

ONE Minute Brief

6 July 2018

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Economic and political news

In South Africa (SA), electricity consumption advanced 0.2% on a yearly basis in May, compared to a drop of 0.7% in the previous month. Annual electricity production fell 0.8% in May, compared to a decline of 0.5% in April.

The Congress of Traditional Leaders of South Africa (Contralesa) has opined that Section 25 of the Constitution must be amended to allow for expropriation of land without compensation and added that the State must be the custodian of the land. It also warned the African National Congress to exclude land controlled by local chiefs from its plans to redistribute property to the black majority.

The National Union of Mineworkers and the National Union of Metalworkers of SA have rejected Eskom's 6.2% wage hike offer.

President, Cyril Ramphosa, has warned companies not to take advantage of consumers, following the record rise in fuel prices.

Mineral Resources Minister, Gwede Mantashe is considering re-opening shuttered mines to boost the economy.

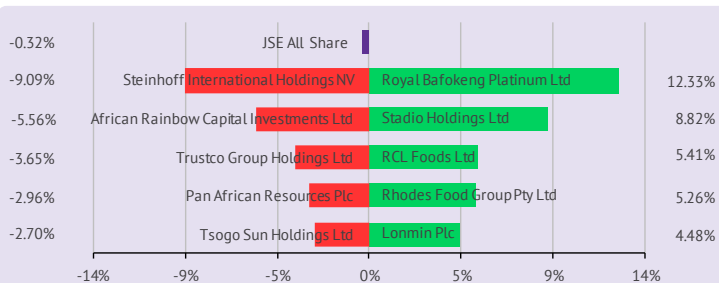
Key indices

| | Last close | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------|------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 57414.00 | ▼ | -186.02 | -0.32 | -0.34 | -0.34 | 2.59 | -3.51 |
| JSE Top 40 | 51193.98 | ▼ | -180.31 | -0.35 | -0.63 | -0.63 | 3.48 | -2.55 |
| FTSE 100 | 7603.22 | ▲ | 30.13 | 0.40 | -0.44 | -0.44 | -0.54 | -1.10 |
| DAX 30 | 12464.29 | ▲ | 146.68 | 1.19 | 1.29 | 1.29 | -2.37 | -3.51 |
| CAC 40 | 5366.32 | ▲ | 45.82 | 0.86 | 0.80 | 0.80 | -1.39 | 1.01 |
| S&P 500 | 2736.61 | ▲ | 23.39 | 0.86 | 0.67 | 0.67 | 0.48 | 2.36 |
| Nasdaq Composite | 7586.43 | ▲ | 83.75 | 1.12 | 1.01 | 1.01 | 0.92 | 9.89 |
| DJIA | 24356.74 | ▲ | 181.92 | 0.75 | 0.35 | 0.35 | -0.59 | -1.47 |
| MSCI Emerging Markets | 1054.35 | ▼ | -1.72 | -0.16 | -1.42 | -1.42 | -4.57 | -8.99 |
| MSCI Developed World | 2096.19 | ▲ | 14.02 | 0.67 | 0.33 | 0.33 | -0.17 | -0.35 |

South Africa Market ▼

South African markets closed lower

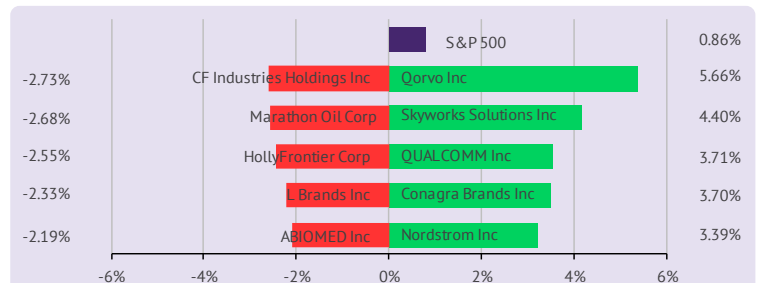
South African markets closed in the red yesterday, weighed down by losses in banking and industrial sector stocks. The JSE All Share Index fell 0.3% to close at 57,414.00.



US Market ▲

The S&P 500 futures are trading in the green

US markets closed higher yesterday, boosted by gains in technology and healthcare sector stocks. Data showed that the US ISM service sector activity unexpectedly accelerated in June. The S&P 500 Index climbed 0.9% to close at 2,736.61.



