

ONE Minute Brief

23 August 2018

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Economic and political news

In South Africa (SA), the consumer price index (CPI) advanced 5.1% YoY in July, compared to a rise of 4.6% in June.

Mineral Resources Minister, Gwede Mantashe, has urged for the withdrawal of the long-awaited Mineral and Petroleum Resources Development Amendment Bill.

While responding to questions on land and job creation in the National Assembly on Wednesday, President, Cyril Ramaphosa, stated that the government will first expropriate state-owned land, before considering private-owned land.

State Security Minister, Dipuo Letsatsi-Duba, indicated that all top-secret security clearances needed for the state-capture commission of inquiry will be completed by no later than 21 September.

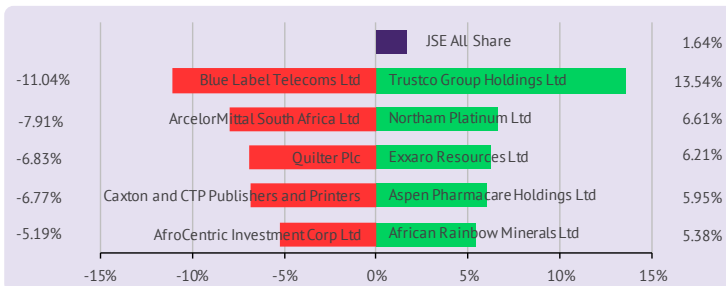
Public Protector, Busisiwe Mkhwebane has refused to step down from her post and demanded an apology from Parliament's Justice Committee, citing that displeasure with her performance was not among the causes for removal set out in the Constitution.

A presentation to Parliament on a report on corruption and fraud probed at Transnet was halted, after parliamentarians objected to being briefed by the executives whom they described as investigating themselves.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in platinum mining, industrial and banking sector stocks. Data showed that SA's annual CPI advanced as expected in July. The JSE All Share Index rose 1.6% to close at 58,125.95.



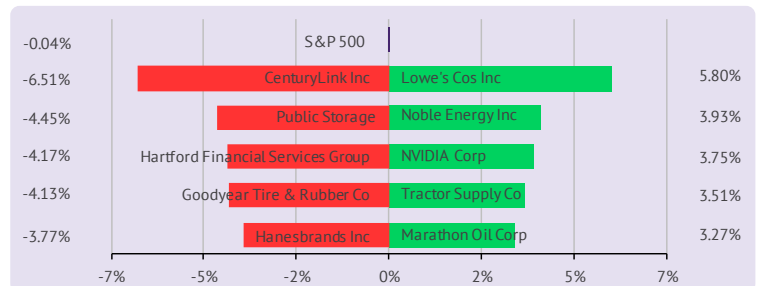
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share	58125.95	▲	939.29	1.64	2.61	1.21	-0.31	-2.32
JSE Top 40	52061.61	▲	935.77	1.83	2.88	1.45	-0.39	-0.90
FTSE 100	7574.24	▲	8.54	0.11	0.21	-2.25	1.46	-1.48
DAX 30	12385.70	▲	1.21	0.01	1.43	-3.28	4.06	-4.12
CAC 40	5420.61	▲	12.01	0.22	1.42	-1.65	3.53	2.03
S&P 500	2861.82	▼	-1.14	-0.04	0.41	1.62	3.60	7.04
Nasdaq Composite	7889.10	▲	29.92	0.38	0.93	2.83	2.15	14.28
DJIA	25733.60	▼	-88.69	-0.34	0.25	1.25	4.71	4.10
MSCI Emerging Markets	1050.61	▲	6.30	0.60	2.71	-3.39	1.68	-9.31
MSCI Developed World	2155.99	▲	4.20	0.20	0.84	0.13	3.05	2.50

US Market ▼

The S&P 500 futures are trading in the red

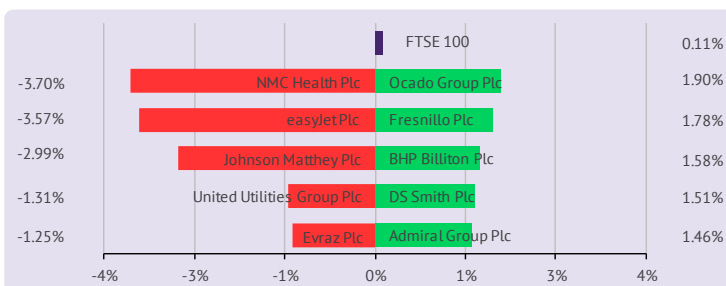
US markets closed mostly lower yesterday, following less-than-expected hawkish FOMC meeting minutes. Data revealed that the US monthly existing home sales unexpectedly fell in July. The S&P 500 Index marginally dropped to close at 2,861.82.



