

ONE
Minute Brief

18 June 2018

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Economic and political news

Fitch Ratings has affirmed South Africa's (SA) credit rating at 'BB+' and maintained a stable outlook, citing improvement in governance and prospects of a mild cyclical recovery. Meanwhile, the agency projected the economy to grow 1.7% and 2.4% in 2018 and 2019, respectively. However, it raised concerns over increasing debt and problems at state-owned firms and warned that it could downgrade if the country's fiscal deficits widened.

According to the new Mining Charter, SA plans to raise black ownership in existing rights holder companies to 30% from 26% within five years.

According to a news report, SA's Labour Court has declared labour unions strikes at Eskom as "unprotected and unlawful."

Finance Minister, Nhlanhla Nene, has re-appointed Mark Kingon, as acting Commissioner of the South African Revenue Service for a further 90 days with effect from 17 June.

The Automobile Association stated that it expects petrol prices to rise by 32c per litre and diesel by 30c per litre in July.

The Department of Home Affairs has announced the resignation of its spokesperson and Head of communications, Mayihlome Tshwete.

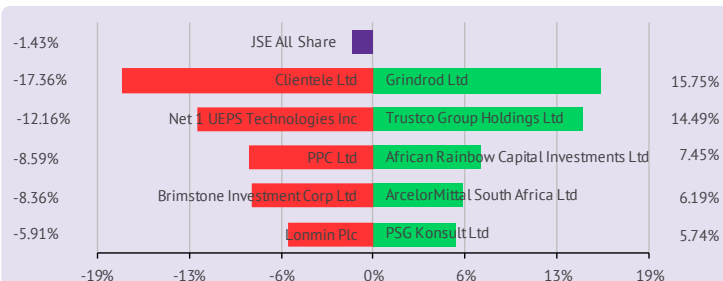
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57660.50	▼	-835.17	-1.43	NA	2.68	-3.60
JSE Top 40	51327.70	▼	-850.54	-1.63	NA	3.10	-3.18
FTSE 100	7633.91	▼	-131.88	-1.70	NA	-0.58	2.25
DAX 30	13010.55	▼	-96.55	-0.74	NA	3.22	-0.06
CAC 40	5501.88	▼	-26.58	-0.48	NA	1.92	-2.21
S&P 500	2779.66	▼	-2.83	-0.10	NA	2.75	2.16
Nasdaq Composite	7746.38	▼	-14.66	-0.19	NA	4.09	5.32
DJIA	25090.48	▼	-84.83	-0.34	NA	2.76	1.05
MSCI Emerging	1113.76	▼	-11.95	-1.06	NA	-0.62	-3.75
MSCI Developed	2134.15	▼	-7.87	-0.37	NA	1.97	0.31

South Africa Market ▼

South African markets closed lower

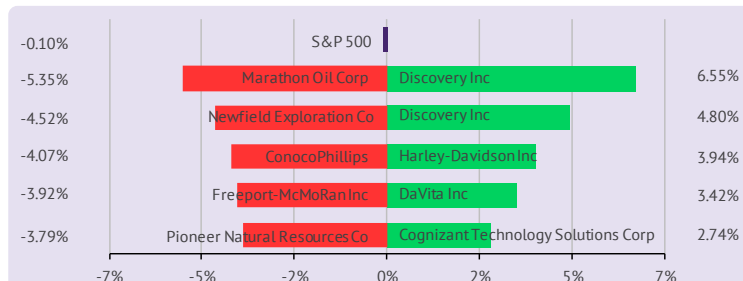
South African markets closed in the red on Friday, weighed down by losses in banking, gold mining and resources sector stocks. The JSE All Share Index fell 1.4% to close at 57,660.50.



