

ONE Minute Brief

22 May 2018

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Economic and political news

In South Africa, the Experian business debt index recorded a reading of 0.36 in 1Q18, compared to a reading of 0.43 in the previous quarter.

News reports indicated that the South African government has agreed a three-year wage deal finalised by the Public Sector Co-ordinating Bargaining Council (PSCBC) on Friday. Meanwhile, a news report revealed that four unions, with close to 40% representation, have rejected the offer.

News reports indicated that the Presidency has agreed to abide by the North Gauteng High Court's ruling on whether former President, Jacob Zuma should pay his own legal bills.

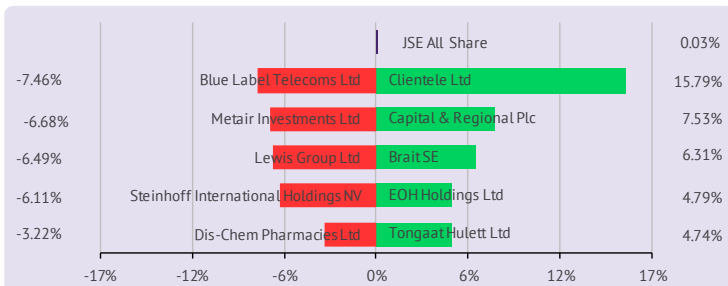
The African National Congress (ANC) has urged to test the current laws on expropriation of land without compensation. Meanwhile, the party also called for the expropriation bill and land redistribution bill to be passed immediately.

According to a news report, former Constitutional Court Justice Kate O'Regan will probably be removed as Chairwoman of the disciplinary inquiry into suspended South African Revenue Service (SARS) Boss Tom Moyane.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in resources, mining and financial sector stocks. The JSE All Share Index marginally rose to close at 57,821.20.



Key indices

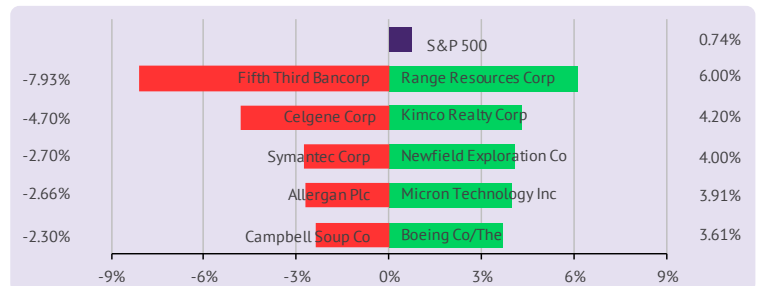
	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share	57821.20	▲	16.87	0.03	0.03	-0.74	5.01	-2.83
JSE Top 40	51310.87	▲	18.69	0.04	0.04	-0.21	5.38	-2.33
FTSE 100	7859.17	▲	80.38	1.03	1.03	4.66	6.42	2.23
DAX 30*	13077.72	▼	-36.89	-0.28	NA	3.69	4.26	1.24
CAC 40	5637.51	▲	23.00	0.41	0.41	2.12	6.84	6.12
S&P 500	2733.01	▲	20.04	0.74	0.74	3.21	0.27	2.22
Nasdaq Composite	7394.04	▲	39.70	0.54	0.54	4.64	0.04	7.11
DJIA	25013.29	▲	298.20	1.21	1.21	3.52	0.25	1.19
MSCI Emerging Markets	1136.49	▼	-1.25	-0.11	-0.11	-2.40	-0.55	-1.90
MSCI Developed World	2130.72	▲	9.92	0.47	0.47	2.12	0.95	1.30

* Values as on 18 May 2018

US Market ▲

The S&P 500 futures are trading in the green

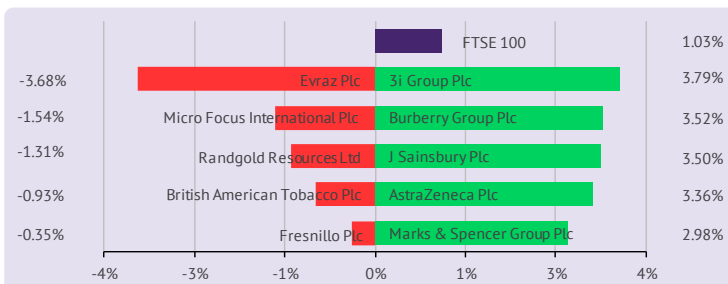
US markets closed higher yesterday, after the US suspended trade tariffs against China. Data showed that the Chicago Fed national activity index surprisingly rose in April. The S&P 500 Index climbed 0.7% to close at 2,733.01.



