

ONE Minute Brief

14 June 2018

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Economic and political news

In South Africa (SA), the business confidence index eased to 39.0 in 2Q18, compared to a level of 45.0 in the previous quarter. In April, annual retail sales recorded a less-than-expected advance of 0.5%, compared to a revised rise of 4.6% in March.

Eskom's Chief Executive, Phakamani Hadebe, stated that some of the firm's power stations were operating below full capacity, following protests by union members over a wage dispute. Meanwhile, Public Enterprises Minister, Pravin Gordhan, has indicated that he will give wage increases to Eskom workers.

According to a news report, thousands of public sector workers over the age of 60 will be offered voluntary retrenchment as part of an effort by the government to cut its salary bill.

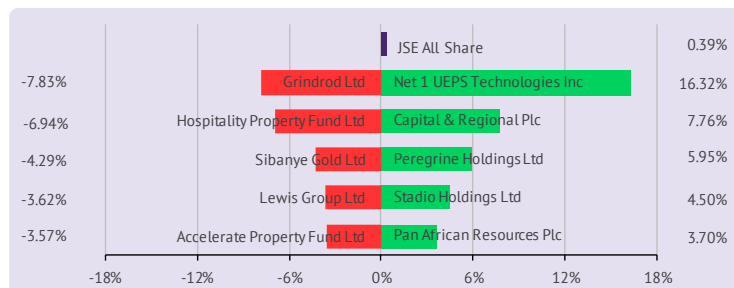
News reports revealed that, President, Cyril Ramaphosa, will file a "comprehensive and quite lengthy" affidavit detailing the misconduct claims against suspended South African Revenue Service Commissioner, Tom Moyane.

News reports indicated that, Trade and Industry Minister, Rob Davies, has called for the suspension of the South African Bureau of Standards (SABS) board members, citing dysfunctionality of the SABS.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains banking and financial sector stocks. Data revealed that SA's business confidence index eased in 2Q18. The JSE All Share Index rose 0.4% to close at 58,437.23.



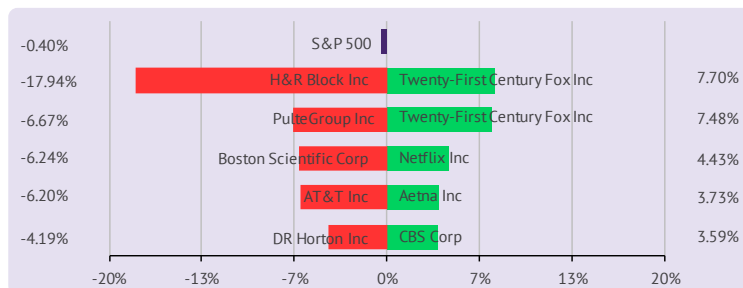
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	58437.23	▲	229.41	0.39	0.37	4.06	-3.60	-1.79
JSE Top 40	52200.03	▲	290.63	0.56	0.61	4.85	-3.18	-0.63
FTSE 100	7703.71	▼	-0.10	0.00	0.29	0.33	2.25	0.21
DAX 30	12890.58	▲	48.28	0.38	0.97	2.27	-0.06	-0.21
CAC 40	5452.73	▼	-0.64	-0.01	0.05	1.01	-2.21	2.64
S&P 500	2775.63	▼	-11.22	-0.40	-0.12	2.60	2.16	3.82
Nasdaq Composite	7695.70	▼	-8.10	-0.11	0.66	3.41	5.32	11.48
DJIA	25201.20	▼	-119.53	-0.47	-0.46	3.22	1.05	1.95
MSCI Emerging Markets	1135.68	▼	-4.96	-0.44	0.03	1.34	-3.75	-1.97
MSCI Developed World	2140.20	▼	-5.16	-0.24	0.12	2.26	0.31	1.75

US Market ▼

The S&P 500 futures are trading in the green

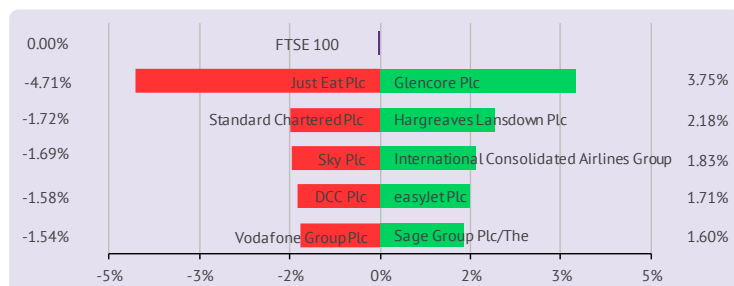
US markets closed lower yesterday, after the US Federal Reserve (Fed) increased the key interest rates and signalled that two more rate hikes were likely this year. The S&P 500 Index dropped 0.4% to close at 2,775.63.



