

ONE Minute Brief

15 March 2018

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Economic and Political News

In South Africa (SA), the business confidence index rose to a level of 45.0 in 1Q18, compared to a level of 34.0 in the prior quarter.

Finance Minister, Nhlamhla Nene, stated that all three major sovereign credit ratings agencies - Fitch, S&P Global and Moody's - had welcomed SA's February budget and were confident about the recent political developments. He added that it was unclear if Moody's would cut its rating to "junk".

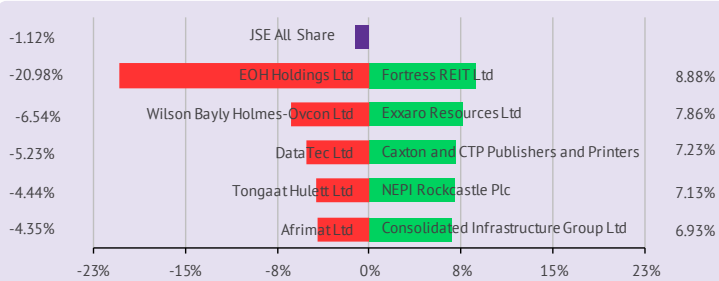
President, Cyril Ramaphosa, indicated that the government will ensure land reform takes place as a matter of urgency without harming agricultural production. He added that illegal land grabs would not be allowed. Separately, he indicated that nationalising mines could result in a burden on the fiscal and that the new mining charter would benefit the industry as a whole.

Democratic Alliance (DA) leader, Mmusi Maimane has demanded that Zuma pay back over ZAR15.0mn in taxpayers' money, which he used to fight personal legal battles. Meanwhile, President Ramaphosa stated that Zuma would pay his own legal costs if he is found guilty of the charges against him.

South Africa Market

South African markets closed lower

South African markets closed in the red yesterday, driven by losses in retail, banking and industrial sector stocks. Data revealed that SA's business confidence improved in 1Q18. The JSE All Share Index fell 1.1% to close at 58,423.17.



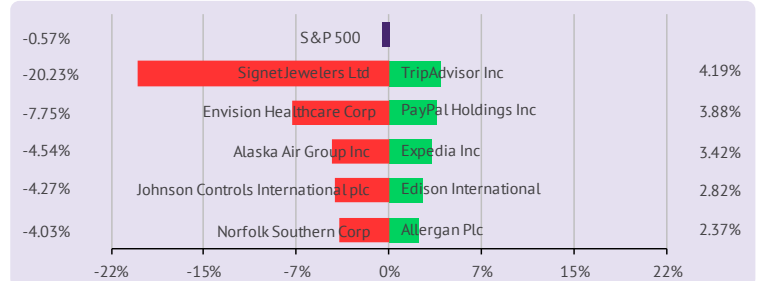
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	58423.17	▼ -661.34	-1.12%	-1.26%	0.17%	-1.98%	-1.82%
JSE Top 40	51788.83	▼ -582.67	-1.11%	-1.07%	0.79%	-2.34%	-1.42%
FTSE 100	7132.69	▼ -6.09	-0.09%	-1.27%	-1.37%	-4.00%	-7.22%
DAX 30	12237.74	▲ 16.71	0.14%	-0.88%	-1.59%	-5.71%	-5.26%
CAC 40	5233.36	▼ -9.43	-0.18%	-0.78%	-1.64%	-2.94%	-1.49%
S&P 500	2749.48	▼ -15.83	-0.57%	-1.33%	1.31%	-3.89%	2.84%
Nasdaq Composite	7496.81	▼ -14.20	-0.19%	-0.85%	3.08%	-1.87%	8.60%
DJIA	24758.12	▼ -248.91	-1.00%	-2.28%	-1.08%	-4.28%	0.16%

