

ONE
Minute Brief

28 March 2019

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Economic and political news

President Cyril Ramaphosa has appointed former Chief Executive Officer (CEO) of Alexander Forbes, Edward Kieswetter, as the new head of the South African Revenue Services (SARS) for a period of five years beginning from May.

SARS employees will go on an indefinite national strike from today, after wage negotiations failed between the tax agency and unions.

The Minerals Council has called for a judicial review of South Africa's 2018 mining charter to change clauses related to transactions made in the past to increase black ownership.

The South African National Roads Agency (Sanral) announced that it has suspended the collection of e-toll debt with immediate effect.

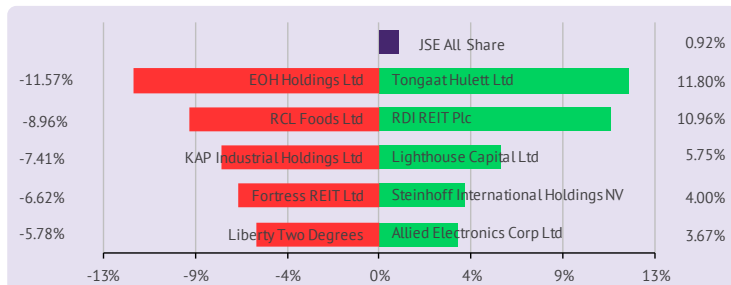
Eskom stated that its Ingula pumped-storage project, a hydropower plant, designed to provide at least 1,332 megawatts during periods of peak demand is defective and has been limited to operate at lower capacity.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and resources sector stocks. The JSE All Share Index rose 0.9% to close at 56,149.30.

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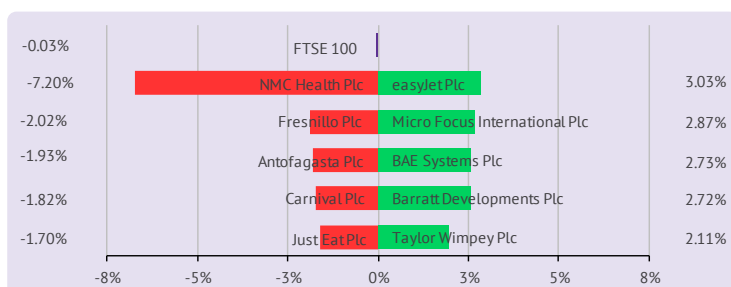


UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, ahead of a key Brexit vote and led by losses in oil producers. The FTSE 100 Index marginally declined to close at 7,194.19.

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Key indices

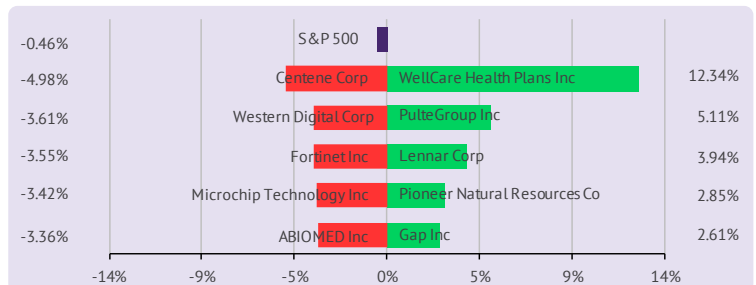
	As at 27 March 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56149.30	▲	510.87	0.92	0.07	0.26	3.41	6.47
JSE Top 40 (ZAR)	49897.32	▲	525.11	1.06	0.21	0.46	3.57	6.79
FTSE 100 (GBP)	7194.19	▼	-2.10	-0.03	-0.19	1.69	1.52	6.93
DAX 30 (EUR)	11419.04	▼	-0.44	0.00	0.48	-0.84	3.07	8.15
CAC 40 (EUR)	5301.24	▼	-6.14	-0.12	0.59	1.16	4.96	12.06
S&P 500 (USD)	2805.37	▼	-13.09	-0.46	0.17	0.75	2.97	11.91
Nasdaq Composite (USD)	7643.38	▼	-48.14	-0.63	0.01	1.47	3.44	15.19
DJIA (USD)	25625.59	▼	-32.14	-0.13	0.48	-1.12	3.67	9.85
MSCI Emerging Markets (USD)	1044.10	▼	-6.35	-0.60	-1.47	-0.65	0.10	8.09
MSCI Developed World (USD)	2094.02	▼	-8.60	-0.41	-0.04	0.39	2.83	11.15

