

ONE
Minute Brief

6 September 2018

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Economic and political news

About a hundred white workers from Solidarity union have staged a brief protest outside Sasol's chemicals plant over a share scheme exclusively offered to black staff.

Trade and Industry Minister, Rob Davies stated that the US officials have made no link between South Africa's (SA) plan to expropriate land without compensation and the country's access to trade benefits under the African Growth and Opportunity Act (AGOA).

Agricultural industry body, Agri SA criticised the African National Congress' plans to amend the constitution for land expropriation without compensation and accused the government of failing to implement existing policies to address racial inequality.

Parliament's trade and industry committee has adopted the Debt Relief Bill intended to help the heavily indebted consumers. However, the Democratic Alliance expressed unhappiness over the bill and believed that it may encourage people to engage in illegal lending.

Communications Minister, Nomvula Mokonyane, announced that the public broadcaster, SABC has been given borrowing powers and a borrowing limit of up to ZAR1.2bn by the National Treasury.

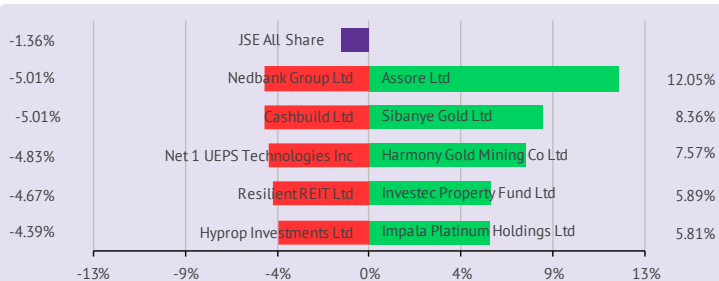
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57102.13	▼	-789.69	-1.36	-2.67	2.15	-4.04
JSE Top 40	50832.73	▼	-858.30	-1.66	-3.11	2.24	-3.24
FTSE 100	7383.28	▼	-74.58	-1.00	-0.66	-4.08	-3.96
DAX 30	12040.46	▼	-169.75	-1.39	-2.62	-3.45	-6.79
CAC 40	5260.22	▼	-82.48	-1.54	-2.71	-1.90	-0.99
S&P 500	2888.60	▼	-8.12	-0.28	-0.45	3.03	8.04
Nasdaq Composite	7995.17	▼	-96.07	-1.19	-1.41	5.71	15.82
DJIA	25974.99	▲	22.51	0.09	0.04	2.16	5.08
MSCI Emerging Markets	1021.72	▼	-18.45	-1.77	-3.24	-2.90	-11.80
MSCI Developed World	2152.77	▼	-10.05	-0.46	-1.04	1.04	2.34

South Africa Market ▼

South African markets closed lower

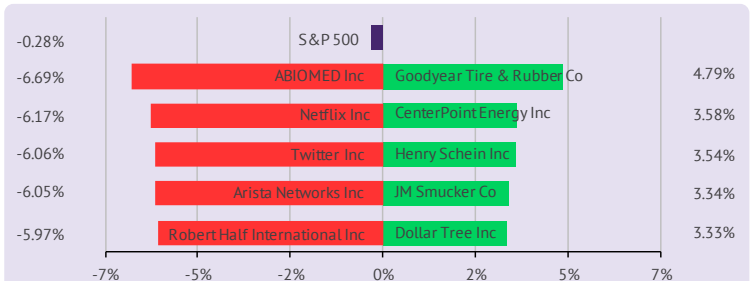
South African markets closed in the red yesterday, led by losses in banking, retail and industrial sector stocks. The JSE All Share Index fell 1.4% to close at 57,102.13.



US Market ▼

The S&P 500 futures are trading in the red

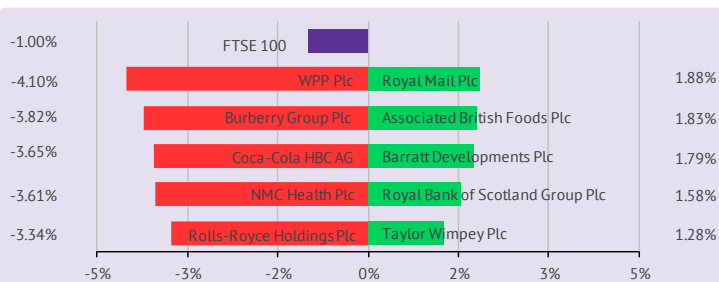
US markets closed mostly lower yesterday, weighed down by losses in technology sector stocks. Data revealed that the US trade deficit widened in July. The S&P 500 Index dropped 0.3% to close at 2,888.60.



