

ONE Minute Brief

22 May 2019

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Economic and political news

In South Africa (SA), leading indicator unexpectedly dropped to a level of 104.50 in March, compared to a reading of 104.90 in February.

Public Enterprises Minister, Pravin Gordhan, has stated that the nation's mining companies must reverse recent decisions to cut jobs, so as to help revive the economy and boost investor confidence.

Justice Minister, Michael Masutha, indicated that Mozambique's former finance minister, Manuel Chang, will be extradited to his home country where he is wanted on charges related to a debt scandal.

The African National Congress (ANC) in North West has appointed SA National Civic Organisation (Sanco) provincial chairman, Paul Sebego, as the new chief whip, replacing Raymond Elisha.

Former Speaker, Baleka Mbete and ex-Minister, Malusi Gigaba have removed their names from the list of ANC MPs to be sworn-in later today.

The national Chairperson of the Good party, Nthabiseng Lephoko, has resigned from her position.

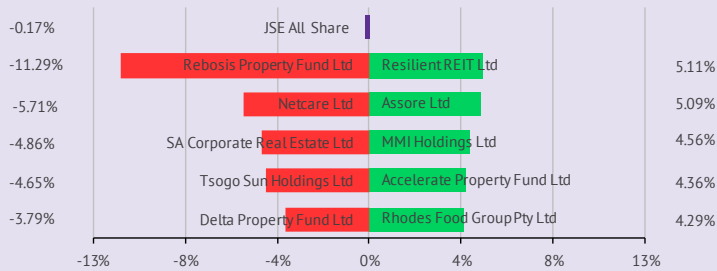
Nigeria's Communications Commission stated that telecom major, MTN has paid NGN275bn toward a NGN330bn fine imposed on it for not disconnecting unregistered SIM cards.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in retail and banking sector stocks. Data showed that leading indicator unexpectedly fell in March. The JSE All Share Index fell 0.2% to close at 55,523.95.

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UK Market ▲

UK markets closed firmer

UK markets finished higher yesterday, following a proposed parliamentary vote on a second Brexit referendum. Data showed that UK's CBI total trend orders unexpectedly dropped in May. The FTSE 100 Index advanced 0.3% to close at 7,328.92. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

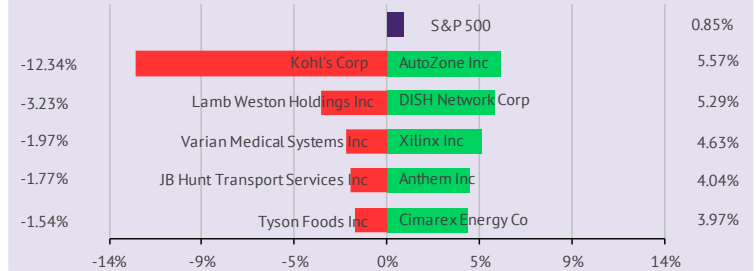
	As at 21 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	55523.95	▼ -93.02	-0.17	-1.17	-5.13	3.66	5.28
JSE Top 40 (ZAR)	49486.29	▼ -64.86	-0.13	-1.19	-5.33	3.98	5.91
FTSE 100 (GBP)	7328.92	▲ 18.04	0.25	-0.27	-1.20	1.91	8.93
DAX 30 (EUR)	12143.47	▲ 102.18	0.85	-0.78	-1.63	7.10	15.01
CAC 40 (EUR)	5385.46	▲ 26.87	0.50	-0.97	-3.60	4.41	13.84
S&P 500 (USD)	2864.36	▲ 24.13	0.85	0.17	-2.77	3.93	14.26
Nasdaq Composite (USD)	7785.72	▲ 83.35	1.08	-0.39	-3.83	4.74	17.34
DJIA (USD)	25877.33	▲ 197.43	0.77	0.44	-2.69	2.56	10.93
MSCI Emerging Markets (USD)	998.97	▲ 4.89	0.49	0.26	-7.44	1.99	3.42
MSCI Developed World (USD)	2117.66	▲ 13.02	0.62	0.05	-2.80	3.37	12.41

US Market ▲

US markets closed in the green

US markets closed higher yesterday, boosted by gains in technology sector stocks, after the US temporarily eased restrictions on Chinese telecom company, Huawei. Data indicated that the US monthly existing home sales unexpectedly fell in April. The S&P 500 Index climbed 0.9% to close at 2,864.36. Today, the S&P 500 futures are trading weaker.

