

# ONE Minute Brief

11 July 2018

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## Economic and political news

In South Africa (SA), the business confidence index dropped for a fifth consecutive month to 93.70 in June, compared to a level of 94.00 in the prior month.

Eskom is expected to table a revised offer today after labour unions rejected the firm's latest wage offer of 7.0%. As per the negotiations, workers have demanded a salary increase of 8.0% for 2018 and 8.5% for the next two years.

The National Union of Mineworkers will begin wage negotiations with gold mining companies today.

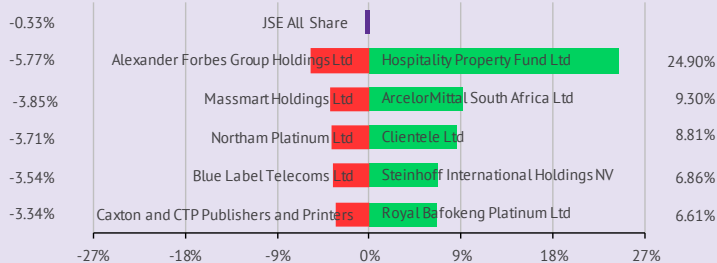
South African Airways is seeking a private-sector partner to help it turn around and end six years of losses.

According to the Industrial Action report, SA experienced the highest increase of 8% in labour strikes, in 2017.

## South Africa Market ▼

### South African markets closed lower

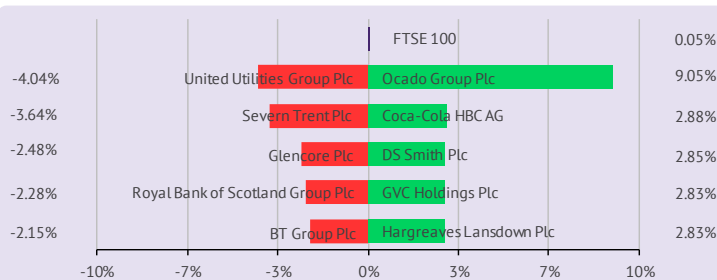
South African markets closed in the red yesterday, weighed down by losses in retail, banking and financial sector stocks. Data indicated that SA's business confidence index declined in June. The JSE All Share Index fell 0.3% to close at 58,027.11.



## UK Market ▲

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

UK markets finished higher yesterday, ahead of corporate results. Data revealed that UK's NIESR gross domestic product (GDP) estimate rose in 2Q18. The FTSE 100 Index advanced 0.1% to close at 7,692.04.



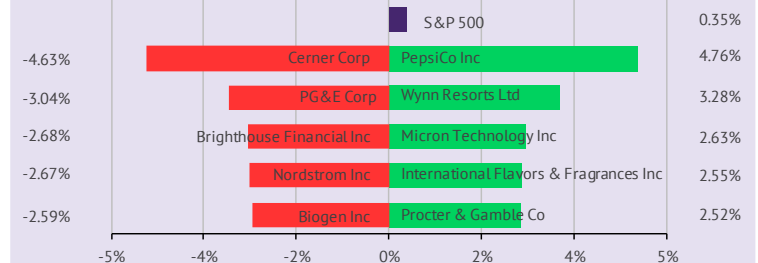
## Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	58027.11	▼	-192.80	-0.33	1.24	0.72	2.59
JSE Top 40	51795.51	▼	-197.41	-0.38	1.32	0.54	3.48
FTSE 100	7692.04	▲	4.05	0.05	0.98	0.72	-0.54
DAX 30	12609.85	▲	65.96	0.53	0.91	2.47	-2.37
CAC 40	5434.36	▲	36.25	0.67	1.09	2.08	-1.39
S&P 500	2793.84	▲	9.67	0.35	1.23	2.78	0.48
Nasdaq Composite	7759.20	▲	3.00	0.04	0.92	3.31	0.92
DJIA	24919.66	▲	143.07	0.58	1.89	2.67	-0.59
MSCI Emerging Markets	1076.19	▲	0.45	0.04	1.53	0.62	-4.57
MSCI Developed World	2135.87	▲	4.73	0.22	1.05	2.23	-0.17

