

ONE Minute Brief

28 August 2018

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Economic and political news

Energy Minister, Jeff Radebe released the details of the long-awaited Integrated Resource Plan (IRP) wherein he announced that South Africa's (SA) government has cancelled its nuclear power expansion plans until 2030 but would instead add more capacity in natural gas, wind and other energy sources.

Former African National Congress MP, Vytjie Mentor, has become the second witness at the state capture commission of inquiry to implicate the controversial Gupta family in attempts to hijack SA's ZAR1tn plan to include nuclear as part of the national energy mix.

According to a news report, former President, Jacob Zuma, his son Duduzane, the Gupta family and others could be asked to testify by the legal team at the state capture inquiry.

The Presidents of the African Farmers' Association of SA (Afasa), Transvaal Agricultural Union of SA (TAU-SA), National African Farmers' Union of SA (Nafu SA) and Agri SA have signed a statement of intent to work together and develop a national development strategy for the agricultural sector. Meanwhile, Deputy President, David Mabuza backed the new agricultural development plan stating the plan was important for the country.

Key indices

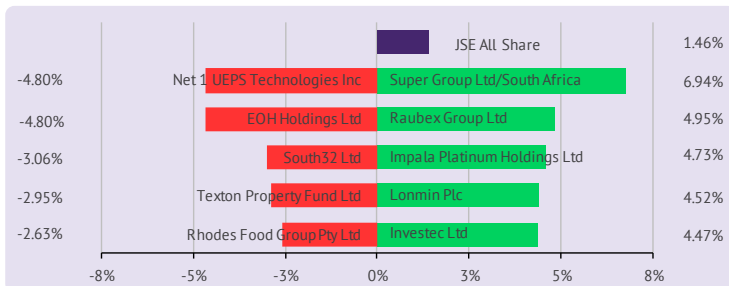
	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	59655.56	▲	857.88	1.46	1.46	3.87	-0.31	0.25
JSE Top 40	53554.61	▲	812.90	1.54	1.54	4.36	-0.39	1.94
FTSE 100*	7577.49	▲	14.27	0.19	0.00	-2.21	1.46	-1.43
DAX 30	12538.31	▲	143.79	1.16	1.16	-2.09	4.06	-2.94
CAC 40	5479.10	▲	46.60	0.86	0.86	-0.58	3.53	3.13
S&P 500	2896.74	▲	22.05	0.77	0.77	2.86	3.60	8.35
Nasdaq Composite	8017.90	▲	71.92	0.91	0.91	4.51	2.15	16.14
DJIA	26049.64	▲	259.29	1.01	1.01	2.50	4.71	5.38
MSCI Emerging Markets	1069.14	▲	18.95	1.80	1.80	-1.68	1.68	-7.71
MSCI Developed World	2179.95	▲	18.34	0.85	0.85	1.25	3.05	3.64

* Values as on 24 August 2018

South Africa Market ▲

South African markets closed higher

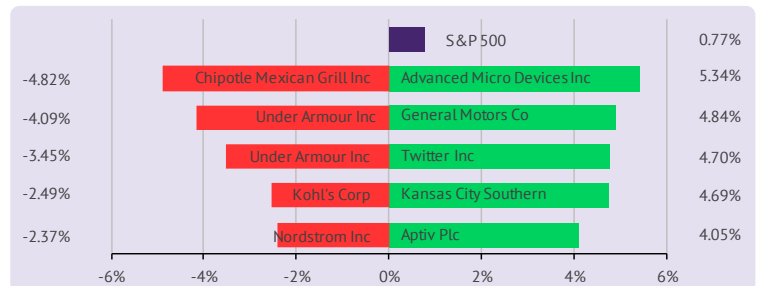
South African markets closed in the green yesterday, boosted by gains in banking, gold mining and resources sector stocks. The JSE All Share Index rose 1.5% to close at 59,655.56.