US Market ▼

The S&P 500 futures are trading in the red

US markets closed lower yesterday, amid growing concerns over global economic slowdown. Data revealed that trade deficit narrowed more-than-expected in January. The S&P 500 Index dropped 0.5% to close at 2,805.37.

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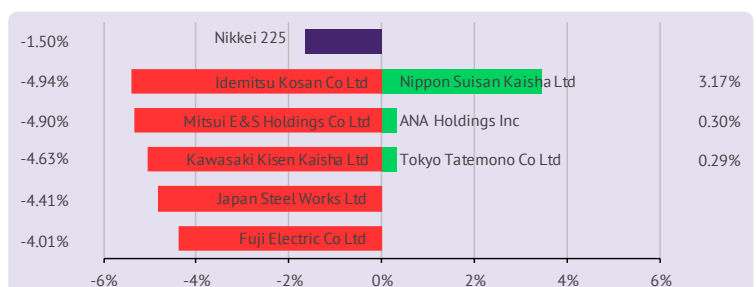


Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 1.5% lower at 21,057.08.

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USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R14.6175. Later today, traders will keep a close watch on the US gross domestic product, pending home sales and initial jobless claims for further direction.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US MBA mortgage applications jumped in the week ended 22 March 2019. Additionally, trade deficit narrowed more than market forecast in January. On the other hand, the nation's current account deficit widened more than market anticipations in the fourth quarter of 2018, recording its highest level in 10 years.

GBP ZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R19.2798. 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, after the British Prime Minister, Theresa May, stated that she would resign if lawmakers vote in favour of her Brexit deal.

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EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R16.4493. Going forward, market participants will keep a tab on the Eurozone's business climate indicator, economic and consumer confidence indices along with Germany's consumer price index for further direction.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% firmer against the South African Rand at R10.3702.

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	14.6175	▲	1.27	0.70	3.65	6.27	1.76
GBPZAR	19.2798	▲	1.16	0.58	3.09	7.50	5.10
EURZAR	16.4493	▲	1.07	0.16	2.49	5.58	-0.25
AUDZAR	10.3702	▲	0.55	0.75	3.51	3.66	2.17
EURUSD	1.1253	▲	-0.20	-0.51	-1.12	-0.67	-1.94
GBPUSD	1.3189	=	-0.17	-0.15	-0.56	1.17	3.41
Brent (\$/barrel)	67.7	▼	-0.21	1.19	2.29	8.99	26.08
Gold (\$/oz)	1315.2	▲	-0.35	-0.14	-0.43	-0.27	2.27
Platinum (\$/oz)	854.5	▼	-0.38	0.95	-2.14	6.12	7.61
Copper (\$/MT)*	6336.0	▼	-0.02	0.34	-3.35	6.57	6.51

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.4% to trade at \$1,315.20/oz.

Yesterday, gold prices fell 0.4% to close at \$1,310.40/oz, as strength in the US Dollar dampened demand for the safe haven asset.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$67.68/bl.

Yesterday, Brent crude oil dropped 0.2% to settle at \$67.83/bl, after the US Energy Information Administration reported that crude oil inventories advanced by 2.8mn bls in the week ended 22 March 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$854.50/oz.

Yesterday, platinum prices declined 0.4% to close at \$856.50/oz.

Major South African corporate news

Nampak Limited

In its trading update for the five months ended 28 February 2019, the company stated that it has witnessed continued foreign currency liquidity in Angola and Nigeria. Cash balances in these two countries declined to ZAR1.90bn, compared to ZAR2.60bn at the end of September 2018. Further, the company secured its financial position after implementing a ZAR12.50bn long-term committed revolving credit facilities and short-term loan agreement during FY18. The cash balance in Zimbabwe has remained relatively stable at ZAR1.30bn, compared to ZAR1.20bn at the end of September 2018.

