

ONE Minute Brief

21 May 2018

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Economic and political news

News reports indicated that the government and some public-sector unions have reached an agreement, allowing employees pay increases of 6% to 7% for 2018-19. The pay rise will be backdated from 1 April.

President, Cyril Ramaphosa, has assured the African National Congress volunteers that the party will address the issue of land and will expropriate land without compensation. Meanwhile, Ramaphosa urged that land redistribution is essential for the country's national unity.

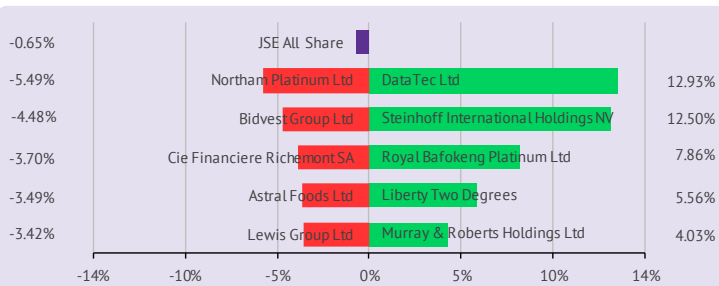
Eskom has evacuated all contractors at its Kusile power station, following a violent pay-related protest.

Democratic Alliance Eastern Cape Member of the Provincial Legislature, Veliswa Mvenya, has resigned from the party.

South Africa Market

South African markets closed lower

South African markets closed in the red on Friday, weighed down by losses in banking and retail sector stocks. The JSE All Share Index fell 0.7% to close at 57,804.33.



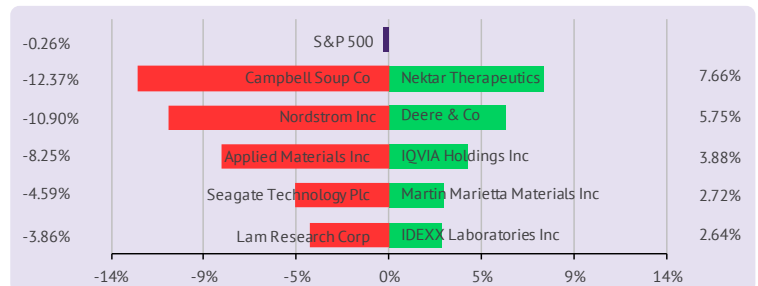
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	57804.33	▼ -379.92	-0.65	NA	-0.77	5.01	-2.86
JSE Top 40	51292.18	▼ -382.84	-0.74	NA	-0.25	5.38	-2.36
FTSE 100	7778.79	▼ -9.18	-0.12	NA	3.59	6.42	1.18
DAX 30	13077.72	▼ -36.89	-0.28	NA	3.69	4.26	1.24
CAC 40	5614.51	▼ -7.41	-0.13	NA	1.70	6.84	5.68
S&P 500	2712.97	▼ -7.16	-0.26	NA	2.45	0.27	1.47
Nasdaq Composite	7354.34	▼ -28.13	-0.38	NA	4.08	0.04	6.53
DJIA	24715.09	▲ 1.11	0.00	NA	2.28	0.25	-0.02
MSCI Emerging Markets	1137.75	▼ -6.32	-0.55	NA	-2.29	-0.55	-1.79
MSCI Developed World	2120.80	▼ -4.76	-0.22	NA	1.64	0.95	0.82

US Market

The S&P 500 futures are trading in the green

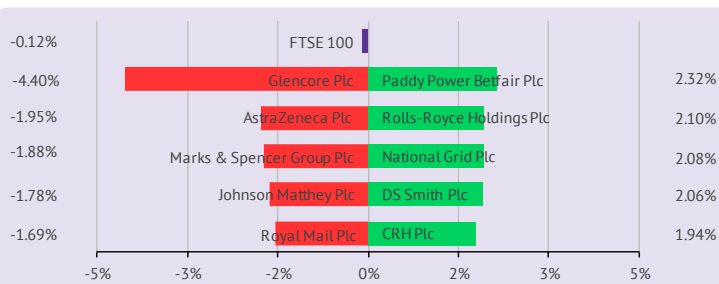
US markets closed mostly lower on Friday, amid persistent uncertainty over trade negotiations between the US and China. The S&P 500 Index dropped 0.3% to close at 2,712.97.



UK Market

The FTSE 100 futures are trading in positive territory

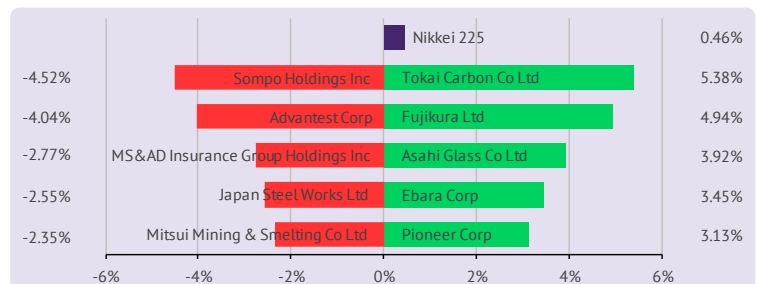
UK markets finished lower on Friday, as shares of AstraZeneca declined, following dismal earnings report and amid losses in mining sector stocks. The FTSE 100 Index declined 0.1% to close at 7,778.79.