US Market ▲

The S&P 500 futures are trading in the green

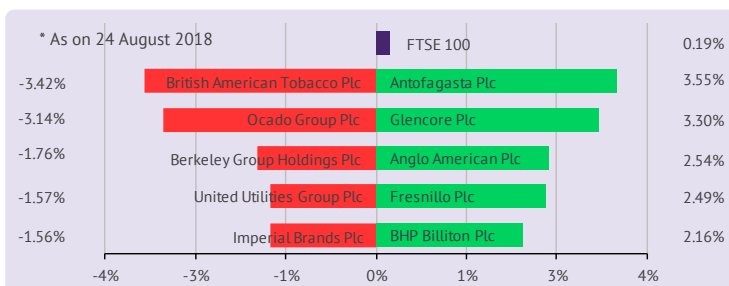
US markets closed higher yesterday, after the United States and Mexico reached a new trade agreement. The S&P 500 Index climbed 0.8% to close at 2,896.74.



UK Market ◀▶

The FTSE 100 futures are trading in positive territory

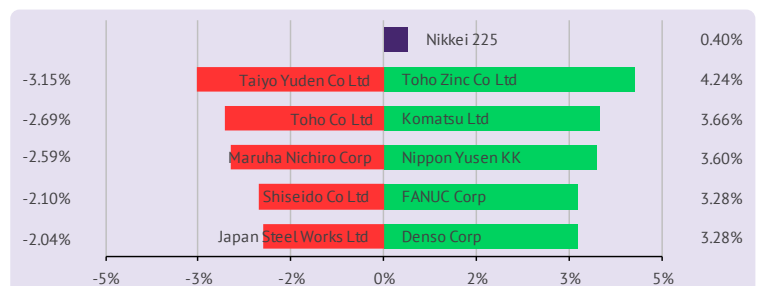
UK markets were closed yesterday on account of a public holiday.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 0.4% higher at 22,890.04.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.4% against the South African Rand to trade at R14.2233. Later today, traders will keep a close watch on the US advance goods trade balance, the consumer confidence index and the Richmond Fed manufacturing activity index for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US Dallas Fed manufacturing activity index recorded a less-than-anticipated drop in August. Further, the Chicago Fed manufacturing index fell more than market forecast in July.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound rose 0.3% against the South African Rand to trade at R18.3125. Ahead in the day, traders will keep an eye on UK's Nationwide house price index for further direction.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.4% higher against the South African Rand at R16.6046. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the macro front, Germany's Ifo business climate index advanced more than market expectations in August, hitting its highest level in six months. Additionally, Ifo expectations index registered a more-than-expected rise in August. Further, Ifo current assessment index surprisingly climbed in the same month.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.2% against the South African Rand to trade at R10.4303. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index advanced in the week ended 26 August 2018.

The Australian Dollar fell against the South African Rand yesterday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	14.2233	▲	0.12	0.12	6.69	-3.28	14.38
GBPZAR	18.3125	▲	-0.27	-0.27	4.82	-3.90	9.21
EURZAR	16.6046	▲	0.07	0.07	6.58	-3.22	11.35
AUDZAR	10.4303	▲	-0.38	-0.38	5.58	-3.03	7.69
EURUSD	1.1674	▼	0.48	0.48	-0.11	0.06	-2.72
GBPUSD	1.2875	▼	0.36	0.36	-1.77	-0.63	-4.60
Brent (\$/barrel)	76.2	▲	0.51	0.51	2.70	-6.34	13.97
Gold (\$/oz)	1215.2	▲	0.22	0.22	-1.20	-2.46	-7.66
Platinum (\$/oz)	805.4	▲	1.87	1.87	-4.92	-0.77	-13.92
Copper (\$/MT)*	6091.5	-	0.00	0.00	-2.99	-5.22	-15.48

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.5% to trade at \$1,215.20/oz.

Yesterday, gold prices rose 0.2% to close at \$1,209.00/oz, as the US Dollar weakened, following the news of a trade deal between the US and Mexico.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil marginally rose to trade at \$76.22/bl, amid expectations of tightening market, weighed by risks of supply disruptions from Venezuela, Africa and Iran.

Yesterday, Brent crude oil advanced 0.5% to settle at \$76.21/bl, after a committee of OPEC and non-OPEC producers reported that oil producers participating in a supply-reduction agreement have cut output in July by 9.0% more than expected.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$805.40/oz.

Yesterday, platinum prices climbed 1.9% to close at \$804.20/oz.

