

ONE Minute Brief

3 May 2019

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Economic and political news

In South Africa (SA), the manufacturing PMI rose to 47.20 in April, compared to a reading of 45.00 in the prior month. Meanwhile, electricity consumption fell 2.8% on an annual basis in March, compared to a drop of 1.0% in the prior month. Annual electricity production declined 2.9% in March, compared to a fall of 1.9% in February.

The Department of Mineral Resources has issued a notice to Sibanye-Stillwater, barring the company from resuming operations at Thembelani shaft in Rustenburg until official inspection.

Goldman Sachs stated that a strong win for SA's African National Congress in next week's election would boost the country's asset prices.

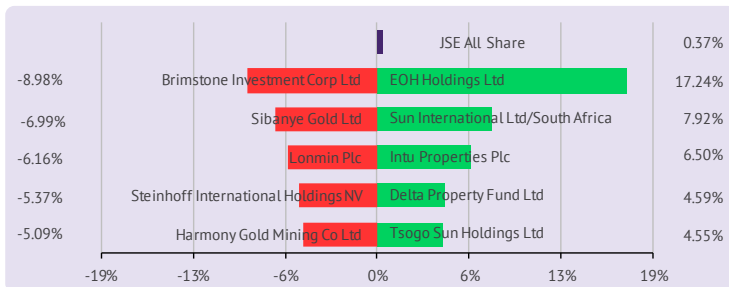
SA's Public Enterprises Ministry stated that a China Development Bank (CDB) loan to power utility Eskom was not in jeopardy.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in banking and financial sector stocks. The JSE All Share Index rose 0.4% to close at 58,743.56.

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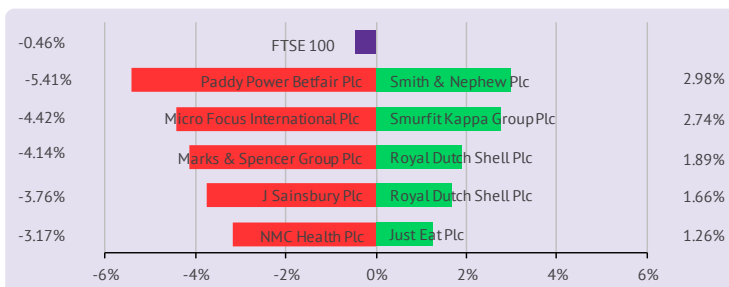


UK Market ▼

UK markets closed weaker

UK markets finished lower yesterday, led by losses in mining and export sector stocks. The FTSE 100 Index declined 0.5% to close at 7,351.31. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

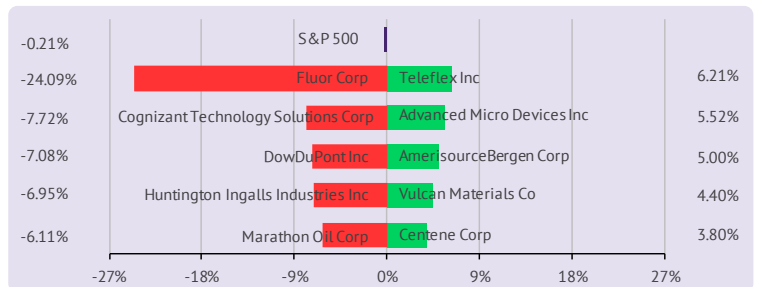
	As at 02 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58743.56	▲ 215.16	0.37	-0.26	0.37	3.66	11.39
JSE Top 40 (ZAR)	52495.40	▲ 221.37	0.42	-0.15	0.42	3.98	12.35
FTSE 100 (GBP)	7351.31	▼ -33.95	-0.46	-1.03	-0.90	1.91	9.26
DAX 30 (EUR)	12345.42	▲ 1.34	0.01	0.25	0.01	7.10	16.92
CAC 40 (EUR)	5538.86	▼ -47.55	-0.85	-0.55	-0.85	4.41	17.08
S&P 500 (USD)	2917.52	▼ -6.21	-0.21	-0.76	-0.96	3.93	16.38
Nasdaq Composite (USD)	8036.77	▼ -12.87	-0.16	-1.35	-0.72	4.74	21.12
DJIA (USD)	26307.79	▼ -122.35	-0.46	-0.89	-1.07	2.56	12.78
MSCI Emerging Markets (USD)	1078.95	▼ -1.53	-0.14	0.08	-0.03	1.99	11.70
MSCI Developed World (USD)	2161.11	▼ -8.92	-0.41	-0.58	-0.81	3.37	14.71

US Market ▼

US markets closed lower

US markets closed in the red yesterday, as energy stocks dropped on the back of lower crude oil prices. The S&P 500 Index dropped 0.2% to close at 2,917.52. Today, the S&P 500 futures are trading in the green.

