

ONE Minute Brief

7 September 2018

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Economic and political news

In South Africa (SA), current account deficit narrowed to 3.3% of gross domestic product (GDP) in 2Q18, meeting market expectations and compared to a revised level of 4.6% in 1Q18. Electricity consumption climbed 2.7% YoY in July, compared to a rise of 0.6% in June. Electricity production advanced 2.2% YoY in July, following a rise of 0.3% in June.

Moody's has downgraded its growth forecast for SA from 1.5% to between 0.7% and 1.0% in 2018. Further, the ratings agency expects the country's growth to accelerate to 1.5% in 2019. Additionally, Moody's warned that the economy's slide into recession would intensify fiscal and monetary challenges the country faces, calling weaker-than-expected economic data "credit negative".

President, Cyril Ramaphosa has authorised the Special Investigating Unit to investigate suspected wrongdoing by public servants and the private sector in a water ministry contract with German software firm SAP.

Eskom confirmed that it has received ZAR99.5mn in interest from consultancy firm, McKinsey on 23 July.

Deputy President, David Mabuza, stated that nationalisation of land will not help SA and the state will focus on issuing title deeds to land reform beneficiaries.

South Africa Market ▲

South African markets closed higher

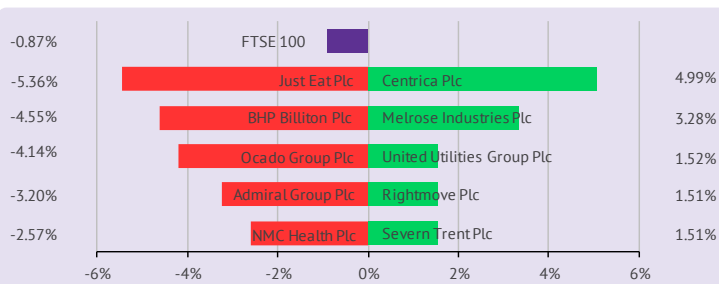
South African markets closed in the green yesterday, boosted by gains in banking, financial and retail sector stocks. Data revealed that SA's current account deficit narrowed in 2Q18. The JSE All Share Index rose 0.1% to close at 57,130.48.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid fears whether the US President, Donald Trump would impose additional tariffs on Chinese imports. The FTSE 100 Index declined 0.9% to close at 7,318.96.



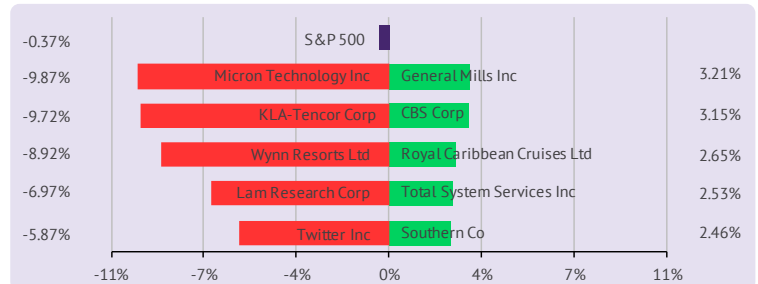
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57130.48	▲	28.35	0.05	-2.62	-2.62	2.15	-3.99
JSE Top 40	50893.14	▲	60.41	0.12	-2.99	-2.99	2.24	-3.12
FTSE 100	7318.96	▼	-64.32	-0.87	-1.53	-1.53	-4.08	-4.80
DAX 30	11955.25	▼	-85.21	-0.71	-3.31	-3.31	-3.45	-7.45
CAC 40	5243.84	▼	-16.38	-0.31	-3.01	-3.01	-1.90	-1.29
S&P 500	2878.05	▼	-10.55	-0.37	-0.81	-0.81	3.03	7.65
Nasdaq Composite	7922.73	▼	-72.45	-0.91	-2.30	-2.30	5.71	14.77
DJIA	25995.87	▲	20.88	0.08	0.12	0.12	2.16	5.16
MSCI Emerging Markets	1018.29	▼	-3.43	-0.34	-3.57	-3.57	-2.90	-12.10
MSCI Developed World	2144.03	▼	-8.75	-0.41	-1.45	-1.45	1.04	1.93

US Market ▼

The S&P 500 futures are trading in the red

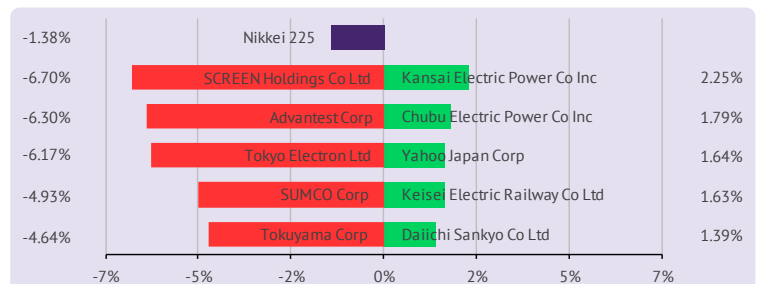
US markets closed mostly lower yesterday, weighed down by losses in technology sector stocks. Data showed that the US Markit services PMI fell more-than-expected in August. The S&P 500 Index dropped 0.4% to close at 2,878.05



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 1.4% lower at 22,178.28.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.1% against the South African Rand to trade at R15.3258. Later today, traders will keep a close watch on the US non-farm payrolls data, unemployment rate and average hourly earnings for further indication.

