

ONE Minute Brief

18 April 2019

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Economic and political news

In South Africa (SA), the consumer price index (CPI) rose 4.5% on a yearly basis in March, compared to a rise of 4.1% in the prior month. Annual retail sales climbed 1.1% on an annual basis in February, compared to an advance of 1.2% in the previous month.

The South African Reserve Bank (SARB) warned that SA's economic growth would shrink by at least 1.1% in 2019 and would witness job losses of up to 125,000, if electricity blackouts persist throughout the year.

The Association of Mineworkers and Construction Union (AMCU) has agreed to a wage settlement with Sibanye-Stillwater for a 5.5% pay hike for the first year and 5.5% or the consumer inflation rate, whichever is the greater, in years two and three. Separately, Sibanye-Stillwater Chief Executive, Neal Froneman, revealed that the 5-month strike at its gold mines has cost the company around ZAR1.6bn in lost revenues.

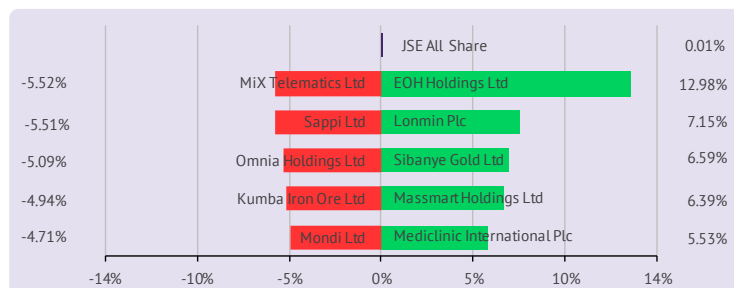
State arms firm, Denel indicated that it aims to close down production of parts for the Airbus A400M military aircraft over the next 6 to 18 months, in order to achieve an annual cost saving of around USD18.0mn.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and industrial sector stocks. The JSE All Share Index marginally rose to close at 58,908.31.

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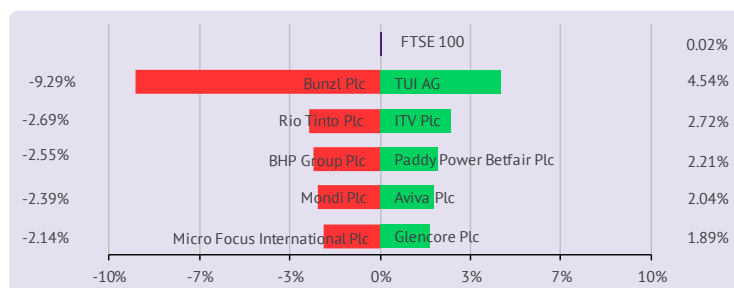


UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, supported by gains in banking sector stocks. The FTSE 100 Index marginally advanced to close at 7,471.32.

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Key indices

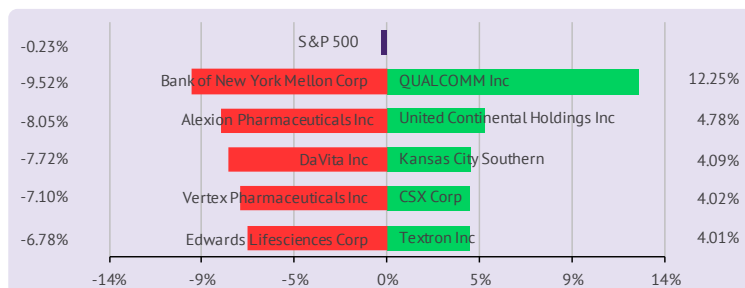
	As at 17 April 2019		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58908.31	▲	5.67	0.01	0.86	4.33	0.82	11.70
JSE Top 40 (ZAR)	52561.43	▼	-28.85	-0.05	0.81	4.55	1.22	12.49
FTSE 100 (GBP)	7471.32	▲	1.40	0.02	0.46	2.64	2.89	11.05
DAX 30 (EUR)	12153.07	▲	51.75	0.43	1.28	5.44	0.09	15.10
CAC 40 (EUR)	5563.09	▲	34.42	0.62	1.10	3.97	2.10	17.60
S&P 500 (USD)	2900.45	▼	-6.61	-0.23	-0.24	2.33	1.79	15.70
Nasdaq Composite (USD)	7996.08	▼	-4.15	-0.05	0.15	3.45	2.61	20.51
DJIA (USD)	26449.54	▼	-3.12	-0.01	0.14	2.01	0.05	13.38
MSCI Emerging Markets (USD)	1096.39	▲	2.84	0.26	0.67	3.62	0.68	13.51
MSCI Developed World (USD)	2160.94	▼	-2.14	-0.10	0.07	2.52	1.05	14.70