Trencor Limited

In its FY18 trading statement, the company indicated that it expects headline loss per share to be between 1,800.00c and 1,830.00c, compared to 149.40c in the previous year. Further, the company expects EPS to be in the range of 1,595.00c to 1,630.00c, compared to a loss of 181.50c per share in the preceding year.

Major global economic news

US

In the US, the MBA mortgage applications climbed 8.9% on a weekly basis in the week ended 22 March 2019. In the previous week, the MBA mortgage applications had recorded a rise of 1.6%.

In the US, current account deficit widened more-than-anticipated to USD134.40bn in 4Q18, compared to a revised deficit of USD126.60bn in the prior quarter.

In the US, trade deficit narrowed more-than-expected to USD51.10bn in January, compared to a revised deficit of USD59.90bn in the previous month.

Eurozone

The European Central Bank (ECB) President, Mario Draghi, hinted that there could be another delay in rate hikes, if required and expressed concerns over the impact of negative interest rates. Further, he expects rates to remain at their present levels at least through the end of 2019. Meanwhile, Draghi stated that a temporary slowdown in the Eurozone does not necessarily foreshadow a serious recession.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
 Eurozone	11:00	M3 Money Supply (YoY) (Feb)	✓	3.90%	3.80%	Monthly
 Eurozone	11:00	M3 Money Supply (3m) (Feb)	✓	-	3.90%	Monthly
 Eurozone	11:10	ECB's Guindos Speaks in Frankfurt	✓	-	-	As scheduled
 South Africa	11:30	Producer Price Index (YoY) (Feb)	✓✓	4.50%	4.10%	Monthly
 South Africa	11:30	Producer Price Index (MoM) (Feb)	✓✓	0.20%	-0.80%	Monthly
 Eurozone	12:00	Business Climate Indicator (Mar)	✓✓	0.68	0.69	Monthly
 Eurozone	12:00	Consumer Confidence (Mar) (F)	✓✓✓	-7.20	-7.20**	Monthly
 Eurozone	12:00	Economic Sentiment Indicator (Mar)	✓	105.90	106.10	Monthly
 Eurozone	12:00	Industrial Confidence (Mar)	✓	-0.60	-0.40	Monthly
 US	14:30	Gross Domestic Product Annualised (QoQ) (Q4) (F)	✓✓✓	2.30%	3.50%**	Quarterly
 US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q4) (F)	✓✓✓	1.80%	1.70%**	Quarterly
 US	14:30	Initial Jobless Claims (23-Mar)	✓✓✓	220.00K	221.00K	Weekly
 Eurozone	14:40	Banque de France Governor Villeroy de Galhau Speaks in Paris	✓	-	-	As scheduled
 Germany	15:00	Consumer Price Index (MoM) (Mar) (P)	✓✓✓	0.60%	0.40%	Monthly
 Germany	15:00	Consumer Price Index (YoY) (Mar) (P)	✓✓✓	1.50%	1.50%	Monthly
 US	15:30	Fed's Clarida Speaks at Bank of France Conference in Paris	✓	-	-	As scheduled
 US	16:00	Pending Home Sales (Feb)	✓	-	103.20	Monthly
 US	16:00	Pending Home Sales (MoM) (Feb)	✓✓	-0.50%	4.60%	Monthly
 US	16:00	Fed's Bowman Discusses Agriculture and Community Banking	✓	-	-	As scheduled
 US	16:00	Pending Home Sales (YoY) (Feb)	✓	-3.00%	-3.20%	Monthly
 US	17:00	Kansas City Fed Manufacturing Activity (Mar)	✓✓✓	0.00	1.00	Monthly
 Eurozone	17:45	Irish central bank Deputy Governor Donnelly Speaks in Paris	✓	-	-	As scheduled
 US	19:15	Fed's Williams Visits Puerto Rico	✓	-	-	As scheduled
 US	23:20	Fed's Bullard Speaks at Madison, Wisconsin	✓	-	-	As scheduled
 South Africa	-	SARB Interest Rate Decision	✓✓	6.75%	6.75%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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