

# ONE Minute Brief

27 July 2018

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## Economic and political news

In South Africa (SA), the producer price index (PPI) recorded a more-than-expected rise of 5.9% YoY in June, compared to a gain of 4.6% in May.

Citing stagnant domestic economic growth, SA President, Cyril Ramaphosa's spokeswoman stated that the country cannot sign the nuclear deal with Russia for now. Meanwhile, African National Congress (ANC) Treasurer General, Paul Mashatile, stated that SA cannot afford large-scale expansion of its nuclear power fleet but would still be open to future nuclear deals with Russia.

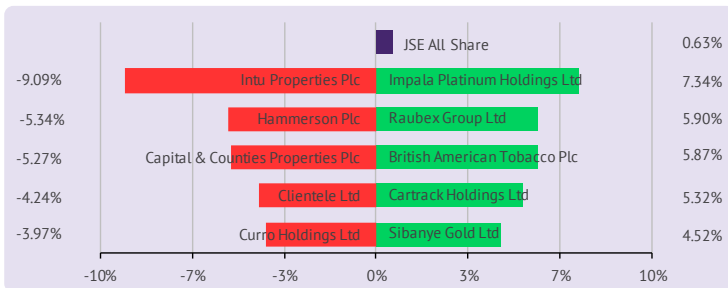
The ANC, the Congress of South African Trade Unions and the South African Federation of Trade Unions have welcomed the Constitutional Court ruling on the status of labour brokers which confirms that a worker placed by labour brokers in their clients' companies will become that company's employee after three months.

Cape Town Mayor, Patricia De Lille and the Democratic Alliance (DA) have reached an 11th-hour agreement, which would allow her to go through a disciplinary hearing within two weeks. Meanwhile, the DA announced the withdrawal of a motion of no confidence in the Mayor and also agreed to appoint an independent senior prosecutor and a federal legal commission panel to preside over her internal disciplinary hearing.

## South Africa Market ▲

### South African markets closed higher

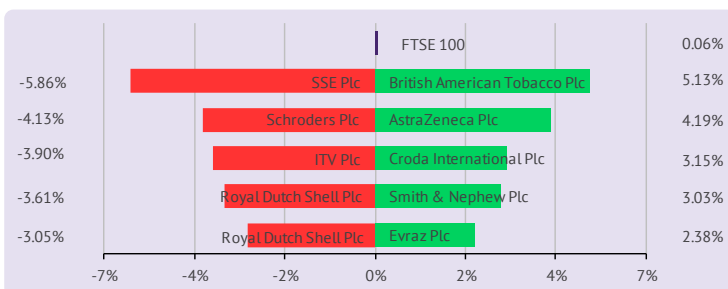
South African markets closed in the green yesterday, boosted by gains in mining, retail and banking sector stocks. Data showed that SA's annual PPI climbed more-than-expected in June. The JSE All Share Index rose 0.6% to close at 56,743.25.



## UK Market ▲

### The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, ahead of earnings reports. The FTSE 100 Index advanced 0.1% to close at 7,663.17.



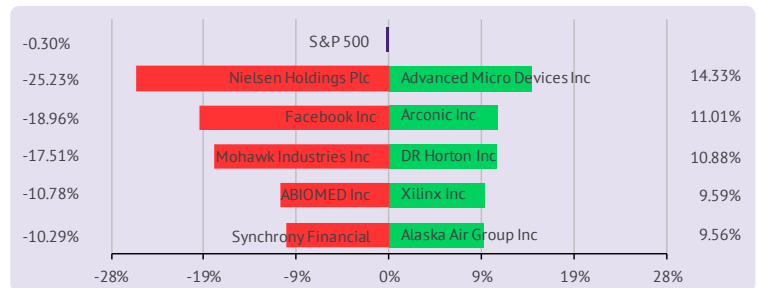
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56743.25	▲	355.38	0.63	-0.43	-1.51	2.59	-4.64
JSE Top 40	50703.73	▲	382.18	0.76	-0.39	-1.58	3.48	-3.48
FTSE 100	7663.17	▲	4.91	0.06	-0.20	0.34	-0.54	-0.32
DAX 30	12809.23	▲	229.90	1.83	1.97	4.09	-2.37	-0.84
CAC 40	5480.55	▲	54.14	1.00	1.52	2.95	-1.39	3.16
S&P 500	2837.44	▼	-8.63	-0.30	1.27	4.38	0.48	6.13
Nasdaq Composite	7852.19	▼	-80.05	-1.01	0.41	4.55	0.92	13.74
DJIA	25527.07	▲	112.97	0.44	1.87	5.17	-0.59	3.27
MSCI Emerging Markets	1089.17	▲	0.35	0.03	1.79	1.84	-4.57	-5.98
MSCI Developed World	2161.93	▲	0.18	0.01	1.06	3.48	-0.17	2.78

