

ONE Minute Brief

19 July 2018

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Economic and political news

In South Africa (SA), the consumer price inflation (CPI) rose less-than-expected to 4.6% on a yearly basis in June, compared to an rate of 4.4% in May. Annual retail sales advanced more-than-expected by 1.9% in May, compared to a rise of 0.5% in the prior month.

According to a news report, South African gold producers have offered annual wage increases of up to 6.5% to miners and up to 4.5% for skilled workers.

The SA Post Office and its trade unions have reached an agreement over salary increases and other substantive issues. As per the agreement, Post Office employees across the board will receive a salary increase of 6.5%, predated to 1 April 2018. Additionally, the contracted working hours for permanent part time employees, has been changed from 21.5 hours per week to 27.5 hours per week.

Former President, Jacob Zuma, has hired senior Counsel, Mike Hellens, as new criminal advocate to represent him in his corruption trial.

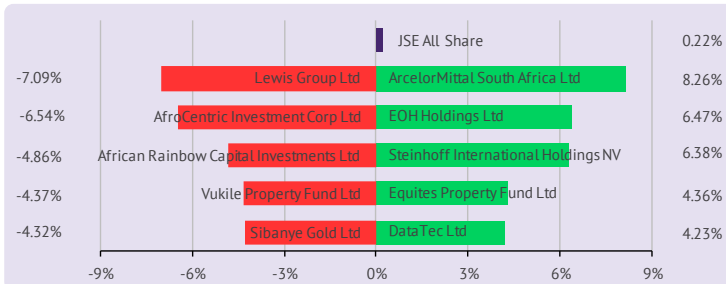
Parliament has urged the Hawks to investigate the alleged corruption at VBS Bank.

Reggie Ngcobo, the President of Mazibuye African Congress, stated that former President, Jacob Zuma is not a member of their party.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, supported by gains in resources and banking sector stocks. On the data front, SA's annual consumer prices grew at a slower-than-expected pace in June. The JSE All Share Index rose 0.2% to close at 56,237.20.



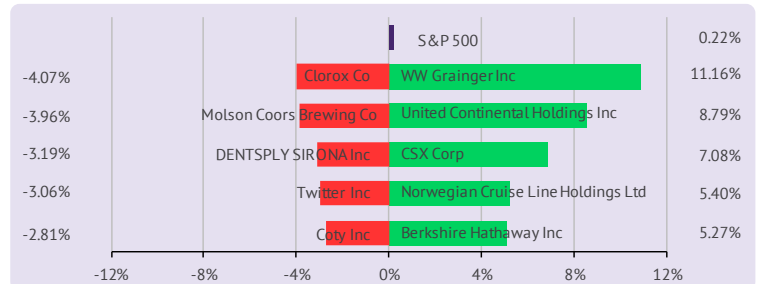
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56237.20	▲	124.14	0.22	-0.23	-2.38	2.59	-5.49
JSE Top 40	50168.74	▲	173.08	0.35	-0.15	-2.62	3.48	-4.50
FTSE 100	7676.28	▲	49.95	0.65	0.19	0.52	-0.54	-0.15
DAX 30	12765.94	▲	104.40	0.82	1.80	3.74	-2.37	-1.17
CAC 40	5447.44	▲	24.90	0.46	0.34	2.33	-1.39	2.54
S&P 500	2815.62	▲	6.07	0.22	0.51	3.58	0.48	5.31
Nasdaq Composite	7854.44	▼	-0.67	-0.01	0.36	4.58	0.92	13.78
DJIA	25199.29	▲	79.40	0.32	0.72	3.82	-0.59	1.94
MSCI Emerging Markets	1068.75	▼	-2.16	-0.20	-0.64	-0.07	-4.57	-7.74
MSCI Developed World	2142.24	▲	4.09	0.19	0.36	2.53	-0.17	1.84

US Market ▲

The S&P 500 futures are trading in the red

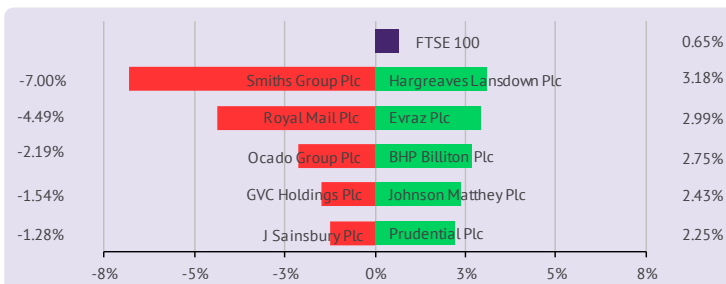
US markets closed mostly higher yesterday, boosted by gains in financial and industrial sector stocks, amid robust earnings report. Data revealed that housing starts declined on a monthly basis in June. The S&P 500 Index climbed 0.2% to close at 2,815.62.