US Market

The S&P 500 futures are trading in the green

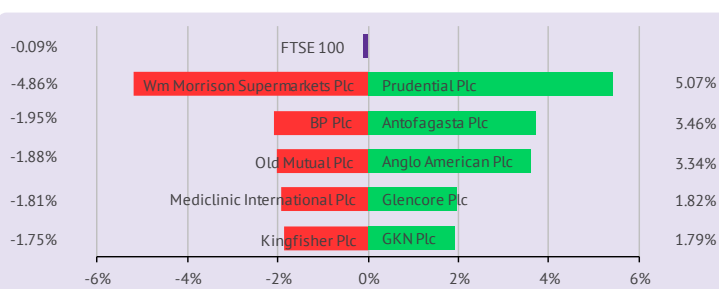
US markets closed lower yesterday, on rising geopolitical tensions. Data showed that the US producer price index (PPI) rose in line with market expectations on an annual basis in February. The S&P 500 Index dropped 0.6% to close at 2,749.48.



UK Market

The FTSE 100 futures are trading in positive territory

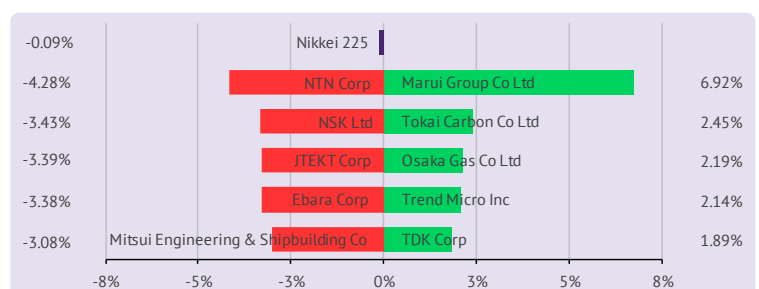
UK markets finished lower yesterday, amid trade war fears that pulled industrial sector stocks down. The FTSE 100 Index declined 0.1% to close at 7,132.69.



Asian Market

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.1% lower at 21,758.48.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R11.7682. Later today, traders will keep a close watch on the US NAHB housing market index and initial jobless claims for further direction.

The US Dollar fell against the South African Rand yesterday, on concerns over global trade tensions and US political turmoil. On the macro front, the US advance retail sales unexpectedly fell on a monthly basis in February. Meanwhile, the nation's PPI advanced at par with market anticipation on an annual basis in February. Additionally, business inventories rose in line with market forecast in January. Further, the MBA mortgage applications recorded a rise for the week ended 9 March 2018. Separately, in South Africa, the business confidence index advanced in 1Q18.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R16.4528. 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.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading marginally higher against the South African Rand at R14.5672. Amid no major economic news across the Eurozone, investor sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's industrial production dropped more than market expectations on a monthly basis in January. Separately, Germany's consumer price index (CPI) advanced at par with market expectations on an annual basis in February.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R9.2706. Earlier in the session, Australia's consumer inflation expectations registered an advance 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	11.7682	▼	-0.35%	-0.33%	-0.17%	-0.47%	-4.90%
GBPZAR	16.4528	▲	-0.38%	0.44%	1.27%	-3.41%	-1.69%
EURZAR	14.5672	▲	-0.55%	0.14%	1.24%	-2.22%	-1.98%
AUDZAR	9.2706	▼	-0.13%	0.06%	1.34%	-4.08%	-4.00%
EURUSD	1.2379	▲	-0.18%	0.50%	1.43%	-1.77%	3.02%
GBPUSD	1.3981	▲	0.00%	0.81%	1.47%	-3.04%	3.32%
Brent (\$/barrel)	64.9	▲	0.39%	-0.92%	0.25%	-6.04%	-2.96%
Gold (\$/oz)	1327.2	▲	-0.11%	0.12%	0.58%	-1.58%	1.24%
Platinum (\$/oz)	964.4	▲	-0.60%	-0.28%	-2.69%	-1.61%	2.92%
Copper (\$/MT)*	6952.8	▲	0.54%	0.22%	0.84%	-2.60%	-3.53%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.1% to trade at \$1,327.20/oz, as worries over trade tensions supported the safe haven commodity.

Yesterday, gold prices fell 0.1% to close at \$1,325.60/oz, as strength in the US Dollar dented demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil marginally rose to trade at \$64.92/bl, on strong global demand.