US Market ▼

The S&P 500 futures are trading in the red

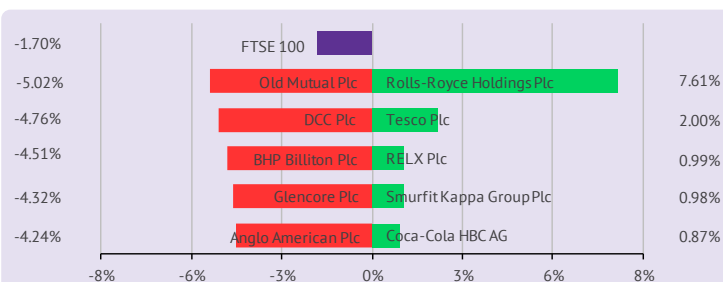
US markets closed lower on Friday, after the US President, Donald Trump announced tariffs on \$50 billion in Chinese imports, thereby increasing trade war fears. The S&P 500 Index dropped 0.1% to close at 2,779.66.



UK Market ▼

The FTSE 100 futures are trading in negative territory

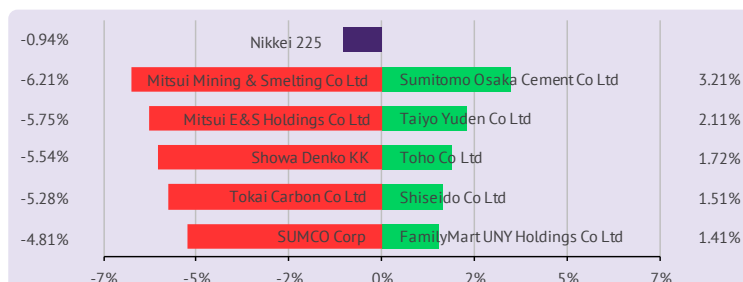
UK markets finished lower on Friday, amid rising trade tensions between the US and China and led by losses in mining sector stocks. The FTSE 100 Index declined 1.7% to close at 7,633.91.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, as trade tensions between the US and China escalated. The Nikkei 225 Index is trading 0.9% lower at 22,637.20.



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USD ZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R13.4416. Later today, traders will keep a close watch on the US NAHB housing market index for further direction.

The US Dollar fell against the South African Rand on Friday. On the data front, the US Michigan consumer sentiment index advanced more than market expectations in June. Additionally, the New York Empire State manufacturing index surprisingly increased in June. On the contrary, the nation's manufacturing production recorded an unexpected drop in May, marking its biggest decline since January 2014. Additionally, industrial production unexpectedly dropped on a monthly basis in the same month.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R17.8390. Overnight data indicated that UK's Rightmove house price index climbed on a monthly basis in June.

The British Pound declined against the South African Rand on Friday.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand to trade at R15.5790. Amid no major economic news in the Eurozone, investor sentiment would be determined by global macroeconomic factors.

The Euro strengthened against the South African Rand on Friday. On the macro front, Eurozone's final consumer price index (CPI) advanced in line with market expectations on an annual basis in May. Meanwhile, the region's trade surplus narrowed to a six-month low level in April.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.0056.

The Australian Dollar fell against the South African Rand on Friday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.4416	▲	-0.18	NA	5.76	1.91	8.46
GBPZAR	17.8390	▲	-0.10	NA	5.55	-1.58	6.61
EURZAR	15.5790	▼	0.23	NA	5.04	-1.31	5.01
AUDZAR	10.0056	▲	-0.71	NA	3.99	2.42	3.41
EURUSD	1.1591	▼	0.36	NA	-0.71	-3.19	-3.29
GBPUSD	1.3271	▼	0.12	NA	-0.15	-3.38	-1.74
Brent (\$/barrel)	72.7	▼	-3.29	NA	-5.31	3.84	9.83
Gold (\$/oz)	1282.8	▲	-2.25	NA	-1.96	-1.45	-2.65
Platinum (\$/oz)	888.1	▲	-2.54	NA	-2.45	0.63	-4.97
Copper (\$/MT)*	7019.0	▼	-2.15	NA	2.55	1.10	-2.61

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,282.80/oz, as trade war concerns boosted demand for the safe haven asset.

