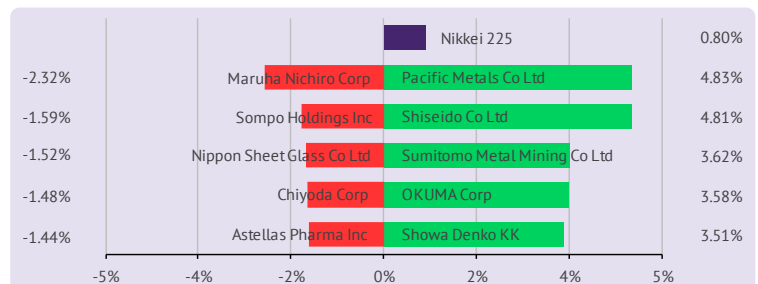
UK markets finished higher yesterday, buoyed by gains in mining and energy sector stocks. The FTSE 100 Index advanced 0.3% to close at 7,712.37.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 0.8% higher at 22,807.24.



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USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R12.7338. Later today, traders will keep a close watch on the US initial jobless claims and consumer credit data for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US MBA mortgage applications recorded a rise in the week ended 1 June 2018. Additionally, the nation's trade deficit surprisingly narrowed to a seven-month low level in April. Separately, in SA, business confidence index declined for a fourth straight month in May.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.3% against the South African Rand to trade at R17.0919. Ahead in the day, traders will keep an eye on UK's Halifax house price index for further indication.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.3% firmer against the South African Rand at R15.0087. Going forward, market participants will keep a tab on Eurozone's gross domestic product and Germany's factory orders data for further cues.

The Euro strengthened against the South African Rand yesterday, amid expectations that the European Central Bank might end its massive bond purchase program in September.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar marginally declined against the South African Rand to trade at R9.7425. Earlier in the session, Australia's trade surplus narrowed more than market forecast 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	12.7338	▲	-0.47	0.17	0.09	1.91	2.64
GBPZAR	17.0919	▲	-0.36	0.63	0.92	-1.58	1.93
EURZAR	15.0087	▲	0.01	1.14	0.78	-1.31	0.75
AUDZAR	9.7425	▼	0.18	1.45	1.38	2.42	0.82
EURUSD	1.1787	▲	0.48	0.99	0.69	-3.19	-1.92
GBPUSD	1.3423	▲	0.15	0.50	0.86	-3.38	-0.74
Brent (\$/barrel)	75.7	▲	-0.03	-1.86	-2.84	3.84	12.70
Gold (\$/oz)	1301.2	▲	-0.03	0.18	-0.23	-1.45	-0.93
Platinum (\$/oz)	906.4	▼	0.70	0.10	-0.27	0.63	-2.85
Copper (\$/MT)*	7211.3	▲	1.63	4.77	5.35	1.10	0.06
*As of previous close							

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.3% to trade at \$1,301.20/oz, as the US Dollar weakened, amid trade war tensions.

Yesterday, gold prices marginally fell to close at \$1,297.10/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$75.70/bl, amid Venezuelan supply crisis.

Yesterday, Brent crude oil slightly dropped to settle at \$75.36/bl, after the US Energy Information Administration (EIA) reported that crude oil inventories unexpectedly rose by 2.1mn bls to 436.6mn bls in the week ended 01 June. Additionally, the EIA also reported that US crude oil production rose by 31,000 bls per day to 10.80mn bls per day last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$906.40/oz.

Yesterday, platinum prices climbed 0.7% to close at \$907.60/oz, after analysts at Thomson Reuters GFM Platinum Group Metals Survey 2018, forecasted platinum prices to begin a gradual recovery in 2018.



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Major South African corporate news

Impala Platinum Holdings Limited

The company announced the Government of Zimbabwe's intention to compulsorily acquire land measuring 27,948 hectares within its subsidiary Zimplats' special mining lease area. Further, Zimplats has agreed to release to the government, land measuring 23,903 hectares within Zimplats' mining lease area in support of the Government's efforts to enable participation by other investors in the platinum mining industry in Zimbabwe.

