

ONE Minute Brief

3 August 2018

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Economic and political news

In South Africa (SA), electricity production advanced 0.3% on an annual basis in June, compared to a drop of 0.8% in May. Yearly electricity consumption rose 0.6% in June, compared to a rise of 0.2% in May.

South African gold producers have proposed a new annual wage hike offer of up to 7.2% to underground employees and up to 4.5% for miners and artisans.

SA's Solidarity trade union stated that it had accepted the latest three-year wage offer from Eskom. Separately, according to a news report, Eskom has offered investors up to ZAR20bn of 10-year bonds, in an effort to secure funding for a turnaround plan.

Agriculture, Forestry and Fisheries Minister, Senzeni Zokwana has assured that expropriation of land without compensation will not undermine agricultural production and food security.

Mines Minister, Gwede Mantashe, has urged platinum producer, Impala Platinum to reconsider its plans to slash its workforce by a third over two years.

The Treasury has suspended the release of funds reserved for the Employment Creation Fund, amid concerns about its governance and compliance with financial and legal prescripts.

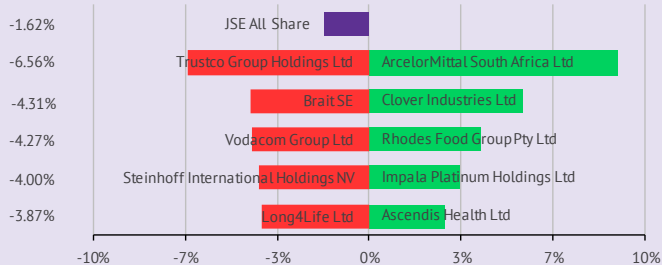
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56470.72	▼	-928.81	-1.62	-1.21	-1.67	-0.31
JSE Top 40	50340.48	▼	-936.49	-1.83	-1.54	-1.90	-0.39
FTSE 100	7575.93	▼	-76.98	-1.01	-1.63	-2.23	1.46
DAX 30	12546.33	▼	-190.72	-1.50	-2.44	-2.02	4.06
CAC 40	5460.98	▼	-37.39	-0.68	-0.92	-0.91	3.53
S&P 500	2827.22	▲	13.86	0.49	0.30	0.39	3.60
Nasdaq Composite	7802.69	▲	95.40	1.24	0.84	1.71	2.15
DJIA	25326.16	▼	-7.66	-0.03	-0.49	-0.35	4.71
MSCI Emerging Markets	1067.42	▼	-19.45	-1.79	-2.28	-1.84	1.68
MSCI Developed World	2147.58	▼	-1.79	-0.08	-0.40	-0.26	3.05

South Africa Market ▼

South African markets closed lower

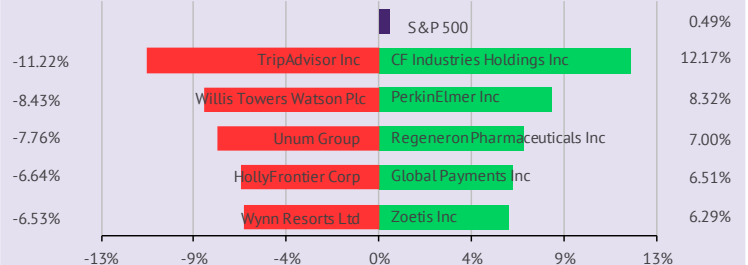
South African markets closed in the red yesterday, weighed down by losses in banking, retail and financial sector stocks. Data indicated that SA's annual electricity production advanced in June. The JSE All Share Index fell 1.6% to close at 56,470.72.



US Market ▲

The S&P 500 futures are trading in the red

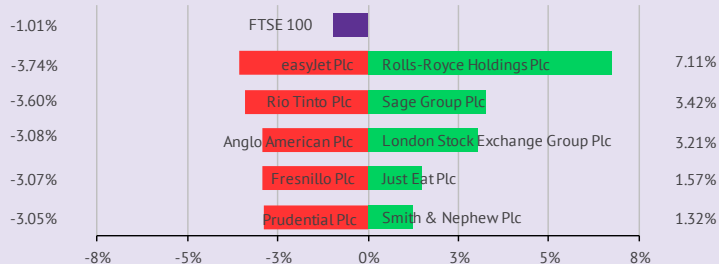
US markets closed mostly higher yesterday, boosted by gains in technology sector stocks, after Apple became the first US company in history to reach USD1.0tn in market value. The S&P 500 Index climbed 0.5% to close at 2,827.22.