UK Market ▼

The FTSE 100 futures are trading in negative territory

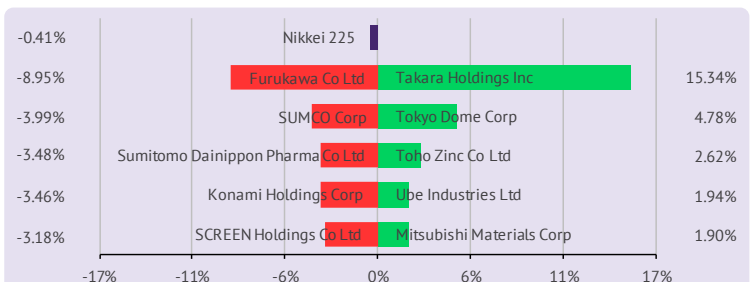
UK markets finished lower yesterday, as the British Pound strengthened, amid news that the British and German governments had dropped key Brexit demands. The FTSE 100 Index declined 1.0% to close at 7,383.28.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.4% lower at 22,487.87.



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 R15.4014. Later today, traders will keep a close watch on the US Markit and ISM services PMIs, ADP employment change, initial jobless claims, factory orders and durable goods orders for further indication.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US trade deficit widened to a five-month high level in July. Additionally, the MBA mortgage applications recorded a drop in the week ended 31 August 2018.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R19.8901. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, following a news report that the British and German governments have abandoned key Brexit demands in an effort to get a deal done. Data indicated that the UK's Markit services PMI climbed more than market expectations in August.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R17.9218. Going forward, market participants will keep a tab on Germany's factory orders for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's Markit services PMI advanced in line with market forecast in August. Meanwhile, the region's retail sales registered a decline on a monthly basis in July, marking its first fall in three months. Separately, Germany's Markit services PMI recorded a less-than-expected rise in August.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% lower against the South African Rand at R11.0585. Earlier in the session, Australia's trade surplus narrowed less-than-anticipated 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	15.4014	▼	0.52	5.00	5.00	10.65	24.56
GBPZAR	19.8901	▼	0.90	4.58	4.58	9.25	19.04
EURZAR	17.9218	▼	0.94	5.27	5.27	9.80	20.76
AUDZAR	11.0585	▼	0.72	5.03	5.03	7.15	14.80
EURUSD	1.1635	▲	0.41	0.24	0.24	-0.76	-3.12
GBPUSD	1.2914	▲	0.39	-0.42	-0.42	-1.25	-4.50
Brent (\$/barrel)	77.3	▼	-1.15	-0.48	-0.48	4.62	15.55
Gold (\$/oz)	1203.6	▲	0.18	-0.46	-0.46	-1.81	-8.65
Platinum (\$/oz)	785.0	▲	0.78	-0.36	-0.36	-6.94	-16.05
Copper (\$/MT)*	5854.3	▲	1.01	-1.91	-1.91	-4.96	-18.77

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.6% to trade at \$1,203.60/oz.

Yesterday, gold prices rose 0.2% to close at \$1,196.10/oz, as weakness in the US Dollar increased demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil is trading marginally lower at \$77.26/bl.

Yesterday, Brent crude oil dropped 1.2% to settle at \$77.27/bl, amid fears that rising global trade disputes would reduce demand for the commodity. Meanwhile, the American Petroleum Institute reported that crude oil inventories declined by 1.2mn bls in the week ended 31 August 2018.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.1% to trade at \$785.00/oz.

Yesterday, platinum prices climbed 0.8% to close at \$784.30/oz.

Major South African corporate news

BHP Billiton Plc

The company announced that it has entered into an agreement with Guyana Goldfields Inc to acquire its 6.1% interest in SolGold Plc, the majority owner and operator of the Cascabel porphyry copper-gold project in Ecuador. As per the agreement, the company would acquire 103.10mn shares in SolGold for 26.59p per share. Through this acquisition, the company would be exposed to high quality copper exploration projects in Ecuador.