UK Market ▲

The FTSE 100 futures are trading in positive territory

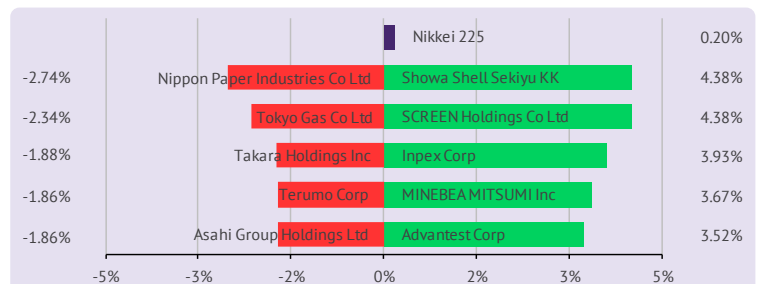
UK markets finished higher yesterday, amid weakness in the British Pound, after UK's inflation came in below expectations in June. The FTSE 100 Index advanced 0.7% to close at 7,676.28.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan posted a trade surplus in June. The Nikkei 225 Index is trading 0.2% higher at 22,840.81.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R13.2838. Later today, traders will keep a close watch on the US initial jobless claims and leading index for further indication.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US MBA mortgage applications registered a decline in the week ended 13 July 2018. Additionally, housing starts dropped more than market expectations to a nine-month low level on a monthly basis in June. Moreover, monthly building permits recorded an unexpected fall in the same month. Separately, in SA, the CPI rose less than market forecast on an annual basis in June. Meanwhile, retail sales climbed more than market forecast on a monthly basis in May.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R17.3749. Ahead in the day, traders will keep an eye on UK's retail sales for further cues.

The British Pound declined against the South African Rand yesterday, after UK's CPI climbed less than market expectations on a yearly basis in June. Additionally, the annual producer price index (PPI) recorded a less-than-anticipated advance in the same month. Moreover, the house price index rose less-than-expected on an annual basis in May, marking its lowest rate since August 2013.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.4769. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. Data indicated that the Eurozone's annual CPI jumped in line with market forecast in June. Moreover, construction output recorded a rise for a consecutive second month on a monthly basis in May.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% firmer against the South African Rand at R9.8613. Earlier in the session, Australia's NAB business confidence index eased in the second quarter of 2018. Meanwhile, unemployment rate remained unchanged in June.

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.2838	▲	-0.02	-0.03	-3.33	8.08	7.15
GBPZAR	17.3749	▲	-0.33	-1.18	-4.35	7.34	3.70
EURZAR	15.4769	▲	-0.20	-0.45	-3.71	7.98	3.96
AUDZAR	9.8613	▲	0.14	-0.41	-3.44	5.77	1.57
EURUSD	1.1652	▲	-0.19	-0.39	-0.39	-0.08	-3.05
GBPUSD	1.3081	▲	-0.35	-1.16	-1.04	-0.68	-3.29
Brent (\$/barrel)	72.8	▼	1.03	-3.23	-7.99	2.15	9.02
Gold (\$/oz)	1224.8	▼	0.05	-1.07	-2.12	-3.51	-6.22
Platinum (\$/oz)	814.4	▲	-0.26	-1.51	-4.54	-6.34	-12.90
Copper (\$/MT)*	6123.5	▲	0.12	-1.50	-7.57	-3.21	-15.03

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,224.80/oz.

Yesterday, gold prices rose 0.1% to close at \$1,227.90/oz, reversing its previous session losses.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.1% to trade at \$72.81/bl.

Yesterday, Brent crude oil advanced 1.0% to settle at \$72.90/bl, after the US Energy Information Administration (EIA) revealed that US inventories of gasoline, diesel and heating oil unexpectedly declined last week. However, the agency reported that crude oil inventories climbed by 5.8mn bls in the week ended 13 July 2018.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$814.40/oz.

Yesterday, platinum prices declined 0.3% to close at \$813.70/oz.

Major South African corporate news

Shoprite Holdings Limited

In its FY18 operational update, the company stated that its total turnover increased by 3.3% to ZAR145.60bn, compared to the previous year. However, the company's non-South African operations recorded a negative turnover growth of 7.0% due to normalised performance of the Angolan operations after recording significant growth in the previous two years and due to devaluation of the Angolan Kwanza since January 2018.

Steinhoff International Holdings NV

The company announced that the deadline by which creditors must accede to the lock-up agreement, in order to become eligible for the Lock-Up Early Bird Fee has been extended by 24 hours.

