

ONE Minute Brief

22 March 2019

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Economic and political news

In South Africa (SA), the consumer price index (CPI) climbed 4.1% on an annual basis in February, compared to an advance of 4.0% in the prior month. Retail sales rose 1.2% on a yearly basis in January, compared to a revised drop of 1.6% in the prior month. Foreign direct investment (FDI) inflows increased to ZAR70.70 billion in 2018 from ZAR26.80 billion in the previous year.

On Wednesday, SA's labour court ruled that the extension of a wage agreement to cover all gold unions and non-unionised employees of Sibanye-Stillwater is valid and lawful.

Goldman Sachs warned that persistent load shedding at Eskom could slowdown SA's first-quarter GDP growth.

Eskom stated that it will implement Stage 2 load shedding today, due to capacity shortages.

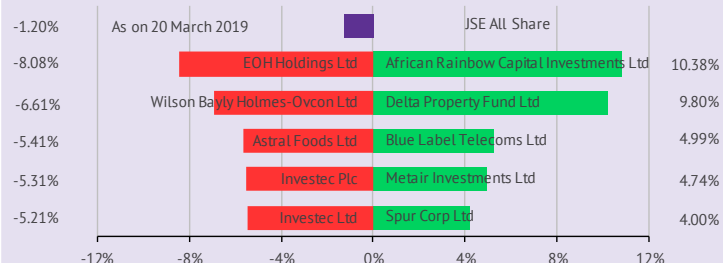
The New Development Bank is planning to lend as much as ZAR11.20 billion to Eskom for the maintenance of the power supply infrastructures.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red on Wednesday, led by losses in banking and retail sector stocks. Data revealed that SA's annual CPI rose in February. The JSE All Share Index fell 1.2% to close at 56,145.67.

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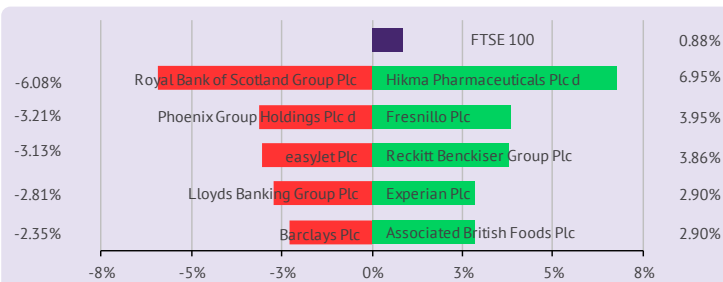


UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished firmer yesterday, buoyed by gains in energy and mining sector stocks. Data showed that the UK retail sales unexpectedly climbed in February. The FTSE 100 Index advanced 0.9% to close at 7,355.31.

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Key indices

	As at 21 Mar 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)*	56145.67	▲ -704.00	-1.24	0.19	0.26	3.41	6.46
JSE Top 40 (ZAR)*	49827.56	▲ -647.55	-1.28	0.29	0.32	3.57	6.64
FTSE 100 (GBP)	7355.31	▲ 64.30	0.88	1.76	3.97	1.52	9.32
DAX 30 (EUR)	11549.96	▼ -53.93	-0.46	-1.16	0.30	3.07	9.39
CAC 40 (EUR)	5378.85	▼ -3.81	-0.07	-0.49	2.64	4.96	13.70
S&P 500 (USD)	2854.88	▲ 30.65	1.09	1.15	2.53	2.97	13.88
Nasdaq Composite (USD)	7838.96	▲ 109.99	1.42	1.96	4.07	3.44	18.14
DJIA (USD)	25962.51	▲ 216.84	0.84	0.44	0.18	3.67	11.30
MSCI Emerging Markets (USD)	1069.68	▲ 1.21	0.11	1.17	1.78	0.10	10.74
MSCI Developed World (USD)	2127.93	▲ 15.88	0.75	0.91	2.02	2.83	12.95

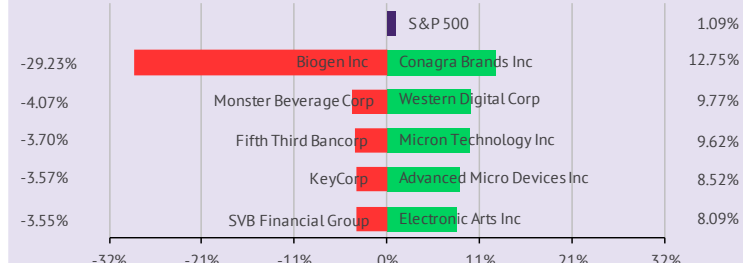
*Values as on 20 March 2019

US Market ▲

The S&P 500 futures are trading in the red

US markets closed higher yesterday, on the back of upbeat US economic data and amid gains in technology sector stocks. Data indicated that the US leading index rose more than expected in February. The S&P 500 Index climbed 1.1% to close at 2,854.88.