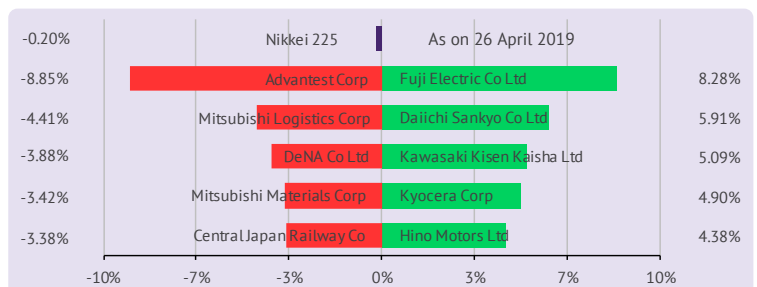
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Markets in Japan are closed today on account of a public holiday.



USD ZAR ▼

USD trading slightly higher against ZAR

At 06:00 SAST, the US Dollar advanced marginally against the South African Rand to trade at R14.5354. Later today, traders will keep a close watch on the US advance goods trade balance, non-farm payrolls data, unemployment rate, average hourly earnings and the Markit services PMI for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, US initial jobless claims remained unchanged in the week ended 27 April 2019. Meanwhile, durable goods orders rose on a monthly basis in March. Additionally, factory orders climbed on a monthly basis in the same month. Separately, in SA, the manufacturing activity climbed for the first time in three months in April. On the other hand, both electricity consumption and electricity production dropped on an annual basis in March.

GBP ZAR ▼

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R18.9570. Ahead in the day, traders will keep an eye on Britain's services PMI for further cues.

The British Pound advanced against the South African Rand yesterday. On the data front, Britain's construction PMI advanced more than expected in April.

EUR ZAR ▼

EUR trading marginally higher against ZAR

At 06:00 SAST, the Euro marginally advanced against the South African Rand to trade at R16.2412. Going forward, market participants will keep a tab on the Eurozone's producer price index and the consumer price index for further direction.

The Euro strengthened against the South African Rand yesterday. Data showed that Eurozone's final manufacturing PMI unexpectedly climbed in April. Separately, in Germany, retail sales unexpectedly fell for the first time in three months in March. Germany's final manufacturing PMI unexpectedly dropped in April.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar slightly dropped against the South African Rand to trade at R10.1703. Earlier in the session, Australia's AiG Performance of Service Index advanced in April. Meanwhile, the CBA services PMI eased in the same month. Additionally, the nation's building approvals dropped on an annual basis in March.

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	14.5354	▼	0.55	1.00	1.66	-1.40	1.31
GBPZAR	18.9570	▼	0.43	1.95	1.66	-1.36	3.41
EURZAR	16.2412	▼	0.32	1.24	1.27	-1.44	-1.33
AUDZAR	10.1703	▲	0.35	0.48	0.95	-2.06	0.51
EURUSD	1.1173	▼	-0.21	0.19	-0.38	-0.03	-2.57
GBPUSD	1.3039	▼	-0.14	0.90	0.00	-0.02	2.18
Brent (\$/barrel)	70.5	▼	-1.98	-1.94	-1.82	6.63	31.51
Gold (\$/oz)	1273.3	▲	-0.95	-1.30	-1.07	-0.56	-0.73
Platinum (\$/oz)	853.5	▼	-2.64	-5.47	-4.21	5.04	7.33
Copper (\$/MT)*	6166.0	▼	-0.95	-3.64	-4.06	-0.92	3.65

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,273.30/oz.

Yesterday, gold prices fell 1.0% to close at \$1,272.00/oz, after the US Federal Reserve dampened hopes of a near-term rate cut.

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Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.4% to trade at \$70.48/bl.

Yesterday, Brent crude oil dropped 2.0% to settle at \$70.75/bl, as a surge in US crude production spurred concerns about global oversupply.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.1% to trade at \$853.50/oz.

Yesterday, platinum prices declined 2.6% to close at \$854.20/oz.

Major South African corporate news

Anglo American Plc

The company announced that it has signed a USD15bn iron ore supply agreement with Bahrain Steel for its Minas Rio iron ore mine in Brazil.

Ascendis Health Limited

The company announced that it has entered into an agreement with RMB Ventures Seven Proprietary Limited, Nedbank Private Equity and certain members of the management of the Ascendis Biosciences division, for the disposal of Afrikelp Holdings Proprietary Limited, Efeko Zambia Limited and Marltons businesses to focus on organic growth and improved cash generation. The total consideration payable to Ascendis Health for the disposal businesses is a base price of ZAR480mn.

Harmony Gold Mining Company Limited

In its 9M19 operational update, the company stated that total gold production increased by 29.0% to 1,082,611.00oz, compared to the same period a year ago. Further, production from surface operations had been impacted by the Eskom stage 4 load shedding at the end of the March 2019 quarter. Total cash operating unit costs increased 2.0%. Further, the firm's FY19 guidance of 1.45mn oz of gold production remains unchanged.

Major global economic news

UK

In the UK, the construction PMI advanced more than expected to 50.50 in April, compared to a reading of 49.70 in March.

The Bank of England (BoE), in its latest policy decision, kept its benchmark interest rate unchanged at 0.75%, in line with economists' expectations. The bank is expecting growth and inflation to pick up over the next two years and signalled slow rate hikes despite stronger economic growth.