Major South African corporate news

Advtech Limited

In its 1H18 results, the company announced that revenues rose to ZAR2.26bn, from ZAR2.00bn posted in the corresponding period of the previous year. Its diluted EPS decreased 9.0% to 34.80c, compared to the same period of the prior year. The company has declared a total dividend of 15.00c per share, the same as the preceding year.

Steinhoff International Holdings NV

The company announced that the company and the third-party creditors under the Hemisphere's EUR750.00mn revolving credit facility are continuing discussions on implementation of the restructuring of the financial indebtedness of Hemisphere. The parties to the Hemisphere LUA are now seeking to execute the material documents required to implement the Hemisphere Restructuring by 31 August 2018.

Northam Platinum Limited

In its FY18 trading statement, the company indicated that it expects headline loss per share and loss per share to be between 185.90c and 216.00c, compared to a headline loss per share and loss per share of 181.90c and 181.80c recorded in the corresponding period of the preceding year. Further, in its FY18 operational update, the company stated that the value of excess inventory amounted to ZAR2.10bn, with an estimated sales value of ZAR2.50bn.

Super Group Limited

In its FY18 results, the company announced that revenues rose to ZAR35.66bn, compared to ZAR29.87bn recorded in the same period of the preceding year. Its diluted EPS increased to 319.90c, compared to 282.60c posted in the corresponding period of the previous year. The company has not declared a final dividend for the period.

Major global economic news

Eurozone

In Germany, the Ifo business climate index rose more-than-expected to a level of 103.80 in August, compared to a reading of 101.70 in the previous month.

In Germany, the Ifo business expectations index registered a rise to 101.20 in August, more than market forecast and compared to a reading of 98.20 in the prior month.

In August, the Ifo current assessment index unexpectedly advanced to 106.40 in Germany. The index had registered a level of 105.30 in the prior month.

US

In the US, the Dallas Fed manufacturing business index fell less-than-expected to a level of 30.90 in August. In the previous month, the index had registered a level of 32.30.

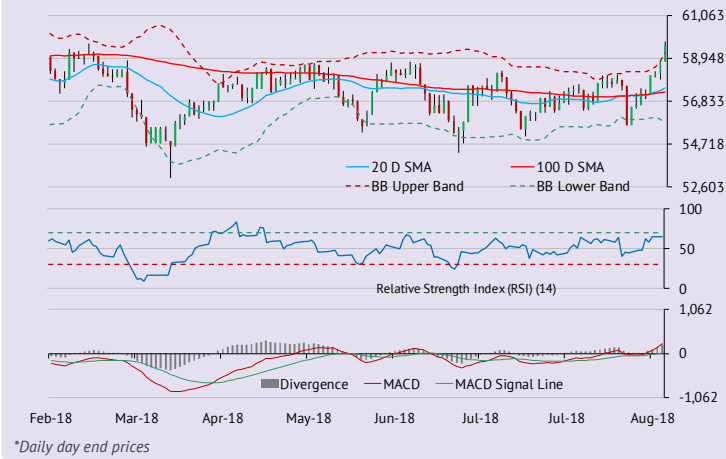
In the US, the Chicago Fed national activity index registered a drop to 0.13 in July, more-than-anticipated and compared to a revised level of 0.48 in the prior month

Asia

In Australia, ANZ Roy Morgan weekly consumer confidence index advanced to a level of 116.5 in the week ended 26 August 2018, compared to a reading of 114.1 in the prior month.

