

ONE Minute Brief

12 September 2018

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Economic and political news

In South Africa (SA), manufacturing production advanced by 2.9% on a yearly basis in July, more than market expectations and compared to a revised rise of 0.6% in June. The RMB business confidence index fell to a level of 38 in the third quarter of 2018, compared to a reading of 39 in 2Q18.

Moody's has upgraded its outlook for SA's banking system from 'negative' to 'stable'. However, the ratings agency stated that the banks' creditworthiness would remain resilient over the next 12 to 18 months and warned that slow economic growth would hold back new business and revenues.

African National Congress Secretary General, Ace Magashule denied that a meeting he held with former President, Jacob Zuma was about a plot to remove his successor, Cyril Ramaphosa.

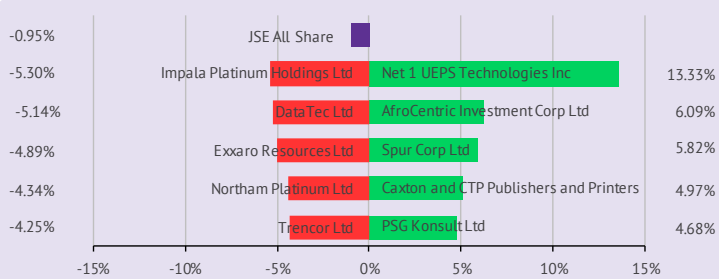
The Central Energy Fund (CEF) stated that fuel price in the country could rise by ZAR1.14 per litre in October, due to a weaker rand and a higher international oil price.

While answering questions in the National Council of Provinces, President, Cyril Ramaphosa revealed that a framework for the lifestyles audits of top government officials would be ready by the end of October.

South Africa Market ▼

South African markets closed lower

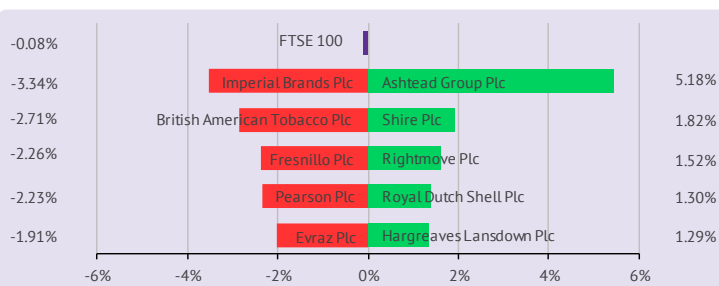
South African markets closed in the red yesterday, weighed down by losses in mining, resources and industrial sector stocks. Data showed that SA's business confidence index dropped in 3Q18. The JSE All Share Index fell 1.0% to close at 56,174.01.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid rising US-China trade tensions. The FTSE 100 Index declined 0.1% to close at 7,273.54.



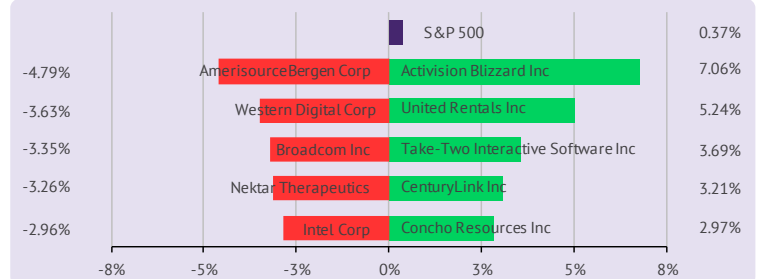
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share	56174.01	▼	-541.25	-0.95	-1.57	-4.25	2.15	-5.60
JSE Top 40	50042.09	▼	-502.60	-0.99	-1.56	-4.62	2.24	-4.74
FTSE 100	7273.54	▼	-5.76	-0.08	-0.06	-2.14	-4.08	-5.39
DAX 30	11970.27	▼	-16.07	-0.13	0.09	-3.18	-3.45	-7.33
CAC 40	5283.79	▲	14.16	0.27	0.60	-2.28	-1.90	-0.54
S&P 500	2887.89	▲	10.76	0.37	0.56	-0.47	3.03	8.01
Nasdaq Composite	7972.47	▲	48.31	0.61	0.88	-1.69	5.71	15.49
DJIA	25971.06	▲	113.99	0.44	0.21	0.02	2.16	5.06
MSCI Emerging Markets	1003.33	▼	-7.92	-0.78	-1.92	-4.98	-2.90	-13.39
MSCI Developed World	2147.67	▲	5.03	0.23	0.47	-1.28	1.04	2.10

