

ONE  
Minute Brief

22 June 2018


  
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## Economic and political news

In South Africa (SA), current account deficit widened to 4.8% of gross domestic product in 1Q18 from 2.9% in 4Q17. Current account deficit widened to ZAR229.0bn in 1Q18, compared to a deficit of ZAR137.0bn in the previous quarter.

The African National Congress has selected Job Mokgoro as the new North West Premier.

Health Minister, Aaron Motsoaledi, stated that the National Health Insurance (NHI) would require a massive reorganisation of the current health system, both public and private. Meanwhile, he also stated that there was no way to determine the full cost of NHI.

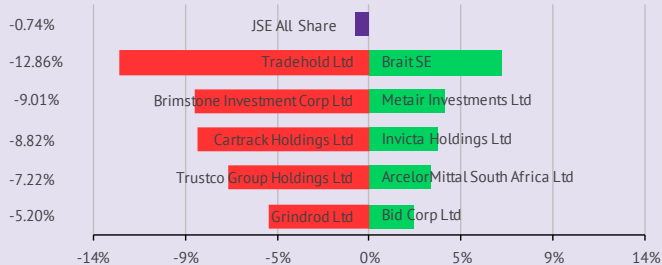
News reports revealed that the Board of Healthcare Funders of Southern Africa has welcomed the proposed amendments to the NHI Bill and the Medical Schemes Amendment Bill, announced by Health Minister, Aaron Motsoaledi.

The National Union of Mineworkers has warned Eskom not to retrench its members as wage talks continue.

## South Africa Market ▼

## South African markets closed lower

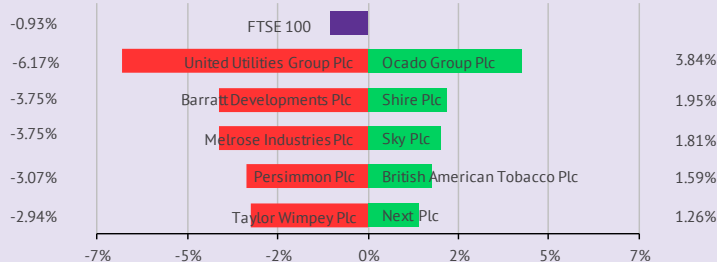
South African markets closed in the red yesterday, weighed down by losses in mining and industrial sector stocks. On the data front, SA's current account deficit widened more than expected in 1Q18. The JSE All Share Index fell 0.7% to close at 56,234.43.



## UK Market ▼

## The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, as the British Pound strengthened, amid expectations that the Bank of England (BoE) will raise interest rates in August. The FTSE 100 Index declined 0.9% to close at 7,556.44.



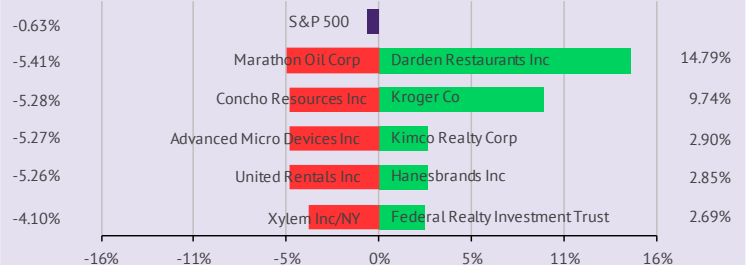
## Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56234.43	▼ -417.23	-0.74	-2.47	0.14	-3.60	-5.50
JSE Top 40	50023.54	▼ -372.90	-0.74	-2.54	0.48	-3.18	-4.78
FTSE 100	7556.44	▼ -70.96	-0.93	-1.01	-1.59	2.25	-1.71
DAX 30	12511.91	▼ -183.25	-1.44	-3.83	-0.74	-0.06	-3.14
CAC 40	5316.01	▼ -56.30	-1.05	-3.38	-1.53	-2.21	0.06
S&P 500	2749.76	▼ -17.56	-0.63	-1.08	1.64	2.16	2.85
Nasdaq Composite	7712.95	▼ -68.56	-0.88	-0.43	3.64	5.32	11.73
DJIA	24461.70	▼ -196.10	-0.80	-2.51	0.19	1.05	-1.04
MSCI Emerging Markets	1080.19	▼ -13.07	-1.20	-3.01	-3.62	-3.75	-6.76
MSCI Developed World	2105.93	▼ -11.83	-0.56	-1.32	0.62	0.31	0.12

