

ONE Minute Brief

26 April 2019

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Economic and political news

In South Africa (SA), the producer price index (PPI) rose 6.2% on a yearly basis in March, more than market expectations and compared to a rise of 4.7% in the previous month.

Reinstated Public Investment Corporation (PIC) Company Secretary, Bongani Mathebula, stated that she might take legal action against the corporation after she was given a final written warning.

The Association of Mineworkers and Construction Union (Amcu) stated that it will fight against its deregistration, after the labour relations registrar, Lehlohonolo Molefe, issued a gazetted notice against the union.

A news report indicated that senior members of the Democratic Alliance are considering splitting to form a new party, amid disputes about its policy direction.

Key indices

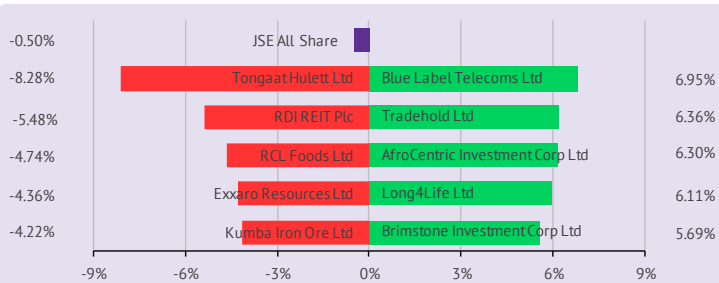
	As at 25 April 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58807.07	▼ -295.61	-0.50	-0.70	4.15	0.82	11.51
JSE Top 40 (ZAR)	52470.36	▼ -315.21	-0.60	-0.76	4.37	1.22	12.29
FTSE 100 (GBP)	7434.13	▼ -37.62	-0.50	-0.35	2.13	2.89	10.49
DAX 30 (EUR)	12282.60	▼ -30.56	-0.25	0.49	6.56	0.09	16.32
CAC 40 (EUR)	5557.67	▼ -18.39	-0.33	-0.41	3.87	2.10	17.48
S&P 500 (USD)	2926.17	▼ -1.08	-0.04	0.73	3.24	1.79	16.73
Nasdaq Composite (USD)	8118.68	▲ 16.67	0.21	1.51	5.04	2.61	22.36
DJIA (USD)	26462.08	▼ -134.97	-0.51	-0.37	2.06	0.05	13.44
MSCI Emerging Markets (USD)	1076.71	▼ -7.80	-0.72	-1.45	1.76	0.68	11.47
MSCI Developed World (USD)	2165.36	▼ -3.45	-0.16	0.23	2.73	1.05	14.94

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid ongoing global trade tensions and led by losses in industrial and resources sector stocks. The JSE All Share Index fell 0.5% to close at 58,807.07.

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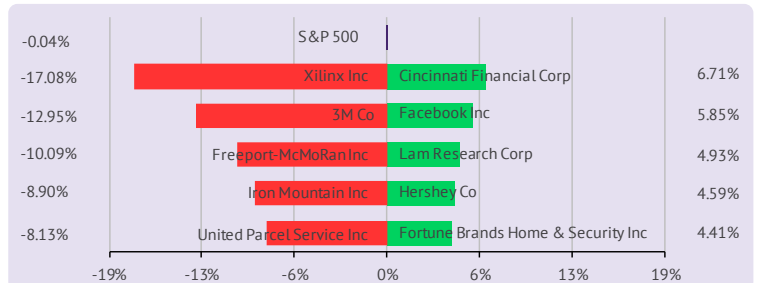


US Market ▼

US markets closed mostly lower

US markets closed mostly lower yesterday, led by losses in manufacturing sector stocks and as 3M's stocks fell, following dismal earnings report. The S&P 500 Index marginally dropped to close at 2,926.17. Today, the S&P 500 futures are trading lower.

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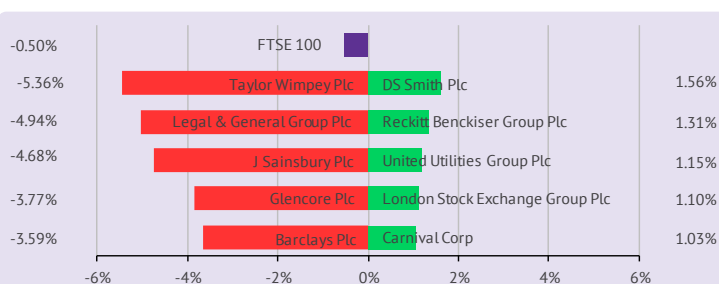


UK Market ▼

UK markets closed in the red

UK markets finished lower yesterday, after the proposed merger between Sainsbury and ASDA was blocked by UK's competition regulator and as Taylor Wimpey warned over lower full-year margins. The FTSE 100 Index declined 0.5% to close at 58,807.07. Today, the FTSE 100 futures are trading higher.