UK Market ▲

The FTSE 100 futures are trading in negative territory

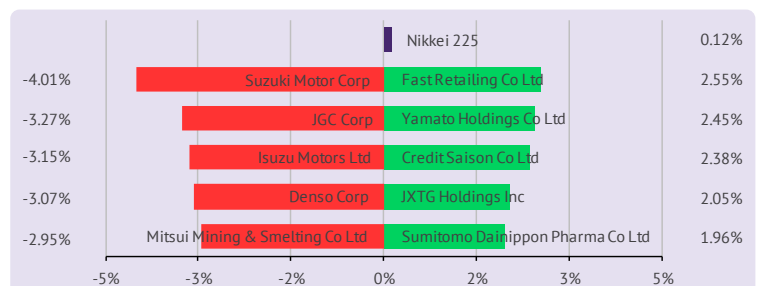
UK markets finished higher yesterday, supported by gains in energy sector stocks. The FTSE 100 Index advanced 0.1% to close at 7,574.24.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan's Nikkei manufacturing PMI advanced in August. The Nikkei 225 Index is trading 0.1% higher at 22,388.40.



USD ZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 1.2% firmer against the South African Rand at R14.3312. Later today, traders will keep a close watch on the US initial jobless claims, house price index, new home sales, the Markit manufacturing and services PMI for further indication.

The US Dollar fell against the South African Rand yesterday, on less-than-expected hawkish FOMC minutes and amid ongoing political uncertainty in the US. On the macro front, the US existing home sales recorded an unexpected decline for a fourth consecutive month on a monthly basis in July, marking its weakest level in more than two years. Meanwhile, the MBA mortgage applications rebounded in the week ended 17 August 2018. Separately, in SA, the CPI recorded a rise in line with market forecast on an annual basis in July, notching its highest level in ten months.

GBP ZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.8% against the South African Rand to trade at R18.4421. 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.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.8% against the South African Rand to trade at R16.5564. Going forward, market participants will keep a tab on the Eurozone's consumer confidence index along with the Markit manufacturing and services PMI across the Eurozone for further direction.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.3% against the South African Rand to trade at R10.4488.

The Australian Dollar fell against the South African Rand yesterday. On the data front, Australia's Westpac leading index advanced at par with market forecast on a monthly basis in July.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.3312	▲	-1.61	-3.25	6.69	-3.28	14.37
GBPZAR	18.4421	▲	-1.50	-2.12	4.97	-3.90	9.36
EURZAR	16.5564	▲	-1.38	-1.93	5.83	-3.22	10.57
AUDZAR	10.4488	▲	-1.77	-2.83	5.66	-3.03	7.77
EURUSD	1.1553	▼	0.22	1.39	-0.80	0.06	-3.40
GBPUSD	1.2868	▼	0.08	1.27	-1.62	-0.63	-4.45
Brent (\$/barrel)	74.7	▼	2.96	4.11	0.77	-6.34	11.83
Gold (\$/oz)	1197.8	▲	0.31	1.68	-2.24	-2.46	-8.63
Platinum (\$/oz)	787.0	▼	0.09	2.11	-6.16	-0.77	-15.04
Copper (\$/MT)*	5980.0	▼	-0.63	1.54	-4.77	-5.22	-17.03

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,197.80/oz.

Yesterday, gold prices rose 0.3% to close at \$1,196.30/oz, as weakness in the US Dollar increased demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$74.66/bl.

Yesterday, Brent crude oil advanced 3.0% to settle at \$74.78/bl, after the US Energy Information Administration reported that crude oil inventories dropped more-than-expected by 5.8mn bls in the week ended 17 August 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.8% to trade at \$787.00/oz.

Yesterday, platinum prices climbed 0.1% to close at \$793.70/oz.

Major South African corporate news

African Rainbow Minerals Limited

In its FY18 trading statement, the company stated that its HEPS is expected to increase between 41.0% and 54.0% to lie in the range of 2,370.00c and 2,590.00c, compared to the corresponding period of the prior year. Further, the EPS is expected to be between 2,320.00c and 2,450.00c, a rise of 221.0% to 239.0%, compared to the same period of the preceding year.

