

ONE Minute Brief

26 July 2018

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Economic and political news

Finance Minister, Nhlamhla Nene, has ordered an independent inquiry into the affairs of the Public Investment Corporation (PIC), following corruption allegations involving senior executives.

The National Prosecuting Authority has refused to drop the corruption case against Thint, the local subsidiary of French arms company Thales, which is accused of bribing former President, Jacob Zuma.

South African gold producers have urged unions to narrow their demands after third round of wage talks fail.

South Africa (SA) and China have urged fellow BRICS governments to fight protectionism and promote multilateral global trade against the backdrop of tariff threats by the US President, Donald Trump.

The Standard Bank has allocated ZAR10bn to fund energy projects in SA.

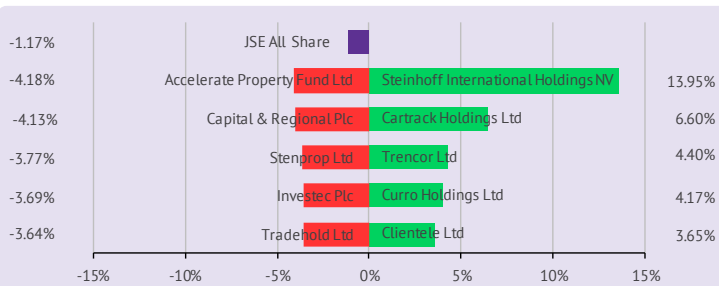
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56387.87	▼ -666.97	-1.17	-1.06	-2.12	2.59	-5.24
JSE Top 40	50321.55	▼ -668.09	-1.31	-1.14	-2.32	3.48	-4.21
FTSE 100	7658.26	▼ -50.79	-0.66	-0.27	0.28	-0.54	-0.38
DAX 30	12579.33	▼ -110.06	-0.87	0.14	2.22	-2.37	-2.62
CAC 40	5426.41	▼ -7.78	-0.14	0.52	1.93	-1.39	2.14
S&P 500	2846.07	▲ 25.67	0.91	1.58	4.70	0.48	6.45
Nasdaq Composite	7932.24	▲ 91.47	1.17	1.43	5.62	0.92	14.90
DJIA	25414.10	▲ 172.16	0.68	1.42	4.71	-0.59	2.81
MSCI Emerging Markets	1088.82	▲ 8.44	0.78	1.75	1.81	-4.57	-6.01
MSCI Developed World	2161.76	▲ 10.68	0.50	1.06	3.47	-0.17	2.77

South Africa Market ▼

South African markets closed lower

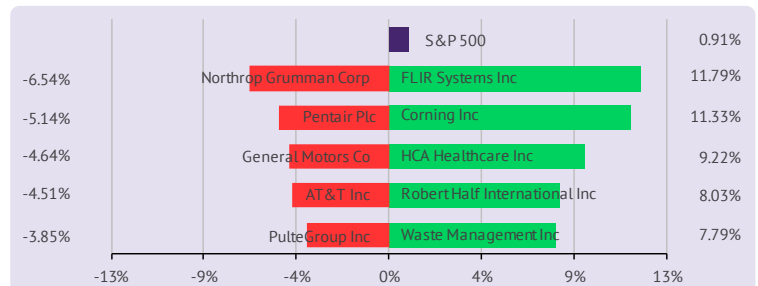
South African markets closed in the red yesterday, led by losses in industrial, retail and property sector stocks. The JSE All Share Index fell 1.2% to close at 56,387.87.



US Market ▲

The S&P 500 futures are trading in the red

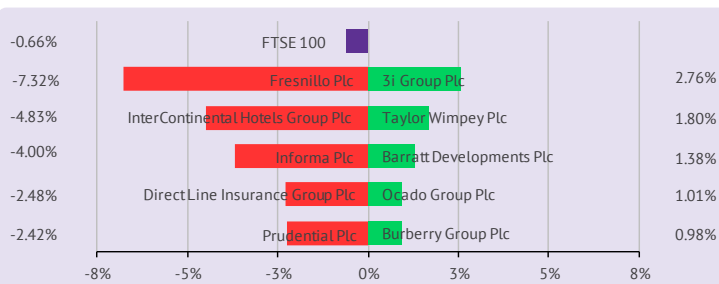
US markets closed higher yesterday, after the US President, Donald Trump reached an agreement with the European Union official Jean-Claude Juncker to avoid a trade war and amid gains in technology sector stocks. The S&P 500 Index climbed 0.9% to close at 2,846.07.