US Market ▲

The S&P 500 futures are trading in the red

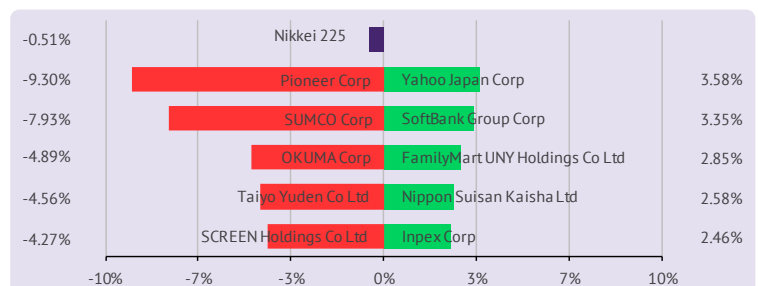
US markets closed higher yesterday, boosted by gains in technology and energy sector stocks. Data indicated that the US JOLTS job openings unexpectedly advanced in July. The S&P 500 Index climbed 0.4% to close at 2,887.89.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid reports that China might seek World Trade Organisation's permission to impose sanctions on the US. The Nikkei 225 Index is trading 0.5% lower at 22,548.82.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R15.0717. Later today, traders will keep a close watch on the Federal Reserve's Beige Book report along with the US producer price index and the MBA mortgage applications for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US JOLTS job openings surprisingly climbed in July, recording its highest level since the series started in December 2000. Additionally, the NFIB small business optimism index climbed more than market forecast to a 45-year high level in August. Separately, South African Rand rose against the US Dollar, after manufacturing production recorded a more-than-expected rise on an annual basis in July. On the contrary, the nation's business confidence index declined in the third quarter of 2018.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R19.6054. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. Data indicated that the UK's ILO unemployment rate recorded an unchanged reading in the May-July 2018 period. Meanwhile, average weekly earnings advanced more than market expectations in the May-July 2018 period.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R17.4625. Going forward, market participants will keep a tab on the Eurozone's industrial production for further indication.

The Euro weakened against the South African Rand yesterday. On the macro front, the Eurozone's ZEW economic sentiment index advanced in September. Separately, Germany's ZEW survey expectations index recorded an unexpected rise to a 4-month high level in September. Additionally, the ZEW survey current situation index advanced in the same month.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R10.6976. Earlier in the session, Australia's Westpac consumer confidence index registered a decline in September.

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	15.0717	▲	-0.89	-1.17	2.52	10.65	21.61
GBPZAR	19.6054	▼	-0.86	-0.31	3.10	9.25	17.35
EURZAR	17.4625	▼	-0.79	-0.72	2.56	9.80	17.65
AUDZAR	10.6976	▼	-0.82	-1.01	1.51	7.15	10.94
EURUSD	1.1586	▼	0.10	0.46	0.03	-0.76	-3.32
GBPUSD	1.3007	▼	0.05	0.87	0.56	-1.25	-3.55
Brent (\$/barrel)	79.4	▲	2.18	2.90	1.83	4.62	18.23
Gold (\$/oz)	1199.1	▲	0.19	0.14	-0.40	-1.81	-8.59
Platinum (\$/oz)	789.0	▼	-0.09	1.14	0.28	-6.94	-15.51
Copper (\$/MT)*	5843.8	▼	-0.81	-1.20	-2.08	-4.96	-18.92

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.2% to trade at \$1,198.6/oz.

Yesterday, gold prices rose 0.2% to close at \$1196.8/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$79.39/bl, after the American Petroleum Institute reported that crude oil inventories declined by 8.6mn bls in the week ended 7 September 2018.

Yesterday, Brent crude oil advanced 2.2% to settle at \$79.06/bl, as a major hurricane approaching the US East Coast raised worries over oil supply. Meanwhile, the US Energy Information Administration (EIA) lifted its average price forecast by 1.5% to USD72.84 this year and by 4.4% to USD73.68 next year. However, the EIA lowered the domestic crude output forecast by 0.2% to 10.66mn bls a day in 2018 and cut the 2019 view by 1.8% to 11.5mn bls a day.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$789.00/oz.