## US Market ▲

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

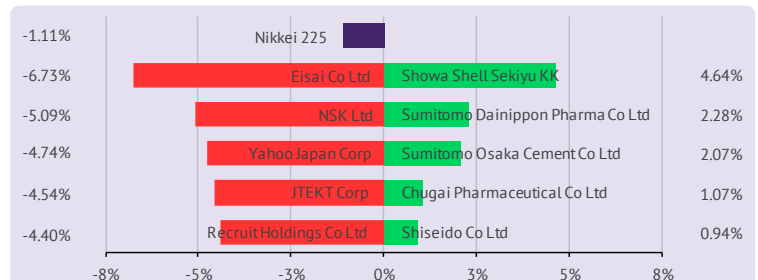
US markets closed higher yesterday, amid optimism over corporate earnings and led by gains in defensive sector stocks. Data showed that the US NFIB small business optimism index eased in June. The S&P 500 Index climbed 0.4% to close at 2,793.84.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, amid news that the US is considering imposing more tariffs on Chinese imports. The Nikkei 225 Index is trading 1.1% lower at 21,949.70.



## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.6% against the South African Rand to trade at R13.4066. Later today, traders will keep a close watch on the US MBA mortgage applications and the producer price index for further cues.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US NFIB small business optimism index dropped in June. Further, JOLTS job openings fell less-than-expected in May. Separately, in SA, the business confidence index registered a decline in June.

## GBP ZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.5% against the South African Rand to trade at R17.7808. Ahead in the day, traders will keep an eye on the Bank of England Governor, Mark Carney's speech and RICS house price balance for further direction.

The British Pound declined against the South African Rand yesterday, after UK's industrial production unexpectedly declined on a monthly basis in May. Further, monthly manufacturing production grew at a slower-than-expected pace in May. Meanwhile, the nation's NIESR GDP estimate advanced in the second quarter of 2018. Moreover, trade deficit unexpectedly narrowed in May. Additionally, construction output climbed more than market forecast on a monthly basis in May.

## EUR ZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.4% firmer against the South African Rand at R15.7255. Going forward, market participants will keep a tab on the European Central Bank President, Mario Draghi's speech for further indication.

The Euro weakened against the South African Rand yesterday, after Eurozone's ZEW survey economic sentiment index recorded a drop in July. Separately, Germany's ZEW survey current situation index eased more than market expectations in July. Additionally, the expectations index fell to its lowest level since August 2012 in the same month.

## AUD ZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally rose against the South African Rand to trade at R9.9455. Earlier in the session, Australia's Westpac consumer confidence index recorded a rise in July, notching its highest level since late 2013. Additionally, monthly home loans rebounded in May.

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	13.4066	▲	-0.59	-1.04	-2.86	8.08	7.66
GBPZAR	17.7808	▲	-0.47	-1.07	-2.36	7.34	5.86
EURZAR	15.7255	▲	-0.64	-1.09	-2.36	7.98	5.41
AUDZAR	9.9455	▲	-0.69	-0.61	-2.17	5.77	2.90
EURUSD	1.1730	▼	-0.06	-0.02	0.51	-0.08	-2.17
GBPUSD	1.3262	▼	0.12	-0.05	0.52	-0.68	-1.75
Brent (\$/barrel)	78.1	▼	1.01	2.27	-0.47	2.15	17.93
Gold (\$/oz)	1251.6	▼	-0.33	-0.03	0.07	-3.51	-4.12
Platinum (\$/oz)	842.0	-	-0.82	-0.26	-1.22	-6.34	-9.87
Copper (\$/MT)*	6321.0	▼	-0.97	0.01	-4.59	-3.21	-12.29

\*As of previous close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,251.60/oz.

Yesterday, gold prices fell 0.3% to close at \$1,255.40/oz, as strength in the US Dollar dented demand for the safe haven asset.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.9% lower to trade at \$78.14/bl, after the US stated that it would consider requests for waivers on Iranian sanctions.

Yesterday, Brent crude oil advanced 1.0% to settle at \$78.86/bl, amid continuing production outages. Additionally, the American Petroleum Institute reported that the US crude supplies dropped by 6.8mn bls in the week ended 6 July 2018. Separately, the US Energy Information Administration raised its 2019 forecast on US crude-oil production by 0.3% to 11.8mn bls per day, compared to June forecast.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices declined marginally to trade at \$842.00/oz.