Asian Market

Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.5% higher at 23,035.88.



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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 R12.7802. Later today, traders will keep a close watch on the US Chicago Fed national activity index for further direction.

The US Dollar rose against the South African Rand on Friday.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated 0.2% against the South African Rand to trade at R17.1695. On the data front, UK's Rightmove house price index recorded a rise on a monthly basis in May.

The British Pound advanced against the South African Rand on Friday.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R15.0154. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand on Friday. On the data front, Eurozone's trade surplus widened more than market expectations in March. Meanwhile, current account surplus narrowed to the lowest level in nine months in the same month. Separately, Germany's producer price index (PPI) recorded a more-than-anticipated rise on an annual basis in April.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R9.6157.

The Australian Dollar rose against the South African Rand on Friday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	12.7802	▲	1.25	NA	2.44	5.24	3.08
GBPZAR	17.1695	▼	0.94	NA	0.24	3.38	2.86
EURZAR	15.0154	▼	1.07	NA	-0.13	3.08	1.16
AUDZAR	9.6157	▲	1.31	NA	2.23	3.20	-0.74
EURUSD	1.1748	▼	-0.19	NA	-2.53	-2.00	-1.94
GBPUSD	1.3433	▼	-0.35	NA	-2.14	-1.80	-0.33
Brent (\$/barrel)	79.0	▲	-1.00	NA	5.11	7.72	17.41
Gold (\$/oz)	1288.1	▼	0.15	NA	-2.11	-0.27	-1.37
Platinum (\$/oz)	883.9	▼	-0.63	NA	-1.98	-2.47	-5.11
Copper (\$/MT)*	6825.3	▼	-0.46	NA	0.82	1.36	-5.30

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell 0.2% to trade at \$1,288.10/oz, as the dollar strengthened, after the US Treasury Secretary, Steven Mnuchin, stated that the US trade war with China was put "on hold".

On Friday, gold prices rose 0.2% to close at \$1,291.30/oz, reversing its previous session losses.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.6% higher to trade at \$78.98/bl.

On Friday, Brent crude oil dropped 1.0% to settle at \$78.51/bl, amid continuing worries over rising US crude production. Separately, Baker Hughes reported that US oil rig count remained unchanged at 844 last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.3% to trade at \$883.90/oz.

On Friday, platinum prices declined 0.6% to close at \$886.50/oz.

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Major South African corporate news

Consolidated Infrastructure Group Limited

In its 1H18 trading update, the company stated that it expects headline loss per share to be in the range of 411.00c to 422.00c and expects loss per share to be in the range of 611.00c to 622.00c. Further, the company announced that it has entered into an agreement with Fairfax Africa Investments Proprietary (FSA) for a ZAR300.00mn loan to be advanced by FSA to the company and a ZAR800.00mn non-renounceable rights offer to the company shareholders by FSA.

Lewis Group Limited

In its FY18 trading update, the company stated that it expects HEPS to be in the range of 288.10c to 312.10c, which is 22.0% to 28.0% lower compared to the corresponding period of the previous year. Further, it expects basic EPS to be in the range of 290.50c to 314.70c, which is a decline of 22.0% to 28.0%, compared to the same period of the prior year.

Liberty Holdings Limited

In its 1Q18 operational update, the company stated that its retail insurance operations declined 3.0% to ZAR1.50bn, compared to the same period of the preceding year. Further, the Liberty Corporate indexed new business increased to ZAR171.00mn compared to ZAR129.00mn in the comparative period.

Murray & Roberts Holdings Limited

The company along with Aveng Limited announced that it has reached a principle agreement regarding the proposed terms of a potential combination of the company's Oil & Gas and Underground Mining platforms with Aveng's McConnell Dowell and Moolmans businesses to form a large multinational engineering and construction group.

Steinhoff International Holdings NV

In its 1H18 update, the company announced that it expects that its retail operations to deliver revenues of EUR9.40bn compared to EUR9.30 recorded in the same period of the previous year. Further, the EBITDA margin for its retail operations is expected to be in the range of between 4.0% to 5.0%.

Telkom SA SOC Limited

In its FY18 trading statement, the company indicated that it expects HEPS to be in the range of 611.10c to 541.10c, which is 15.0% to 25.0% lower compared to the corresponding period of the previous year. Further, it expects basic EPS to be in the range of 628.00c to 554.10c, which is a decline of 15.0% to 25.0% compared to the same period of the prior year.

Major global economic news

Eurozone

In the Eurozone, the seasonally adjusted trade surplus widened more than market forecast to EUR21.20bn in March, following a revised surplus of EUR20.90bn in the previous month.

In March, the Eurozone registered a seasonally adjusted current account surplus of EUR32.00bn, compared to a revised surplus of EUR36.80bn in the prior month.