The US Dollar fell against the South African Rand yesterday, as ongoing trade tensions between the US and China dampened risk appetite among investors. Data indicated that the US Markit services PMI recorded a more-than-expected drop in August. Additionally, ADP employment change rose less than market forecast in August. Moreover, factory orders fell more than market anticipations in July. Further, durable goods orders eased in line with market expectations in the same month. Meanwhile, the nation's initial jobless claims unexpectedly declined to a 49-year low level in the week ended 1 September 2018. Separately, in SA, current account deficit narrowed in the second quarter of 2018. On the flipside, the nation's annual electricity production recorded a rise in July. Additionally, electricity consumption climbed on a yearly basis in the same month.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R19.8119. Ahead in the day, traders will keep an eye on the UK's Halifax house price index for further cues.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading slightly weaker against the South African Rand at R17.8151. Going forward, market participants will keep a tab on the Eurozone's GDP along with Germany's trade balance, industrial production and current account balance for further direction.

The Euro weakened against the South African Rand yesterday. On the data front, Germany's factory orders registered an unexpected decline on a monthly basis in July.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% lower against the South African Rand at R10.9815. Earlier in the session, Australia's AiG performance of construction index registered a decline in August. In contrast, home loan approvals surprised with a rise on a monthly basis in July.

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	15.3258	▼	-0.58	4.39	4.39	10.65	23.83
GBPZAR	19.8119	▼	-0.40	4.16	4.16	9.25	18.57
EURZAR	17.8151	▼	-0.65	4.59	4.59	9.80	19.98
AUDZAR	10.9815	▼	-0.51	4.50	4.50	7.15	14.21
EURUSD	1.1625	▲	-0.06	0.18	0.18	-0.76	-3.18
GBPUSD	1.2929	▼	0.19	-0.23	-0.23	-1.25	-4.31
Brent (\$/barrel)	76.4	▼	-1.00	-1.47	-1.47	4.62	14.40
Gold (\$/oz)	1205.6	▲	0.24	-0.22	-0.22	-1.81	-8.42
Platinum (\$/oz)	789.0	▼	0.84	0.48	0.48	-6.94	-15.34
Copper (\$/MT)*	5904.0	▲	0.85	-1.07	-1.07	-4.96	-18.08

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,205.60/oz.

Yesterday, gold prices rose 0.2% to close at \$1,199.00/oz, as weakness in the US Dollar increased demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$76.40/bL.

Yesterday, Brent crude oil dropped 1.0% to settle at \$76.50/bL, amid concerns over a potential decline in global demand. Meanwhile, the Energy Information Administration reported that domestic crude supplies dropped by 4.3mn bls in the week ended 31 August 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$789.00/oz.

Yesterday, platinum prices climbed 0.8% to close at \$790.90/oz.

Major South African corporate news

Assore Limited

In its FY18 results, the company announced that its revenues rose to ZAR7.80bn, compared to ZAR7.22bn posted in the corresponding period of the previous year. Its diluted EPS increased to 4,963.00c, compared to 4,867.00c recorded in the same period of the prior year. The company has declared a final dividend of 1,200.00c per share compared to 800.00c per share posted in the same period of the preceding year.

Capitec Bank Holdings Limited

In its 1H18 trading statement, the company indicated that it expects HEPS to be between 2,087.00c and 2,140.00c, an increase of between 18.0% and 21.0% compared to the same period of the prior year. Further, the company expects EPS to be in the range of 2,089.00c to 2,142.00c, an 18.0% to 21.0% rise, compared to the corresponding period of the previous year.

EOH Holdings Limited

In its FY18 trading statement, the company revealed that it expects HEPS to be in the range of 250.00c to 374.00c, a decrease of between 55.0% and 70.0% compared to the same period of the previous year. The company expects EPS to be between a loss per share of 124.00c and an EPS of 41.00c, reflecting a decrease of between 95.0% and 115.0% compared to the corresponding period of the prior year. Further, the company expects revenues to advance 8.0% to ZAR16.30bn, compared to the same period of the preceding year.

