

ONE Minute Brief

21 June 2018

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Economic and political news

In South Africa (SA), the consumer price index (CPI) advanced 4.4% YoY in May, less than market expectations and compared to a rise of 4.5% in April.

S&P Global Ratings Africa regional manager, Konrad Reuss, stated that SA should view the stable outlook favourably and added that the agency does not see downside risks to the country's sovereign credit rating.

According to a news report, the National Union of Mineworkers, the National Union of Metalworkers of SA and Solidarity rejected Eskom's 4.7% offer and consolidated their demands seeking a 9.0% salary hike for 2018 and increases of 8.6% and 8.5% for the following two years.

The Presidency has confirmed that the state will continue to pay former President, Jacob Zuma's legal fees, regardless of a court application to stop that arrangement.

Health Minister, Aaron Motsoaledi, stated that he is expecting a "hurricane" of protest after he releases the National Health Insurance Bill and Medical Schemes Amendment Bill today.

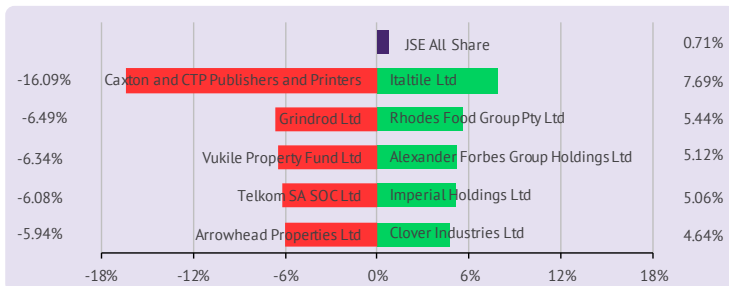
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56651.66	▲	398.35	0.71	-1.75	0.88	-3.60	-4.79
JSE Top 40	50396.44	▲	376.04	0.75	-1.81	1.23	-3.18	-4.07
FTSE 100	7627.40	▲	23.55	0.31	-0.09	-0.66	2.25	-0.79
DAX 30	12695.16	▲	17.19	0.14	-2.42	0.72	-0.06	-1.72
CAC 40	5372.31	▼	-18.32	-0.34	-2.36	-0.48	-2.21	1.12
S&P 500	2767.32	▲	4.73	0.17	-0.44	2.29	2.16	3.50
Nasdaq Composite	7781.52	▲	55.93	0.72	0.45	4.56	5.32	12.72
DJIA	24657.80	▼	-42.41	-0.17	-1.72	0.99	1.05	-0.25
MSCI Emerging Markets	1093.26	▲	8.23	0.76	-1.84	-2.45	-3.75	-5.63
MSCI Developed World	2117.76	▲	6.31	0.30	-0.77	1.19	0.31	0.68

South Africa Market ▲

South African markets closed higher

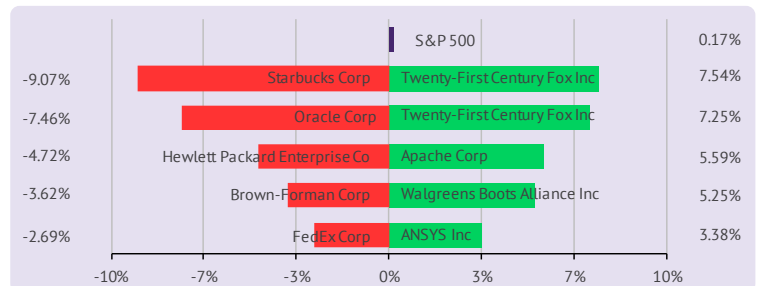
South African markets closed in the green yesterday, supported by gains in banking and retail sector stocks. Data showed that SA's annual CPI rose less-than-anticipated in May. The JSE All Share Index rose 0.7% to close at 56,651.66.



