

ONE Minute Brief

17 July 2018

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Economic and political news

President, Cyril Ramaphosa, stated that South Africa (SA) will tighten its mine safety regulations to hold mine operators responsible for accidental deaths in the industry.

According to a news report, SA's Solidarity trade union expects to reach a wage settlement today with Eskom.

The International Monetary Fund is expecting that an improved outlook for Africa's two biggest economies, SA and Nigeria, will boost sub-Saharan Africa's recovery.

Citing death of six people in a fire incident at a copper mine, South African labour unions stated that the government and mining industry has failed to take adequate steps to improve worker safety.

SA has raised its concern with the US government about potential duties on vehicle and vehicle component imports, hinting that their imposition on South African exports would significantly minimise the benefit the country is eligible under the Africa Growth and Opportunity Act.

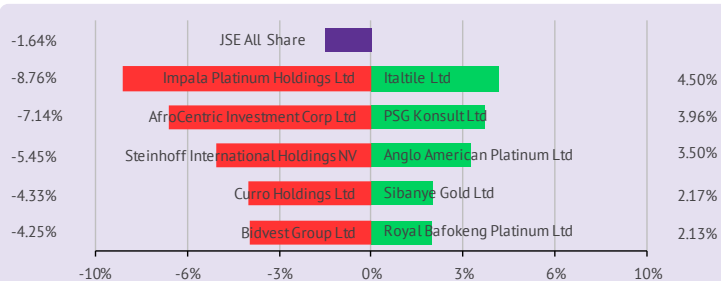
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55442.04	▼	-922.10	-1.64	-1.64	-3.76	2.59	-6.83
JSE Top 40	49338.95	▼	-905.13	-1.80	-1.80	-4.23	3.48	-6.08
FTSE 100	7600.45	▼	-61.42	-0.80	-0.80	-0.48	-0.54	-1.14
DAX 30	12561.02	▲	20.29	0.16	0.16	2.07	-2.37	-2.76
CAC 40	5409.43	▼	-19.77	-0.36	-0.36	1.61	-1.39	1.82
S&P 500	2798.43	▼	-2.88	-0.10	-0.10	2.95	0.48	4.67
Nasdaq Composite	7805.72	▼	-20.26	-0.26	-0.26	3.93	0.92	13.07
DJIA	25064.36	▲	44.95	0.18	0.18	3.27	-0.59	1.40
MSCI Emerging	1070.24	▼	-5.40	-0.50	-0.50	0.07	-4.57	-7.61
MSCI Developed	2132.79	▼	-1.81	-0.08	-0.08	2.08	-0.17	1.40

South Africa Market ▼

South African markets closed lower

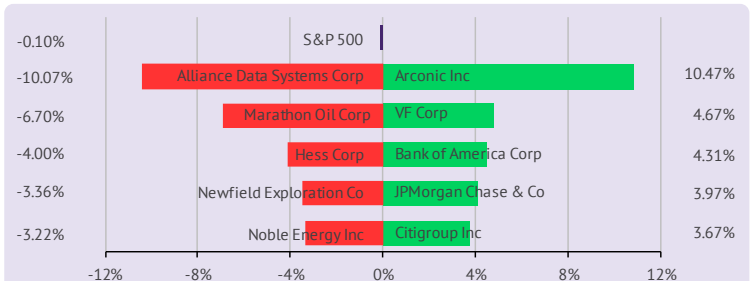
South African markets closed in the red yesterday, led by losses in banking, retail and industrial sector stocks. The JSE All Share Index fell 1.6% to close at 55,442.04.



US Market ▼

The S&P 500 futures are trading in the green

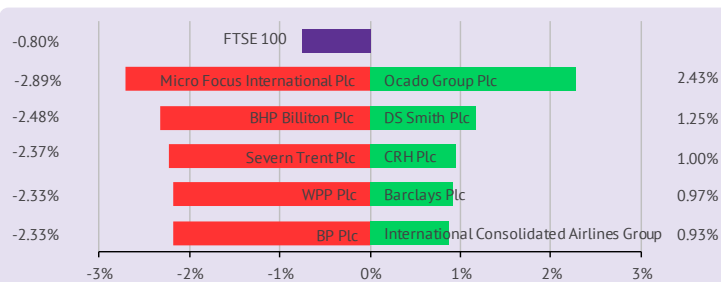
US markets closed mostly lower yesterday, weighed down by losses in energy sector stocks. Data revealed that the US monthly advance retail sales advanced meeting market forecast in June. The S&P 500 Index dropped 0.1% to close at 2,798.43.