US Market ▼

The S&P 500 futures are trading in the red

US markets closed lower yesterday, as healthcare stocks plunged, amid debate over health-care reform. The S&P 500 Index dropped 0.2% to close at 2,900.45.

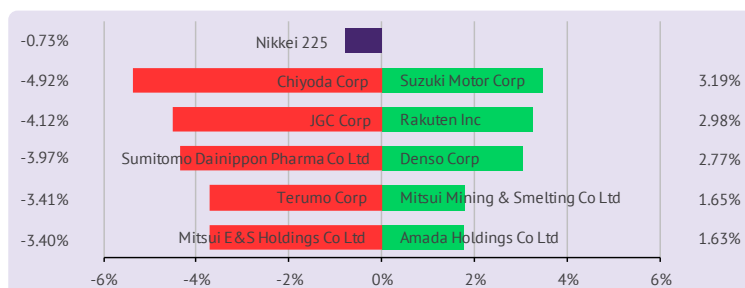
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Asian Market ▼

Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.7% lower at 22,114.70.



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R13.9997. Later today, traders will keep a close watch on the US advance retail sales data, initial jobless claims, the Philadelphia Fed business outlook, the leading index, business inventories, the Markit manufacturing and services PMI for further cues.

The US Dollar fell against the South African Rand yesterday, as upbeat Chinese growth data boosted risk appetite. Data indicated that the US MBA mortgage applications declined in the week ended 12 April 2019. Meanwhile, the nation's trade deficit unexpectedly narrowed to its lowest level since June 2018 in February. Separately, in SA, the CPI climbed in line with market expectations on an annual basis in March. Additionally, yearly retail sales recorded a rise in February.

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GBP ZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R18.2580. Ahead in the day, traders will keep an eye on UK's retail sales data for further indication.

The British Pound declined against the South African Rand yesterday, as UK's CPI registered a less-than-anticipated advance on a yearly basis in March. Moreover, the house price index advanced at its slowest pace since September 2012 on an annual basis in February. Further, the retail price index climbed less than market forecast on a yearly basis in March. On the other hand, the nation's annual producer price index (PPI) jumped more than market forecast in March.

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EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R15.8125. Going forward, market participants will keep a tab on the Markit manufacturing and services PMI across the Eurozone and Germany's PPI for further direction.

The Euro weakened against the South African Rand yesterday. Data indicated that the Eurozone's inflation slowed to its lowest level in a year in February. Moreover, trade surplus widened to an 11-month high level in February. Meanwhile, the region's current account surplus narrowed in February.

AUD ZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.0498. Earlier in the session, Australia's NAB business confidence index dropped in the first quarter of 2019. Moreover, unemployment rate advanced at par with market forecast in March.

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	13.9997	▲	-0.32	0.16	-3.53	2.96	-2.50
GBPZAR	18.2580	▲	-0.34	0.00	-3.43	1.15	-0.41
EURZAR	15.8125	▲	-0.20	0.06	-2.90	1.59	-4.00
AUDZAR	10.0498	▲	-0.27	0.19	-2.43	3.00	-0.81
EURUSD	1.1294	▼	0.13	-0.03	0.70	-1.35	-1.49
GBPUSD	1.3040	▼	-0.04	-0.24	0.06	-1.72	2.27
Brent (\$/barrel)	71.6	▼	-0.14	0.10	5.98	1.92	33.12
Gold (\$/oz)	1274.3	▲	-0.03	-1.43	-1.61	-1.76	-0.71
Platinum (\$/oz)	886.8	-	0.75	-0.72	4.46	-3.01	11.42
Copper (\$/MT)*	6537.0	▲	1.05	1.14	0.78	-1.05	9.88

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.2% to trade at \$1,274.30/oz.