UK Market ▼

The FTSE 100 futures are trading in negative territory

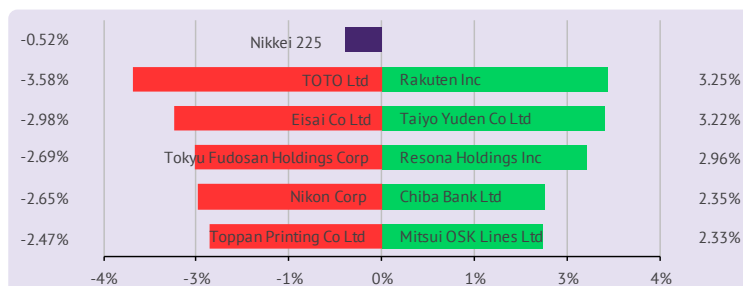
UK markets finished lower yesterday, weighed down by losses in telecommunication and energy sector stocks. The FTSE 100 Index declined marginally to close at 7,703.71.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. On the data front, Japan's monthly industrial production advanced in April. The Nikkei 225 Index is trading 0.5% lower at 22,846.79.



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USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R13.2872. Later today, traders will keep a close watch on the US advance retail sales, initial jobless claims and business inventories for further cues.

The US Dollar fell against the South African Rand yesterday, after the Fed raised the key interest rate, for the second time this year and signalled two more rate hikes in 2018. On the data front, the producer price index (PPI) climbed more than market expectations on an annual basis in May, marking its biggest advance since January 2012. Meanwhile, the MBA mortgage applications registered a decline in the week ended 8 June 2018. Separately, in SA, the business confidence index recorded a decline in the second quarter of 2018. Additionally, retail sales rose less than market anticipations on an annual basis in April.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R17.7908. Later today, traders will keep an eye on UK's retail sales for further cues.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's consumer price index (CPI) remained unchanged on a yearly basis in May, marking its lowest level since March 2017. Further, the annual PPI advanced in line with market expectations in the same month. Additionally, the house price index recorded a rise on an annual basis in April.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R15.6811. Going forward, market participants will keep a tab on the European Central Bank (ECB) rate decision along with Germany's final CPI for further direction.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's monthly industrial production declined more than market forecast in April.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.4% against the South African Rand to trade at R10.0489. Earlier in the session, Australia's consumer inflation expectations recorded a rise in June. Moreover, unemployment rate dropped more than market forecast in May. Meanwhile, in China, Australia's largest trading partner, annual industrial production advanced at a lower-than-expected pace in May. Further, retail sales slowed on an annual basis in the same month.

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	13.2872	▼	-0.18	1.84	4.79	1.91	7.47
GBPZAR	17.7908	▼	-0.15	1.68	5.39	-1.58	6.45
EURZAR	15.6811	▼	0.18	2.00	5.64	-1.31	5.61
AUDZAR	10.0489	▼	-0.08	1.52	4.94	2.42	4.36
EURUSD	1.1802	▲	0.39	0.19	0.84	-3.19	-1.78
GBPUSD	1.3388	▲	0.03	-0.22	0.59	-3.38	-1.01
Brent (\$/barrel)	76.5	▼	1.13	0.37	-1.06	3.84	14.76
Gold (\$/oz)	1302.4	▲	0.14	-0.09	-0.25	-1.45	-0.95
Platinum (\$/oz)	901.1	▼	0.11	-0.35	-0.84	0.63	-3.39
Copper (\$/MT)*	7251.0	▲	0.58	-1.00	5.94	1.10	0.61

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.4% to trade at \$1,302.40/oz.

Yesterday, gold prices rose 0.1% to close at \$1,296.90/oz, reversing its previous session losses.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.3% to trade at \$76.51/bl.

Yesterday, Brent crude oil advanced 1.1% to settle at \$76.74/bl, after the US Energy Information Administration reported that crude supplies dropped by 4.1mn bls in the week ended 8 June 2018, marking its largest fall since the end of March 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$901.10/oz.

Yesterday, platinum prices climbed 0.1% to close at \$902.50/oz.



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Major South African corporate news

Brimstone Investment Corporation Limited

The company indicated that a consortium of broad-based black economic empowerment investors, led by Sea Harvest, together with its wholly-owned subsidiary Sea Harvest Corporation Proprietary Limited, have entered into sale agreements with Viking Fishing Holdings Proprietary Limited to acquire the fishing business of, and selected shareholdings in Viking Fishing. The total maximum purchase consideration payable by the B-BBEE Consortium for the Proposed Transaction is ZAR884.67mn.

Naspers Limited

In its FY18 trading statement, the company announced that compared to the group's published results for FY17, it expects core HEPS for FY18 to be between 40.0% and 45.0% higher than the prior period's reported USD406.00c. Further, the group has restated the comparative EPS figure for FY18 to be USD542.00c as a result of its change in accounting policy.

Peregrine Holdings Limited

In its FY18 results, the company indicated that its revenues rose to ZAR2.55bn, compared to ZAR2.47bn posted in the corresponding period of the previous year. Its basic EPS increased 0.7% to 238.50c, compared to the same period of the prior year. Further, the company declared a dividend of 170.00c per share. Separately, the company announced that it has received a non-binding proposal from Legae Holdings Proprietary Limited, to acquire from Peregrine SA Holdings Proprietary Limited, its 65.0% shareholding in Peregrine Securities and Peregrine Securities International.