Vukile Property Fund Limited

The company announced that it will subscribe for shares in Morzal Properties Iberia SL, which has acquired four Spanish shopping centres, for a total consideration of EUR152.00mn. This would provide a meaningful scale to the company's strategy to invest in the Spanish economy through retail property assets.

Major global economic news

US

The Federal Reserve's (Fed) Beige Book report, indicated that economic activity in the US continued to expand at a moderate pace in June. Further, it revealed that overall prices and employment increased at a modest to moderate pace. However, businesses expressed concerns over tariffs and new trade policies.

In the US, the MBA mortgage applications fell 2.5% on a weekly basis in the week ended 13 July 2018. In the prior week, mortgage applications had advanced 2.5%.

In the US, housing starts registered a more-than-expected drop of 12.3% on a monthly basis to an annual rate of 1173.00K in June. Housing starts had recorded a revised level of 1337.00K in the prior month.

In the US, building permits unexpectedly fell by 2.2% on monthly basis to an annual rate of 1273.00K in June, compared to a level of 1301.00K in the prior month.

UK

In the UK, non-seasonally adjusted output PPI advanced 3.1% on a yearly basis in June, less than market expectations. In the prior month, output PPI had advanced by a revised 3.0%.

In June, the CPI registered a less-than-expected rise of 2.4% on an annual basis in the UK. The CPI had registered a similar rise in the previous month.

In the UK, the house price index recorded a rise of 3.0% on a yearly basis in May, less than market forecast. In the previous month, the index had advanced by a revised 3.5%.

Eurozone

In the Eurozone, the final CPI climbed 2.0% on a yearly basis in June, at par with market expectations. The preliminary figures had also recorded an advance of 2.0%. The CPI had risen 1.9% in the prior month.

In the Eurozone, seasonally adjusted construction output registered a rise of 0.3% on a monthly basis in May. Construction output had recorded a revised rise of 1.4% in the previous month.

Asia

In June, Japan posted a total trade surplus of JPY721.40bn, compared to a deficit of JPY578.30bn in the prior month.

In Australia, seasonally adjusted unemployment rate remained unchanged at a rate of 5.4% in June.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Japan	01:50	Adjusted Merchandise Trade Balance (Jun)	✓✓✓	JPY66.20bn*	-JPY296.80bn	Monthly
 Japan	01:50	Merchandise Trade Balance Total (Jun)	✓✓✓	JPY721.40bn*	-JPY578.30bn	Monthly
 Japan	01:50	Exports (YoY) (Jun)	✓✓	6.70%*	8.10%	Monthly
 Japan	01:50	Imports (YoY) (Jun)	✓✓	2.50%*	14.00%	Monthly
 Switzerland	08:00	Exports (Jun)	✓	-	CHF19.56bn	Monthly
 Switzerland	08:00	Imports (Jun)	✓	-	CHF17.30bn	Monthly
 Switzerland	08:00	Trade Balance (Jun)	✓✓	-	CHF2.25bn	Monthly
 Switzerland	08:00	Exports (MoM) (Jun)	✓	-	0.00%	Monthly
 Switzerland	08:00	Imports (MoM) (Jun)	✓	-	3.10%	Monthly
 Japan	08:00	Machine Tool Orders (YoY) (Jun) (F)	✓✓✓	-	11.40%**	Monthly
 UK	10:30	Retail Sales ex-Fuel (MoM) (Jun)	✓✓✓	0.10%	1.30%	Monthly
 UK	10:30	Retail Sales ex-Fuel (YoY) (Jun)	✓✓✓	3.70%	4.40%	Monthly
 UK	10:30	Retail Sales (YoY) (Jun)	✓✓✓	3.50%	3.90%	Monthly
 UK	10:30	Retail Sales (MoM) (Jun)	✓✓✓	0.20%	1.30%	Monthly
 Canada	14:30	ADP Publishes June Payrolls Report	✓	-	-	As scheduled
 US	14:30	Continuing Jobless Claims (07-Jul)	✓✓✓	1729.00K	1739.00K	Weekly
 US	14:30	Initial Jobless Claims (14-Jul)	✓✓✓	220.00K	214.00K	Weekly
 US	14:30	Philadelphia Fed Manufacturing Survey (Jul)	✓✓	21.50	19.90	Monthly
 US	15:00	Fed's Quarles Speaks on Alternative Reference Rates	✓	-	-	As scheduled
 US	16:00	Leading Indicator (MoM) (Jun)	✓✓✓	0.40%	0.20%	Monthly
 South Africa	-	SARB Interest Rate Decision	✓✓	6.50%	6.50%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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