

# ONE Minute Brief

27 August 2018

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## Economic and political news

South Africa's (SA) Department of International Relations and Cooperation met with a representative from the US Embassy and expressed disappointment over Washington's "failure" to use diplomatic channels after US President, Donald Trump tweeted about land reform in SA.

Finance Minister, Nhlanhla Nene and consultancy Bain & Co are set to provide evidence to the SA Revenue Service (SARS) commission of inquiry into governance and administration at the tax agency next week.

A case against three top former SARS officials, Ivan Pillay, Johann van Loggerenberg and Andries Janse van Rensburg was postponed for the third time on Friday.

Communications Workers Union (CWU) General Secretary, Aubrey Tshabalala, warned that workers in the communications sector are at the risk of losing their jobs due to state capture.

The CEO of Workforce Holdings, Ronny Katz has welcomed a constitutional court ruling that labour brokers ceased to be co-employers once the temporary workers they place with clients become permanent and is of the view that this could be a boon for the temporary services industry.

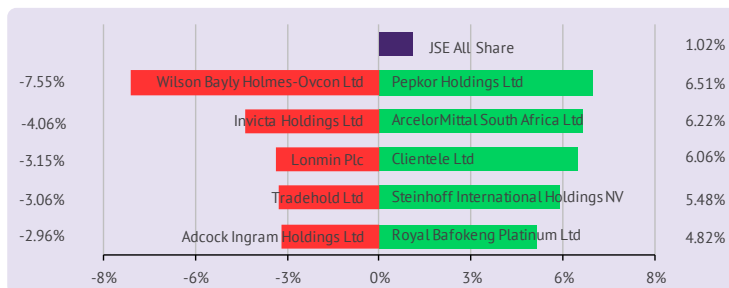
## Key indices

|                       | Last close |   | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. month % Chg | YTD % Chg |
|-----------------------|------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share         | 58797.68   | ▲ | 592.96    | 1.02      | NA        | 2.38      | -0.31             | -1.19     |
| JSE Top 40            | 52741.71   | ▲ | 609.95    | 1.17      | NA        | 2.78      | -0.39             | 0.40      |
| FTSE 100              | 7577.49    | ▲ | 14.27     | 0.19      | NA        | -2.21     | 1.46              | -1.43     |
| DAX 30                | 12394.52   | ▲ | 28.94     | 0.23      | NA        | -3.21     | 4.06              | -4.05     |
| CAC 40                | 5432.50    | ▲ | 13.17     | 0.24      | NA        | -1.43     | 3.53              | 2.26      |
| S&P 500               | 2874.69    | ▲ | 17.71     | 0.62      | NA        | 2.07      | 3.60              | 7.52      |
| Nasdaq Composite      | 7945.98    | ▲ | 67.52     | 0.86      | NA        | 3.57      | 2.15              | 15.10     |
| DJIA                  | 25790.35   | ▲ | 133.37    | 0.52      | NA        | 1.48      | 4.71              | 4.33      |
| MSCI Emerging Markets | 1050.19    | ▲ | 1.99      | 0.19      | NA        | -3.43     | 1.68              | -9.35     |
| MSCI Developed World  | 2161.61    | ▲ | 12.38     | 0.58      | NA        | 0.40      | 3.05              | 2.77      |

## South Africa Market ▲

### South African markets closed higher

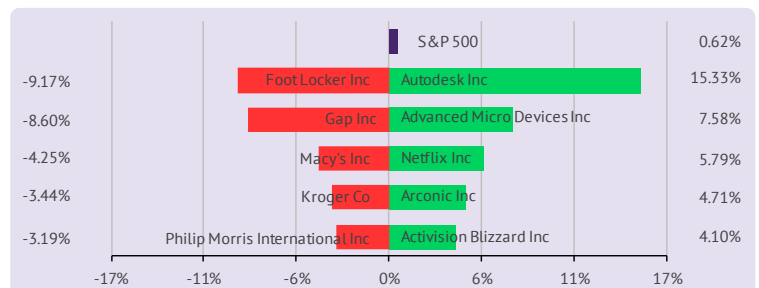
South African markets closed in the green on Friday, boosted by gains in gold mining, retail and industrial sector stocks. The JSE All Share Index rose 1.0% to close at 58,797.68.