MMI Holdings Limited

In its FY18 results, the company announced that its net income advanced to ZAR75.30bn, compared to ZAR54.74bn posted in the same period of the preceding year. Its diluted EPS stood at 88.10c, down from 98.10c recorded 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 the Eurozone, the final services PMI recorded a rise to 54.40 in August, meeting market expectations and compared to a reading of 54.20 in the previous month. The preliminary figures had also indicated a rise to 54.40.

In the Eurozone, seasonally adjusted retail sales eased 0.2% on a monthly basis in July, compared to an advance of 0.3% in the previous month.

In Germany, the final services PMI rose less-than-anticipated to a level of 55.00 in August. The services PMI had registered a level of 54.10 in the previous month. The preliminary figures had indicated a rise to 55.20.

US

In the US, trade deficit widened to USD50.10bn in July, compared to a revised deficit of USD45.70bn in the previous month.

In the US, mortgage applications dropped 0.1% on a weekly basis in the week ended 31 August 2018. Mortgage applications had recorded a drop of 1.7% in the prior week.

UK

In the UK, the services PMI recorded a more-than-expected rise to 54.30 in August. The services PMI had recorded a reading of 53.50 in the previous month.

Asia

In Australia, seasonally adjusted trade surplus narrowed to AUD1551.00mn in July, compared to a revised surplus of AUD1937.00mn in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
 US	00:30	FOMC Member Bostic speech	✓✓	-	-	As scheduled
 Switzerland	07:45	Gross Domestic Product n.s.a (YoY) (Q2)	✓✓	2.40%	2.20%	Quarterly
 Switzerland	07:45	Gross Domestic Product s.a. (QoQ) (Q2)	✓✓✓	0.50%	0.60%	Quarterly
 Germany	08:00	Factory Orders n.s.a. (YoY) (Jul)	✓✓✓	1.90%	-0.80%	Monthly
 Germany	08:00	Factory Orders s.a. (MoM) (Jul)	✓✓	1.80%	-4.00%	Monthly
 South Africa	10:00	Current Account Balance (Q2)	✓	-	-ZAR229.00bn	Quarterly
 South Africa	10:00	Current Account to GDP (Q2)	✓✓	-	-4.80%	Quarterly
 China	13:00	Composite leading indicator (Jul)	✓	-	99.80	Monthly
 South Africa	13:00	Electricity Consumption (YoY) (Jul)	✓	-	0.60%	Monthly
 South Africa	13:00	Electricity Production (YoY) (Jul)	✓	-	0.30%	Monthly
 US	13:30	Challenger Job Cuts (YoY) (Aug)	✓	-	-4.20%	Monthly
 Eurozone	13:45	ECB's Lautenschlaegger Speaks in Vienna	✓	-	-	As scheduled
 US	14:15	ADP Employment Change (Aug)	✓✓✓	200.00K	219.00K	Monthly
 US	14:30	Non-Farm Productivity (Q2) (F)	✓	2.90%	2.90%**	Quarterly
 US	14:30	Continuing Jobless Claims (25-Aug)	✓✓✓	1720.00K	1708.00K	Weekly
 US	14:30	Initial Jobless Claims (01-Sep)	✓✓✓	213.00K	213.00K	Weekly
 US	15:45	Markit Composite PMI (Aug) (F)	✓✓✓	-	55.00**	Monthly
 US	15:45	Markit Services PMI (Aug) (F)	✓✓✓	55.20	55.20**	Monthly
 US	16:00	Cap Goods Orders Nondef Ex Air (Jul) (F)	✓	-	1.40%**	Monthly
 US	16:00	Cap Goods Ship Nondef Ex Air (Jul) (F)	✓	-	0.90%**	Monthly
 US	16:00	Durable Goods Orders ex Transportation (Jul) (F)	✓✓	-	0.20%**	Monthly
 US	16:00	FOMC Member Williams speech	✓✓	-	-	As scheduled
 US	16:00	Durable Goods Orders (Jul) (F)	✓✓✓	-1.70%	-1.70%**	Monthly
 US	16:00	Factory Orders (MoM) (Jul)	✓✓✓	-0.60%	0.70%	Monthly
 US	16:00	ISM Non-Manufacturing PMI (Aug)	✓✓✓	56.80	55.70	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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