

# ONE Minute Brief

24 August 2018

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## Economic and political news

South Africa (SA) has accused the US President, Donald Trump of stoking racial divisions, after Donald Trump tweeted that he had asked Secretary of State, Mike Pompeo to “closely study the SA land and farm seizures and expropriations and large-scale killing of farmers”. Meanwhile, a news report indicated that SA’s presidency will seek clarification from the US embassy over Trump’s tweet on land reform. Separately, the US has warned SA that seizing land without compensation would lead the country in wrong direction.

Eskom’s Senior Manager, Marion Hughes, stated that the firm expects to reduce its staff by 7,000 in five years.

Deputy President, David Mabuza, stated that state-owned land, including land owned by state-owned enterprises, will be targeted first for the purposes of land redistribution.

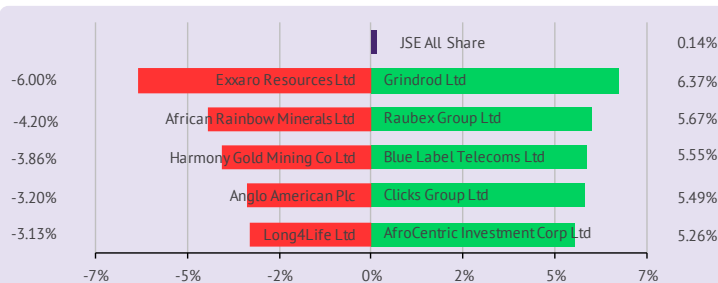
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	58204.72	▲	78.77	0.14	2.75	1.34	-0.31	-2.18
JSE Top 40	52131.76	▲	70.15	0.13	3.02	1.59	-0.39	-0.76
FTSE 100	7563.22	▼	-11.02	-0.15	0.06	-2.39	1.46	-1.62
DAX 30	12365.58	▼	-20.12	-0.16	1.27	-3.44	4.06	-4.27
CAC 40	5419.33	▼	-1.28	-0.02	1.39	-1.67	3.53	2.01
S&P 500	2856.98	▼	-4.84	-0.17	0.24	1.44	3.60	6.86
Nasdaq Composite	7878.46	▼	-10.64	-0.13	0.79	2.69	2.15	14.12
DJIA	25656.98	▼	-76.62	-0.30	-0.05	0.95	4.71	3.79
MSCI Emerging Markets	1048.20	▼	-2.41	-0.23	2.47	-3.61	1.68	-9.52
MSCI Developed World	2149.22	▼	-6.76	-0.31	0.52	-0.18	3.05	2.18

## South Africa Market ▲

### South African markets closed higher

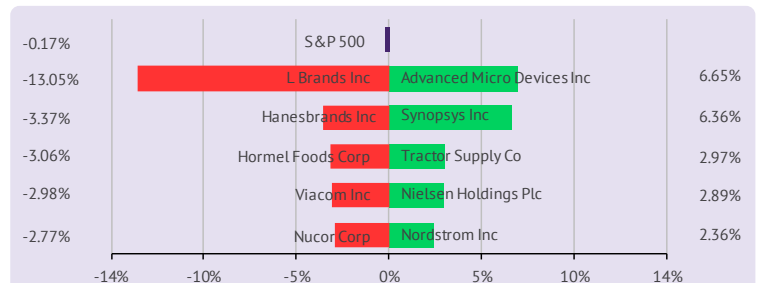
South African markets closed in the green yesterday, boosted by gains in retail, platinum mining and industrial sector stocks. The JSE All Share Index rose 0.1% to close at 58,204.72.



## US Market ▼

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

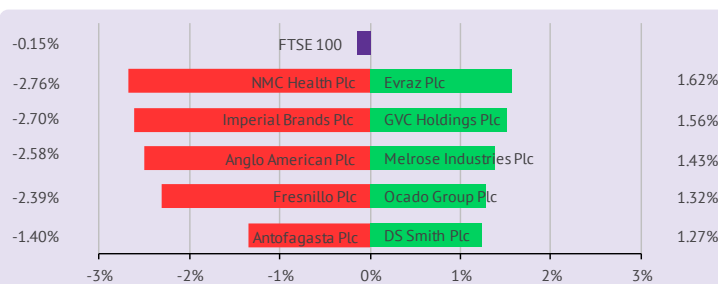
US markets closed lower yesterday, led by rising trade tensions between the US and China. Data revealed that, the US Markit manufacturing fell more-than-expected in August. The S&P 500 Index dropped 0.2% to close at 2,856.98.