UK Market ▼

The FTSE 100 futures are trading in negative territory

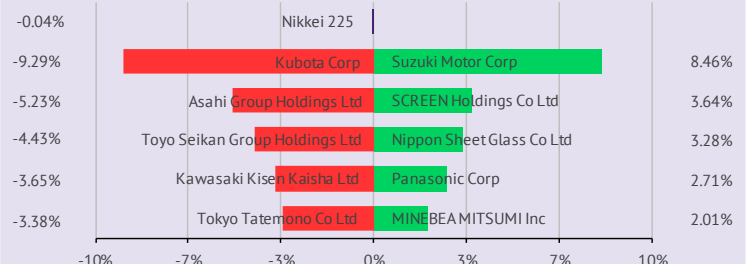
UK markets finished lower yesterday, amid global trade fears and after the Bank of England (BoE) raised its key interest rates. The FTSE 100 Index declined 1.0% to close at 7,575.93.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. On the data front, Japan's Nikkei services PMI dropped slightly in July. The Nikkei 225 Index is trading marginally lower at 22,503.29.



USD ZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R13.4638. Later today, traders will keep a close watch on the US trade balance, change in non-farm payrolls, unemployment rate, Markit services PMI and average hourly earnings for further indication.

The US Dollar rose against the South African Rand yesterday, amid escalating trade tensions between the US and China. Data indicated that the US initial jobless claims advanced less than market forecast in the week ended 28 July 2018. Additionally, factory orders climbed in line with market anticipations for a second consecutive month in June. Moreover, durable goods orders recorded a rise in the same month. Separately, in SA, electricity production climbed on a yearly basis in June. Additionally, annual electricity consumption registered an advance in the same month.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R17.5291. Ahead in the day, traders will keep an eye on UK's services PMI for further cues.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's construction PMI surprised with an advance in July, notching its highest level since May 2017.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R15.6065. Going forward, market participants will keep a tab on the Markit services PMI across the Eurozone and Eurozone's retail sales for further direction.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's producer price index (PPI) climbed more than market expectations on an annual basis in June.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R9.9238. Earlier in the session, Australia's CBA services PMI eased in July. Additionally, the AiG performance of service index registered a decline in the same month. Meanwhile, the nation's retail sales advanced more than market expectations on a monthly basis in June. Meanwhile, in China, Australia's largest trading partner, the Caixin services PMI recorded a more-than-expected drop in July.

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	13.4638	▲	1.73	2.10	1.31	-3.28	8.61
GBPZAR	17.5291	▲	0.91	1.47	0.51	-3.90	4.72
EURZAR	15.6065	▲	1.11	1.47	0.42	-3.22	4.91
AUDZAR	9.9238	▲	1.17	1.59	0.48	-3.03	2.49
EURUSD	1.1590	▲	-0.64	-0.62	-0.91	0.06	-3.50
GBPUSD	1.3019	▲	-0.84	-0.67	-0.82	-0.63	-3.67
Brent (\$/barrel)	73.4	▼	1.46	-1.13	-1.02	-6.34	9.84
Gold (\$/oz)	1216.0	▲	-0.60	-1.01	-1.07	-2.46	-7.54
Platinum (\$/oz)	825.1	▼	1.35	-0.42	-2.08	-0.77	-11.35
Copper (\$/MT)*	6110.5	▼	-0.59	-2.61	-2.69	-5.22	-15.21

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,216.00/oz.

Yesterday, gold prices fell 0.6% to close at \$1,210.60/oz, as strength in the US Dollar dented demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil marginally fell to trade at \$73.44/bl.

Yesterday, Brent crude oil advanced 1.5% to settle at \$73.45/bl, amid decline in crude stockpiles at the domestic trading hub at Cushing, Oklahoma.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.4% to trade at \$825.10/oz.

Yesterday, platinum prices climbed 1.4% to close at \$828.80/oz.

Major South African corporate news

AngloGold Ashanti Limited

In its 1H18 trading statement, the company indicated that it expects HEPS to be in the range of 22.00c to 26.00c. Further, it expects EPS to be between 4.00c to 12.00c. Also, production from retained operations (excluding closed and sold operations) is expected to increase by 4.0% to 1.58 Moz from 1.52 Moz in 1H17.

Liberty Holdings Limited

In its 1H18 results, the company stated that its total income decreased to ZAR27.43mn, compared to ZAR35.79mn posted in the corresponding period of the previous year. Its diluted EPS fell to 547.50c, compared to 553.30c recorded in the same period of the prior year. The company declared an interim dividend of 276.00c per share. For FY18, the company aims to restore the financial performance of the retail insurance business, improve the investment performance of STANLIB, simplify the company's overall operations and expand its relationship with the Standard Bank Group.

Impala Platinum Holdings Limited

The company announced, in its Impala Rustenburg strategic review, that optimisation measures in the prevailing low platinum price environment are not sufficient to secure the economic viability of the operation. Further, the Implats board has approved a turnaround strategy that will transition Impala Rustenburg to long-term economic viability in a low-price environment, over the period FY18 to FY21. Impala Rustenburg in its new form would remain a key asset within the company with two modern shafts and strategic processing assets.