UK Market ▼

The FTSE 100 futures are trading in positive territory

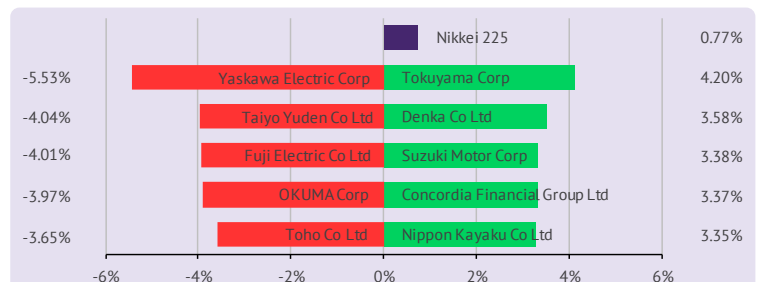
UK markets finished lower yesterday, amid strength in the British Pound and led by losses in mining and energy sector stocks. The FTSE 100 Index declined 0.8% to close at 7,600.45.



Asian Market ◀▶

Trading mostly lower

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.8% higher at 22,770.64.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R13.1922. Later today, traders will keep a close watch on the testimony by the Federal Reserve Chairman, Jerome Powell along with the US NAHB housing market index, industrial and manufacturing production for further indication.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US NY Empire State manufacturing index registered a decline in July. Meanwhile, the nation's advance retail sales climbed in line with market expectations on a monthly basis in June. Additionally, business inventories recorded a rise in line with market expectations in May.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R17.4850. Ahead in the day, traders will keep an eye on UK's claimant count rate, ILO unemployment rate and average weekly earnings for further direction.

The British Pound declined against the South African Rand yesterday, amid ongoing Brexit concerns.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand to trade at R15.4593. 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. On the data front, the Eurozone's trade surplus unexpectedly narrowed in May.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R9.8094. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index advanced in the week ended 15 July 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	13.1922	▼	-0.38	-0.38	-3.66	8.08	6.78
GBPZAR	17.4850	▼	-0.26	-0.26	-3.46	7.34	4.66
EURZAR	15.4593	▼	-0.17	-0.17	-3.44	7.98	4.25
AUDZAR	9.8094	▼	-0.45	-0.45	-3.48	5.77	1.52
EURUSD	1.1718	▲	0.22	0.22	0.23	-0.08	-2.45
GBPUSD	1.3249	▲	0.10	0.10	0.21	-0.68	-2.06
Brent (\$/barrel)	72.2	▲	-4.63	-4.63	-9.33	2.15	7.43
Gold (\$/oz)	1241.4	▲	-0.12	-0.12	-1.18	-3.51	-5.32
Platinum (\$/oz)	822.3	-	-0.47	-0.47	-3.53	-6.34	-11.98
Copper (\$/MT)*	6165.0	▼	-0.83	-0.83	-6.94	-3.21	-14.46

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,241.40/oz.

Yesterday, gold prices fell 0.1% to close at \$1,239.70/oz, continuing its previous session losses.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$72.17/bl.

Yesterday, Brent crude oil dropped 4.6% to settle at \$71.84/bl, as concerns over supply disruptions eased and Libyan ports resumed export activities. The Energy Information Administration reported that crude oil production from seven major US shale plays is expected to rise 143,000 bls a day in August to 7.47mn bls a day.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$822.30/oz.

Yesterday, platinum prices declined 0.5% to close at \$822.30/oz.

Major South African corporate news

Anglo American Platinum Limited

In its 1H18 trading statement, the company announced that its HEPS for the period is expected to be in the range of 1,249.00c to 1,302.00c per share, which is at least 20.0% higher compared to the corresponding period of the prior year. Further, its basic EPS is likely to be in the range of 778.00c to 866.00c per share.

MTN Group Limited

The company announced that its a wholly owned subsidiary, MTN Dubai Limited has entered into an agreement in which it has sold 100.0% of MTN Cyprus to Monaco Telecom SA for approximately ZAR4.10bn, in cash. Separately, the company has allowed Monaco Telecom to use the MTN brand in Cyprus for up to three years in return for a commercial fee. The transaction is expected to be completed in 3Q18.