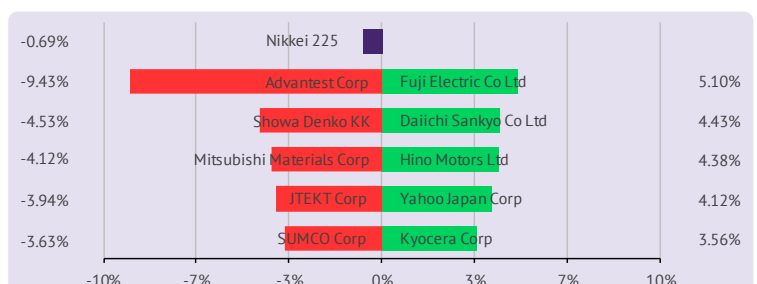
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Asian Market ▼

Trading mostly weaker

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.7% lower at 22,154.33.



USD ZAR ▲

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.4% against the South African Rand to trade at R14.3646. Later today, traders will keep a close watch on the US gross domestic product and the Michigan consumer sentiment index for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US durable goods orders jumped more than market forecast in March, notching its highest level in 7 months. Meanwhile, the nation's initial jobless claims climbed more than market expectations in the week ended 20 April 2019, recording its highest level in nearly two years. Additionally, the Kansas Fed manufacturing activity index declined more than market anticipations in April. Separately, in SA, the PPI recorded a more-than-expected rise on an annual basis in March, marking its highest since November 2018.

GBP ZAR ▲

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.4% against the South African Rand to trade at R18.5333. Ahead in the day, traders will keep an eye on UK's BBA loans for house purchase for further cues.

The British Pound declined against the South African Rand yesterday, as Brexit deadlock continued to weigh on the Sterling. On the macro front, UK's CBI total trends orders advanced in April.

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EUR ZAR ▲

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.3% weaker against the South African Rand at R15.9970. Amid no major economic news in the Eurozone today, investor sentiment will be determined by global macroeconomic factors.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R10.0856. Earlier in the session, Australia's PPI advanced on a yearly basis in the first quarter of 2019.

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	14.3646	▲	-0.12	2.55	-0.57	2.96	0.50
GBPZAR	18.5333	▲	-0.13	1.85	-1.55	1.15	1.52
EURZAR	15.9970	▲	-0.34	1.40	-1.36	1.59	-2.48
AUDZAR	10.0856	▲	-0.15	0.61	-1.70	3.00	-0.07
EURUSD	1.1136	▼	-0.21	-1.00	-0.77	-1.35	-2.92
GBPUSD	1.2901	▼	-0.02	-0.72	-1.04	-1.72	1.14
Brent (\$/barrel)	74.1	▼	-0.30	3.31	10.02	1.92	38.20
Gold (\$/oz)	1281.7	▲	0.02	0.31	-1.33	-1.76	-0.43
Platinum (\$/oz)	885.3	▼	0.16	-1.61	4.29	-3.01	11.23
Copper (\$/MT)*	6358.5	▼	-1.34	-1.58	-1.97	-1.05	6.88

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.5% to trade at \$1,281.70/oz.

Yesterday, gold prices marginally rose to close at \$1,275.80/oz, as a decline in global equities and disappointing economic data from the US raised demand appeal for the commodity. However, a firmer US dollar limited gains in the dollar denominated commodity.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.3% to trade at \$74.12/bl, amid speculation that Organisation of the Petroleum Exporting Countries will increase output to compensate for a decline in exports from Iran on the back of tightening of sanctions on Tehran by the US.

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Yesterday, Brent crude oil dropped 0.3% to settle at \$74.35/bl, after Russia suspended crude exports to Europe.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$885.30/oz.

Yesterday, platinum prices climbed 0.2% to close at \$885.30/oz.

Major South African corporate news

Anglo American Platinum Limited

In its 1Q19 production report, the company indicated that total platinum group metals (PGM) production decreased 6.0% to 998,900.00oz, due to the once-off benefit of the additional ore stockpile which increased production at Mototolo and Unki in 1Q18, as well as Eskom power disruptions and operational challenges across the portfolio in the quarter. Own managed mines PGM production increased 4.0% to 601,000.00oz, due to the inclusion of Mototolo. Further, PGM sales volumes declined by 21.0% to 884,900.00oz. The company's 2019 production guidance remains unchanged at 4.20mn to 4.50mn PGM ounces.

