

ONE Minute Brief

17 August 2018

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Economic and political news

In South Africa (SA), fuel and vehicle sales declined by 2.2% in 2Q18.

President, Cyril Ramaphosa has agreed to set up a commission of inquiry into alleged governance failures at the Public Investment Corporation (PIC).

SA's National Union of Mineworkers (NUM) announced that it was ready to sign Eskom's three-year wage agreement, provided the power utility does not take disciplinary action against illegal staff protesters.

The Public Servants Association (PSA) has filed a court application in a bid to compel the minister of finance, the PIC and the Government Employee Pension Fund (GEPF) to reveal information relating to the PIC board and the ZAR5bn bridging loan granted to Eskom in February.

According to a news report, the Treasury has proposed changes to the Income Tax Act to clarify the tax treatment of collective investment schemes, which would bring certainty to tax rules regarding the distinction between capital and revenue.

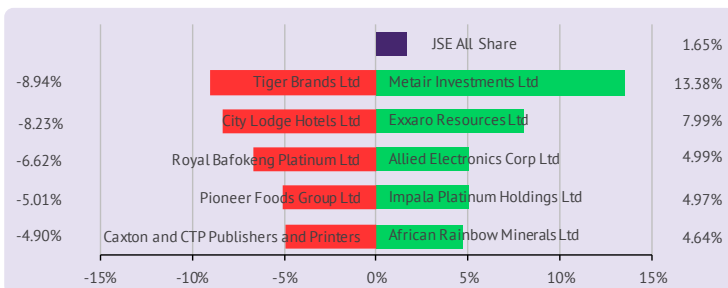
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share	56562.34	▲	916.19	1.65	-1.98	-1.52	-0.31	-4.94
JSE Top 40	50506.38	▲	891.32	1.80	-2.08	-1.58	-0.39	-3.86
FTSE 100	7556.38	▲	58.51	0.78	-1.44	-2.48	1.46	-1.71
DAX 30	12237.17	▲	74.16	0.61	-1.51	-4.44	4.06	-5.27
CAC 40	5349.02	▲	43.80	0.83	-1.21	-2.94	3.53	0.69
S&P 500	2840.69	▲	22.32	0.79	0.26	0.87	3.60	6.25
Nasdaq Composite	7806.52	▲	32.41	0.42	-0.42	1.76	2.15	13.08
DJIA	25558.73	▲	396.32	1.58	0.97	0.56	4.71	3.40
MSCI Emerging Markets	1021.57	▼	-1.86	-0.18	-3.84	-6.06	1.68	-11.82
MSCI Developed World	2131.05	▲	15.35	0.73	-0.41	-1.02	3.05	1.31

South Africa Market ▲

South African markets closed higher

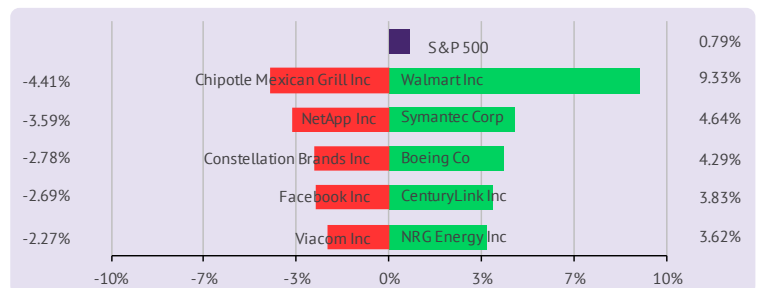
South African markets closed in the green yesterday, supported by gains in banking, platinum mining and retail sector stocks. The JSE All Share Index rose 1.7% to close at 56,562.34.



US Market ▲

The S&P 500 futures are trading in the green

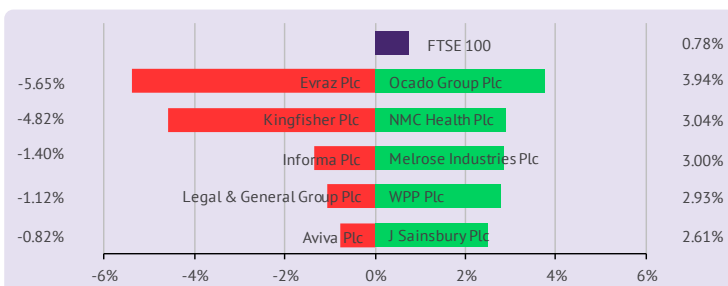
US markets closed higher yesterday, on hopes for a US-China trade deal and amid upbeat corporate earnings. Data revealed that the US initial jobless claims unexpectedly fell in the week ended 11 August 2018. The S&P 500 Index climbed 0.8% to close at 2,840.69.