## US Market ▼

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

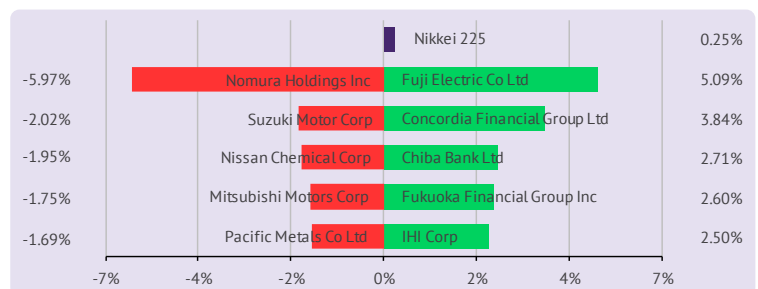
US markets closed mostly lower yesterday, as a plunge in shares of Facebook, led a sell-off in technology sector stocks. Data revealed that the US advance goods trade deficit widened more-than-expected in June. The S&P 500 Index dropped 0.3% to close at 2,837.44.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.3% higher at 22,644.39.



## USD ZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R13.2428. Later today, traders will keep a close watch on the US gross domestic product and the Michigan consumer sentiment index for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US advance goods trade deficit widened more than market forecast in June. Additionally, initial jobless claims climbed more -than-expected in the week ended 21 July 2018. Moreover, the Kansas Fed manufacturing activity index recorded a more-than-expected drop in July. Further, durable goods orders advanced at a slower-than-anticipated pace in June. Separately, in SA, PPI advanced more than market expectations on an annual basis in June.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading slightly lower against the South African Rand at R17.3573. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro marginally gained against the South African Rand to trade at R15.4253. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic factors.

The Euro strengthened against the South African Rand yesterday. On the macro front, Germany's GfK consumer confidence index registered an unexpected drop in August. Meanwhile, the European Central Bank (ECB) left its interest rates unchanged as widely expected.

## AUD ZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R9.7825. Earlier in the session, Australia's producer price index (PPI) recorded a rise on an annual basis in the second quarter of 2018.

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	13.2428	▼	1.03	-1.20	-3.51	8.08	6.95
GBPZAR	17.3573	▼	0.45	-1.40	-4.23	7.34	3.83
EURZAR	15.4253	▲	0.28	-1.89	-3.85	7.98	3.80
AUDZAR	9.7825	▲	-0.03	-1.70	-3.89	5.77	1.10
EURUSD	1.1649	▲	-0.73	-0.69	-0.35	-0.08	-3.02
GBPUSD	1.3108	▼	-0.61	-0.21	-0.74	-0.68	-2.99
Brent (\$/barrel)	74.6	▲	0.83	2.01	-5.92	2.15	11.47
Gold (\$/oz)	1232.9	▲	-0.50	-0.44	-2.30	-3.51	-6.39
Platinum (\$/oz)	832.4	-	-0.17	1.07	-2.35	-6.34	-10.90
Copper (\$/MT)*	6266.5	▲	0.07	2.35	-5.41	-3.21	-13.05

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.6% to trade at \$1,232.90/oz.

Yesterday, gold prices fell 0.5% to close at \$1,225.70/oz, as strength in the US Dollar lowered demand for the precious yellow metal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil slightly rose to trade at \$74.55/bl.

Yesterday, Brent crude oil advanced 0.8% to settle at \$74.54/bl, supported by Saudi Arabia's halt on transporting crude through the Red Sea waterway, falling US inventories and easing trade tensions between the US and EU.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$832.40/oz.

Yesterday, platinum prices declined 0.2% to close at \$832.40/oz.

## Major South African corporate news

### British American Tobacco Plc

In its 1H18 results, the company indicated that its revenues rose 56.9% to GBP11.64bn, compared to the corresponding period of the previous year. Its diluted EPS fell to 117.40p, from 121.40p, posted in the same period of the prior year. The next quarterly dividend payment of 48.8p will be made next month.

### Nedbank Group Limited

In its 1H18 trading statement, the company indicated that its HEPS will be in the range of 1,350.50c and 1,405.40c, which is 23.0% to 28.0% higher than the corresponding period of the prior year. Further, its EPS is expected to be between 1,344.40c and 1,399.00c, representing an increase between 23.0% and 28.0%, compared to the same period of the preceding year.

### Harmony Gold Mining Company Limited

The company announced that the company's Hidden Valley operation reached commercial levels of production in the month of June 2018. The investment in the stage 5 and 6 cut back was delivered safely, on schedule and below budget and the company is confident that Hidden Valley will produce more than 180,000.00oz in FY19. Additionally, engagement with the Papua New Guinea government on the application for a special mining lease for the Wafi-Golpu project is progressing well. The firm's FY18 results would be released on 21 August 2018.