Sanlam Limited

In its operational update for the four months to 30 April 2018, the company stated that its new business volumes dropped by 3.0% to ZAR69.00bn, compared to the same period of the preceding year mainly due to lower inflows at Sanlam Investments. For FY18, the company expects the economic and operating environment to remain subdued in its largest markets, which will impact the company's key operational performance indicators.

Major global economic news

US

In the US, mortgage applications climbed 4.1% on a weekly basis in the week ended 01 June 2018. Mortgage applications had fallen 2.9% in the prior week.

In the US, trade deficit surprisingly narrowed to USD46.20bn in April. The US had reported a revised trade deficit of USD47.20bn in the prior month.

In the US, the final unit labour costs in non-farm businesses climbed 2.9% on a quarterly basis in 1Q18, more than market expectations. The preliminary figures had recorded a rise of 2.7%. In the previous quarter, the unit labour costs in non-farm businesses had registered a revised rise of 2.1%.

In the US, the final non-farm business productivity registered a rise of 0.4% on a quarterly basis in 1Q 2018, less than market expectations. The non-farm business productivity had registered a revised rise of 0.3% in the prior quarter. The preliminary figures had recorded a rise of 0.7%.

Eurozone

In the Eurozone, the retail PMI advanced to 51.70 in May, compared to a level of 48.60 in the previous month.

Asia

In Australia, seasonally adjusted trade surplus fell more-than-expected to AUD977.00mn in April, compared to a revised surplus of AUD1731.00mn in the prior month.

In May, the AIG performance of construction index fell to a level of 54.00 in Australia, compared to a reading of 55.40 in the previous month.

In Japan, foreign exchange reserves eased to USD1254.50bn in May, compared to a reading of USD1256.00bn in the previous month.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Japan Foreign Reserves (May)	✓	USD1254.50bn*	USD1256.00bn	Monthly
Japan	07:00	Coincident Index (Apr) (P)	✓	117.80	116.30	Monthly
Japan	07:00	Leading Economic Index (Apr) (P)	✓✓✓	105.60	104.40	Monthly
Germany	08:00	Factory Orders n.s.a. (YoY) (Apr)	✓✓✓	3.60%	3.10%	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Apr)	✓✓	0.80%	-0.90%	Monthly
South Africa	08:00	Net Gold & Forex Reserve (May)	✓	USD43.04bn	USD43.12bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (May)	✓	USD49.44bn	USD49.54bn	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (May)	✓	1.90%	2.20%	Monthly
UK	09:30	Halifax House Prices (MoM) (May)	✓	1.00%	-3.10%	Monthly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.40%	0.40%**	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q1) (F)	✓✓	2.50%	2.50%**	Quarterly
Eurozone	11:00	Household Consumption (QoQ) (Q1)	✓	0.20%	0.20%	Quarterly
Eurozone	11:00	Gross Fixed Capital (QoQ) (Q1)	✓	0.70%	0.90%	Quarterly
Eurozone	11:00	Government Expenditure (QoQ) (Q1)	✓	0.20%	0.30%	Quarterly
South Africa	13:00	Manufacturing Production Index (YoY) (Apr)	✓✓	1.70%	-1.30%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Apr)	✓✓	0.30%	1.30%	Monthly
US	14:30	Continuing Jobless Claims (26-May)	✓✓✓	1738.00K	1726.00K	Weekly
US	14:30	Initial Jobless Claims (02-Jun)	✓✓✓	220.00K	221.00K	Weekly
UK	17:00	BoE's Ramsden Speaks at Conference in London	✓	-	-	As scheduled
US	18:00	Household Change in Net Worth (Q1)	✓	-	USD2076.00bn	Quarterly
US	21:00	Consumer Credit Change (Apr)	✓✓	USD14.00bn	USD11.62bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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