On Friday, gold prices fell 2.3% to close at \$1,274.60/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 1.0% to trade at \$72.71/bl, amid expectations that Russia and Saudi Arabia will raise output.

On Friday, Brent crude oil dropped 3.3% to settle at \$73.44/bl, after Baker Hughes reported that the US oil rigs count advanced by 1 to 863 in the week ended 15 June 2018.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices marginally rose to trade at \$888.10/oz.

On Friday, platinum prices declined 2.5% to close at \$887.80/oz.



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Major South African corporate news

Allied Electronics Corporation Limited

The company referred to the previous announcements released on 15 November 2017 and 4 April 2018 relating to the disposal by Altron, through various of its subsidiaries, of its interest in the Powertech Transformers group on the terms and conditions applicable. Further, as certain conditions precedent to the transaction are still being attended to, the parties have mutually agreed on an extension for the transaction to close by 31 July 2018.

Exxaro Resources Limited

The company announced that Mr. V Nkonyeni has been appointed to Chair the Audit committee. Mr. LI Mophatlane, has been appointed to Chair the Investment Committee. Further, Mr. EJ Myburgh, has been appointed to chair the Remuneration and Nomination Committee. Ms. A Sing and Mr. PCCH Snyders have been appointed as Chair of the Social and Ethics committee and Chair of the Sustainability, Risk and Compliance committee, respectively.

Invicta Holdings Limited

In its FY18 trading statement, the company announced that it expects HEPS to decrease 80.0% to 98.00c per share, compared to 500.00c per share in FY17. Further, the company continues to negotiate with the SARS with a view to reaching an agreement regarding the tax consequences of the transactions.

PPC Limited

In its FY18 trading statement, the company indicated that net profit attributable to PPC shareholders is expected to increase by 55.0% - 65.0%, compared to the ZAR93.00mn achieved during the prior comparable period. The HEPS is expected to increase between 110.0% and 120.0%, compared to the previously reported period of FY17.

Steinhoff International Holdings N.V.

The company announced that it has accepted a conditional offer from SIGMA Holding GmbH to sell the Kika/Leiner operating companies and property holding companies. Kika/Leiner business is currently loss-making and placed significant cash demands on the wider group. Further, any turnaround plan for Kika/Leiner would have required significant new investment from the group over a number of years.

Major global economic news

US

In the US, the preliminary Michigan consumer sentiment index rose higher-than-expected to a level of 99.30 in June. In the previous month, the index had recorded a level of 98.00.

In the US, manufacturing production registered an unexpected drop of 0.7% on a monthly basis in May. Manufacturing production had risen by a revised 0.6% in the previous month.

In May, industrial production unexpectedly declined 0.1% on a monthly basis in the US. In the previous month, industrial production had advanced by a revised 0.9%.

Eurozone

In the Eurozone, the final CPI rose 1.9% on an annual basis in May, at par with market expectations. The preliminary figures had recorded a rise of 1.2%. In the previous month, the CPI had advanced 1.2%.

In April, the non-seasonally adjusted trade surplus narrowed to EUR16.70bn in the Eurozone. The Eurozone had registered a surplus of EUR26.90bn in the previous month.

UK

In the UK, the Rightmove house price index advanced 0.4% on a monthly basis in June. In the previous month, the index had risen 0.8%.

Asia

In Japan, total merchandise trade deficit stood at JPY578.30bn in May, compared to a revised surplus of JPY624.60bn in the previous month.