UK Market ▼

The FTSE 100 futures are trading in negative territory

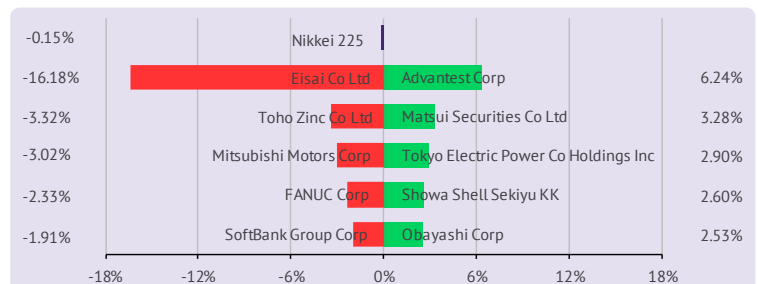
UK markets finished lower yesterday, amid ongoing trade tensions between the US and European Union and led by losses in mining sector stocks. The FTSE 100 Index declined 0.7% to close at 7,658.26.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.2% lower at 22,580.51.



USD ZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading marginally higher against the South African Rand at R13.1147. Later today, traders will keep a close watch on the US advance goods trade balance, initial jobless claims, durable goods orders and the Kansas Fed manufacturing activity for further indication.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US MBA mortgage applications registered a decline in the week ended 20 July 2018. Additionally, new home sales fell more than market expectations to an eight-month low level on a monthly basis in June.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound advanced 0.2% against the South African Rand to trade at R17.3149. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. On the data front, UK's BBA loans for house purchase surprisingly climbed in June.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R15.3893. Going forward, market participants will keep a tab on the European Central Bank interest rate decision along with Germany's GfK consumer confidence index for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, Germany's Ifo business climate index declined less-than-expected in July, marking its lowest level since March 2017. Additionally, the Ifo expectations index recorded a less-than-expected fall in July. However, the Ifo current assessment index surprisingly climbed in the same month.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R9.7577.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's consumer price index (CPI) climbed less than market forecast on an annual basis in 2Q18.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	13.1147	▲	-1.31	-2.20	-4.49	8.08	5.86
GBPZAR	17.3149	▲	-1.00	-1.84	-4.66	7.34	3.37
EURZAR	15.3893	▲	-0.99	-2.17	-4.13	7.98	3.50
AUDZAR	9.7577	▼	-0.82	-1.67	-3.85	5.77	1.13
EURUSD	1.1734	▲	0.36	0.04	0.39	-0.08	-2.30
GBPUSD	1.3202	▲	0.33	0.40	-0.14	-0.68	-2.40
Brent (\$/barrel)	74.5	▲	0.67	1.18	-6.69	2.15	10.56
Gold (\$/oz)	1240.8	▲	0.51	0.06	-1.81	-3.51	-5.92
Platinum (\$/oz)	833.8	-	0.51	1.24	-2.18	-6.34	-10.75
Copper (\$/MT)*	6262.0	▼	-0.04	2.28	-5.48	-3.21	-13.11

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.7% to trade at \$1,240.80/oz.

Yesterday, gold prices rose 0.5% to close at \$1,231.80/oz, as weakness in the US Dollar increased demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.7% to trade at \$74.45/bl, after Saudi Arabia suspended oil shipments through Red sea lane.

Yesterday, Brent crude oil advanced 0.7% to settle at \$73.93/bl, after the US Energy Information Administration reported that crude oil inventories fell more-than-expected by 6.1mn bls in the week ended 20 July 2018, reaching its lowest level since February 2015.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$833.80/oz.

Yesterday, platinum prices climbed 0.5% to close at \$833.80/oz.

Major South African corporate news

AECI Limited

In its 1H18 results, the company stated that its revenues increased to ZAR10.47bn, compared to ZAR8.48bn posted in the corresponding period of the previous year. Its diluted EPS rose to 441.00c, compared to 377.00c posted in the same period of the prior year. The firm's interim cash dividend rose 8.0% to 149.00cps. For FY18, the company expects to focus on cash generation, a claw-back in trade working capital and finalising the integration of its acquisitions and extracting the value expected from them.