US Market ▲

The S&P 500 futures are trading in the green

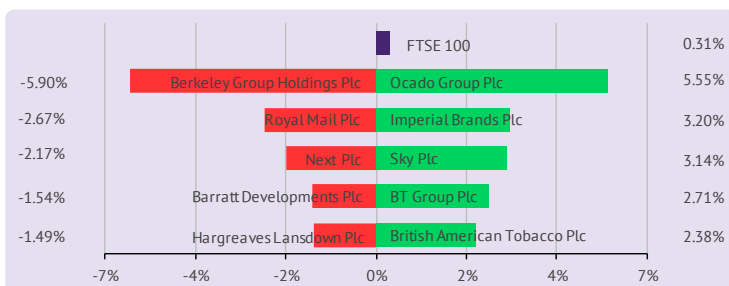
US markets closed mostly higher yesterday, as trade tensions faded and supported by gains in technology sector stocks. Data indicated that existing home sales unexpectedly fell in May. The S&P 500 Index climbed 0.2% to close at 2,767.32.



UK Market ▲

The FTSE 100 futures are trading in positive territory

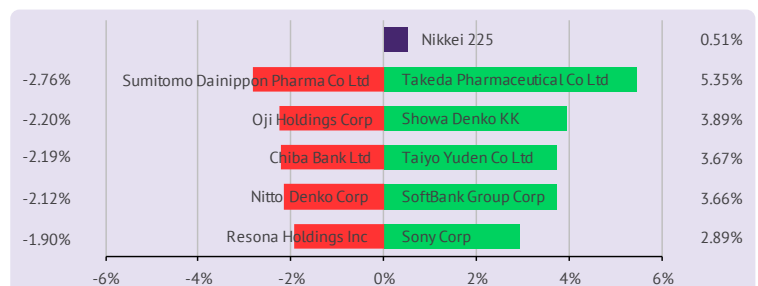
UK markets finished higher yesterday, amid easing trade worries between the US and China. The FTSE 100 Index advanced 0.3% to close at 7,627.40.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.5% higher at 22,671.44.



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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 R13.6639. Later today, traders will keep a close watch on the US initial jobless claims, house price and leading index for further indication.

The US Dollar fell against the South African Rand yesterday. Data revealed that the US current account deficit widened less-than-expected in the first three months of 2018. Further, monthly existing home sales recorded an unexpected decline for a second straight month in May. Meanwhile, the MBA mortgage applications climbed the most in more than five months in the week ended 15 June 2018. Separately, in SA, CPI rose less than market expectations on an annual basis in May.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped marginally against the South African Rand to trade at R17.9869. Later today, traders will keep an eye on the Bank of England's interest rate decision along with UK's public sector net borrowing for further direction.

The British Pound declined against the South African Rand yesterday. On the data front, UK's CBI total trend orders rebounded in June.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R15.8015. Going forward, market participants will keep a tab on Eurozone's consumer confidence index for further cues.

The Euro weakened against the South African Rand yesterday. On the macroeconomic front, Germany's annual producer price index (PPI) climbed more than market anticipation in May.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally advanced against the South African Rand to trade at R10.0615.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's Westpac leading index recorded a drop on a monthly basis in May.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.6639	▲	-0.69	1.67	7.53	1.91	10.28
GBPZAR	17.9869	▼	-0.70	0.91	6.51	-1.58	7.57
EURZAR	15.8015	▼	-0.84	1.31	6.41	-1.31	6.39
AUDZAR	10.0615	▲	-0.90	0.68	4.69	2.42	4.11
EURUSD	1.1564	▼	-0.16	-0.33	-1.03	-3.19	-3.61
GBPUSD	1.3163	▼	-0.02	-0.80	-0.95	-3.38	-2.52
Brent (\$/barrel)	74.5	▼	-0.45	1.77	-3.64	3.84	11.77
Gold (\$/oz)	1267.3	▼	-0.34	-0.27	-2.22	-1.45	-2.91
Platinum (\$/oz)	864.0	▼	1.06	-1.54	-3.96	0.63	-6.43
Copper (\$/MT)*	6763.8	▼	-1.00	-3.64	-1.18	1.10	-6.15

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.3% to trade at \$1,267.30/oz.