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40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Murray & Roberts Holdings Ltd	1790	3.71	-1.54	47.81
Clover Industries Ltd	1670	-1.47	-6.60	29.56
Mondi Plc	37180	1.10	5.64	24.07
BHP Billiton Plc	30076	-2.93	3.95	23.33
Anglo American Plc	30725	-5.69	1.57	22.95
Mondi Ltd	36825	0.34	5.00	22.44
Netcare Ltd	2966	-0.80	0.17	20.61
Lewis Group Ltd	3060	-8.55	-8.36	19.93
RCL Foods Ltd	1805	1.52	0.28	19.69
Emira Property Fund Ltd	1518	-0.52	-1.43	17.99
Octodec Investments Ltd	2099	0.72	0.43	16.87
Reunert Ltd	8016	3.30	0.58	16.87
JSE Ltd	17344	-4.59	-4.45	16.60
Raubex Group Ltd	2289	2.88	1.33	16.49
PSG Konsult Ltd	995	0.51	3.97	15.33
Astral Foods Ltd	28562	9.43	9.80	14.42
South32 Ltd	3778	-0.58	6.42	14.24
Clicks Group Ltd	20370	0.17	0.85	13.92
Pick n Pay Stores Ltd	7755	2.39	5.22	13.75
Sasol Ltd	47936	-2.67	4.78	13.33
Santam Ltd	29600	-2.89	-4.52	12.99
Stenprop Ltd	2114	6.50	11.26	12.20
EPP NV	1814	-1.89	-3.46	11.70
Telkom SA SOC Ltd	5368	1.57	3.55	11.55
Cie Financiere Richemont SA	12464	1.68	6.89	11.53
Investec Plc	9981	3.18	6.98	11.20
Famous Brands Ltd	11388	-0.97	3.43	10.57
AECI Ltd	10685	2.42	-1.06	10.18
Hammerson Plc	9600	2.29	3.31	9.39
Glencore Plc	6877	1.64	9.96	8.92
Investec Ltd	9689	1.49	5.17	7.99
Adcock Ingram Holdings Ltd	6192	0.68	-5.31	7.48
Sappi Ltd	9376	3.03	12.65	7.07
Shoprite Holdings Ltd	23317	0.50	-0.38	6.24
Transaction Capital Ltd	1749	3.49	2.64	6.03
Nedbank Group Ltd	26495	-2.10	-3.16	5.97
Balwin Properties Ltd	517	2.82	1.85	5.85
PPC Ltd	734	-7.09	-9.49	5.31
City Lodge Hotels Ltd	14950	-0.62	-4.21	5.16
Vukile Property Fund Ltd	2180	-2.02	-0.32	5.06
JSE All Share Index	57661	-0.97%	2.68	-3.10

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	Rightmove House Price Index (MoM) (Jun)	✓	0.40%*	0.80%	Monthly
UK	01:01	Rightmove House Price Index (YoY) (Jun)	✓	1.70%*	1.10%	Monthly
Japan	01:50	Exports (YoY) (May)	✓✓	8.10%*	7.80%	Monthly
Japan	01:50	Imports (YoY) (May)	✓✓	14.00%*	5.90%	Monthly
Japan	01:50	Adjusted Merchandise Trade Balance (May)	✓✓✓	-JPY296.80bn*	JPY453.90bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (May)	✓✓✓	-JPY578.30bn*	JPY626.00bn	Monthly
Italy	10:00	Trade Balance EU (Apr)	✓✓✓	-	EUR0.70bn	Monthly
Italy	10:00	Trade Balance Non-EU (Apr)	✓✓✓	-	EUR3.83bn	Monthly
Italy	10:00	Exports (Apr)	✓	-	EUR41515.00mn	Monthly
Italy	10:00	Imports (Apr)	✓	-	EUR36984.00mn	Monthly
Italy	10:00	Trade Balance (Apr)	✓✓✓	-	EUR4531.00mn	Monthly
US	14:45	Departing NY Fed Chief Dudley Speaks at Bank Culture Conferenc	✓	-	-	As scheduled
US	15:00	Dudley, Duke and Gorman Speak on Culture in Finance Panel	✓	-	-	As scheduled
US	16:00	NAHB Housing Market Index (Jun)	✓	70.00	70.00	Monthly
US	19:00	Fed's Bostic Speaks on Economist and Monetary Policy Outlook	✓	-	-	As scheduled
Eurozone	19:30	ECB's Draghi gives opening remarks at Sintra conference	✓✓✓	-	-	As scheduled
US	22:00	Fed's Williams Speaks at NY Fed Bank Culture Conference	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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