Avi Limited

In its FY18 trading update, the company stated that HEPS is expected to increase between 6.5% and 7.5%, compared to the prior year. Further, EPS is expected to be in the range of 510.00c to 515.00c, an increase between the range of 6.5% to 7.5%.

Capital & Counties Properties Plc

In its 1H18 results, the company revealed that its revenues decreased to GBP42.30mn, compared to GBP43.70mn posted in the same period of the preceding year. Its diluted EPS stood at 2.70p, compared to 3.40p recorded in the corresponding period of the previous year.

Impala Platinum Holdings Limited

The company announced that the company and Impala Refining Services Limited (IRS) have entered into a sale of business agreement which allows the company to acquire the metal purchase and toll refining operations of IRS for a total purchase consideration of ZAR8.00bn.

Sibanye Gold Limited

The company announced that all outstanding conditions required to complete the gold and palladium stream agreement with Wheaton Precious Metals International Limited have been fulfilled. In terms of the agreement, the company has received USD500.00mn from Wheaton International in exchange for an amount of gold and palladium equal to a percentage of gold and palladium produced from its US Platinum Group Metals operations.

Major global economic news

Eurozone

In Germany, the Ifo business climate index recorded a less-than-expected drop to 101.70 in July, compared to a reading of 101.80 in the previous month.

In July, the Ifo business expectations index fell less than market forecast to a level of 98.20 in Germany, compared to a revised reading of 98.50 in the previous month.

In Germany, the Ifo current assessment index registered an unexpected rise to a level of 105.30 in July, compared to a revised level of 105.20 in the previous month.

UK

In the UK, the BBA loans for house purchase unexpectedly advanced to a level of 40.54K in June. In the previous week, the BBA loans had recorded a reading of 39.53K.

US

In the US, mortgage applications registered a drop of 0.2% on a weekly basis in the week ended 20 July 2018. In the previous week, mortgage applications had dropped 2.5%.

In the US, new home sales dropped more-than-expected by 5.3% on monthly basis to a level of 631.00K in June, compared to a revised reading of 666.00K in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus *Actual	Previous	Frequency
Japan	01:50	Foreign Buying Japan Bonds (20-Jul)	✓	JPY69.20bn*	JPY653.60bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (20-Jul)	✓	JPY173.50bn*	JPY601.90bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (20-Jul)	✓	-JPY209.20bn*	-JPY8.20bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (20-Jul)	✓	JPY151.90bn*	JPY272.90bn	Weekly
Japan	02:50	Corporate Service Price (YoY) (Jun)	✓	1.20%*	1.00%	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Aug)	✓✓✓	10.70	10.70	Monthly
France	08:45	Consumer Confidence (Jul)	✓✓✓	98.00	97.00	Monthly
Spain	09:00	Unemployment Rate (Survey) (Q2)	✓	15.80%	16.74%	Quarterly
Italy	10:00	Manufacturing Confidence (Jul)	✓✓✓	106.50	106.90	Monthly
Italy	10:00	Consumer Confidence (Jul)	✓✓✓	116.00	116.20	Monthly
South Africa	11:30	Producer Price Index (MoM) (Jun)	✓✓	0.30%	0.70%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Jun)	✓✓	5.20%	4.60%	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
US	14:30	Durable Goods Orders (Jun) (P)	✓✓✓	3.00%	-0.40%	Monthly
US	14:30	Durable Goods Orders ex Transportation (Jun) (P)	✓✓	0.50%	0.00%	Monthly
Eurozone	14:30	ECB Monetary policy statement and press conference	✓✓✓	-	-	As scheduled
Eurozone	14:30	ECB President Draghi Holds Press Conference in Frankfurt	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (14-Jul)	✓✓✓	1733.00K	1751.00K	Weekly
US	14:30	Initial Jobless Claims (21-Jul)	✓✓✓	215.00K	207.00K	Weekly
US	14:30	Cap Goods Orders Nondef Ex Air (Jun) (P)	✓	0.50%	0.30%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Jun) (P)	✓	0.40%	0.20%	Monthly
US	14:30	Wholesale Inventories (MoM) (Jun) (P)	✓✓✓	0.30%	0.60%	Monthly
US	17:00	Kansas City Fed Manufacturing Activity (Jul)	✓✓✓	25.00	28.00	Monthly
US	-	OPEC meeting	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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