Grand Parade Investments Limited

The company announced that Prabashinee Moodley has been appointed as Chief Executive Officer (CEO) of the company with effect from 1 August 2018. Dr Hassen Adams will step down as acting CEO from the same date, but will remain as Executive Chairman of the company.

Sibanye Gold Limited

The company announced that it has secured a USD500.00mn upfront cash payment through a streaming agreement with Wheaton Precious Metals International Limited, a wholly-owned subsidiary of Wheaton Precious Metals Corporation. In return, the company has committed to deliver a percentage of gold and palladium produced from its US Platinum Group Metals operations. The transaction will be effective from 1 July 2018.

Major global economic news

US

In the US, advance retail sales climbed 0.5% on a monthly basis in June, at par with market expectations. In the previous month, advance retail sales had risen by a revised 1.3%.

In the US, business inventories rose 0.4% meeting market expectations on a monthly basis in May. In the previous month, business inventories had recorded a rise of 0.3%.

In the US, the NY Empire State manufacturing index registered a drop to 22.60 in July. In the previous month, the NY Empire State manufacturing index had recorded a level of 25.00.

Asia

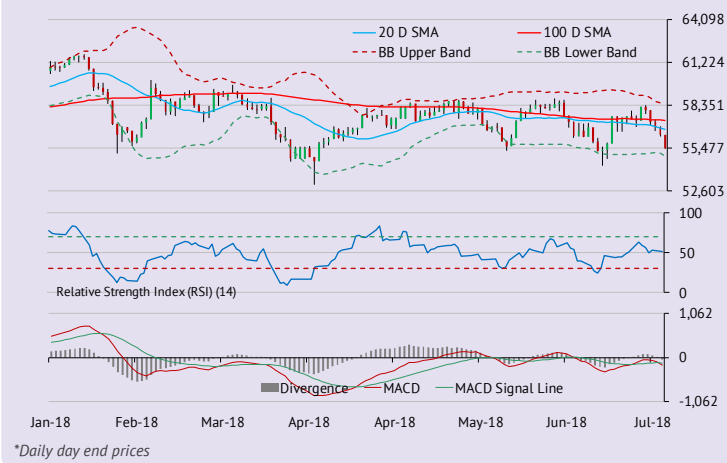
In the Reserve Bank of Australia's (RBA) July meeting minutes, the RBA reported that the low level of interest rates was continuing to support the nation's economy. Inflation remained low, reflecting low growth in labour costs and strong competition in retailing. The officials continued to view the strengthening economy as likely to deliver further progress in reducing the unemployment rate and returning inflation to target. Further, the policymakers continued to agree that the next move in the cash rate would more likely be an increase than a decrease.

Eurozone

In the Eurozone, the seasonally adjusted trade surplus unexpectedly narrowed to EUR16.90bn in May, compared to a revised surplus of EUR18.00bn in the prior month.