Kumba Iron Ore Limited

In its 1Q19 production and sales report, the company indicated that total sales of 10.90Mt were in line with that of 1Q18, with export sales rising by 2.0% to 10.10Mt. Total production volumes fell by 12.0%, compared to the same period of the previous year. Moreover, the company's total finished stock reduced to 4.20Mt, from 5.30Mt as at 31 December 2018.

Gold Fields Limited

In its 1Q19 operational update, the company stated that attributable equivalent gold production for the quarter was 11.0% higher YoY at 542.00koz. All-in sustaining costs were largely steady YoY at \$963.00/oz and all-in costs were 6.0% lower YoY at USD1,080.00/oz. The company anticipates attributable equivalent gold production to be 4.0% to 7.0% higher in 2019. The company's net debt stood at USD1.61bn.

Major global economic news

Asia

In Japan, vehicle production recorded a rise of 0.9% on an annual basis in February. In the prior month, vehicle production had advanced 7.0%.

In Japan, Tokyo consumer price index (CPI) advanced 1.4% on a yearly basis in April, more than market expectations. In the previous month, Tokyo CPI had climbed 0.9%.

In Japan, unemployment rate rose more-than-expected to 2.5% in March, compared to 2.3% in the previous month.

In Japan, flash industrial production unexpectedly fell by 0.9% on a monthly basis in March. In the prior month, industrial production had recorded a rise of 0.7%.

In March, retail trade climbed 0.2% on a monthly basis in Japan. Retail trade had registered a similar rise in the previous month.

In Australia, the PPI recorded a rise of 1.9% on an annual basis in 1Q19. In the previous quarter, the PPI had advanced 2.0%.

US

In the US, preliminary durable goods orders recorded a rise of 2.7% on a monthly basis in March, more than market expectations. Durable goods orders had registered a drop of 1.6% in the previous month.

In the US, seasonally adjusted initial jobless claims registered a more-than-anticipated rise to 230.00K in the week ended 20 April 2019. Initial jobless claims had registered a revised reading of 193.00K in the prior week.

In the US, the Kansas City Fed manufacturing activity index registered a more-than-expected drop to 5.00 in April. In the prior month, the index had registered a level of 10.00.

UK

In the UK, the CBI total trends orders recorded a rise of 2.00 in April, compared to a reading of 1.00 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	1:30	Job-To-Applicant Ratio (Mar)	✓✓✓	1.63*	1.63	Monthly
Japan	1:30	Tokyo CPI ex Fresh Food (YoY) (Apr)	✓✓✓	1.30%*	1.10%	Monthly
Japan	1:30	Unemployment Rate (Mar)	✓✓✓	2.50%*	2.30%	Monthly
Japan	1:30	Tokyo Consumer Price Index (YoY) (Apr)	✓✓✓	1.40%*	0.90%	Monthly
Japan	1:30	Tokyo CPI ex Food, Energy (YoY) (Apr)	✓✓✓	0.90%*	0.70%	Monthly
Japan	1:50	Retail Trade (YoY) (Mar)	✓✓✓	1.00%*	0.40%	Monthly
Japan	1:50	Retail Trade s.a. (MoM) (Mar)	✓✓✓	0.20%*	0.20%	Monthly
Japan	1:50	Industrial Production (MoM) (Mar) (P)	✓✓✓	-0.90%*	0.70%	Monthly
Japan	1:50	Industrial Production (YoY) (Mar) (P)	✓✓✓	-4.60%*	-1.10%	Monthly
Japan	1:50	Large Retailer's Sales (Mar)	✓✓✓	0.60%*	-1.80%	Monthly
Japan	6:00	Vehicle Production (YoY) (Feb)	✓✓✓	0.90%*	7.00%	Monthly
Japan	7:00	Construction Orders (YoY) (Mar)	✓✓✓	-	-3.40%	Monthly
Japan	7:00	Annualised Housing Starts (Mar)	✓✓✓	0.95mn units	0.97mn units	Monthly
UK	10:30	BBA Mortgage Approvals (Mar)	✓✓	-	35.30 K	Monthly
UK	12:00	CBI Distributive Trades Survey - Realised (Apr)	✓✓✓	-	-18.00%	Monthly
US	14:30	Wholesale Inventories (MoM) (Mar) (P)	✓✓✓	-	0.20%	Monthly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q1) (P)	✓✓✓	1.20%	1.70%	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q1) (P)	✓✓	2.20%	2.20%	Quarterly
US	14:30	Personal Consumption (QoQ) (Q1) (P)	✓✓✓	1.00%	2.50%	Quarterly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q1) (P)	✓✓✓	1.30%	1.80%	Quarterly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Apr) (F)	✓✓✓	97.00	96.90**	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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