UK Market ▲

The FTSE 100 futures are trading in negative territory

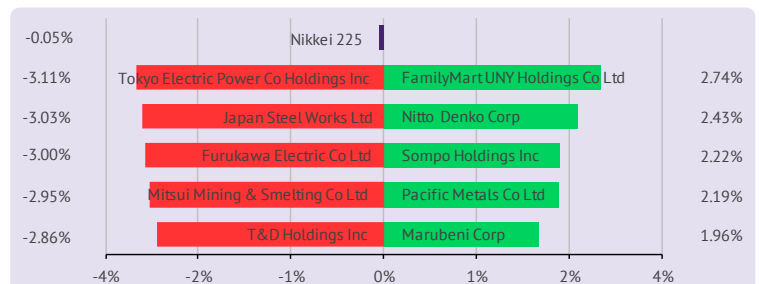
UK markets finished higher yesterday, as trade tensions between the US and China subsided and amid weakness in the British Pound. The FTSE 100 Index advanced 1.0% to close at 7,859.17.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.1% lower at 22,991.12.



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USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.4% against the South African Rand to trade at R12.6278. Later today, traders will keep a close watch on the US Richmond Fed manufacturing index for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US Chicago Fed national activity index recorded an unexpected rise in April.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.4% against the South African Rand to trade at R16.9505. Later today, traders will keep an eye on the Bank of England's Governor, Mark Carney's speech along with UK's public sector net borrowing and CBI total trend orders for further indication.

The British Pound declined against the South African Rand yesterday.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.5% weaker against the South African Rand at R14.8767. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday, as heightened Italian political crisis, raised continuing concerns over the future of the European Union.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% lower against the South African Rand at R9.5727. Earlier in the session, Australia's Roy Morgan weekly consumer confidence index registered an advance

The Australian Dollar rose against the South African Rand yesterday.

Key currencies & commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
USDZAR	12.6278	▼	-0.70	-0.70	1.72	5.24	2.36
GBPZAR	16.9505	▼	-1.07	-1.07	-0.83	3.38	1.77
EURZAR	14.8767	▼	-0.55	-0.55	-0.68	3.08	0.61
AUDZAR	9.5727	▼	0.18	0.18	2.41	3.20	-0.56
EURUSD	1.1781	▼	0.16	0.16	-2.38	-2.00	-1.78
GBPUSD	1.3421	▼	-0.31	-0.31	-2.44	-1.80	-0.64
Brent (\$/barrel)	79.4	▲	0.90	0.90	6.07	7.72	18.47
Gold (\$/oz)	1290.1	▼	-0.03	-0.03	-2.15	-0.27	-1.41
Platinum (\$/oz)	898.2	▼	1.50	1.50	-0.51	-2.47	-3.68
Copper (\$/MT)*	6844.3	▲	0.28	0.00	1.10	1.36	-5.03

*As of previous close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.1% to trade at \$1,290.10/oz.

Yesterday, gold prices marginally fell to close at \$1,290.90/oz, as strength in the US Dollar dampened demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$79.35/bl.

Yesterday, Brent crude oil advanced 0.9% to settle at \$79.22/bl, amid growing expectations that the US would impose more sanctions on Venezuela, following the country's disputed presidential election.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$898.20/oz.

Yesterday, platinum prices climbed 1.5% to close at \$899.80/oz.

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Major South African corporate news

Barloworld Limited

In its 1H18 results, the company revealed that its revenues advanced 0.9% to ZAR30.80bn compared to the same period of the preceding year. Its diluted EPS from continuing operations stood at 447.40c, compared to 378.40c recorded in the corresponding period of the previous year. Further, the company announced an interim dividend of 145.00c per share.

Pioneer Food Group Limited

In its 1H18 results, the company indicated that its revenues fell to ZAR9.90bn compared to ZAR10.18bn posted in the corresponding period of the previous year. Its diluted HEPS significantly increased to 300.60c compared to the same period of the prior year. Further, the company declared a gross interim dividend of 105.00c per ordinary share.

Pallinghurst Resources Limited

The international company announced its results of an auction of higher quality rough emeralds held in Lusaka, Zambia, and stated that its auction revenues stood at USD10.30mn with an average price of \$59.55 per carat.

Major global economic news

US

In the US, the Chicago Fed national activity index unexpectedly rose to a level of 0.34 in April. In the previous month, the index had registered a revised level of 0.32.