Yesterday, gold prices marginally fell to close at \$1,272.20/oz, as better-than-expected economic data from China eased concerns over global growth.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$71.57/bL.

Yesterday, Brent crude oil dropped 0.1% to settle at \$71.62/bL, amid uncertainty over global crude oil production. Meanwhile, the Energy Information Administration reported that the US crude supplies fell by 1.4mn bls in the week ended 12 April 2019, recording its first drop in 4 weeks.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$886.80/oz.

Yesterday, platinum prices climbed 0.8% to close at \$886.80/oz.

Major South African corporate news

BHP Group Plc

In its operational review for 9M19, the company stated that production guidance for FY19 remains unchanged for petroleum, copper, metallurgical coal and energy coal. Iron ore production guidance decreased to between 265.00 and 270.00 Mt, reflecting impacts of the tropical cyclone, Veronica. Total petroleum production was steady at 92.00 MMboe. Petroleum guidance for FY19 remains unchanged at between 113.00 and 118.00 MMboe, with volumes expected to be towards the upper end of the guidance range.

Clicks Group Limited

In its 1H19 results, the company announced that revenues rose 6.6% to ZAR16.25bn from ZAR15.24bn posted in the previous year. Its diluted EPS increased 13.2% to 300.20c, compared to 265.20c in the prior year. The company has declared an interim dividend of 118.00c per share for the period.

Massmart Holdings Limited

In its sales update for the 13 weeks ended 31 March 2019, the company indicated that total sales amounted to ZAR21.80bn, which is an increase of 5.8% over the prior year. Comparable store sales increased by 4.0% with product inflation estimated at 1.7%.

Mediclinic International Plc

In its FY19 trading update, the company indicated that revenues increased by around 3.5% and EBITDA decreased by around 1.5% for the period. The company expects adjusted EPS to be around 27.00p. The company maintains enough financing flexibility to fund continued investment in business and for incremental growth.

Royal Bafokeng Platinum Limited

In its 1Q19 production report, the company stated that total tonnes delivered to concentrators increased by 17.3% to 862.00kt with total tonnes milled increasing by 11.6% to 846.00kt compared with the same period of the previous year. Platinum production advanced by 13.6% to 59.40koz and 4E metal production increased by 12.6% to 91.30koz during the period. Moreover, Bafokeng Rasimone Platinum Mine delivered tonnes decreased by 10.00kt to 525.00kt, primarily as a result of the increase in safety-related stoppages.

Major global economic news

US

The Federal Reserve Beige Book reported that economic activity in the US expanded at a "slight-to-moderate" pace in March and early April, despite strengthening in a few regions. Additionally, the report indicated that labour market remained tight and trade-related uncertainty weighed on the manufacturing activity. On the outlook front, the Fed stated that there was little change in the economic outlook, with contacts in reporting districts expecting slight-to-modest growth in the months ahead.

In the US, the MBA mortgage applications registered a drop of 3.5% on a weekly basis in the week ended 12 April 2019. The MBA mortgage applications had dropped 5.6% in the previous week.

In the US, trade deficit unexpectedly narrowed to USD49.40bn in February, compared to a deficit of USD51.10bn in the previous month.

Eurozone

In the Eurozone, the CPI climbed 1.4% on an annual basis in March, meeting market expectations. In the previous month, the CPI had risen 1.5%.

In February, seasonally adjusted current account surplus narrowed to EUR26.80bn. The Eurozone had registered a revised surplus of EUR37.10bn in the prior month.