UK Market ▲

The FTSE 100 futures are trading in positive territory

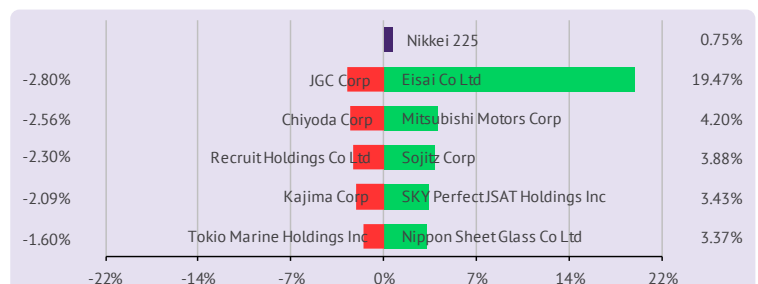
UK markets finished higher yesterday, amid signs of easing in trade dispute between the US and other economies. The FTSE 100 Index advanced 0.4% to close at 7,603.22.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.8% higher at 21,709.52.



USD ZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R13.5698. Later today, traders will keep a close watch on the US change in non-farm pay rolls, unemployment rate, trade balance and average hourly earnings for further indication.

The US Dollar fell against the South African Rand yesterday, following dismal economic data. On the data front, the US Markit services PMI declined in June. Further, the ADP employment change rose lower than market forecast in June. Additionally, initial jobless claims unexpectedly climbed to a six-month high level in the week ended 30 June 2018. Separately, in SA, annual electricity consumption recorded an advance in May. On the contrary, electricity production declined on an annual basis in the same month.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R17.9304. Ahead in the day, traders will keep an eye on UK's Halifax house price index for further direction.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.8587. Going forward, market participants will keep a tab on Germany's industrial production for further cues.

The Euro weakened against the South African Rand yesterday. The International Monetary Fund downgraded Germany's 2018 economic growth forecast to 2.2%, citing rising protectionism. On the macro front, Germany's factory orders climbed more than market expectations on a monthly basis in May. Additionally, the Markit construction PMI recorded a rise in June.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.2% against the South African Rand to trade at R10.0196. Earlier in the session, Australia's AiG performance of construction index eased in June.

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 | 13.5698 | ▲ | -1.06 | -1.37 | -1.37 | 8.08 | 9.32 |
| GBPZAR | 17.9304 | ▲ | -1.12 | -1.29 | -1.29 | 7.34 | 7.01 |
| EURZAR | 15.8587 | ▲ | -0.75 | -1.31 | -1.31 | 7.98 | 6.54 |
| AUDZAR | 10.0196 | ▲ | -0.97 | -1.60 | -1.60 | 5.77 | 3.50 |
| EURUSD | 1.1687 | ▼ | 0.29 | 0.06 | 0.06 | -0.08 | -2.62 |
| GBPUSD | 1.3214 | ▼ | -0.06 | 0.11 | 0.11 | -0.68 | -2.15 |
| Brent (\$/barrel) | 77.2 | ▼ | -1.09 | -2.32 | -2.32 | 2.15 | 15.73 |
| Gold (\$/oz) | 1254.8 | ▼ | 0.42 | 0.34 | 0.34 | -3.51 | -3.86 |
| Platinum (\$/oz) | 837.1 | - | -0.56 | -1.79 | -1.79 | -6.34 | -10.39 |
| Copper (\$/MT)* | 6344.0 | ▼ | -0.68 | -4.24 | -4.24 | -3.21 | -11.97 |

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,254.80/oz.

Yesterday, gold prices rose 0.4% to close at \$1,258.80/oz, amid weakness in the US Dollar.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$77.15/bl, amid escalating trade war tensions between the US and China.

Yesterday, Brent crude oil dropped 1.1% to settle at \$77.39/bl, after the Energy Information Administration reported an unexpected rise of by 1.2mn bls in crude supplies in the week ended 29 June 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally declined to trade at \$837.10/oz.

Yesterday, platinum prices declined 0.6% to close at \$837.10/oz.

Major South African corporate news

Howden Africa Holdings Limited

The company announced that Eric Vemer has been appointed as an Executive Director, effective from 12 September 2018. Further, following an extensive on boarding process with the global organisation, Mr Vemer will commence the handover with Mr Thomson, the present Chief Executive Officer (CEO) and will become the CEO of the company towards the end of 2018.

Royal Bafokeng Platinum Limited

The company announced that Royal Bafokeng Resources Proprietary Limited (RBR), which is a wholly-owned subsidiary of the company and Rustenburg Platinum Mines Limited (RPM), which is a wholly-owned subsidiary of Anglo American Platinum Limited has agreed that RBR will acquire the balance of the 33.0% interest in the Bafokeng Rasimone Platinum Mine Joint Venture from RPM for a total purchase consideration of ZAR1.86bn.