In Germany, the PPI advanced 2.0% on an annual basis in April, more than market expectations. In the prior month, the PPI had registered a rise of 1.9%.

UK

In the UK, the Rightmove house price index rose 0.8% on a monthly basis in May. In the previous month, the index had registered a gain of 0.4%.

Asia

In Japan, merchandise trade surplus narrowed less-than-expected to JPY626.00bn in April, compared to a revised surplus of JPY797.00bn in the previous month.

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40 best performers on the All Share Index

Company name	Last close	1 Week % change	MTD % change	YTD % change
Lewis Group Ltd	4100	-8.52%	-12.67%	60.69%
Clover Industries Ltd	1890	1.12%	-1.56%	46.63%
Murray & Roberts Holdings Ltd	1601	3.49%	2.83%	32.20%
JSE Ltd	19266	-4.01%	-1.46%	29.52%
Anglo American Plc	32000	3.99%	8.04%	28.06%
PPC Ltd	870	-1.92%	-0.57%	24.82%
Octodec Investments Ltd	2210	1.11%	5.68%	23.05%
BHP Billiton Plc	29747	4.93%	11.68%	21.98%
Netcare Ltd	2935	-1.34%	-5.29%	19.35%
Reunert Ltd	8147	0.05%	4.45%	18.78%
Emira Property Fund Ltd	1528	0.13%	-4.62%	18.77%
Clicks Group Ltd	21219	0.44%	-0.70%	18.67%
Sun International Ltd	6950	13.35%	26.60%	18.54%
Mondi Plc	35498	7.08%	8.74%	18.46%
Mondi Ltd	35400	6.72%	8.41%	17.70%
AECI Ltd	11374	-3.61%	-3.47%	17.28%
Santam Ltd	30699	-1.61%	-4.07%	17.18%
RCL Foods Ltd	1761	0.63%	-3.24%	16.78%
Nedbank Group Ltd	28948	-5.71%	-2.69%	15.78%
Echo Polska Properties NV	1870	-0.90%	-1.58%	15.15%
PSG Konsult Ltd	990	-1.49%	10.45%	14.75%
Sasol Ltd	48400	6.75%	8.04%	14.43%
Adcock Ingram Holdings Ltd	6575	-2.01%	-3.31%	14.13%
South32 Ltd	3757	2.99%	8.58%	13.61%
Accelerate Property Fund Ltd	580	-2.68%	-3.33%	12.62%
Raubex Group Ltd	2239	3.08%	8.16%	12.29%
Old Mutual Plc	4200	-2.21%	-3.23%	12.21%
Telkom SA SOC Ltd	5384	-3.03%	-5.24%	11.89%
Balwin Properties Ltd	570	-5.16%	-3.39%	11.76%
City Lodge Hotels Ltd	15750	-2.17%	-3.96%	10.79%
African Oxygen Ltd	3040	-0.13%	-0.16%	10.52%
Transaction Capital Ltd	1830	5.23%	4.45%	9.58%
Pick n Pay Stores Ltd	7600	-2.83%	-5.51%	9.26%
Mpact Ltd	2626	-3.46%	-8.50%	9.16%
Metair Investments Ltd	2230	0.13%	3.82%	7.79%
Shoprite Holdings Ltd	23651	-2.53%	-5.02%	7.76%
Investec Plc	9650	-1.13%	-3.13%	7.51%
Hammerson Plc	9428	1.44%	0.30%	7.43%
Redefine Properties Ltd	1145	-2.14%	-4.42%	7.01%
Mediclinic International Plc	11374	-1.10%	-1.71%	6.92%
JSE All Share Index	57804	-1.06%	-0.77%	-2.86%

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Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	Rightmove House Price Index (MoM) (May)	✓	0.80%*	0.40%	Monthly
UK	01:01	Rightmove House Price Index (YoY) (May)	✓	1.10%*	1.60%	Monthly
Japan	01:50	Exports (YoY) (Apr)	✓✓	7.80%*	2.10%	Monthly
Japan	01:50	Imports (YoY) (Apr)	✓✓	5.90%*	-0.60%	Monthly
Japan	01:50	Adjusted Merchandise Trade Balance (Apr)	✓✓✓	JPY550.00bn*	JPY119.20bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Apr)	✓✓✓	JPY626.00bn*	JPY797.00bn	Monthly
Japan	06:00	Tokyo Condominium Sales (YoY) (Apr)	✓	-14.60%*	6.10%	Monthly
Eurozone	09:00	ECB's Nowotny, CNB's Rusnik Speak at Conference in Prague	✓	-	-	As scheduled
Eurozone	10:00	EU Financial Stability Review	✓✓	-	-	As scheduled
US	14:30	Chicago Fed National Activity Index (Apr)	✓✓✓	0.48	0.10	Monthly
US	18:15	Fed's Bostic Speaks to Atlanta Economics Club	✓	-	-	As scheduled
US	20:05	Fed's Harker Speaks in New York	✓	-	-	As scheduled
US	23:30	FOMC Member Kashkari Speech	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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