In the Eurozone, seasonally adjusted trade surplus widened to EUR19.50bn in February, compared to a revised surplus of EUR17.40bn in the prior month.

UK

In the UK, the CPI rose 1.9% on an annual basis in March, less than market expectations. The CPI had registered a similar rise in the prior month.

In March, the non-seasonally adjusted output PPI advanced 2.4% on a yearly basis in the UK, more than market expectations. In the prior month, the output PPI had registered a revised similar rise.

In the UK, the house price index recorded a rise of 0.6% on a yearly basis in March. In the previous month, the index had advanced 1.7%.

In the UK, the retail price index climbed 2.4% on an annual basis in March, less than market forecast. In the previous month, the index had recorded a gain of 2.5%.

Asia

In Australia, the NAB business confidence index eased to -1.00 in 1Q19. In the prior quarter, the index had recorded a reading of 1.00.

In March, seasonally adjusted unemployment rate climbed to 5.0% in Australia, in line with market expectations and compared to a rate of 4.9% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Germany	08:00	Producer Price Index (MoM) (Mar)	✓✓✓	0.20%	-0.10%	Monthly
Germany	08:00	Producer Price Index (YoY) (Mar)	✓✓✓	2.70%	2.60%	Monthly
France	09:15	Markit Manufacturing PMI (Apr) (P)	✓✓✓	50.00	49.70	Monthly
France	09:15	Markit Services PMI (Apr) (P)	✓✓✓	49.80	49.10	Monthly
Germany	09:30	Markit Manufacturing PMI (Apr) (P)	✓✓✓	45.00	44.10	Monthly
Germany	09:30	Markit Services PMI (Apr) (P)	✓✓✓	55.00	55.40	Monthly
Eurozone	10:00	Markit Composite PMI (Apr) (P)	✓✓✓	51.80	51.60	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Apr) (P)	✓✓✓	48.00	47.50	Monthly
Eurozone	10:00	Markit Services PMI (Apr) (P)	✓✓✓	53.10	53.30	Monthly
UK	10:30	Retail Sales (MoM) (Mar)	✓✓✓	-0.40%	0.40%	Monthly
UK	10:30	Retail Sales (YoY) (Mar)	✓✓✓	4.60%	4.00%	Monthly
UK	10:30	Retail Sales ex-Fuel (MoM) (Mar)	✓✓✓	-0.30%	0.20%	Monthly
UK	10:30	Retail Sales ex-Fuel (YoY) (Mar)	✓✓✓	4.00%	3.80%	Monthly
UK	10:30	Bank of England Credit Conditions & Bank Liabilities Surveys	✓✓✓	-	-	As scheduled
US	14:30	Advance Retail Sales (MoM) (Mar)	✓✓✓	0.80%	-0.20%	Monthly
US	14:30	Philadelphia Fed Manufacturing Survey (Apr)	✓✓	11.00	13.70	Monthly
US	14:30	Retail Sales ex Autos (MoM) (Mar)	✓✓✓	0.70%	-0.40%	Monthly
US	14:30	Initial Jobless Claims (13-Apr)	✓✓✓	205.00K	196.00K	Weekly
US	14:30	Retail Sales Ex Auto & Gas (Mar)	✓✓✓	0.40%	-0.60%	Monthly
US	14:30	Retail Sales "Control Group" (MoM) (Mar)	✓✓	0.40%	-0.20%	Monthly
US	15:45	Markit Composite PMI (Apr) (P)	✓✓✓	-	54.60	Monthly
US	15:45	Markit Services PMI (Apr) (P)	✓✓✓	55.00	55.30	Monthly
US	15:45	Markit Manufacturing PMI (Apr) (P)	✓✓✓	52.80	52.40	Monthly
US	16:00	Business Inventories (Feb)	✓	0.30%	0.80%	Monthly
US	16:00	Leading Indicator (MoM) (Mar)	✓✓✓	0.40%	0.20%	Monthly
US	18:10	Fed's Bostic Speaks at an Economic Roundtable Event in Florida	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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