Asia

In Japan, convenience store sales rose 0.7% on an annual basis in April, compared to an advance of 1.3% in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
Japan	07:00	Supermarket Sales (YoY) (Apr)	✓	-	-0.10%	Monthly
Switzerland	09:00	M3 Money Supply (YoY) (Apr)	✓	-	3.30%	Monthly
South Africa	09:00	Leading Indicator (Mar)	✓	-	108.30	Monthly
Spain	10:00	Trade Balance (Mar)	✓✓✓	-	-EUR2.17bn	Monthly
UK	10:15	BoE's Vlieghe Speaks at Parliament Reappointment Hearing	✓	-	-	As scheduled
UK	10:15	BoE's Carney, Ramsden, Saunders, Vlieghe Speak in London	✓✓✓	-	-	As scheduled
UK	10:30	Public Sector Net Cash Requirement (Apr)	✓✓	-	GBP0.50bn	Monthly
UK	10:30	PSNB ex Interventions (Apr)	✓	GBP8.50bn	GBP1.30bn	Monthly
UK	10:30	Public Sector Net Borrowing (Apr)	✓✓	GBP7.10bn	-GBP0.30bn	Monthly
UK	12:00	CBI Industrial Trends Survey - Orders (May)	✓	2.00	4.00	Monthly
UK	12:00	CBI Trends Selling Prices (May)	✓✓	18.00	18.00	Monthly
Canada	14:30	Wholesale Sales (MoM) (Mar)	✓✓✓	0.90%	-0.80%	Monthly
US	14:55	Redbook Index s.a. (MoM) (18-May)	✓	-	0.80%	Weekly
US	14:55	Redbook Index (YoY) (18-May)	✓	-	4.90%	Weekly
US	16:00	Richmond Fed Manufacturing Index (May)	✓	10.00	-3.00	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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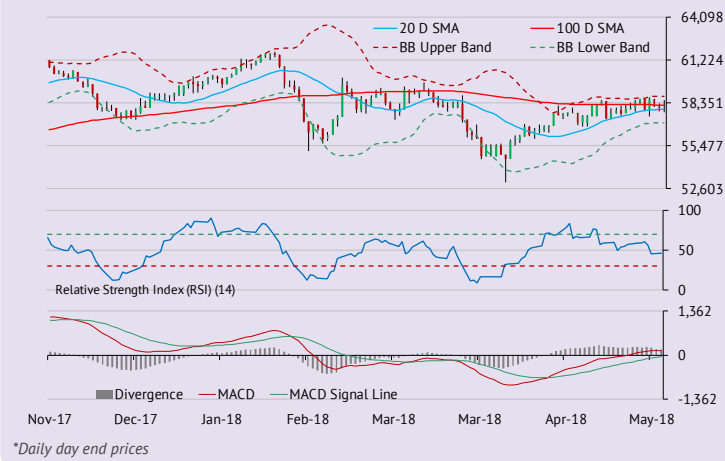
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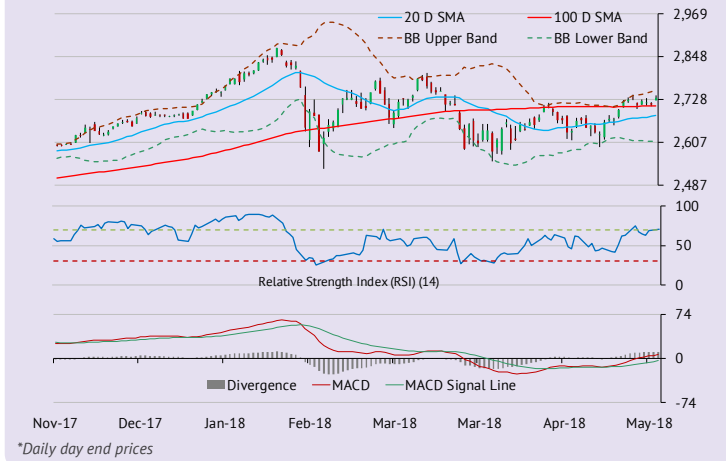
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 57,274.27, and a fall through could take it to the next support level of 56,727.34. The index is expected to find its first resistance at 58,545.82, and a rise through could take it to the next resistance level of 59,270.44.

S&P 500



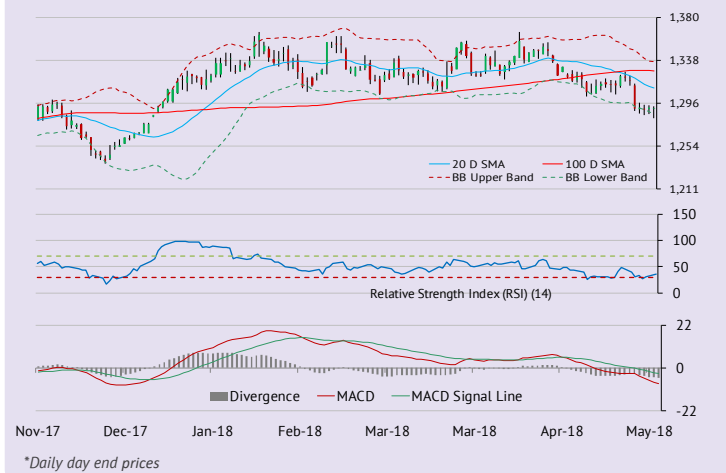
The S&P 500 index is expected to find support at 2,710.22, and a fall through could take it to the next support level of 2,687.42. The index is expected to find its first resistance at 2,747.50, and a rise through could take it to the next resistance level of 2,761.98.

USD ZAR



The pair is expected to find support at 12.3666, and a fall through could take it to the next support level of 12.0585. The pair is expected to find its first resistance at 12.9381, and a rise through could take it to the next resistance level of 13.2015.

XAU USD



Gold is expected to find support at \$1,276.50/oz, and a fall through could take it to the next support level of \$1,262.10/oz. The precious metal is expected to find its first resistance at \$1,310.00/oz, and a rise through could take it to the next resistance level of \$1,329.10/oz.

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