

# ONE Minute Brief

7 May 2019

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## Economic and political news

Yesterday, South Africa (SA) signed a six-year exploration and production sharing agreement with South Sudan, as part of a USD1bn investment in the country.

groundWork, an NGO, has filed a legal challenge against the government in the Pretoria High Court, claiming that the latter had not invited comments last year before deciding to double the amount of sulfur dioxide that coal-fired power plants and refineries could emit.

Public Protector, Busisiwe Mkhwebane, has requested President, Cyril Ramaphosa, to intervene in her standoff with Public Enterprises Minister, Pravin Gordhan, relating to the SARS probe.

According to a news report, the Commission for Conciliation, Mediation and Arbitration (CCMA), has received over 6000 referrals related to wage disputes in the first four months of 2019.

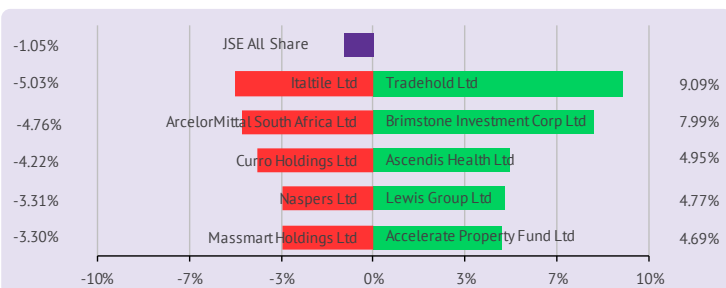
According to the final election poll conducted by the Institute for Race Relations (IRR), the African National Congress (ANC) could get below 55% and lose its majority in Gauteng and its stronghold of KwaZulu-Natal.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, led by losses in industrial and banking sector stocks. The JSE All Share Index fell 1.1% to close at 58,712.83.

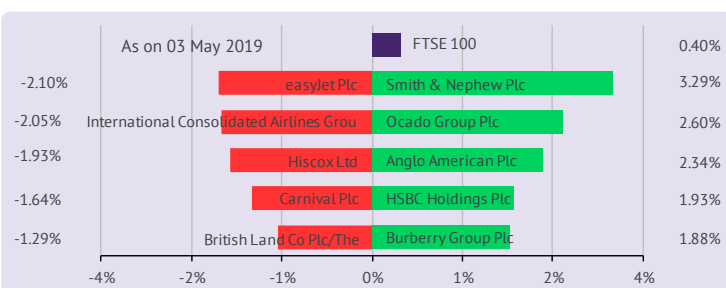
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## UK Market

### UK markets closed yesterday

UK markets were closed yesterday on account of a national holiday. Today, the FTSE 100 futures are trading in negative territory.



## Key indices

	As at 06 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	58712.83	▼ -623.07	-1.05	-1.05	0.32	3.66	11.33
JSE Top 40 (ZAR)	52335.69	▼ -692.66	-1.31	-1.31	0.12	3.98	12.00
FTSE 100 (GBP)*	7380.64	▲ 29.33	0.40	NA	-0.51	1.91	9.70
DAX 30 (EUR)	12286.88	▼ -125.87	-1.01	-1.01	-0.46	7.10	16.36
CAC 40 (EUR)	5483.52	▼ -65.32	-1.18	-1.18	-1.84	4.41	15.91
S&P 500 (USD)	2932.47	▼ -13.17	-0.45	-0.45	-0.45	3.93	16.98
Nasdaq Composite (USD)	8123.29	▼ -40.71	-0.50	-0.50	0.34	4.74	22.43
DJIA (USD)	26438.48	▼ -66.47	-0.25	-0.25	-0.58	2.56	13.34
MSCI Emerging Markets (USD)	1062.64	▼ -20.13	-1.86	-1.86	-1.54	1.99	10.01
MSCI Developed World (USD)	2166.66	▼ -11.11	-0.51	-0.51	-0.55	3.37	15.01

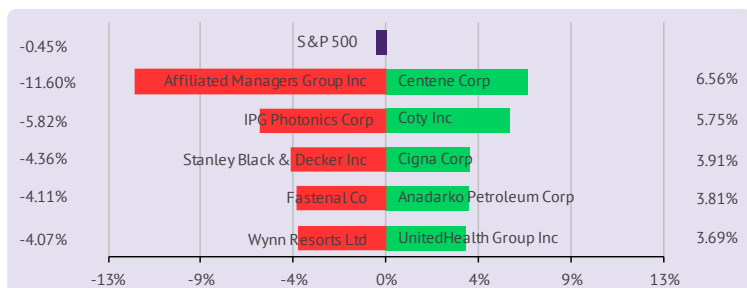
\*Values as on 03 May 2019

## US Market ▼

### US markets closed weaker

US markets closed lower yesterday, as US President Donald Trump's threat to raise tariffs on Chinese goods spurred trade war fears. The S&P 500 Index dropped 0.5% to close at 2,932.47. Today, the S&P 500 futures are trading in the red.