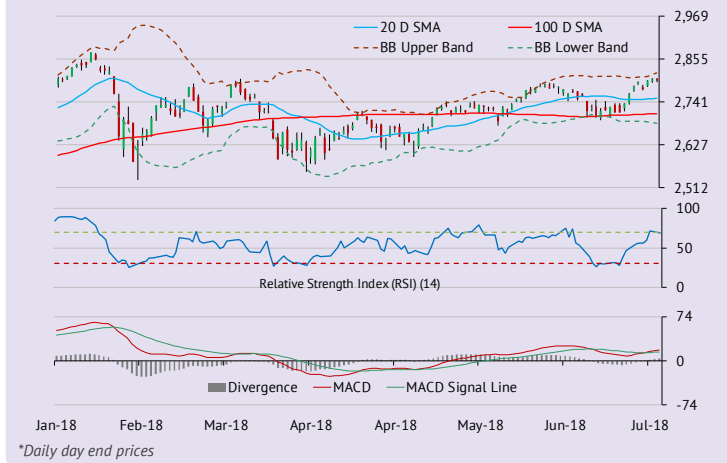
Technical snapshot

JSE All Share



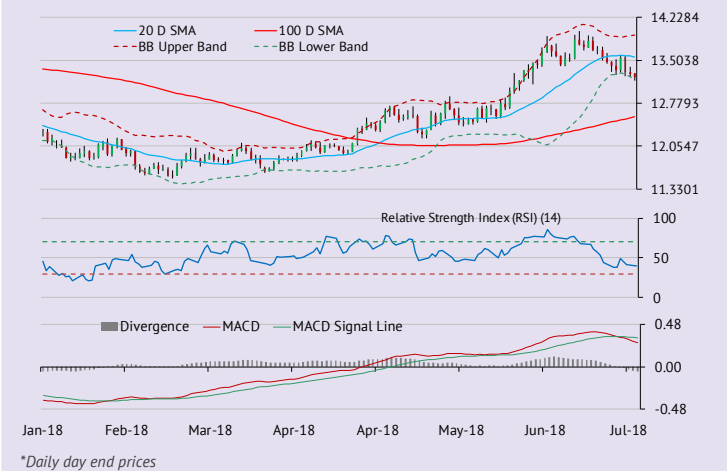
The JSE All Share index is expected to find support at 54,477.89, and a fall through could take it to the next support level of 53,513.74. The index is expected to find its first resistance at 57,370.34, and a rise through could take it to the next resistance level of 59,298.64.

S&P 500



The S&P 500 index is expected to find support at 2,777.96, and a fall through could take it to the next support level of 2,757.48. The index is expected to find its first resistance at 2,811.72, and a rise through could take it to the next resistance level of 2,825.00.

USD ZAR



The pair is expected to find support at 13.0657, and a fall through could take it to the next support level of 12.9090. The pair is expected to find its first resistance at 13.4785, and a rise through could take it to the next resistance level of 13.7346.

XAU USD



Gold is expected to find support at \$1,230.27/oz, and a fall through could take it to the next support level of \$1,220.83/oz. The precious metal is expected to find its first resistance at \$1,255.07/oz, and a rise through could take it to the next resistance level of \$1,270.43/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	06:00	Tokyo Condominium Sales (YoY) (Jun)	✓	16.40%*	-5.40%	Monthly
Eurozone	08:00	EU 28 New Car Registrations (YoY) (Jun)	✓	-	0.80%	Monthly
Italy	10:00	Industrial Orders n.s.a. (YoY) (May)	✓	-	6.40%	Monthly
Italy	10:00	Industrial Orders s.a. (MoM) (May)	✓	-	-1.30%	Monthly
Italy	10:00	Industrial Orders (May)	✓	-	108.50	Monthly
Italy	10:00	Industrial Sales n.s.a. (YoY) (May)	✓	-	4.00%	Monthly
Italy	10:00	Industrial Sales s.a. (MoM) (May)	✓	-	0.30%	Monthly
South Africa	10:00	BER Consumer Confidence (Q2)	✓	-	26.00	Quarterly
UK	10:30	Claimant Count Change (Jun)	✓✓✓	-	-7.70K	Monthly
UK	10:30	Claimant Count Rate s.a. (Jun)	✓✓	-	2.50%	Monthly
UK	10:30	Average Earnings Excluding Bonus (3Mo/Yr) (May)	✓	2.70%	2.80%	Monthly
UK	10:30	Average Earnings Including Bonus (3Mo/Yr) (May)	✓✓	2.50%	2.50%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (May)	✓✓✓	4.20%	4.20%	Monthly
UK	10:30	Employment Change (3M/3M) (May)	✓✓✓	110.00K	146.00K	Monthly
US	14:55	Redbook Index (YoY) (13-Jul)	✓	-	5.20%	Weekly
US	14:55	Redbook Index s.a. (MoM) (13-Jul)	✓	-	-0.20%	Weekly
US	15:15	Industrial Production (MoM) (Jun)	✓✓✓	0.50%	-0.10%	Monthly
US	15:15	Capacity Utilisation (Jun)	✓	78.20%	77.90%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Jun)	✓✓✓	0.60%	-0.70%	Monthly
US	16:00	NAHB Housing Market Index (Jul)	✓	69.00	68.00	Monthly
US	16:00	Powell to Deliver Semi-Annual Testimony Before Senate Panel	✓✓✓	-	-	As scheduled
US	22:00	Net Long-Term TIC Flows (May)	✓✓	-	USD93.90bn	Monthly
US	22:00	Total Net TIC Flows (May)	✓	-	USD138.70bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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