## US Market ▼

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

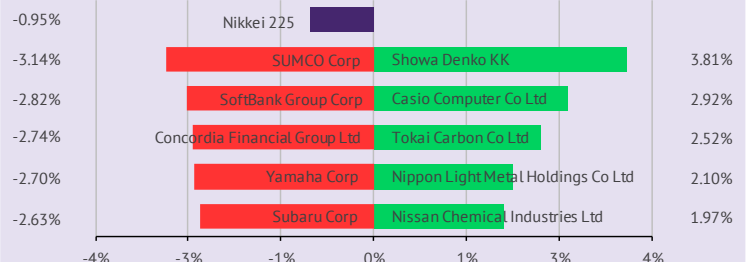
US markets closed lower yesterday, amid ongoing trade tensions between the US and China and led by losses in energy sector stocks. Data showed that US initial jobless claims fell for the fourth consecutive week. The S&P 500 Index dropped 0.6% to close at 2,749.76.



## Asian Market ◀▶

## Trading mixed

Asian markets are trading mixed this morning. Data revealed that Japan's annual consumer price index (CPI) rose more-than-expected in May. The Nikkei 225 Index is trading 1.0% lower at 22,477.28.



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## USD ZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally declined against the South African Rand to trade at R13.5760. Later today, traders will keep a close watch on the US Markit manufacturing and services PMI for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that the house price index advanced at a slower-than-expected pace on a monthly basis in April. Further, the leading index climbed lower than market forecast in May. Meanwhile, the US initial jobless claims declined more than market expectations in the week ended 16 June 2018. Separately, in SA, current account deficit widened in the first three months of 2018, recording the largest deficit since the first quarter of 2016.

## GBP ZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R18.0072. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. On the data front, UK's public sector net borrowing declined more than market forecast in May.

## EUR ZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro marginally gained against the South African Rand to trade at R15.7659. Going forward, market participants will keep a tab on the Markit manufacturing and services PMI across the Eurozone for further indication.

The Euro weakened against the South African Rand yesterday, after the Eurozone's consumer confidence index unexpectedly declined in June, marking its lowest reading since October 2017.

## AUD ZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.2% against the South African Rand to trade at R10.0409.

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	13.5760	▼	-0.53	1.13	6.95	1.91	9.69
GBPZAR	18.0072	▲	-0.01	0.90	6.50	-1.58	7.56
EURZAR	15.7659	▲	-0.27	1.04	6.13	-1.31	6.10
AUDZAR	10.0409	▲	-0.39	0.28	4.28	2.42	3.70
EURUSD	1.1614	▲	0.28	-0.05	-0.76	-3.19	-3.34
GBPUSD	1.3264	▲	0.52	-0.29	-0.44	-3.38	-2.02
Brent (\$/barrel)	74.0	▲	-2.26	-0.53	-5.81	3.84	9.24
Gold (\$/oz)	1270.1	▲	-0.31	-0.58	-2.53	-1.45	-3.22
Platinum (\$/oz)	861.0	▼	-1.25	-2.77	-5.15	0.63	-7.60
Copper (\$/MT)*	6788.8	▲	0.37	-3.28	-0.82	1.10	-5.80

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.2% to trade at \$1,270.10/oz.

Yesterday, gold prices fell 0.3% to close at \$1,267.20/oz, amid strength in the US Dollar and after the US Federal Reserve Chair, Jerome Powell signalled 'strong' case for more interest rate hikes.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 1.2% higher to trade at \$73.95/bl.

Yesterday, Brent crude oil dropped 2.3% to settle at \$73.05/bl, as crude exporters in OPEC appeared to move closer to a deal to increase crude production.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices fell 0.3% to trade at \$861.00/oz.

