

ONE Minute Brief

5 September 2018

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Economic and political news

In South Africa (SA), annualised gross domestic product (GDP) unexpectedly dropped by 0.7% on a quarterly basis in 2Q18, compared to a fall of 2.2% in 1Q18. Gross fixed capital formation contracted by 0.5% in 2Q18, compared to a revised 3.4% drop in the first quarter.

Goldman Sachs has revised its expectation of SA's YoY GDP growth for 2018 downwards to 0.8% from 2.0%, citing the "surprise contraction" in the GDP for the second quarter.

Justice and correctional services Minister, Michael Masutha, announced that a new statutory body will regulate advocates and attorneys from 1 November.

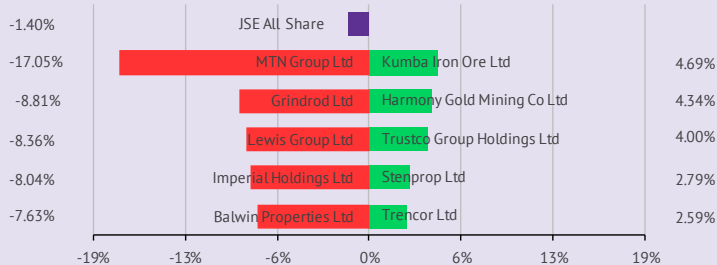
The National Assembly has approved a decision by the portfolio committee on public works to withdraw the Expropriation Bill pending the outcome of the work by the Constitutional Review Committee on seizing land without compensation.

African National Congress MP, Vincent Smith, has asked to be allowed to step aside from chairing any parliamentary committee until the ethics committee concludes looking into allegations that he received monthly payments from the management group, Bosasa.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in retail, banking and property sector stocks, after SA's economy unexpectedly fell into recession in 2Q18. The JSE All Share Index fell 1.4% to close at 57,891.82.



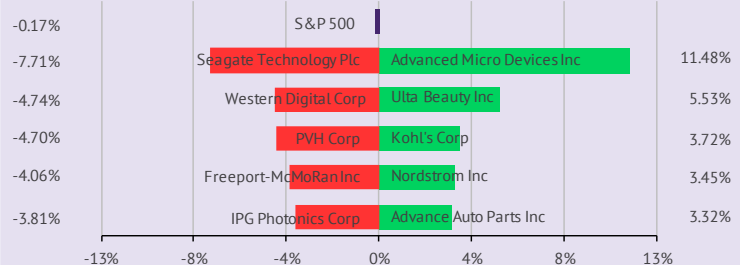
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57891.82	▼	-819.33	-1.40	-1.32	-1.32	2.15	-2.71
JSE Top 40	51691.03	▼	-744.42	-1.42	-1.47	-1.47	2.24	-1.60
FTSE 100	7457.86	▼	-46.74	-0.62	0.34	0.34	-4.08	-2.99
DAX 30	12210.21	▼	-136.20	-1.10	-1.24	-1.24	-3.45	-5.48
CAC 40	5342.70	▼	-71.10	-1.31	-1.19	-1.19	-1.90	0.57
S&P 500	2896.72	▼	-4.80	-0.17	-0.17	-0.17	3.03	8.34
Nasdaq Composite	8091.25	▼	-18.29	-0.23	-0.23	-0.23	5.71	17.21
DJIA	25952.48	▼	-12.34	-0.05	-0.05	-0.05	2.16	4.99
MSCI Emerging Markets	1040.17	▼	-6.96	-0.66	-1.50	-1.50	-2.90	-10.21
MSCI Developed World	2162.83	▼	-10.59	-0.49	-0.58	-0.58	1.04	2.82

US Market ▼

The S&P 500 futures are trading in the red

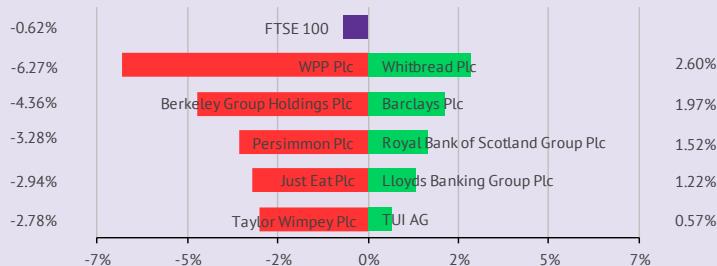
US markets closed lower yesterday, amid ongoing trade tension in the US and led by losses in technology and healthcare sector stocks. Data showed that the US Markit manufacturing PMI climbed in August. The S&P 500 Index dropped 0.2% to close at 2,896.72.