JSE Limited

In its 1H18 results, the company stated that its revenues increased to ZAR1.15bn, compared to ZAR1.08bn posted in the corresponding period of the previous year. Its diluted EPS rose to 650.70c, compared to 487.70c posted in the same period of the prior year.

Major global economic news

Asia

According to the Bank of Japan (BoJ) meeting minutes, financial conditions in the country remain "accommodative". The minutes also noted the "sluggish growth" in inflation since the start of fiscal 2018. However, policymakers failed to reach an agreement on how to address soft inflation and the rising cost of its stimulus program.

In Japan, the Nikkei services PMI registered a drop to 51.30 in July, compared to a reading of 51.40 in the prior month.

In Australia, the CBA services PMI eased to a level of 52.30 in July, compared to a reading of 52.70 in the previous month.

In Australia, the AIG performance of services index registered a drop to 53.60 in July, compared to a level of 63.00 in the previous month.

In June, seasonally adjusted retail sales recorded a more-than-expected rise of 0.4% on a monthly basis in Australia, compared to a similar rise in the prior month.

In China, the Markit services PMI index dropped more than market forecast to 52.80 in July. The Markit services PMI index had registered a reading of 53.90 in the prior month.

UK

The BoE, at its August monetary policy meeting, unanimously decided to raise its key interest rate by 25 basis points to 0.75% and maintain the quantitative easing at £435.0 billion. The bank reiterated its view that any future interest rate hikes would be gradual and limited.

In the UK, the construction PMI registered an unexpected rise to a level of 55.80 in July, compared to a level of 53.10 in the previous month.

US

In the US, seasonally adjusted initial jobless claims rose to a level of 218.00K in the week ended 28 July 2018, less than market expectations and compared to a level of 217.00 K in the previous week.

In the US, factory orders rose 0.7% on a monthly basis in June, in line with market expectations. In the previous month, factory orders had climbed 0.4%.

In the US, final durable goods orders rose 0.8% on a monthly basis in June. Durable goods orders had registered a drop of 0.4% in the previous month. The preliminary figures had recorded an advance of 1.0%.

Eurozone

In the Eurozone, the PPI recorded a more-than-expected rise of 3.6% on an annual basis in June. In the previous month, PPI had climbed 3.0%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	BoJ Minutes of Policy Meeting (Jul)	✓✓	-	-	As scheduled
Japan	02:30	Nikkei Japan Services PMI (Jul)	✓✓	51.30*	51.40	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Jul)	✓✓✓	51.80*	52.10	Monthly
China	03:45	HSBC China Composite PMI (Jul)	✓✓✓	52.30*	53.00	Monthly
China	03:45	Caixin/Markit Services PMI (Jul)	✓✓✓	52.80*	53.90	Monthly
Germany	09:55	Markit Services PMI (Jul) (F)	✓✓✓	54.40	54.40**	Monthly
Eurozone	10:00	Markit Composite PMI (Jul) (F)	✓✓✓	54.30	54.30**	Monthly
Eurozone	10:00	Markit Services PMI (Jul) (F)	✓✓✓	54.40	54.40**	Monthly
UK	10:30	Markit Services PMI (Jul)	✓✓✓	54.70	55.10	Monthly
UK	10:30	Official Reserves (Changes) (Jul)	✓✓	-	USD716.00mn	Monthly
Eurozone	11:00	Retail Sales (Jun)	✓✓	-	105.10	Monthly
Eurozone	11:00	Retail Sales (MoM) (Jun)	✓✓✓	0.40%	0.00%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Jun)	✓✓✓	1.40%	1.40%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Jul)	✓✓	0.30%	0.20%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Jul)	✓✓	2.70%	2.70%	Monthly
US	14:30	Average Weekly Hours All Employees (Jul)	✓	34.50	34.50	Monthly
US	14:30	Unemployment Rate (Jul)	✓✓✓	3.90%	4.00%	Monthly
US	14:30	Underemployment Rate (Jul)	✓✓	-	7.80%	Monthly
US	14:30	Change in Manufacturing Payrolls (Jul)	✓	25.00K	36.00K	Monthly
US	14:30	Change in Private Payrolls (Jul)	✓✓	190.00K	202.00K	Monthly
US	14:30	Trade Balance (Jun)	✓✓✓	-USD46.50bn	-USD43.10bn	Monthly
US	14:30	Change in Non-farm Payrolls (Jul)	✓✓✓	193.00K	213.00K	Monthly
US	15:45	Markit Composite PMI (Jul) (F)	✓✓✓	-	55.90**	Monthly
US	15:45	Markit Services PMI (Jul) (F)	✓✓✓	56.20	56.20**	Monthly
US	16:00	ISM Non-Manufacturing PMI (Jul)	✓✓✓	58.60	59.10	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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