Yesterday, platinum prices declined 1.3% to close at \$863.20/oz.



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## Major South African corporate news

### Net 1 UEPS Technologies Inc

The company announced that it has received unconditional approval from the Competition Tribunal to increase its stake in DNI-4PL Contracts (Pty) Ltd. from 49.0% to 55.0%. The transaction is now unconditional and Net1 expects the transaction to close on or before June 29, 2018.

## Major global economic news

### UK

The BoE, at its June monetary policy meeting, opted to keep the benchmark interest rate steady at 0.50% in a split vote while all nine officials voted to maintain its asset purchase facility at £435.0 billion. Meanwhile, the BoE's Chief Economist, Andy Haldane unexpectedly supported the hawks calling for an immediate interest-rate increase, defying the majority of policymakers who voted to keep the rate unchanged. The minutes of the meeting revealed that policymakers expect that any future increases in the rate are likely to be at a gradual pace and to a limited extent. Further, inflation is expected to rise slightly more than projected in May in the near term.

In the UK, public sector net borrowing has reported a deficit of GBP3.40bn in May, compared to a revised deficit of GBP5.30bn in the previous month.

### Asia

In Japan, the national CPI rose 0.7% on an annual basis in May, more than market forecast and compared to an advance of 0.6% in the prior month.

In June, the flash manufacturing PMI in Japan advanced to 53.10, compared to a reading of 52.80 in the previous month.

In Japan, the all industry activity index climbed 1.0% on a monthly basis in April, more than market expectations.

### US

In the US, seasonally adjusted initial jobless claims eased more-than-expected to 218.00K in the week ended 16 June 2018, compared to a revised level of 221.00K in the previous week.

In April, the housing price index registered a rise of 0.1% on a monthly basis in the US, less than market expectations. In the prior month, the index had recorded a revised rise of 0.2%.

In the US, leading indicator recorded a rise of 0.2% on a monthly basis in May, lower than market expectations. Leading indicator had recorded a rise of 0.4% in the prior month.

### Eurozone

In the Eurozone, the preliminary consumer confidence index dropped to -0.50 in June. The index had recorded a reading of 0.20 in the prior month.

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## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	National Consumer Price Index (YoY) (May)	✓✓✓	0.70%*	0.60%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (May)	✓✓✓	0.70%*	0.70%	Monthly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Jun) (P)	✓✓✓	53.10*	52.80	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Apr)	✓✓✓	1.00%*	0.00%	Monthly
Japan	07:30	Nationwide Department Store Sales (YoY) (May)	✓	-	0.70%	Monthly
Japan	07:30	Tokyo Department Store Sales (YoY) (May)	✓	-	1.90%	Monthly
France	08:45	Gross Domestic Product (QoQ) (Q1) (F)	✓✓✓	0.20%	0.20%**	Quarterly
France	08:45	Gross Domestic Product (YoY) (Q1) (F)	✓✓✓	2.20%	2.20%**	Quarterly
France	09:00	Markit Manufacturing PMI (Jun) (P)	✓✓✓	54.00	54.40	Monthly
France	09:00	Markit Services PMI (Jun) (P)	✓✓✓	54.30	54.30	Monthly
Germany	09:30	Markit Manufacturing PMI (Jun) (P)	✓✓✓	56.30	56.90	Monthly
Germany	09:30	Markit Services PMI (Jun) (P)	✓✓✓	52.20	52.10	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Jun) (P)	✓✓✓	55.00	55.50	Monthly
Eurozone	10:00	Markit Composite PMI (Jun) (P)	✓✓✓	53.90	54.10	Monthly
Eurozone	10:00	Markit Services PMI (Jun) (P)	✓✓✓	53.80	53.80	Monthly
UK	13:00	BoE Quarterly Bulletin	✓	-	-	As scheduled
US	15:45	Markit Composite PMI (Jun) (P)	✓✓✓	-	56.60	Monthly
US	15:45	Markit Manufacturing PMI (Jun) (P)	✓✓✓	56.10	56.40	Monthly
US	15:45	Markit Services PMI (Jun) (P)	✓✓✓	56.50	56.80	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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