UK Market ▲

The FTSE 100 futures are trading in positive territory

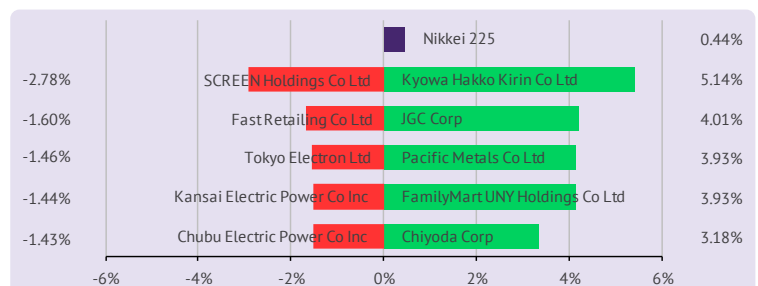
UK markets finished higher yesterday, helped by a rebound in energy and mining sector stocks and as global trade tensions eased. The FTSE 100 Index advanced 0.8% to close at 7,556.38.



Asian Market ▲

Trading higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 0.4% higher at 22,289.64.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell 0.5% against the South African Rand to trade at R14.6655. Later today, traders will keep a close watch on the US leading index and the Michigan consumer sentiment index for further indication.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US initial jobless claims recorded an unexpected decline for a second consecutive week in the week ended 11 August 2018. Moreover, monthly building permits registered a more-than-anticipated advance in July. Further, housing starts climbed less than market expectations on a monthly basis in July. Meanwhile, the Philadelphia Fed business outlook fell more than market forecast in August.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.5% against the South African Rand to trade at R18.6496. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, after UK's retail sales climbed more than market expectations on a monthly basis in July.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.5% against the South African Rand to trade at R16.6884. Going forward, market participants will keep a tab on the Eurozone's consumer price index and current account balance for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's trade surplus unexpectedly widened in June.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% weaker against the South African Rand at R10.6587.

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	14.6655	▼	1.17	4.56	11.01	-3.28	19.01
GBPZAR	18.6496	▼	1.27	4.28	7.55	-3.90	12.05
EURZAR	16.6884	▼	1.44	4.28	8.04	-3.22	12.87
AUDZAR	10.6587	▼	1.50	4.15	8.58	-3.03	10.75
EURUSD	1.1379	▲	0.28	-0.32	-2.69	0.06	-5.23
GBPUSD	1.2716	-	0.15	-0.33	-3.11	-0.63	-5.90
Brent (\$/barrel)	71.4	▼	0.95	-1.90	-3.75	-6.34	6.82
Gold (\$/oz)	1183.7	▲	-0.11	-2.88	-3.88	-2.46	-10.17
Platinum (\$/oz)	781.1	▼	1.63	-5.44	-7.25	-0.77	-16.02
Copper (\$/MT)*	5901.0	▲	2.47	-4.21	-6.02	-5.22	-18.12

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,183.70/oz.

Yesterday, gold prices fell 0.1% to close at \$1,176.20/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil marginally fell to trade at \$71.40/bl, amid rising worries that slowing global economic growth could hit demand for petroleum products.

Yesterday, Brent crude oil advanced 1.0% to settle at \$71.43/bl, on hopes for the US-China trade negotiations.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.4% lower to trade at \$781.10/oz.

Yesterday, platinum prices climbed 1.6% to close at \$784.50/oz.

Major South African corporate news

City Lodge Hotels Limited

In its FY18 results, the company indicated that its revenues fell to ZAR1.50bn, compared to ZAR1.52bn recorded in the corresponding period of the prior year. Its diluted EPS reduced 6.0% to 762.90c, compared to the same period of the preceding year. The company declared a final dividend of 201.00c per share compared to 228.00c per share posted in the same period of the previous year.

Grindrod Limited

In its 1H18 trading statement, the company indicated that it expects its HEPS to be between 2.50c and 5.20c, compared to a headline loss per share of 17.20c recorded in the corresponding period of the preceding year. Further, the company expects EPS to be in the range of 316.00c to 318.70c, compared to a loss per share of 11.50c posted in the same period of the prior year.