Bidvest Group Limited

In its FY18 trading statement, the company indicated that its HEPS is expected to be in the range of 1,219.00c to 1,241.00c, a rise of between 10.0% and 12.0%, compared to the corresponding period of the preceding year. Further, its EPS is expected to be between 1,116.00c and 1,159.00c, a decrease of between 19.0% and 22.0%, compared to the same period of the prior year.

Grindrod Limited

The company announced that Andrew Waller will take over as Chief Executive Officer of Grindrod Limited and Xolani Mbambo, the current Chief Financial Officer of the Freight Services business, has been appointed as the Finance Director of Grindrod Limited. Further, Mike Hankinson will continue in his role as Executive Chairman to guide the sustainable long-term growth of the company.

Blue Label Telecoms Limited

In its FY18 results, the company stated that its revenues increased to ZAR26.80bn, compared to ZAR26.47bn posted in the corresponding period of the previous year. Its diluted EPS fell to 108.10c, compared to 113.17c recorded in the same period of the prior year. The company has declared an annual dividend of 40.00c per share compared to 36.00c per share posted in the corresponding period of the preceding year. For FY19, the company expects consistent growth in revenue, improved gross profit margins and compounding annuity revenue generated from starter pack sales.

Major global economic news

US

The Federal Reserve's latest monetary policy meeting minutes, indicated that further gradual increases in the target range for the federal funds rate would be consistent. The official stated that the US GDP growth would slow in the second half of 2018 but remain above potential. Further, the members pointed that ongoing global trade tensions would be the biggest threat to otherwise strong US economic growth.

In the US, the MBA mortgage applications rebounded 4.2% on a weekly basis in the week ended 17 August 2018. In the prior week, mortgage applications had registered a drop of 2.0%.

In the US, existing home sales unexpectedly fell by 0.7% to a level of 5.34mn on monthly basis in July, compared to a level of 5.38mn in the prior month.

Asia

In Japan, the flash manufacturing PMI climbed to 52.50 in August, compared to a level of 52.30 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Foreign Buying Japan Bonds (17-Aug)	✓	-JPY729.60bn*	-JPY58.90bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (17-Aug)	✓	-JPY510.60bn*	-JPY107.10bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (17-Aug)	✓	-JPY1929.40bn*	JPY124.70bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (17-Aug)	✓	JPY264.60bn*	JPY181.70bn	Weekly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Aug) (P)	✓✓✓	52.50*	52.30	Monthly
Japan	07:00	Leading Economic Index (Jun) (F)	✓✓✓	-	105.20**	Monthly
Switzerland	09:15	Industrial Production (YoY) (Q2)	✓✓	7.50%	9.00%	Quarterly
Germany	09:30	Markit Services PMI (Aug) (P)	✓✓✓	54.30	54.10	Monthly
Germany	09:30	Markit Manufacturing PMI (Aug) (P)	✓✓✓	56.50	56.90	Monthly
Spain	10:00	Trade Balance (Jun)	✓✓✓	-	-EUR2.15bn	Monthly
Eurozone	10:00	Markit Composite PMI (Aug) (P)	✓✓✓	54.50	54.30	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Aug) (P)	✓✓✓	55.20	55.10	Monthly
Eurozone	10:00	Markit Services PMI (Aug) (P)	✓✓✓	54.40	54.20	Monthly
Eurozone	13:30	ECB Monetary Policy Meeting Accounts	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (11-Aug)	✓✓✓	1730.00K	1721.00K	Weekly
US	14:30	Initial Jobless Claims (18-Aug)	✓✓✓	215.00K	212.00K	Weekly
US	15:00	House Price Purchase Index (QoQ) (Q2)	✓✓	-	1.70%	Quarterly
US	15:00	Housing Price Index (MoM) (Jun)	✓	0.30%	0.20%	Monthly
US	15:45	Markit Composite PMI (Aug) (P)	✓✓✓	-	55.70	Monthly
US	15:45	Markit Manufacturing PMI (Aug) (P)	✓✓✓	55.00	55.30	Monthly
US	15:45	Markit Services PMI (Aug) (P)	✓✓✓	55.80	56.00	Monthly
Eurozone	16:00	Consumer Confidence (Aug) (P)	✓✓✓	-0.70	-0.60	Monthly
US	16:00	New Home Sales (Jul)	✓✓✓	645.00K	631.00K	Monthly
US	16:00	New Home Sales (MoM) (Jul)	✓✓✓	2.20%	-5.30%	Monthly
US	17:00	Kansas City Fed Manufacturing Activity (Aug)	✓✓✓	23.00	23.00	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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