Yesterday, gold prices fell 0.3% to close at \$1,271.20/oz, as strength in the US Dollar dented demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.3% to trade at \$74.49/bl, as Iran signalled support for OPEC output rise.

Yesterday, Brent crude oil dropped 0.5% to settle at \$74.74/bl. The US Energy Information Administration reported that crude supplies fell by 5.9mn bls in the week ended 15 June 2018, marking its biggest decline since January 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 1.2% to trade at \$864.00/oz.

Yesterday, platinum prices climbed 1.1% to close at \$874.10/oz.



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Major South African corporate news

Mondi Limited

The company confirmed that all conditions related to the acquisition of National Company for Paper Products and Import & Export S.A.E in Egypt have been satisfied and the purchase was undertaken for a total consideration of EUR24.00mn on a debt and cash free-basis.

Shoprite Holdings Limited

The company announced that Mr. EL Nel would retire as Executive Director with effect from 29 June 2018.

Old Mutual Plc

The company announced that the court has sanctioned the First Scheme by which, inter alia, the Demerger Reduction of Capital and the Quilter Demerger will be effective. Additionally, the court confirmed that any proceeds realised in respect of the Quilter Share Sale in excess of GBP113.40mn are not subject to the undertaking.

Major global economic news

US

In the US, the MBA mortgage applications rebounded 5.1% on a weekly basis in the week ended 15 June 2018. In the previous week, mortgage applications had registered a drop of 1.5%.

The US registered a current account deficit of USD124.10bn in 1Q18, following a revised deficit of USD116.10bn in the previous quarter.

In the US, existing home sales unexpectedly dropped by 0.4% to a level of 5.43mn on a monthly basis in May, compared to a revised level of 5.45mn in the prior month.

UK

In the UK, total order book above normal recorded a rise to 13.00 in June. In the prior month, the balance of firms reporting total order book above normal had registered a reading of -3.00.

Eurozone

In Germany, the PPI rose 2.7% on a yearly basis in May, more than market forecast and compared to an advance of 2.0% in the prior month.

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Japan	03:30	BoJ Furoo speaks in Sendai	✓	-	-	As scheduled
Japan	07:00	Supermarket Sales (YoY) (May)	✓	-	-1.20%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (May) (F)	✓✓✓	-	14.90%**	Monthly
Eurozone	09:00	Banque de France Governor Villeroy de Galhau to Speak in Paris	✓	-	-	As scheduled
South Africa	10:00	Current Account to GDP (Q1)	✓✓	-3.90%	-2.90%	Quarterly
South Africa	10:00	Current Account Balance (Q1)	✓	-ZAR188.00bn	-ZAR137.00bn	Quarterly
UK	10:30	Public Sector Net Cash Requirement (May)	✓✓	-	-GBP9.70bn	Monthly
UK	10:30	PSNB ex Interventions (May)	✓	GBP6.30bn	GBP7.80bn	Monthly
UK	10:30	Public Sector Net Borrowing (May)	✓✓	GBP4.90bn	GBP6.20bn	Monthly
Eurozone	11:45	Bundesbank President Weidmann Speaks in Paris	✓	-	-	As scheduled
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
UK	13:00	Monetary Policy Summary	✓✓✓	-	-	As scheduled
UK	13:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	13:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
US	14:30	Continuing Jobless Claims (09-Jun)	✓✓✓	1710.00K	1697.00K	Weekly
US	14:30	Initial Jobless Claims (16-Jun)	✓✓✓	220.00K	218.00K	Weekly
US	14:30	Philadelphia Fed Manufacturing Survey (Jun)	✓✓	29.00	34.40	Monthly
US	15:00	Housing Price Index (MoM) (Apr)	✓	0.50%	0.10%	Monthly
US	16:00	Leading Indicator (MoM) (May)	✓✓✓	0.40%	0.40%	Monthly
Eurozone	16:00	Consumer Confidence (Jun) (P)	✓✓✓	0.00	0.20	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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