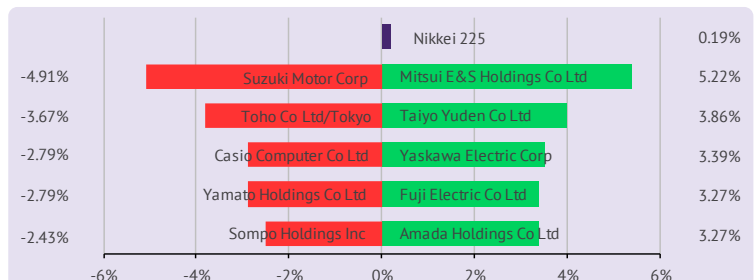
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that Japan's trade surplus narrowed more-than-anticipated in April. The Nikkei 225 Index is trading 0.2% higher at 21,313.93.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar slightly climbed against the South African Rand to trade at R14.4003. Later today, traders will keep a close watch on the FOMC meeting minutes and the US MBA mortgage applications for further direction.

The US Dollar rose against the South African Rand yesterday, as the US lifted some sanctions on Chinese telecoms giant, Huawei. On the macro front, the US existing home sales registered an unexpected decline for a second consecutive month on a monthly basis in April. Separately, in SA, leading indicator unexpectedly dropped in March.

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GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.1% against the South African Rand to trade at R18.3137. Ahead in the day, traders will keep an eye on the UK's house price index, public sector net borrowing, consumer and producer price indices for the further cues.

The British Pound declined against the South African Rand yesterday, after Chancellor, Philip Hammond, warned over the potential impact of no-deal Brexit on the economy. On the data front, the UK's CBI total trend orders recorded an unexpected drop in May.

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EUR ZAR ▼

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R16.0734. Going forward, market participants will keep a tab on the European Central Bank President, Mario Draghi's speech for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that the Eurozone's consumer confidence index climbed more than market forecast to a 7-month high level in May.

AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R9.9101. Earlier in the session, Australia's Westpac leading index recorded a fall on a monthly basis in April.

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	14.4003	▼	0.05	-0.25	0.67	-1.40	0.33
GBPZAR	18.3137	▼	-0.08	-0.31	-1.86	-1.36	-0.17
EURZAR	16.0734	▼	0.00	-0.22	0.17	-1.44	-2.39
AUDZAR	9.9101	▼	-0.30	0.05	-1.70	-2.06	-2.12
EURUSD	1.1161	=	-0.04	0.03	-0.48	-0.03	-2.67
GBPUSD	1.2715	▼	-0.16	-0.14	-2.50	-0.02	-0.38
Brent (\$/barrel)	71.8	▼	0.29	-0.04	0.17	6.63	34.16
Gold (\$/oz)	1273.7	▲	-0.32	-0.20	-0.97	-0.56	-0.63
Platinum (\$/oz)	813.8	▼	0.15	-0.60	-8.56	5.04	2.45
Copper (\$/MT)*	5965.0	▼	-0.65	-1.13	-7.18	-0.92	0.27

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices are trading marginally higher at \$1,273.70/oz.

Yesterday, gold prices fell 0.3% to close at \$1,273.20/oz, as strength in the US Dollar dented demand for the precious yellow metal.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.5% to trade at \$71.80/bl, after the American Petroleum Institute reported that crude oil inventories climbed by 2.4mn bls in the week ended 17 May 2019.

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Yesterday, Brent crude oil advanced 0.3% to settle at \$72.18/bl, amid rising geopolitical tensions between US and Iran.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$813.80/oz.

Yesterday, platinum prices climbed 0.2% to close at \$815.40/oz.

Major South African corporate news

Coronation Fund Managers Limited

In its 1H19 results, the company announced that revenues fell to ZAR1.63bn from ZAR2.08bn posted in the corresponding period of the previous year. Its diluted EPS decreased 26.0% to 165.10c from 223.40c reported in the prior year. The company has declared an interim dividend of 165.00c per share.

Reinet Investments SCA

In its FY19 results, the company announced that its net asset value decreased 5.8% to EUR4.80bn compared to corresponding period of previous year. The company invested a total amount of EUR250.00mn in new and existing portfolio assets. The company proposed a dividend of EUR0.19 per share.