## US Market ▲

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

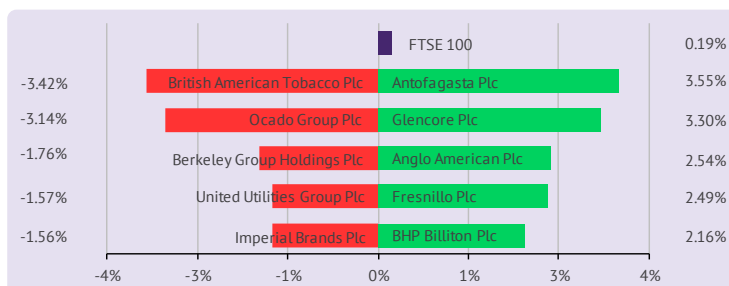
US markets closed higher on Friday, following positive comments from the US Federal Reserve Chairman, Jerome Powell on the current pace of interest rate hikes. The S&P 500 Index climbed 0.6% to close at 2,874.69.



## UK Market ▲

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

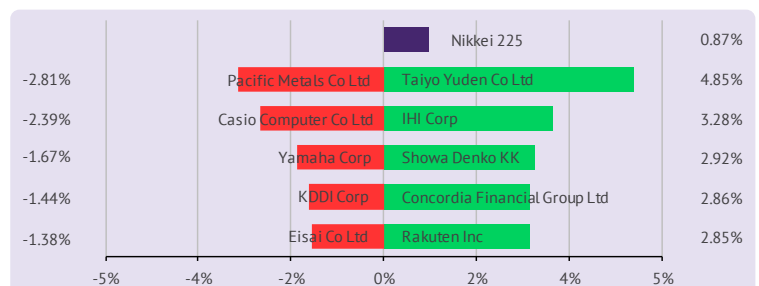
UK markets finished higher on Friday, supported by gains in energy and mining sector stocks. The FTSE 100 Index advanced 0.2% to close at 7,577.49.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.9% higher at 22,798.38.



## USD ZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar rose 0.8% against the South African Rand to trade at R14.2627. Later today, traders will keep a close watch on the US Dallas Fed manufacturing activity index and the Chicago Fed manufacturing activity for further indication.

The US Dollar fell against the South African Rand on Friday, after the Federal Reserve Chairman, Jerome Powell indicated that the central bank has no intention of raising interest rates at a faster pace. Data indicated that the US durable goods orders dropped more than market forecast in July.

## GBP ZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R18.3386. 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 on Friday. Data indicated that UK's BBA mortgage approvals recorded an unexpected drop in July.

## EUR ZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.3% higher against the South African Rand at R16.5826. Going forward, market participants will keep a tab on Germany's Ifo indices for further direction.

The Euro weakened against the South African Rand on Friday. On the macroeconomic front, Germany's gross domestic product (GDP) advanced in line with market forecast on a quarterly basis in the second quarter of 2018.

## AUD ZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading slightly higher against the South African Rand at R10.4516.

The Australian Dollar rose against the South African Rand on Friday.

## Key currencies & commodities

|                   | Current |   | 1 D %<br>Chg | WTD %<br>Chg | MTD %<br>Chg | Prev. month<br>% Chg | YTD %<br>Chg |
|-------------------|---------|---|--------------|--------------|--------------|----------------------|--------------|
| USDZAR            | 14.2627 | ▲ | -1.80        | NA           | 6.56         | -3.28                | 14.24        |
| GBPZAR            | 18.3386 | ▲ | -0.79        | NA           | 5.10         | -3.90                | 9.51         |
| EURZAR            | 16.5826 | ▲ | -0.56        | NA           | 6.50         | -3.22                | 11.27        |
| AUDZAR            | 10.4516 | ▲ | 0.07         | NA           | 5.99         | -3.03                | 8.11         |
| EURUSD            | 1.1626  | ▲ | 0.71         | NA           | -0.59        | 0.06                 | -3.19        |
| GBPUSD            | 1.2857  | ▲ | 0.27         | NA           | -2.12        | -0.63                | -4.94        |
| Brent (\$/barrel) | 75.8    | ▼ | 1.46         | NA           | 2.17         | -6.34                | 13.38        |
| Gold (\$/oz)      | 1213.0  | ▲ | 1.63         | NA           | -1.42        | -2.46                | -7.87        |
| Platinum (\$/oz)  | 793.0   | ▲ | 1.41         | NA           | -6.67        | -0.77                | -15.50       |
| Copper (\$/MT)*   | 6091.5  | ▲ | 2.09         | NA           | -2.99        | -5.22                | -15.48       |

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.6% to trade at \$1,213.00/oz.