## UK Market ▼

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

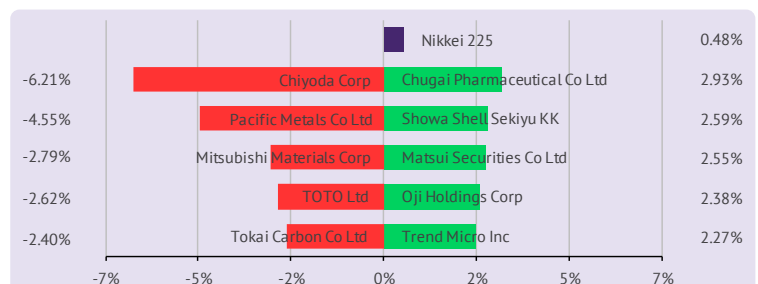
UK markets finished lower yesterday, amid escalating trade worries and fears of a “no-deal” Brexit. The FTSE 100 Index declined 0.2% to close at 7,563.22.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that Japan’s annual national consumer price index (CPI) rose in July. The Nikkei 225 Index is trading 0.5% higher at 22518.53.



## USD ZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally declined against the South African Rand to trade at R14.3988. Later today, traders will keep a close watch on the US Federal Reserve's annual Jackson Hole Central Banking Symposium along with durable goods orders for further direction.

The US Dollar rose against the South African Rand yesterday. On the data front, the US initial jobless claims unexpectedly fell for a third consecutive week in the week ended 18 August 2018. Meanwhile, the nation's Markit manufacturing PMI registered a more-than-expected decline in August, recording its lowest level since November 2017. Additionally, the Markit services PMI eased more than market forecast to a nine-month low level in the same month. Moreover, monthly new home sales recorded an unexpected drop in July. Further, the house price index rose less than market expectations on a monthly basis in June. Separately, South African Rand fell against the US Dollar yesterday, following the US President, Donald Trump's tweet on land reform.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R18.4557. Ahead in the day, traders will keep an eye on UK's BBA loans for house purchase for further indication.

The British Pound advanced against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R16.6380. Going forward, market participants will keep a tab on Germany's gross domestic product for further cues.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's Markit services PMI advanced in line with market forecast in the August. On the contrary, the region's Markit manufacturing registered an unexpected decline in the same month, marking its lowest reading since May 2017. Additionally, the consumer confidence index eased more than market forecast in August. Separately, Germany's Markit manufacturing PMI dropped more-than-expected in August. Meanwhile, the nation's Markit services PMI recorded a more-than-anticipated rise in August.

## AUD ZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.4% against the South African Rand to trade at R10.4783, following former Treasurer, Scott Morrison's election as the new Australian Prime Minister.

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	14.3988	▼	1.71	-1.59	8.52	-3.28	16.33
GBPZAR	18.4557	▼	0.93	-1.21	5.94	-3.90	10.38
EURZAR	16.6380	▲	1.21	-0.75	7.11	-3.22	11.90
AUDZAR	10.4783	▲	0.24	-2.59	5.92	-3.03	8.03
EURUSD	1.1555	▲	-0.49	0.89	-1.29	0.06	-3.87
GBPUSD	1.2816	▲	-0.77	0.49	-2.38	-0.63	-5.19
Brent (\$/barrel)	75.1	▲	-0.07	4.04	0.70	-6.34	11.75
Gold (\$/oz)	1193.4	▲	-0.78	0.89	-3.00	-2.46	-9.34
Platinum (\$/oz)	781.0	▲	-1.93	0.14	-7.97	-0.77	-16.68
Copper (\$/MT)*	5967.0	▼	-0.22	1.32	-4.97	-5.22	-17.21

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,193.40/oz.

Yesterday, gold prices fell 0.8% to close at \$1,187.00/oz, as the US Dollar strengthened, after the US Federal Reserve signalled interest rate hikes and amid ongoing trade tensions between the US and China.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.5% to trade at \$75.09/bl, on expectations that the US sanctions on Iran will cut significant volumes of crude from the market towards the end of the year.

Yesterday, Brent crude oil dropped 0.1% to settle at \$74.73/bl, on indications of tightening US crude inventories.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices gained 0.3% to trade at \$781.00/oz.

Yesterday, platinum prices declined 1.9% to close at \$778.40/oz.

## Major South African corporate news

### Discovery Limited

In its FY18 trading statement, the company indicated that it expects HEPS to increase in the range of 30.0% to 35.0%, to be between 888.00c and 922.00c compared to the corresponding period of the preceding year. Further, the EPS is expected to be between 855.00c and 889.00c, a rise of 25.0% to 30.0%, compared to the same period of the previous year.

### Massmart Holdings Limited

In its 1H18 results, the company announced that its revenues advanced to ZAR41.69bn, compared to ZAR40.91bn posted in the same period of the preceding year. Its diluted EPS stood at 92.10c, compared to 167.70c recorded in the corresponding period of the previous year. The company has declared an interim dividend of 68.00c per share, compared to 76.00c per share posted in the comparable period of the prior year.

### Murray & Roberts Holdings Limited

In its FY18 trading statement, the company reported that it expects HEPS to be in the range of 44.00c to 48.00c, an increase of 69.0% to 85.0%, compared to the corresponding period of the previous year. Further, the company expects EPS to be between 63.00c and 69.00c, compared to the same period of the prior year.