Additionally, the BoE in its May inflation report, raised its first quarter growth projection to 0.5% from 0.3% predicted in February, citing a brighter outlook for the global economy.

The BoE Governor Mark Carney, in his speech, stated that interest rate hikes could be "more frequent" than expected if the economy performs as per the central bank's expectations.

US

In the US, seasonally adjusted initial jobless claims remained unchanged at 230.00K in the week ended 27 April 2019, compared to market expectations of a drop to a level of 215.00K.

In March, final durable goods orders in the US rose 2.6% on a monthly basis in March, compared to a revised drop of 1.1% in the previous month.

The US factory orders climbed 1.9% on a monthly basis in March, more than market expectations. Factory orders had registered a revised drop of 0.30% in the previous month.

Eurozone

In Germany, retail sales unexpectedly fell 2.1% on an annual basis in March, compared to a revised gain of 4.4% in the previous month.

Germany's final manufacturing PMI unexpectedly dropped to a level of 44.40 in April, compared to a reading of 44.10 in the previous month. The preliminary figures had indicated a rise to a level of 44.50.

In the Eurozone, the final manufacturing PMI unexpectedly climbed to 47.90 in April, compared to a level of 47.50 in the prior month. The preliminary figures had indicated a rise to a level of 47.80.





























Asia

In Australia, the AiG Performance of Service Index climbed to 46.50 in April. In the previous month, the index had recorded a level of 44.80.

Australia's CBA services PMI eased to 50.10 in April, following a reading of 50.50 in the previous month.

Building approvals in Australia plunged 27.3% on a yearly basis in March, compared to a revised fall of 12.3% in February.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
 Switzerland	08:30	Consumer Price Index (YoY) (Apr)	✓✓	0.70%	0.70%	Monthly
 Switzerland	08:30	Harmonised Index of Consumer Prices (HICP) (MoM) (Apr)	✓✓	-	0.30%	Monthly
 Switzerland	08:30	Harmonised Index of Consumer Prices (HICP) (YoY) (Apr)	✓✓	-	0.70%	Monthly
 Switzerland	08:30	Consumer Price Index (MoM) (Apr)	✓✓	0.20%	0.50%	Monthly
 UK	10:30	Official Reserves (Changes) (Apr)	✓✓	-	-USD172.00 mn	Monthly
 UK	10:30	Markit Services PMI (Apr)	✓✓✓	50.30	48.90	Monthly
 Eurozone	11:00	Consumer Price Index - Core (YoY) (Apr) (P)	✓✓✓	1.00%	0.80%	Monthly
 Eurozone	11:00	Producer Price Index (MoM) (Mar)	✓✓✓	0.10%	0.10%	Monthly
 Eurozone	11:00	Producer Price Index (YoY) (Mar)	✓✓✓	3.00%	3.00%	Monthly
 Eurozone	11:00	Consumer Price Index (YoY) (Apr) (P)	✓✓✓	1.60%	1.40%	Monthly
 Eurozone	14:00	SSM's Enria Participates in Panel in Florence	✓	-	-	As scheduled
 US	14:30	Change in Household Employment (Apr)	✓	-	-201.00 K	Monthly
 US	14:30	Average Hourly Earnings All Employees (MoM) (Apr)	✓✓	0.30%	0.10%	Monthly
 US	14:30	Average Hourly Earnings All Employees (YoY) (Apr)	✓✓	3.30%	3.20%	Monthly
 US	14:30	Average Weekly Hours All Employees (Apr)	✓	34.50	34.50	Monthly
 US	14:30	Unemployment Rate (Apr)	✓✓✓	3.80%	3.80%	Monthly
 US	14:30	Underemployment Rate (Apr)	✓✓	-	7.30%	Monthly
 US	14:30	Change in Manufacturing Payrolls (Apr)	✓	10.00 K	-6.00 K	Monthly
 US	14:30	Change in Non-farm Payrolls (Apr)	✓✓✓	190.00 K	196.00 K	Monthly
 US	14:30	Wholesale Inventories (MoM) (Mar) (P)	✓✓✓	0.20%	0.20%	Monthly
 US	14:30	Change in Private Payrolls (Apr)	✓✓	188.00 K	182.00 K	Monthly
 US	15:45	Markit Composite PMI (Apr) (F)	✓✓✓	-	52.80**	Monthly
 US	15:45	Markit Services PMI (Apr) (F)	✓✓✓	52.90	52.90**	Monthly
 US	16:00	ISM Non-Manufacturing PMI (Apr)	✓✓✓	57.00	56.10	Monthly
 US	16:15	Fed's Evans Speaks at NABE International Forum in Stockholm	✓	-	-	As scheduled
 US	17:30	Fed's Clarida Speaks at Hoover Institute Policy Conference	✓	-	-	As scheduled
 US	19:45	Fed's Williams Speaks at Hoover Institute Policy Conference	✓	-	-	As scheduled
 US	21:00	Fed's Bowman Speaks at Hoover Institute Policy Conference	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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