On Friday, gold prices rose 1.6% to close at \$1,206.30/oz, as the US Dollar weakened, after the US Federal Reserve Chairman, Jerome Powell defended the US central bank's gradual rate hike policy.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.1% to trade at \$75.76/bl.

On Friday, Brent crude oil advanced 1.5% to settle at \$75.82/bl, after Baker Hughes reported that US oil rig count fell by 9 to 860 in the week ended 24 August 2018, marking its fastest pace since 2016.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.5% higher to trade at \$793.00/oz.

On Friday, platinum prices climbed 1.4% to close at \$789.40/oz.

## Major South African corporate news

### Discovery Limited

The company announced that Mr John Robertson is retiring as an Executive Director and Chief Information Officer of the company with effect from 31 August 2018.

### MMI Holdings Limited

In its FY18 trading statement, the company announced that it expects HEPS to be in the range of 170.00c per share to 190.00c per share. Further, the company expects EPS to decrease by 5.0% to 15.0% to end up between 84.00c per share and 94.00c per share, compared to the corresponding period of the prior year.

## Major global economic news

### US

US Federal Reserve Chairman, Jerome Powell, indicated that he expects the central bank to continue gradually raising interest rates as the US economic expansion remains strong. Further, Powell expressed confidence in the economy and predicts strong economic performance will continue.

In the US, preliminary durable goods orders slid 1.7% on a monthly basis in July, more-than-expected and compared to a revised rise of 0.7% in the prior month.











### Eurozone

In Germany, seasonally adjusted final GDP recorded a rise of 0.5% on a quarterly basis in 2Q18, at par with market expectations. The preliminary figures had also recorded an advance of 0.5%. In the previous quarter, GDP had registered a rise of 0.3%.

### UK

In the UK, the BBA mortgage approvals unexpectedly eased to 39.58K in July. In the prior month, the BBA mortgage approvals had registered a revised level of 40.33K.

## Economic calendar

| Country   | SAST  | Economic indicator                            | Relevance | Consensus/<br>*Actual | Previous | Frequency |
|---|-------|---|-----------|-----------------------|----------|-----------|
|  China   | 03:30 | Industrial Profits (YoY) (Jul)                | ✓✓        | 16.20%*               | 20.00%   | Monthly   |
|  Germany | 10:00 | Ifo - Current Assessment (Aug)                | ✓✓        | 105.30                | 105.30   | Monthly   |
|  Germany | 10:00 | Ifo - Business Climate (Aug)                  | ✓✓✓       | 101.80                | 101.70   | Monthly   |
|  Germany | 10:00 | Ifo - Expectations (Aug)                      | ✓✓        | 98.40                 | 98.20    | Monthly   |
|  US      | 14:30 | Chicago Fed National Activity Index (Jul)     | ✓✓✓       | 0.45                  | 0.43     | Monthly   |
|  US      | 16:30 | Dallas Fed Manufacturing Business Index (Aug) | ✓✓✓       | 30.00                 | 32.30    | Monthly   |
|  Germany | -     | Retail Sales (MoM) (Jul)                      | ✓✓✓       | -0.20%                | 1.20%    | Monthly   |
|  Germany | -     | Import Price Index s.a. (MoM) (Jul)           | ✓✓        | 0.00%                 | 0.50%    | Monthly   |
|  Germany | -     | Retail Sales (YoY) (Jul)                      | ✓✓✓       | 1.30%                 | 3.00%    | Monthly   |
|  Germany | -     | Import Price Index n.s.a. (YoY) (Jul)         | ✓✓        | 5.20%                 | 4.80%    | Monthly   |