Yesterday, platinum prices declined 0.1% to close at \$789.30/oz.

Major South African corporate news

Advtech Limited

The company announced that through its subsidiary, the Independent Institute of Education Proprietary Limited, it has agreed to the key terms of a proposed transaction with Monash South Africa Limited (MSA) and LEI AMEA Investments BV, which would see the company acquiring control of the MSA business, as well as the related property company, Laureate SA Proprietary Limited for ZAR343.00mn, plus cash on hand and working capital adjustments at the effective date.

Rand Merchant Investment Holdings Limited

In its FY18 results, the company announced that its income advanced 1.0% to ZAR14.99bn, compared to the same period of the preceding year. Its diluted EPS stood at 252.90c, compared to 223.00c recorded in the corresponding period of the previous year. The company has declared a total dividend of 104.00c per share compared to 118.00c per share declared in the comparable period of the prior year.

Attacq Limited

In its FY18 results, the company announced that its gross revenues increased to ZAR2.14bn, compared to ZAR2.06bn posted in the corresponding period of the previous year. Its diluted EPS rose to 374.20c, compared to 89.00c recorded in the same period of the prior year. The company has declared a final dividend of 74.00c per share.

Major global economic news

Eurozone

In the Eurozone, the ZEW survey economic sentiment index climbed to -7.20 in September. The index had recorded a reading of -11.10 in the prior month.

In Germany, the ZEW economic sentiment index rose to -10.60 in September. The index had registered a level of -13.70 in the previous month.

In Germany, the ZEW survey current situation index unexpectedly advanced to a level of 76.00 in September, compared to a reading of 72.60 in the prior month.

UK

In the UK, the ILO unemployment rate remained steady at a rate of 4.0% in the May-July 2018 period.

In the UK, average earnings including bonus recorded a rise of 2.6% on an annual basis in the May-July 2018 period, more than market expectations. The average earnings including bonus had risen 2.4% in the April-June 2018 period.

US


















In the US, the JOLTs job openings registered an unexpected rise to 6939.00K in July. In the previous month, the JOLTs job openings had recorded a revised level of 6822.00K.

In August, the NFIB small business optimism index recorded a more-than-expected rise to 108.80 in the US. The index had recorded a reading of 107.90 in the previous month.

Asia

In Australia, the Westpac consumer confidence index registered a drop of 3.0% to a level of 100.50 on a monthly basis in September. The index had registered a reading of 103.60 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
 Eurozone	11:00	Employment Change (QoQ) (Q2)	✓✓✓	-	0.40%	Quarterly
 Eurozone	11:00	Employment Change (YoY) (Q2)	✓✓	-	1.40%	Quarterly
 Eurozone	11:00	Industrial Production (Jul)	✓	-	106.00	Monthly
 Eurozone	11:00	Industrial Production s.a. (MoM) (Jul)	✓✓✓	-0.30%	-0.70%	Monthly
 Eurozone	11:00	Industrial Production w.d.a. (YoY) (Jul)	✓✓✓	1.00%	2.50%	Monthly
 Eurozone	11:00	Industrial Production s.a. (MoM)	✓✓✓	-0.50%	-0.70%	Monthly
 Portugal	11:30	Consumer Price Index (YoY) (Aug) (F)	✓	-	1.20%**	Monthly
 South Africa	11:30	SACCI Business Confidence Index (Aug)	✓	91.50	94.70	Monthly
 US	13:00	MBA Mortgage Applications (07-Sep)	✓	-	-0.10%	Weekly
 South Africa	13:00	Retail Sales (MoM) (Jul)	✓✓	0.30%	-1.20%	Monthly
 South Africa	13:00	Retail Sales (YoY) (Jul)	✓✓	1.60%	0.70%	Monthly
 US	14:30	Producer Price Index (YoY) (Aug)	✓✓✓	3.20%	3.30%	Monthly
 US	14:30	Producer Price Index ex Food & Energy (MoM) (Aug)	✓✓	0.20%	0.10%	Monthly
 US	14:30	Producer Price Index ex Food & Energy (YoY) (Aug)	✓✓	2.70%	2.70%	Monthly
 US	14:30	Producer Price Index (MoM) (Aug)	✓✓✓	0.20%	0.00%	Monthly
 US	15:30	Fed's Bullard Speaks to CFA Society Chicago	✓	-	-	As scheduled
 US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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