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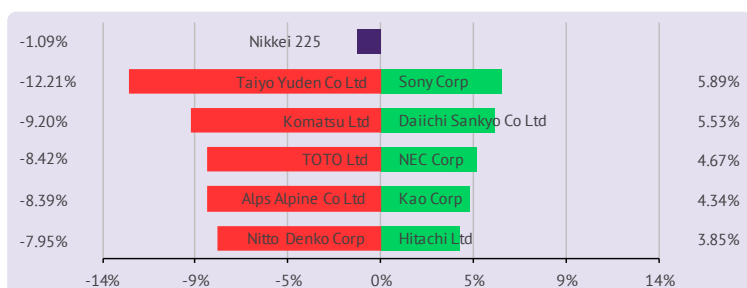


## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning, as gains in treasuries were overshadowed by concerns over US-China trade tensions. The Nikkei 225 Index is trading 1.1% lower at 22,015.13.

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## USD ZAR ▲

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R14.4480. Later today, traders will keep a close watch on the US JOLTS job openings and consumer credit data for further direction.

The US Dollar rose against the South African Rand yesterday. The South African Rand came under pressure ahead of SA's national elections scheduled on Wednesday and US-China trade tensions.

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## GBP ZAR ▼

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound advanced 0.1% against the South African Rand to trade at R18.9578. Ahead in the day, traders will keep an eye on UK's Halifax house price index for further cues.

The British Pound advanced against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand to trade at R16.1944. Going forward, market participants will keep a tab on Germany's factory orders data and the construction PMI for further direction.

The Euro strengthened against the South African Rand yesterday. Data showed that Eurozone's Sentix investor confidence index improved in May, marking its highest level since November 2018. Additionally, retail sales rose more than expected on an annual basis in March. On the other hand, the region's final services PMI dropped in April. Separately, in Germany, the final services PMI climbed in April.

## AUD ZAR ▲

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.1084. Earlier in the session, Australia's trade surplus narrowed less than anticipated in March. Additionally, the nation's retail sales climbed more than market expectations on a monthly basis in March. Meanwhile, the ANZ Roy Morgan weekly consumer confidence index eased in the week ended 05 May 2019.

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	14.4480	▲	0.81	0.81	1.18	-1.40	0.84
GBPZAR	18.9578	▼	0.20	0.20	1.65	-1.36	3.40
EURZAR	16.1944	▲	0.81	0.81	1.06	-1.44	-1.53
AUDZAR	10.1084	▲	0.36	0.36	0.35	-2.06	-0.08
EURUSD	1.1207	▼	0.01	0.01	-0.14	-0.03	-2.34
GBPUSD	1.3121	▼	-0.58	-0.58	0.50	-0.02	2.69
Brent (\$/barrel)	71.1	▼	0.55	0.55	-1.14	6.63	32.42
Gold (\$/oz)	1284.3	▲	0.20	0.20	-0.15	-0.56	0.20
Platinum (\$/oz)	883.2	▲	0.70	0.70	-1.21	5.04	10.68
Copper (\$/MT)*	6229.3	-	0.00	0.00	-3.07	-0.92	4.71

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

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices slightly rose to trade at \$1,284.30/oz.

Yesterday, gold prices rose 0.2% to close at \$1,283.80/oz, as US-China trade tensions increased demand for safe haven assets.

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## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 0.2% to trade at \$71.07/bl.

Yesterday, Brent crude oil advanced 0.6% to settle at \$71.24/bl, amid geopolitical tensions in the Middle East.

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## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$883.20/oz.

Yesterday, platinum prices climbed 0.7% to close at \$ 880.90/oz.

## Major South African corporate news

### Famous Brands Limited

In its FY19 trading statement, the company indicated that it expects HEPS to be between 265.00c and 329.00c, which is 16.0% to 33.0% lower compared with the same period of the previous year. Moreover, the company expects loss per share to be in the range of 432.00c to 528.00c, compared to the corresponding period of the prior year.