Major global economic news

Asia

In Australia, the consumer inflation expectations registered a rise to 4.2% in June. The consumer inflation expectations had recorded a reading of 3.7% in the prior month.

In Australia, seasonally adjusted unemployment rate registered a more-than-anticipated drop to 5.4% in May, compared to a level of 5.6% in the prior month.

In China, industrial production advanced 6.8% in May, less than market expectations. In the previous month, industrial production had advanced 7.0%.

In China, retail sales recorded a less-than-expected rise of 8.5% on an annual basis in May. In the previous month, retail sales had climbed 9.4%.

In Japan, industrial production advanced 0.5% on a monthly basis in May. In the prior month, industrial production rose 0.3%.

UK

In the UK, the CPI registered a rise of 2.4% on an annual basis in May, compared to a similar rise in the previous month.

In the UK, the non-seasonally adjusted output PPI advanced 9.2% on a yearly basis in May, compared to a revised advance of 2.5% in the previous month.

In the UK, the house price index registered a rise of 3.9% on an annual basis in April. In the prior month, the index had risen 4.2%.

US

The Fed, at its latest monetary policy meeting, raised the benchmark interest rates by 25 basis points to range of 1.75% to 2.00%, as widely expected and marking the seventh rate hike since late 2015. Further, the Fed signalled a total of four rate increases in 2018 instead of three as previously projected. Meanwhile, the Fed Chairman, Jerome Powell, stated that the US economy had strengthened significantly since the 2008 financial crisis.

In May, the PPI advanced 3.1% on an annual basis in the US, higher than market expectations and compared to a rise of 2.6% in the previous month.

In the US, the MBA mortgage applications recorded a drop of 1.5% on a weekly basis in the week ended 8 June 2018. In the prior week, mortgage applications had risen 4.1%.

Eurozone

In the Eurozone, number of persons employed recorded a rise of 1.4% on an annual basis in 1Q18. The number of persons employed had climbed 1.6% in the prior quarter.

In April, seasonally adjusted industrial production recorded a more-than-expected drop of 0.9% on a monthly basis in the Eurozone. In the prior month, industrial production had climbed by a revised 0.6%.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
UK	01:01	RICS Housing Price Balance (May)	✓✓✓	-3.00%*	-7.00%	Monthly
China	04:00	Industrial Production (YoY) (May)	✓✓	6.80%*	7.00%	Monthly
China	04:00	Retail Sales (YoY) (May)	✓✓✓	8.50%*	9.40%	Monthly
China	04:00	Industrial Production YTD (YoY) (May)	✓✓	6.90%*	6.90%	Monthly
Japan	06:30	Industrial Production (MoM) (Apr) (F)	✓✓✓	0.50%*	0.30%**	Monthly
Japan	06:30	Industrial Production (YoY) (Apr) (F)	✓✓✓	2.60%*	2.50%**	Monthly
Germany	08:00	Consumer Price Index (MoM) (May) (F)	✓✓✓	0.50%	0.50%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (May) (F)	✓✓✓	2.20%	2.20%**	Monthly
UK	10:30	Retail Sales (MoM) (May)	✓✓✓	0.50%	1.60%	Monthly
UK	10:30	Retail Sales (YoY) (May)	✓✓✓	2.40%	1.40%	Monthly
UK	10:30	Retail Sales ex-Fuel (MoM) (May)	✓✓✓	0.30%	1.30%	Monthly
UK	10:30	Retail Sales ex-Fuel (YoY) (May)	✓✓✓	2.50%	1.50%	Monthly
South Africa	11:30	Gold Production (YoY) (Apr)	✓	-	-18.00%	Monthly
South Africa	11:30	Mining Production (YoY) (Apr)	✓✓	-3.60%	-8.40%	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
US	14:30	Advance Retail Sales (MoM) (May)	✓✓✓	0.40%	0.30%	Monthly
US	14:30	Initial Jobless Claims (09-Jun)	✓✓✓	223.00K	222.00K	Weekly
US	14:30	Retail Sales Ex Auto & Gas (May)	✓✓✓	0.40%	0.30%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (May)	✓✓✓	0.50%	0.30%	Monthly
US	14:30	Retail Sales "Control Group" (MoM) (May)	✓✓	0.40%	0.40%	Monthly
US	14:30	Export Price Index (MoM) (May)	✓	0.30%	0.60%	Monthly
US	14:30	Import Price Index (YoY) (May)	✓	3.90%	3.30%	Monthly
Eurozone	14:30	ECB President Draghi Holds Press Conference in Riga	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (02-Jun)	✓✓✓	1732.00K	1741.00K	Weekly
US	16:00	Business Inventories (Apr)	✓	0.30%	0.00%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

Disclaimer

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