FirstRand Limited

In its FY18 results, the company reported that its net interest income advanced 9.0% to ZAR49.10bn, compared to the same period of the preceding year. Its diluted EPS stood at 473.30c, compared to 438.20c recorded in the corresponding period of the previous year. The company has declared a final dividend of 275.00c per share, an increase of 8.0% from the same period of the prior year.

Sanlam Limited

In its 1H18 results, the company announced that its net income decreased to ZAR44.03bn, compared to ZAR47.29bn posted in the corresponding period of the previous year. Its diluted EPS rose to 244.90c, compared to 240.20c recorded in the same period of the prior year. The company has not declared an interim dividend for the period.

Spur Corporation Limited

In its FY18 results, the company announced that its revenues increased to ZAR667.19mn, compared to ZAR648.02mn posted in the corresponding period of the previous year. Its diluted EPS rose to 165.54c, compared to 135.44c recorded in the same period of the prior year. The company has declared a final dividend of 123.00c per share, a decrease of 6.8% compared to the same period of the preceding year.

Major global economic news

US

In the US, the final Markit services PMI dropped more than market forecast to 54.80 in August. The preliminary figures had recorded a drop to 55.20. In the previous month, the Markit services PMI had registered a level of 56.00.

In the US, private sector employment recorded an increase of 163.00K in August, less than market anticipations. Private sector employment had recorded an increase of 219.00K in the previous month.

In the US, factory orders declined 0.8% on a monthly basis in July, more than market expectations. Factory orders had advanced by a revised 0.6% in the prior month.

In the US, seasonally adjusted initial jobless claims registered an unexpected drop to a level of 203.00K in the week ended 1 September 2018, compared to a reading of 213.00K in the previous week.

In the US, final durable goods orders slid 1.7% on a monthly basis in July, in line with market expectations. In the previous month, durable goods orders had registered a revised rise of 0.7%. The preliminary figures had also recorded a drop of 1.7%.

Eurozone

In Germany, seasonally adjusted factory orders unexpectedly dropped 0.9% on a monthly basis in July. In the previous month, factory orders had fallen by a revised 3.9%.

Asia

In Australia, the AiG performance of construction index registered a drop to 51.80 in August, compared to a reading of 52.00 in the previous month.

In Australia, seasonally adjusted home loan approvals recorded an unexpected rise of 0.4% on a monthly basis in July. Home loan approvals had fallen by a revised 0.8% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Japan	07:00	Leading Economic Index (Jul) (P)	✓✓✓	103.50	104.70	Monthly
Germany	08:00	Industrial Production (Jul)	✓	-	107.40	Monthly
Germany	08:00	Industrial Production n.s.a. and w.d.a. (YoY) (Jul)	✓✓✓	2.60%	2.50%	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Jul)	✓✓✓	0.20%	-0.90%	Monthly
Germany	08:00	Current Account n.s.a. (Jul)	✓	EUR20.00bn	EUR26.20bn	Monthly
Germany	08:00	Trade Balance n.s.a. (Jul)	✓✓✓	EUR19.50bn	EUR21.80bn	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Aug)	✓	USD42.35bn	USD42.44bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Aug)	✓	USD50.60bn	USD50.51bn	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (Aug)	✓	3.70%	3.30%	Monthly
UK	09:30	Halifax House Prices (MoM) (Aug)	✓	0.10%	1.40%	Monthly
Eurozone	11:00	Gross Fixed Capital (QoQ) (Q2)	✓	-	0.50%	Quarterly
Eurozone	11:00	Government Expenditure (QoQ) (Q2)	✓	-	0.00%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q2) (F)	✓✓✓	0.40%	0.40%**	Quarterly
Eurozone	11:00	Household Consumption (QoQ) (Q2)	✓	-	0.50%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q2) (F)	✓✓	-	2.20%**	Quarterly
US	14:30	Average Weekly Hours All Employees (Aug)	✓	34.50	34.50	Monthly
US	14:30	Underemployment Rate (Aug)	✓✓	-	7.50%	Monthly
US	14:30	Fed's Rosengren Makes Opening Remarks at Boston Fed Conference	✓	-	-	As scheduled
US	14:30	Average Hourly Earnings All Employees (MoM) (Aug)	✓✓	0.20%	0.30%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Aug)	✓✓	2.70%	2.70%	Monthly
US	14:30	Change in Manufacturing Payrolls (Aug)	✓	24.00K	37.00K	Monthly
US	14:30	Change in Non-farm Payrolls (Aug)	✓✓✓	198.00K	157.00K	Monthly
US	14:30	Change in Private Payrolls (Aug)	✓✓	195.00K	170.00K	Monthly
US	14:30	Unemployment Rate (Aug)	✓✓✓	3.80%	3.90%	Monthly
US	15:00	Fed's Mester Moderates Panel at Boston Fed conference	✓	-	-	As scheduled

Note: ✓✓✓ High

✓✓ Medium

✓ Low

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