Yesterday, Brent crude oil advanced 0.4% to settle at \$64.89/bl. The Energy Information Administration (EIA) revealed a more-than-anticipated rise of 5.00mn bls in crude inventories last week, marking the biggest jump since late January.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.3% to trade at \$964.40/oz.

Yesterday, platinum prices dropped 0.6% to close at \$961.50/oz.



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Major South Africa Corporate News

EOH Holdings Limited

In its 1H18 trading statement, the company announced that HEPS from continuing operations is expected to be in the range of 312.00c to 333.00c, which is 20.0% to 25.0% lower compared to the same period of the prior year.

Grindrod Limited

In its FY17 trading statement, the company indicated that it expects loss for the period to be ZAR583.00mn, compared to ZAR1,908.00mn in 2016 and headline loss is likely to be ZAR356.00mn, compared to the ZAR460.00mn last year.

Major Global Economic News

US

In the US, advance retail sales registered an unexpected drop of 0.1% on a monthly basis in February, compared to a revised similar fall in the previous month.

In the US, PPI recorded a rise of 2.8% on an annual basis in February, meeting market expectations. In the previous month, PPI had advanced 2.7%.

In January, business inventories recorded a rise of 0.6% on a monthly basis in the US, in line with market expectations. In the previous month, business inventories had registered a revised similar rise.

In the US, mortgage applications advanced 0.9% on a weekly basis for the week ended March 9, 2018. Mortgage applications had recorded a rise of 0.3% in the prior week.

Eurozone

In the Eurozone, the seasonally adjusted industrial production recorded a more-than-expected drop of 1.0% on a monthly basis in January. In the previous month, industrial production had advanced 0.4%.

In Germany, the final CPI advanced 1.4% on an annual basis in February, meeting market expectations. The preliminary figures had also indicated an advance of 1.4%. In the prior month, the consumer price index had registered a rise of 1.6%.

Asia

In Australia, the consumer inflation expectations rose to a level of 3.7% in March. In the prior month, the consumer inflation expectations had registered a level of 3.6%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	06:00	Tokyo Condominium Sales (YoY) (Feb)	✓	7.80%*	39.70%	Monthly
South Africa	11:30	Gold Production (YoY) (Jan)	✓	-	-12.40%	Monthly
South Africa	11:30	Mining Production (YoY) (Jan)	✓✓	1.30%	0.10%	Monthly
US	14:30	Export Price Index (YoY) (Feb)	✓	-	3.40%	Monthly
US	14:30	Export Price Index (Feb)	✓	-	125.70	Monthly
US	14:30	Import Price Index (Feb)	✓	-	126.70	Monthly
US	14:30	NY Empire State Manufacturing Index (Mar)	✓✓	15.00	13.10	Monthly
US	14:30	Philadelphia Fed Manufacturing Survey (Mar)	✓✓	23.00	25.80	Monthly
US	14:30	Continuing Jobless Claims (03-Mar)	✓✓✓	1903.00K	1870.00K	Weekly
US	14:30	Initial Jobless Claims (10-Mar)	✓✓✓	228.00K	231.00K	Weekly
US	14:30	Export Price Index (MoM) (Feb)	✓	0.30%	0.80%	Monthly
US	14:30	Import Price Index (MoM) (Feb)	✓	0.20%	1.00%	Monthly
US	14:30	Import Price Index (YoY) (Feb)	✓	3.50%	3.60%	Monthly
US	16:00	NAHB Housing Market Index (Mar)	✓	72.00	72.00	Monthly
US	16:30	EIA Natural Gas Storage Change (09-Mar)	✓✓✓	-16.00Bcf	-57.00Bcf	Weekly
Eurozone	17:45	ECB's Lautenschlaeger speaks in Florence	✓	-	-	As scheduled
US	22:00	Net Long-Term TIC Flows (Jan)	✓✓	-	USD27.30bn	Monthly
US	22:00	Total Net TIC Flows (Jan)	✓	-	-USD119.30bn	Monthly
China	-	FDI - Foreign Direct Investment YTD (YoY) (Feb)	✓	-	0.30%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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