Exxaro Resources Limited

In its 1H18 results, the company announced that its revenues increased to ZAR12.26mn, compared to ZAR10.74mn posted in the corresponding period of the previous year. Its diluted EPS fell to 978.00c, compared to 991.00c recorded in the same period of the prior year. The company has declared an interim dividend of 530.00c per share. For 2H18, the company expects that the performance of its SIOC investment will be supported by a relatively stable iron ore fines price and lump premium and continued strong demand for higher-grade products.

Metair Investments Limited

In its 1H18 results, the company revealed that its revenues advanced 10.0% to R4.48bn, compared to the same period of the preceding year. Its diluted EPS stood at 131.00c, compared to 112.00c recorded in the corresponding period of the previous year. For 2H18, the company aims to focus on capital allocation.

Gold Fields Limited

In its 1H18 results, the company stated that its revenues increased to USD1.35bn, compared to USD1.30bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 44.00c, compared to EPS of 7.00c recorded in the same period of the preceding year. The company has declared an interim dividend of 20.00c per share. For FY18, the company expects capital expenditure to be USD854.00mn.

RCL Foods Limited

In its FY18 trading statement, the company indicated that it expects HEPS to be in the range of 90.00c to 100.00c, compared to the corresponding period of the preceding year. Further, the company expects EPS to be between 100.00c and 110.00c, compared to the same period of the previous year.

Major global economic news

US

In the US, seasonally adjusted initial jobless claims unexpectedly eased to a level of 212.00K in the week ended 11 August 2018. Initial jobless claims had registered a revised reading of 214.00K in the previous week.

In the US, the Philadelphia Fed manufacturing index eased more-than-expected to 11.90 in August, compared to a reading of 25.70 in the prior month.

In the US, housing starts registered a rise of 0.9% to an annual rate of 1168.00K on monthly basis in July. In the prior month, housing starts had registered a revised level of 1158.00K.

In the US, building permits advanced 1.5% to an annual rate of 1311.00K on a monthly basis in July, compared to a revised reading of 1292.00 K in the prior month.



















UK

In the UK, retail sales advanced 0.7% on a monthly basis in July, more-than-expected and compared to a drop of 0.5% in the prior month.

Eurozone

In the Eurozone, non-seasonally adjusted trade surplus widened to EUR22.50bn in June, compared to a surplus of EUR16.50bn in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
 Eurozone	10:00	Current Account n.s.a. (Jun)	✓	-	EUR4.60bn	Monthly
 Eurozone	10:00	Current Account s.a. (Jun)	✓✓✓	-	EUR22.40bn	Monthly
 Italy	10:00	Industrial Orders n.s.a. (YoY) (Jun)	✓	-	4.90%	Monthly
 Italy	10:00	Industrial Orders s.a. (MoM) (Jun)	✓	-	3.60%	Monthly
 Italy	10:00	Industrial Orders (Jun)	✓	-	113.40	Monthly
 Italy	10:00	Current Account (Jun)	✓	-	EUR2.23bn	Monthly
 UK	10:30	Retail Price Index Ex Food (Jul)	✓	-	291.90	Monthly
 Eurozone	11:00	Consumer Price Index - Core (YoY) (Jul) (F)	✓✓✓	1.10%	1.10%**	Monthly
 Eurozone	11:00	Consumer Price Index (MoM) (Jul)	✓✓✓	-0.30%	0.10%	Monthly
 Eurozone	11:00	Consumer Price Index (YoY) (Jul) (F)	✓✓✓	2.10%	2.10%**	Monthly
 Canada	14:30	Consumer Price Index s.a. (MoM) (Jul)	✓✓✓	-	0.10%	Monthly
 Canada	14:30	Canadian Portfolio Investment in Foreign Securities (Jun)	✓	-	CAD5.69bn	Monthly
 Canada	14:30	Foreign Portfolio Investment in Canadian Securities (Jun)	✓	-	CAD2.18bn	Monthly
 Canada	14:30	Consumer Price Index n.s.a. (MoM) (Jul)	✓✓✓	0.10%	0.10%	Monthly
 Canada	14:30	Consumer Price Index (YoY) (Jul)	✓✓✓	2.50%	2.50%	Monthly
 Canada	14:30	Consumer Price Index (Jul)	✓✓	133.60	133.60	Monthly
 US	16:00	Leading Indicator (MoM) (Jul)	✓✓✓	0.40%	0.50%	Monthly
 US	16:00	Reuters/Michigan Consumer Sentiment Index (Aug) (P)	✓✓✓	98.00	97.90	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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