UK Market ▼

The FTSE 100 futures are trading in negative territory

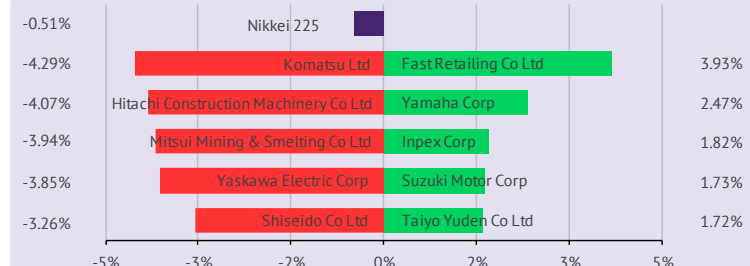
UK markets finished lower yesterday, led by losses in shares of WPP. Data indicated that UK's construction PMI fell more-than-expected in August. The FTSE 100 Index declined 0.6% to close at 7,457.86.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data revealed that Japan's services PMI advanced in August. The Nikkei 225 Index is trading 0.5% lower at 22,580.35.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% lower against the South African Rand at R15.3049. Later today, traders will keep a close watch on the US trade balance and MBA mortgage applications for further cues.

The US Dollar rose against the South African Rand yesterday, amid ongoing trade tensions between the US and other economies. Data indicated that the US ISM manufacturing surprisingly climbed in August, notching its highest reading since May 2004. Meanwhile, Markit manufacturing PMI dropped to a nine-month low level in August. Further, construction spending rose at a slower-than-expected pace on a monthly basis in July. The South African Rand came under pressure against the US Dollar, after data showed that the economy slipped into recession for the first time since 2009 in the second quarter of 2018.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R19.6845. Ahead in the day, traders will keep an eye on the UK's Markit services PMI for further indication.

The British Pound advanced against the South African Rand yesterday. On the data front, the UK's construction PMI expanded at its weakest pace in three months in August.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R17.7498. Going forward, market participants will keep a tab on the Markit services PMI across the Eurozone and Eurozone 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 forecast on an annual basis in July.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R11.0146. Earlier in the session, Australia's GDP expanded more than market forecast on a quarterly basis in 2Q18. In contrast, the services PMI recorded a drop in August. Additionally, the AiG performance of service index declined in the same month. Meanwhile, in China, Australia's largest trading partner, the services PMI dropped more than market expectations in August.

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	15.3049	▼	3.27	4.46	4.46	10.65	23.92
GBPZAR	19.6845	▼	3.20	3.64	3.64	9.25	17.97
EURZAR	17.7498	▼	2.92	4.29	4.29	9.80	19.63
AUDZAR	11.0146	▲	2.79	4.29	4.29	7.15	13.98
EURUSD	1.1597	▲	-0.32	-0.17	-0.17	-0.76	-3.52
GBPUSD	1.2862	▲	-0.12	-0.81	-0.81	-1.25	-4.87
Brent (\$/barrel)	78.0	▼	0.03	0.68	0.68	4.62	16.90
Gold (\$/oz)	1198.9	▲	-0.63	-0.63	-0.63	-1.81	-8.81
Platinum (\$/oz)	778.3	▲	-1.13	-1.13	-1.13	-6.94	-16.70
Copper (\$/MT)*	5796.0	▼	-2.51	-2.88	-2.88	-4.96	-19.58

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,198.90/oz.

Yesterday, gold prices fell 0.6% to close at \$1,194.00/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 edged 0.3% lower to trade at \$77.96/bl.

Yesterday, Brent crude oil slightly advanced to settle at \$78.17/bl, amid expectations that the storm in the Gulf of Mexico would not cause major disruptions to energy production in the region.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices marginally rose to trade at \$778.30/oz.

Yesterday, platinum prices declined 1.1% to close at \$778.20/oz.

Major South African corporate news

Aspen Pharmacare Holdings Limited

In its FY18 trading update, the company stated that the company expects HEPS to increase between 11.0% and 15.0% to be in the range of 1,442.40c to 1,494.40c, compared to the corresponding period of the preceding year. Further, the company expects EPS to be between 1,291.90c and 1,336.80c, 15.0% to 19.0% higher compared to the same period of the previous year.

DataTec Limited

The company announced that its subsidiary, Logicalis Group Limited, has completed the acquisition of 100.0% of the issued share capital of Coasin Chile S.A. The acquisition will bring significant capabilities and scale to Logicalis' existing operations in Chile and Peru.

Discovery Limited

In its FY18 results, the company indicated that its insurance premium revenues increased to ZAR36.69bn, compared to ZAR33.53bn posted in the same period of the prior year. Its diluted EPS advanced 28.0% to 875.60c, compared to the corresponding period of the preceding year. The company has declared a final gross dividend of 114.00c per share.