### Sibanye Gold Limited

In its 1H18 results, the company indicated that its revenues rose to USD1.94bn, compared to USD1.45bn posted in the corresponding period of the previous year. The company expects adjusted EBITDA to increase in 2H18. Further, the company stated that Lonmin acquisition remains on track with approval received from the South African Reserve Bank (SARB) and the competition authority in the UK.

### Woolworths Holdings Limited

In its FY18 results, the company announced that its revenues increased to ZAR70.57bn, compared to ZAR69.23bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 367.30c, compared to a profit of 563.70c recorded in the same period of the prior year. The company has declared a total dividend of 239.00c per share, a decrease of 23.6%, compared to the same period of the preceding year.

## Major global economic news

### US

In the US, the flash Markit manufacturing PMI eased more than market forecast to 54.50 in August. The Markit manufacturing PMI had registered a reading of 55.30 in the previous month.

In the US, the flash Markit services PMI fell to a level of 55.20 in August, more-than-expected and compared to a level of 56.00 in the prior month.

In the US, seasonally adjusted initial jobless claims unexpectedly dropped to a level of 210.00K in the week ended 18 August 2018, compared to a level of 212.00K in the prior week.

In the US, the house price index advanced 0.2% on a monthly basis in June, less than market expectations. In the previous month, the index had registered a revised rise of 0.4%.

In July, new home sales unexpectedly dropped by 1.7% to a level of 627.00K on a monthly basis in the US. In the previous month, new home sales had registered a revised level of 638.00K.

### Asia

In Japan, the national CPI climbed 0.9% on a yearly basis in July, less than market expectations. In the previous month, the national CPI had recorded a rise of 0.7%.

### Eurozone

In the Eurozone, the preliminary consumer confidence index fell more-than-anticipated to a level of -1.90 in August. The index had recorded a level of -0.60 in the prior month.

In August, the preliminary manufacturing PMI unexpectedly declined to 54.60 in the Eurozone. In the prior month, the manufacturing PMI had recorded a level of 55.10.

In the Eurozone, the preliminary services PMI recorded a rise to 54.40 in August, meeting market expectations and compared to a reading of 54.20 in the prior month.

In Germany, the preliminary manufacturing PMI registered a drop to 56.10 in August, more than market expectations. In the prior month, manufacturing PMI had recorded a level of 56.90.

In August, the preliminary services PMI recorded a rise to 55.20 in Germany, more than market forecast and following a reading of 54.10 in the previous month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Jul)	✓✓✓	0.90%*	0.70%	Monthly
Japan	01:30	National CPI Ex-Fresh Food (YoY) (Jul)	✓✓✓	0.80%*	0.80%	Monthly
Japan	02:50	Corporate Service Price (YoY) (Jul)	✓	1.10%*	1.10%	Monthly
Germany	08:00	Gross Domestic Product n.s.a. (YoY) (Q2) (F)	✓✓	2.30%	2.30%**	Quarterly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q2) (F)	✓✓✓	0.50%	0.50%**	Quarterly
Germany	08:00	Gross Domestic Product w.d.a. (YoY) (Q2) (F)	✓✓	2.00%	2.00%**	Quarterly
Germany	08:00	Domestic Demand s.a. (QoQ) (Q2)	✓	0.60%	0.40%	Quarterly
Germany	08:00	Capital Investment (QoQ) (Q2)	✓	0.80%	1.70%	Quarterly
Germany	08:00	Exports (QoQ) (Q2)	✓	1.40%	-1.00%	Quarterly
Germany	08:00	Imports (QoQ) (Q2)	✓	1.50%	-1.10%	Quarterly
Germany	08:00	Private Consumption (QoQ) (Q2)	✓	0.60%	0.40%	Quarterly
Germany	08:00	Construction Investment (QoQ) (Q2)	✓	1.80%	2.10%	Quarterly
Germany	08:00	Government Spending (QoQ) (Q2)	✓	0.60%	-0.50%	Quarterly
Spain	09:00	Producer Price Index (MoM) (Jul)	✓	-	1.00%	Monthly
Spain	09:00	Producer Price Index (YoY) (Jul)	✓	-	4.10%	Monthly
UK	10:30	BBA Mortgage Approvals (Jul)	✓✓	40.60K	40.54K	Monthly
US	14:30	Durable Goods Orders ex Transportation (Jul) (P)	✓✓	0.50%	0.20%	Monthly
US	14:30	Cap Goods Orders Nondef Ex Air (Jul) (P)	✓	0.50%	0.20%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Jul) (P)	✓	0.30%	0.70%	Monthly
US	14:30	Durable Goods Orders (Jul) (P)	✓✓✓	-1.00%	0.80%	Monthly
US	16:00	Fed's Powell Speech	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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