### Royal Bafokeng Platinum Limited

In its 1H18 trading statement, the company indicated that it expects headline loss per share (HLPS) to be in the range of 7.50c and 4.50c, compared to HLPS of 15.30c during the corresponding period of the prior year. Further, it expects loss per share (LPS) to be in the range of 13.50c to 10.50c compared to LPS of 15.00c for the previous corresponding period.

### Intu Properties

In its 1H18 results, the company reported that its revenues declined to GBP286.10mn from GBP307.30mn, recorded in the same period of the preceding year. Its loss per share stood at 36.10p, compared to a profit of 8.90p recorded in the corresponding period of the previous year. The company declared an interim dividend of 4.60p per share. Separately, the company announced that Chief Executive Officer, David Fischel, would be stepping down from the Board and would leave the firm once a successor has been appointed.

## Major global economic news

### US

In the US, advance goods trade deficit widened to USD68.30bn in June, more than market expectations. The US had reported a deficit of USD64.80bn in the prior month.

In the US, the seasonally adjusted initial jobless claims recorded a rise to 217.00K in the week ended 21 July 2018, compared to a revised reading of 208.00K in the prior week.

In the US, preliminary durable goods orders registered a less-than-expected rise of 1.0% on a monthly basis in June. Durable goods orders had recorded a revised drop of 0.3% in the prior month.

In July, the Kansas City Fed manufacturing activity index eased to 23.00 in the US, compared to a reading of 28.00 in the prior month.

### Eurozone

The ECB, at its July monetary policy meeting, decided to keep the benchmark interest rate unchanged at 0.00%, as widely expected and maintained the forward guidance on monetary stimulus. Meanwhile, the officials expect the key interest rates to remain at their present levels at least through the summer of 2019 and inflation close to 2.0% over the medium term.

In Germany, the consumer confidence index unexpectedly eased to a level of 10.60 in August. The index had registered a reading of 10.70 in the prior month.

### Asia

In Japan, Tokyo CPI recorded a more-than-expected rise of 0.9% on an annual basis in July, compared to a gain of 0.6% in the previous month.

In Australia, the PPI advanced 1.5% on an annual basis in 2Q18. In the previous quarter, the PPI had risen 1.7%.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Japan	01:30	Tokyo Consumer Price Index (YoY) (Jul)	✓✓✓	0.90%*	0.60%	Monthly
 Japan	01:30	Tokyo CPI ex Food, Energy (YoY) (Jul)	✓	0.50%*	-0.40%	Monthly
 Japan	01:30	Tokyo CPI ex Fresh Food (YoY) (Jul)	✓✓✓	0.80%*	0.70%	Monthly
 China	03:30	Industrial Profits (YoY) (Jun)	✓✓	20.00%*	21.10%	Monthly
 France	07:30	Gross Domestic Product (YoY) (Q2) (P)	✓✓✓	1.90%	2.20%	Quarterly
 France	07:30	Gross Domestic Product (QoQ) (Q2) (P)	✓✓✓	0.30%	0.20%	Quarterly
 Germany	08:00	Import Price Index s.a. (MoM) (Jun)	✓✓	0.30%	1.60%	Monthly
 Germany	08:00	Import Price Index n.s.a. (YoY) (Jun)	✓✓	4.50%	3.20%	Monthly
 France	08:45	Consumer Spending (MoM) (Jun)	✓	0.60%	0.90%	Monthly
 France	08:45	Consumer Spending (YoY) (Jun)	✓	0.70%	-0.20%	Monthly
 Spain	09:00	House Mortgage Approvals (YoY) (May)	✓	-	34.20%	Monthly
 Spain	09:00	Total Mortgage Lending (YoY) (May)	✓	-	26.10%	Monthly
 Spain	09:00	Retail Sales (YoY) (Jun)	✓✓✓	0.30%	-0.30%	Monthly
 Italy	10:00	Producer Price Index (MoM) (Jun)	✓✓	-	1.00%	Monthly
 Italy	10:00	Producer Price Index (YoY) (Jun)	✓	-	2.70%	Monthly
 Italy	10:00	Producer Price Index (Jun)	✓	-	102.50	Monthly
 Eurozone	10:00	ECB Survey of Professional Forecasters	✓	-	-	As scheduled
 US	14:20	Fed's Bullard speech	✓✓	-	-	As scheduled
 US	14:30	Gross Domestic Product Annualised (QoQ) (Q2) (P)	✓✓✓	4.20%	2.00%	Quarterly
 US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q2) (P)	✓✓✓	2.30%	2.20%	Quarterly
 US	14:30	Personal Consumption (QoQ) (Q2) (P)	✓✓✓	3.00%	0.90%	Quarterly
 US	14:30	Personal Consumption Expenditure Core (QoQ) (Q2) (P)	✓✓✓	2.20%	2.30%	Quarterly
 US	16:00	Reuters/Michigan Consumer Sentiment Index (Jul) (F)	✓✓✓	97.10	97.10**	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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