Mediclinic International Plc

The company announced that its Swiss operating division, Hirslanden, has reached an agreement to combine Hirslanden Clinique La Colline with Clinique des Grangettes in Geneva, Switzerland, with Hirslanden retaining a 60.0% controlling interest in the combined entity. This combination will allow the company to establish itself as the number one private healthcare service provider in Geneva. The transaction is subject to competition approval in Switzerland with an effective date of the combination expected to be from October 2018.

MTN Group Limited

The company announced that its wholly owned subsidiary, MTN Dubai Limited, had entered into an agreement in terms of which it had sold 100.0% of MTN Cyprus to Monaco Telecom S.A. The company has stated that this transaction has been completed for proceeds of ZAR4.50bn.

Wilson Bayly Holmes-Ovcon Limited

In its FY18 results, the company indicated that its revenues advanced 9.8% to ZAR35.03bn, compared to the same period of the previous year. Its diluted EPS stood at 1,533.80c compared to 1,345.10c recorded in the corresponding period of the preceding year. The company has declared a dividend of 475.00c per share, same as the prior year.

Major global economic news

Asia

In Australia, seasonally adjusted GDP advanced more-than-expected by 0.9% on a quarterly basis in 2Q8, compared to a revised rise of 1.1% in the prior quarter.

In August, the AiG performance of services index registered a drop to 52.20 in Australia. The index had registered a level of 53.60 in the previous month.

In Japan, the Nikkei services PMI climbed to 51.50 in August, compared to a reading of 51.30 in the previous month.

In China, the Markit services PMI index dropped more-than-anticipated to 51.50 in August. The Markit services PMI index had recorded a level of 52.80 in the previous month.

UK

The Bank of England (BoE) Governor, Mark Carney indicated that he would be willing to stay as the Governor of the BoE beyond his planned exit at the end of June 2019 to help the Brexit process as well as the transition to a new Governor.

In the UK, the construction PMI registered a drop to 52.90 in August. The construction PMI had recorded a reading of 55.80 in the prior month.

US

In the US, the final Markit manufacturing PMI dropped more-than-expected to 54.70 in August. The Markit manufacturing PMI had registered a level of 55.30 in the previous month. The preliminary figures had recorded a drop to 54.50.

In August, the ISM manufacturing activity index unexpectedly advanced to 61.30 in the US, compared to a level of 58.10 in the prior month.

In the US, construction spending registered a less-than-expected rise of 0.1% on a monthly basis in July, compared to a revised drop of 0.8% in the previous month.

Eurozone

In the Eurozone, the PPI registered a more-than-expected rise of 4.0% on an annual basis in July, compared to a rise of 3.6% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nikkei Japan Services PMI (Aug)	✓✓	51.50*	51.30	Monthly
Japan	02:30	Nikkei Japan Composite PMI (Aug)	✓✓✓	52.00*	51.80	Monthly
China	03:45	Caixin/Markit Services PMI (Aug)	✓✓✓	51.50*	52.80	Monthly
China	03:45	HSBC China Composite PMI (Aug)	✓✓✓	52.00*	52.30	Monthly
Germany	09:55	Markit Services PMI (Aug) (F)	✓✓✓	55.20	55.20**	Monthly
UK	10:00	New Car Registrations (YoY) (Aug)	✓	-	1.20%	Monthly
Eurozone	10:00	Markit Composite PMI (Aug) (F)	✓✓✓	54.40	54.40**	Monthly
Eurozone	10:00	Markit Services PMI (Aug) (F)	✓✓✓	54.40	54.40**	Monthly
UK	10:30	Markit Services PMI (Aug)	✓✓✓	53.80	53.50	Monthly
UK	10:30	Official Reserves (Changes) (Aug)	✓✓	-	USD577.00mn	Monthly
Eurozone	10:30	ECB's Praet Speaks in Vienna	✓	-	-	As scheduled
UK	10:30	Markit Services PMI	✓✓✓	53.90	53.50	Monthly
Eurozone	11:00	Retail Sales (Jul)	✓✓	-	105.60	Monthly
Eurozone	11:00	Retail Sales (MoM) (Jul)	✓✓✓	-0.10%	0.30%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Jul)	✓✓✓	1.30%	1.20%	Monthly
US	13:00	MBA Mortgage Applications (31-Aug)	✓	-	-1.70%	Weekly
US	14:30	Trade Balance (Jul)	✓✓✓	-USD50.00bn	-USD46.30bn	Monthly
US	15:20	Fed's Bullard Speaks in New York	✓	-	-	As scheduled
US	21:00	FOMC Member Williams speech	✓✓	-	-	As scheduled
US	22:00	Fed's Kashkari Speaks at Townhall in Bozeman, Montana	✓	-	-	As scheduled
US	22:15	FOMC Member Williams speech	✓✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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