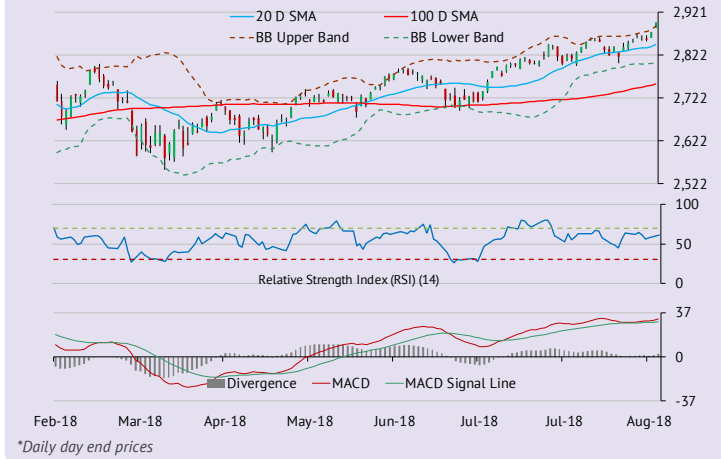
Technical snapshot

JSE All Share



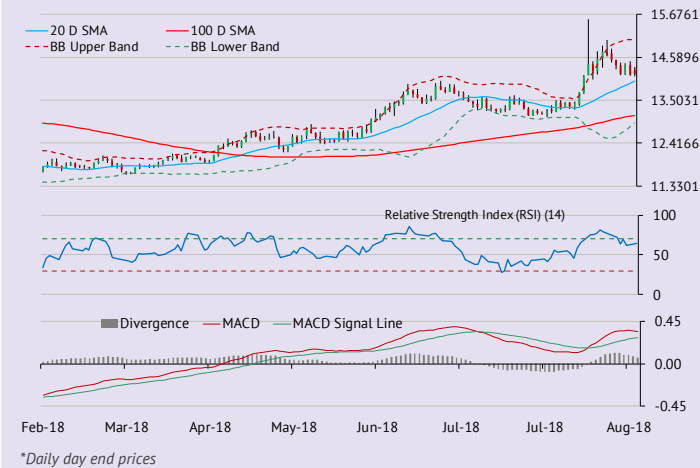
The JSE All Share index is expected to find support at 57,790.37, and a fall through could take it to the next support level of 55,925.19. The index is expected to find its first resistance at 60,663.73, and a rise through could take it to the next resistance level of 61,671.91.

S&P 500



The S&P 500 index is expected to find support at 2,867.76, and a fall through could take it to the next support level of 2,838.79. The index is expected to find its first resistance at 2,911.98, and a rise through could take it to the next resistance level of 2,927.23.

USD ZAR





















The pair is expected to find support at 14.0069, and a fall through could take it to the next support level of 13.8502. The pair is expected to find its first resistance at 14.4238, and a rise through could take it to the next resistance level of 14.6840.

XAU USD



Gold is expected to find support at \$1,192.13/oz, and a fall through could take it to the next support level of \$1,175.27/oz. The precious metal is expected to find its first resistance at \$1,218.63/oz, and a rise through could take it to the next resistance level of \$1,228.27/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 France	08:45	Consumer Confidence (Aug)	✓✓✓	97.00	97.00	Monthly
 Eurozone	10:00	Private Loans (YoY) (Jul)	✓	-	2.90%	Monthly
 Eurozone	10:00	M3 Money Supply (3m) (Jul)	✓	-	4.10%	Monthly
 Eurozone	10:00	M3 Money Supply (YoY) (Jul)	✓	4.30%	4.40%	Monthly
 Italy	10:00	Consumer Confidence (Aug)	✓✓✓	115.80	116.30	Monthly
 Italy	10:00	Manufacturing Confidence (Aug)	✓✓✓	106.50	106.90	Monthly
 Italy	11:00	Producer Price Index (MoM) (Jul)	✓✓	-	0.30%	Monthly
 Italy	11:00	Producer Price Index (YoY) (Jul)	✓	-	3.20%	Monthly
 Italy	11:00	Producer Price Index (Jul)	✓	-	102.80	Monthly
 Eurozone	13:00	ECB Board Member Peter Praet Speaks in Cologne, Germany	✓	-	-	As scheduled
 US	14:30	Wholesale Inventories (MoM) (Jul) (P)	✓✓✓	0.20%	0.10%	Monthly
 US	14:55	Redbook Index (YoY) (24-Aug)	✓	-	4.70%	Weekly
 US	14:55	Redbook Index s.a. (MoM) (24-Aug)	✓	-	0.20%	Weekly
 US	15:00	S&P/Case-Shiller Home Price Index (Jun)	✓	-	211.94	Monthly
 US	15:00	S&P/Case-Shiller 20 City s.a. (MoM) (Jun)	✓✓✓	0.20%	0.20%	Monthly
 US	15:00	S&P/Case-Shiller Composite-20 (YoY) (Jun)	✓✓	6.40%	6.51%	Monthly
 US	16:00	Richmond Fed Manufacturing Index (Aug)	✓	17.00	20.00	Monthly
 US	16:00	Consumer Confidence (Aug)	✓✓✓	126.60	127.40	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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