MMI Holdings Limited

In its 9M19 operational update, the company revealed that its diluted normalised HEPS increased by 19.0% to ZAR2.40bn relative to the prior period, as a result of solid profitability in Momentum Life, the contribution from large corporate deals and improved group risk underwriting secured in Momentum Corporate. The present value of new business premiums rose 11.0%, compared to the same period of last year.

Major global economic news

Asia

In Japan, merchandise (total) trade surplus narrowed more-than-expected to JPY60.40bn in April, compared to a surplus of JPY528.50bn in the prior month.

In Japan, machinery orders advanced 3.8% on a monthly basis in March. In the previous month, machinery orders had climbed 1.8%.

In Australia, the Westpac leading index dropped 0.09% on a monthly basis in April. In the previous month, the index had advanced by a revised 0.28%.

Eurozone

The Organisation for Economic Co-operation and Development (OECD), in its latest report, slashed the global growth forecast for 2019 to 3.2% from 3.3% forecasted in March, citing the escalation in trade wars. The global outlook for 2020 was maintained at 3.4%. According to the report, the US economy is forecasted to grow 2.8% in 2019 before slowing to 2.3% in 2020. Growth in euro area is estimated at 1.2% this year and 1.4% for the next year. Moreover, Britain's growth is forecasted to climb 1.2% in 2019 and 1.0% in 2020. Meanwhile, China's growth is expected to ease to 6.2% in 2019 and to 6% in the next year.

In the Eurozone, the flash consumer confidence index advanced to -6.50 in May, more than market expectations. The consumer confidence index had recorded a level of -7.90 in the previous month.

UK

In the UK, balance of firms reporting total order book above normal unexpectedly eased to -10.00 in May, compared to a reading of -5.00 in the previous month.

US

In the US, existing home sales unexpectedly dropped by 0.4% on a monthly basis to a level of 5.19 million in April, compared to a level of 5.21 million in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Machinery Orders (MoM) (Mar)	✓	3.80%*	1.80%	Monthly
Japan	01:50	Adjusted Merchandise Trade Balance (Apr)	✓✓✓	-JPY110.90bn*	-JPY177.80bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Apr)	✓✓✓	JPY60.40bn*	JPY528.50bn	Monthly
Japan	01:50	Machinery Orders (YoY) (Mar)	✓✓	-0.70%*	-5.50%	Monthly
Japan	03:30	BoJ's Harada speech	✓✓	-	-	As scheduled
US	07:00	Fed's Bullard Speaks in Hong Kong on U.S. Economic Outlook	✓	-	-	As scheduled
Eurozone	09:30	ECB President Draghi Speaks in Frankfurt	✓✓✓	-	-	As scheduled
South Africa	10:00	Consumer Price Index (MoM) (Apr)	✓✓	0.70%	0.80%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Apr)	✓✓	4.50%	4.50%	Monthly
UK	10:30	Public Sector Net Cash Requirement (Apr)	✓✓	-	GBP8.87bn	Monthly
UK	10:30	Consumer Price Index (MoM) (Apr)	✓✓✓	0.70%	0.20%	Monthly
UK	10:30	Consumer Price Index (YoY) (Apr)	✓✓✓	2.20%	1.90%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (MoM) (Apr)	✓	0.30%	0.30%	Monthly
UK	10:30	Producer Price Index - Output n.s.a. (YoY) (Apr)	✓✓	2.30%	2.40%	Monthly
UK	10:30	Retail Price Index (Apr)	✓	287.60	285.10	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (MoM) (Apr)	✓	1.30%	-0.20%	Monthly
UK	10:30	Producer Price Index - Input n.s.a. (YoY) (Apr)	✓	4.50%	3.70%	Monthly
UK	10:30	Retail Price Index (MoM) (Apr)	✓✓✓	0.90%	0.00%	Monthly
UK	10:30	Public Sector Net Borrowing (Apr)	✓✓	GBP5.10bn	GBP0.84bn	Monthly
Eurozone	10:30	ECB's Visco Speaks at Confindustria Event in Rome	✓	-	-	As scheduled
US	10:30	Fed's Williams Hosts Economic Press Briefing	✓	-	-	As scheduled
Eurozone	11:30	ECB Chief Economist Praet Speaks in Frankfurt	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (17-May)	✓	-	-0.60%	Weekly
US	16:00	Fed's Bostic Makes Opening Remarks at Dallas Fed Conference	✓	-	-	As scheduled
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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