Yesterday, platinum prices declined 0.8% to close at \$842.00/oz.

## Major South African corporate news

### Harmony Gold Mining Company Limited

The company announced that one of its employees was critically injured in a fall of ground incident at its Kusasaletu mine in Carletonville on 10 July 2018.

## Major global economic news

### UK

In the UK, NIESR GDP estimate recorded a rise of 0.4% in 2Q18, compared to a growth of 0.2% in the prior quarter.

In the UK, total trade deficit unexpectedly narrowed to GBP2.79bn in May, compared to a revised deficit of GBP3.09bn in the prior month.

In May, construction output advanced 2.9% on a monthly basis in the UK, more than market expectations. Construction output had registered a revised flat reading in the prior month.

In the UK, manufacturing production rose 0.4% on a monthly basis in May, less than market expectations. In the previous month, manufacturing production had fallen by a revised 1.3%.

In the UK, monthly industrial production registered an unexpected drop of 0.4% in May. In the previous month, industrial production had fallen by a revised 1.0%.

### Asia

In July, Westpac consumer confidence index recorded a rise of 3.90%, on MoM basis, to a level of 106.10 in Australia, compared to a level of 102.10 in the prior month.

In Australia, the seasonally adjusted home loan approvals unexpectedly advanced 1.1% on a monthly basis in May, compared to a revised drop of 0.9% in the previous month.

### Eurozone

In the Eurozone, the ZEW economic sentiment index eased to -18.70 in July. The economic sentiment index had registered a level of -12.60 in the prior month.

In Germany, the ZEW current situation index fell more-than-expected to a level of 72.40 in July. The current situation index had recorded a level of 80.60 in the previous month.

In July, the ZEW economic sentiment index dropped to -24.70 in Germany, compared to a level of -16.10 in the prior month.

### US

In the US, the NFIB small business optimism index recorded a drop to 107.20 in June. The small business optimism index had recorded a reading of 107.80 in the prior month.

In the US, JOLTs job openings eased to 6638.00K in May, less than market expectations. In the previous month, JOLTs job openings had recorded a revised reading of 6840.00K.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Domestic Corporate Goods Price Index (MoM) (Jun)	✓	0.20%*	0.60%	Monthly
Japan	01:50	Domestic Corporate Goods Price Index (YoY) (Jun)	✓	2.80%*	2.70%	Monthly
Japan	01:50	Machinery Orders (MoM) (May)	✓	-3.70%*	10.10%	Monthly
Japan	01:50	Machinery Orders (YoY) (May)	✓✓	16.50%*	9.60%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (May)	✓✓	0.10%*	1.00%	Monthly
Eurozone	09:00	Non-monetary policy's ECB meeting	✓✓	-	-	As scheduled
Eurozone	09:00	ECB President Draghi Speaks in Frankfurt	✓✓✓	-	-	As scheduled
Eurozone	09:30	ECB's Praet Chairs Conference Session in Frankfurt	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (06-Jul)	✓	-	-0.50%	Weekly
Eurozone	14:00	ECB's Mersch Chairs conference Session in Frankfurt	✓	-	-	As scheduled
US	14:30	Producer Price Index (MoM) (Jun)	✓✓✓	0.20%	0.50%	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (Jun)	✓✓	0.20%	0.30%	Monthly
US	14:30	Producer Price Index (YoY) (Jun)	✓✓✓	3.10%	3.10%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (Jun)	✓✓	2.60%	2.40%	Monthly
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓✓	1.50%	1.25%	As scheduled
Canada	16:00	BoC Rate Statement	✓✓✓	-	-	As scheduled
Canada	16:00	Bank of Canada Monetary Policy Report	✓✓✓	-	-	As scheduled
US	16:00	Wholesale Inventories (MoM) (May) (F)	✓✓✓	0.50%	0.50%**	Monthly
Eurozone	17:30	ECB's Nouy Speaks in Frankfurt	✓	-	-	As scheduled
UK	17:35	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	22:30	FOMC Member Williams speech	✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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