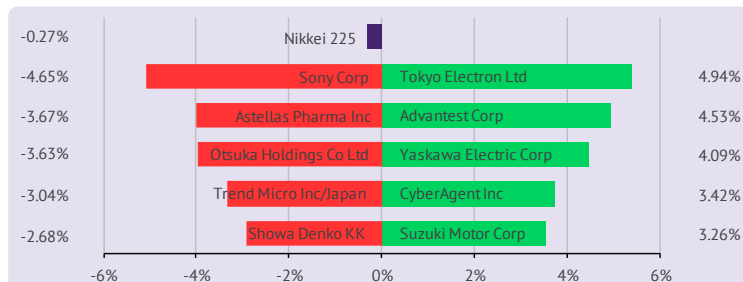
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Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.3% lower at 21,550.35.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally dropped against the South African Rand to trade at R14.2092. Later today, traders will keep a close watch on the US existing home sales, monthly budget statement, the Markit manufacturing and services PMI for the further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US leading index rebounded more than market forecast in February. Additionally, initial jobless claims fell more than expected in the week ended 16 March 2019. Moreover, the Philadelphia Fed business outlook jumped in March. Separately, in SA, the CPI advanced on a yearly basis in February. Also, retail sales climbed in January.

GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R18.6709. 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, amid growing fears that a no-deal Brexit would become a reality. On the data front, the UK's public sector net borrowing posted a surplus in February. Further, the nation's retail sales unexpectedly climbed on a yearly basis in February.

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EUR ZAR ▼

EUR trading marginally against ZAR

At 06:00 SAST, the Euro is trading slightly lower against the South African Rand at R16.1633. Going forward, market participants will keep a tab on the Eurozone's current account balance, the Markit manufacturing and services PMI across the Eurozone for further indication.

The Euro weakened against the South African Rand yesterday. Data indicated that the Eurozone's consumer confidence index improved in March.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R10.0956. Earlier in the session, Australia's CBA manufacturing PMI declined in March. Meanwhile, the CBA services PMI jumped in the same month.

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	14.2092	▼	-0.30	-1.29	0.93	6.27	-0.91
GBPZAR	18.6709	▲	-1.02	-2.73	-0.27	7.50	1.68
EURZAR	16.1633	▼	-0.67	-0.88	0.96	5.58	-1.75
AUDZAR	10.0956	▼	-0.38	-0.95	1.17	3.66	-0.14
EURUSD	1.1376	▲	-0.34	0.42	0.03	-0.67	-0.81
GBPUSD	1.3140	▲	-0.69	-1.38	-1.18	1.17	2.77
Brent (\$/barrel)	67.8	▼	-0.93	1.04	2.34	8.99	26.13
Gold (\$/oz)	1314.9	▲	0.43	0.34	-0.67	-0.27	2.03
Platinum (\$/oz)	860.4	▼	0.17	3.52	-1.61	6.12	8.19
Copper (\$/MT)*	6433.0	▼	-0.78	-0.20	-1.87	6.57	8.14

*As of previous close, #As on 06:00 SAST

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,314.90/oz.

Yesterday, gold prices rose 0.4% to close at \$1,307.30/oz, following the US Federal Reserve's dovish stance on future rate hikes.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$67.75/bl.

Yesterday, Brent crude oil dropped 0.9% to settle at \$67.86/bl, amid global trade tensions.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$860.40/oz.

Yesterday, platinum prices climbed 0.2% to close at \$861.10/oz, tracking gains in palladium prices.

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Major South African corporate news

Omnia Holdings Limited

In its FY19 trading statement, the company announced that the group realised positive revenue growth, due to a focus on global expansion based on environmentally-friendly products and technology. Further, it expects headline loss per share to be at least 198.00c and loss per share to be at least 591.00c

Major global economic news

Asia

Australia's CBA manufacturing PMI dropped to a level of 52.00 in March, compared to a level of 52.90 in the previous month.

In Australia, the CBA services PMI climbed to a reading of 49.80 in March, following a reading of 48.70 in the prior month.

In Japan, the national CPI climbed 0.2% on an annual basis in February, less than market expectations. In the prior month, the national CPI had registered a similar rise.

In Japan, the Nikkei manufacturing PMI remained unchanged at 48.90 March.

US

The US leading index rose 0.2% in February, more than market expectations and compared to a revised flat reading the prior month.