Major global economic news

US

According to the Federal Reserve (Fed) June meeting minutes, officials expressed concerns over negative risks from the US trade policy and reaffirmed gradual rate hikes. Meanwhile, the central bank maintained its outlook for three rate hikes in 2019.

In the US, the final Markit services PMI recorded a drop to 56.50 in June, meeting market expectations. The preliminary figures had also indicated a drop to 56.50. In the prior month, Markit services PMI had recorded a level of 56.80.

In the US, the private sector employment rose by 177.00K in June, lower than market anticipations of an advance of 190.00 K. The private sector employment had recorded a revised increase of 189.00 K in the prior month.

In the US, the seasonally adjusted initial jobless claims unexpectedly advanced to a level of 231.00K in the week ended 30 June 2018, compared to a revised level of 228.00K in the prior week.

Eurozone

In Germany, the seasonally adjusted factory orders registered a rise of 2.6% on a monthly basis in May, more than market expectations. In the prior month, factory orders had registered a revised drop of 1.6%.

In Germany, the construction recorded a drop to 53.0 in June, compared to a level of 53.9 in the previous month.

Asia

In Australia, the AiG performance of construction index registered a drop to 50.60 in June, compared to a reading of 54.00 in the prior month.

UK

The Bank of England Governor, Mark Carney stated that inflation was rising towards target and that he was confident that the economic slowdown was temporary.

Economic calendar

| Country | SAST | Economic indicator | Relevance | Consensus/ *Actual | Previous | Frequency |
|--------------|-------|--|-----------|-----------------------|-------------|--------------|
| Japan | 01:30 | Household Spending (YoY) (May) | ✓✓ | -3.90%* | -1.30% | Monthly |
| Japan | 02:00 | Labour Cash Earnings (YoY) (May) | ✓✓ | 2.10%* | 0.80% | Monthly |
| Japan | 07:00 | Coincident Index (May) (P) | ✓ | 116.10 | 117.50 | Monthly |
| Japan | 07:00 | Leading Economic Index (May) (P) | ✓✓✓ | 106.60 | 106.20 | Monthly |
| Germany | 08:00 | Industrial Production s.a. and w.d.a. (YoY) (May) | ✓✓ | - | - | Monthly |
| Germany | 08:00 | Industrial Production (May) | ✓ | - | 105.70 | Monthly |
| South Africa | 08:00 | Net Gold & Forex Reserve (Jun) | ✓ | - | USD42.87bn | Monthly |
| South Africa | 08:00 | Gross Gold & Forex Reserve (Jun) | ✓ | - | USD51.15bn | Monthly |
| Germany | 08:00 | Industrial Production n.s.a. and w.d.a. (YoY) (May) | ✓✓✓ | 1.50% | 2.00% | Monthly |
| Germany | 08:00 | Industrial Production s.a. (MoM) (May) | ✓✓✓ | 0.30% | -1.00% | Monthly |
| Eurozone | 09:00 | ECB's Nouy, EU's Dombrovskis at Austrian C.Bank Conference | ✓ | - | - | As scheduled |
| UK | 09:30 | Halifax House Prices (3m/YoY) (Jun) | ✓ | 1.60% | 1.90% | Monthly |
| UK | 09:30 | Halifax House Prices (MoM) (Jun) | ✓ | 0.20% | 1.50% | Monthly |
| US | 14:30 | Average Hourly Earnings All Employees (MoM) (Jun) | ✓✓ | 0.30% | 0.30% | Monthly |
| US | 14:30 | Average Hourly Earnings All Employees (YoY) (Jun) | ✓✓ | 2.80% | 2.70% | Monthly |
| US | 14:30 | Average Weekly Hours All Employees (Jun) | ✓ | 34.50 | 34.50 | Monthly |
| US | 14:30 | Unemployment Rate (Jun) | ✓✓✓ | 3.80% | 3.80% | Monthly |
| US | 14:30 | Underemployment Rate (Jun) | ✓✓ | - | 7.60% | Monthly |
| US | 14:30 | Change in Non-farm Payrolls (Jun) | ✓✓✓ | 195.00K | 223.00K | Monthly |
| US | 14:30 | Trade Balance (May) | ✓✓✓ | -USD43.70bn | -USD46.20bn | Monthly |
| US | 14:30 | Change in Manufacturing Payrolls (Jun) | ✓ | 15.00K | 18.00K | Monthly |
| US | 14:30 | Change in Private Payrolls (Jun) | ✓✓ | 190.00K | 218.00K | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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