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

## 40 best performers on the All Share Index

| Company name                  | Last close   | 1 Week % change | MTD % change | YTD % change |
|-------------------------------|--------------|-----------------|--------------|--------------|
| Murray & Roberts Holdings Ltd | 1671         | -0.95           | -7.53        | 37.99        |
| Clover Industries Ltd         | 1742         | 2.71            | 6.61         | 35.15        |
| Trustco Group Holdings Ltd    | 1185         | 18.50           | 33.90        | 33.15        |
| Mondi Ltd                     | 39425        | 1.34            | 10.18        | 32.40        |
| Mondi Plc                     | 39223        | 0.86            | 9.68         | 32.09        |
| Sasol Ltd                     | 54700        | 3.50            | 5.56         | 29.32        |
| BHP Billiton Plc              | 30344        | -0.35           | 0.43         | 24.43        |
| Emira Property Fund Ltd       | 1585         | 2.26            | 1.34         | 23.20        |
| Anglo American Platinum Ltd   | 42295        | 2.95            | 5.52         | 21.93        |
| Netcare Ltd                   | 2899         | 7.21            | 7.21         | 19.74        |
| EPP NV                        | 1929         | 2.61            | 5.01         | 18.78        |
| Anglo American Plc            | 28800        | 0.18            | -0.96        | 18.02        |
| Stenprop Ltd                  | 2120         | -0.80           | 9.28         | 16.56        |
| Santam Ltd                    | 30400        | -0.33           | 0.67         | 16.04        |
| Adcock Ingram Holdings Ltd    | 6682         | 2.82            | 4.00         | 15.99        |
| Raubex Group Ltd              | 2261         | 9.07            | 13.90        | 15.06        |
| Clicks Group Ltd              | 20365        | 8.76            | 5.38         | 14.47        |
| Octodec Investments Ltd       | 2050         | 1.28            | 1.79         | 14.15        |
| Reunert Ltd                   | 7635         | 0.58            | -6.43        | 13.10        |
| RCL Foods Ltd                 | 1700         | 1.19            | -0.87        | 12.73        |
| PSG Konsult Ltd               | 970          | -0.41           | -2.51        | 12.43        |
| Cie Financiere Richemont SA   | 12559        | 0.35            | 9.07         | 12.38        |
| African Oxygen Ltd            | 3088         | 6.70            | 9.00         | 12.27        |
| Telkom SA SOC Ltd             | 5139         | 5.39            | 1.98         | 11.90        |
| South32 Ltd                   | 3625         | 0.33            | 2.78         | 9.61         |
| Lewis Group Ltd               | 2700         | 3.05            | -9.70        | 9.39         |
| Sappi Ltd                     | 9500         | -1.10           | 1.23         | 8.49         |
| Nedbank Group Ltd             | 27039        | 4.41            | -0.91        | 8.14         |
| AECI Ltd                      | 10447        | 2.72            | -1.30        | 7.72         |
| Hudaco Industries Ltd         | 14800        | 1.77            | 2.05         | 6.69         |
| RDI REIT Plc                  | 625          | 0.00            | 2.80         | 6.04         |
| Investec Plc                  | 9244         | -1.54           | -3.20        | 5.54         |
| Astral Foods Ltd              | 26178        | -4.96           | -10.35       | 4.87         |
| RMB Holdings Ltd              | 8120         | 7.78            | -1.44        | 4.74         |
| Investec Ltd                  | 9170         | -0.54           | -3.61        | 4.73         |
| Delta Property Fund Ltd       | 625          | 1.79            | 4.17         | 4.54         |
| JSE Ltd                       | 15531        | 0.25            | -6.61        | 4.41         |
| Pick n Pay Stores Ltd         | 7100         | -0.17           | -4.69        | 4.15         |
| Exxaro Resources Ltd          | 14900        | 2.89            | 15.06        | 4.04         |
| AVI Ltd                       | 11323        | 1.69            | 3.41         | 4.03         |
| <b>JSE All Share Index</b>    | <b>58798</b> | <b>3.80</b>     | <b>2.38</b>  | <b>-1.19</b> |

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