In the US, seasonally adjusted initial jobless claims dropped to 221.00K in the week ended 16 March 2019, more than market expectations. Initial jobless claims had recorded a revised reading of 230.00K in the previous week.

In the US, the Philadelphia Fed manufacturing index jumped to 13.70 in March, higher than market expectations. In the previous month, the Philadelphia Fed manufacturing index had recorded a reading of -4.10.

UK

The Bank of England, in its latest policy meeting, held its key rate unchanged at 0.75%, in line with expectations. Additionally, the central bank reiterated that a further tightening of policy at a gradual pace may be required, if the economy expands in line with projections. Meanwhile, the central bank forecasted a 0.3% GDP growth for the first quarter.






























In the UK, public sector net borrowing posted a surplus of GBP0.70bn in February, compared to a revised surplus of GBP14.10bn in the prior month.

In the UK, retail sales including auto rose 4.0% on an annual basis in February, more than market expectations. In the previous, retail sales had recorded a revised gain of 4.1%.

Eurozone

The Eurozone's flash consumer confidence index rose to a level of -7.20 in March, compared to a level of -7.40 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Japan	01:30	National Consumer Price Index (YoY) (Feb)	✓✓✓	0.20%*	0.20%	Monthly
 Japan	01:30	National CPI Ex-Fresh Food (YoY) (Feb)	✓✓✓	0.70%*	0.80%	Monthly
 Japan	01:30	National CPI Ex Food, Energy (YoY) (Feb)	✓✓	0.40%*	0.40%	Monthly
 Japan	01:50	Foreign Buying Japan Bonds (15-Mar)	✓	JPY401.60 bn*	JPY459.10 bn	Weekly
 Japan	01:50	Foreign Buying Japan Stocks (15-Mar)	✓	-JPY1588.90 bn*	-JPY1157.50 bn	Weekly
 Japan	01:50	Japan Buying Foreign Bonds (15-Mar)	✓	-JPY571.60 bn*	JPY254.20 bn	Weekly
 Japan	01:50	Japan Buying Foreign Stocks (15-Mar)	✓	JPY450.90 bn*	JPY623.80 bn	Weekly
 Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Mar) (P)	✓✓✓	48.90*	48.90	Monthly
 Japan	07:00	Leading Economic Index (Jan) (F)	✓✓✓	-	95.90**	Monthly
 Japan	07:00	Coincident Index (Jan) (F)	✓	-	97.90**	Monthly
 Japan	07:30	Nationwide Department Store Sales (YoY) (Feb)	✓	-	-2.90%	Monthly
 France	10:15	Markit Manufacturing PMI (Mar) (P)	✓✓✓	51.40	51.50	Monthly
 France	10:15	Markit Services PMI (Mar) (P)	✓✓✓	50.60	50.20	Monthly
 Eurozone	10:15	ECB's Guindos Speaks in Frankfurt	✓	-	-	As scheduled
 Germany	10:30	Markit Manufacturing PMI (Mar) (P)	✓✓✓	48.00	47.60	Monthly
 Germany	10:30	Markit Services PMI (Mar) (P)	✓✓✓	54.80	55.30	Monthly
 Eurozone	11:00	Current Account s.a (Jan)	✓✓✓	-	EUR16.20 bn	Monthly
 Eurozone	11:00	Markit Composite PMI (Mar) (P)	✓✓✓	52.00	51.90	Monthly
 Eurozone	11:00	Markit Manufacturing PMI (Mar) (P)	✓✓✓	49.50	49.30	Monthly
 Eurozone	11:00	Markit Services PMI (Mar) (P)	✓✓✓	52.70	52.80	Monthly
 Eurozone	12:15	ECB's Mersch speech	✓✓	-	-	As scheduled
 UK	14:00	BoE Quarterly Bulletin	✓	-	-	As scheduled
 Canada	14:30	Retail Sales (MoM) (Jan)	✓✓	0.40%	-0.10%	Monthly
 Canada	14:30	Consumer Price Index (YoY) (Feb)	✓✓✓	1.40%	1.40%	Monthly
 US	15:45	Markit Services PMI (Mar) (P)	✓✓✓	55.50	56.00	Monthly
 US	15:45	Markit Manufacturing PMI (Mar) (P)	✓✓✓	53.50	53.00	Monthly
 US	16:00	Existing Home Sales (MoM) (Feb)	✓✓✓	3.20%	-1.20%	Monthly
 US	16:00	Existing Home Sales (Feb)	✓✓✓	5.10 mn	4.94 mn	Monthly
 US	20:00	Monthly Budget Statement (Feb)	✓✓✓	-USD227.00 bn	USD8.70 bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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