### Redefine Properties Limited

In its 1H19 results, the company stated that its revenues increased to ZAR4.39bn from ZAR3.93bn posted in the corresponding period of the previous year. Its diluted EPS fell to 43.80c from 88.20c recorded in the same period of the prior year. The company has declared an interim dividend of 49.19c per share, compared to 47.30c per share recorded in the corresponding period of the preceding year.

### Massmart Holdings Limited

The company announced that its Chief Executive Officer, Guy Hayward, has decided to step down from his role before the end of 2019.

## Major global economic news

### Asia

In Australia, the ANZ Roy Morgan weekly consumer confidence index eased to a level of 117.30 in the week ended 05 May 2019, compared to a level of 117.60 in the previous week.

Australia's trade surplus narrowed to AUD4,949.00mn in March, compared to a revised trade surplus of AUD5,140.00mn in the prior month.

In Australia, retail sales rose more than market forecast by 0.3% on a monthly basis in March, compared to a revised rise of 0.9% in February.

The Reserve Bank of Australia (RBA), in its latest policy meeting kept its key interest rate unchanged at 1.50%. However, the central bank stated that rates may not remain that way for long and signalled that it might cut interest rates in the coming months depending on incoming economic data.

Japan's final Nikkei manufacturing PMI advanced to a level of 50.20 in April, compared to a level of 49.20 in the prior month. The preliminary figures had indicated an advance to 49.50.

### Eurozone

The final services PMI in the Eurozone declined to 52.8 in April, compared to a level of 53.3 in the previous month. The preliminary figures had recorded a fall to 52.5.

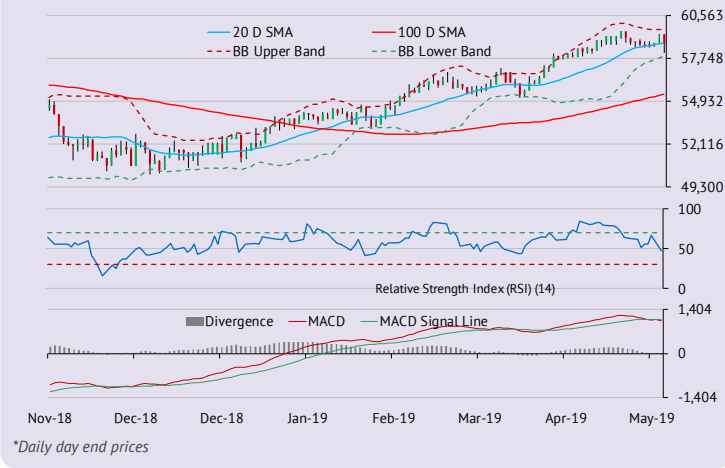
Eurozone's Sentix investor confidence index climbed to 5.3 in May, compared to a reading of -0.3 in the previous month.

In the Eurozone, seasonally adjusted retail sales advanced 1.9% on a yearly basis in March, higher than market expectations. In the previous month, retail sales recorded a revised gain of 3.0%.

In Germany, the final services PMI climbed to 55.7 in April, compared to a level of 55.4 in the prior month. The preliminary figures had indicated a rise to 55.6.

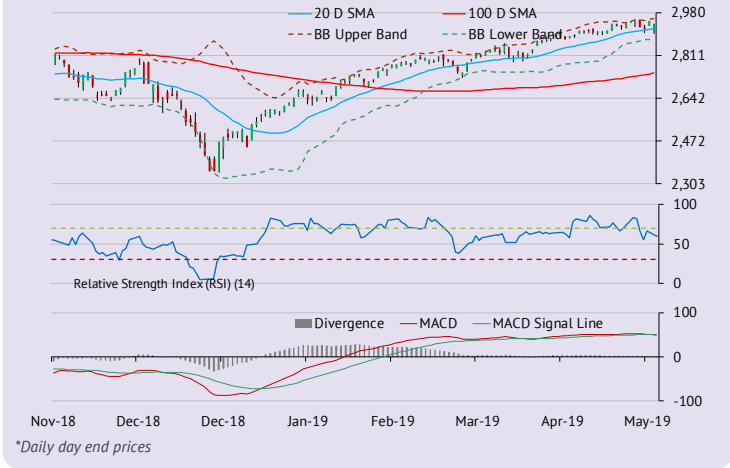
## Technical snapshot

### JSE All Share



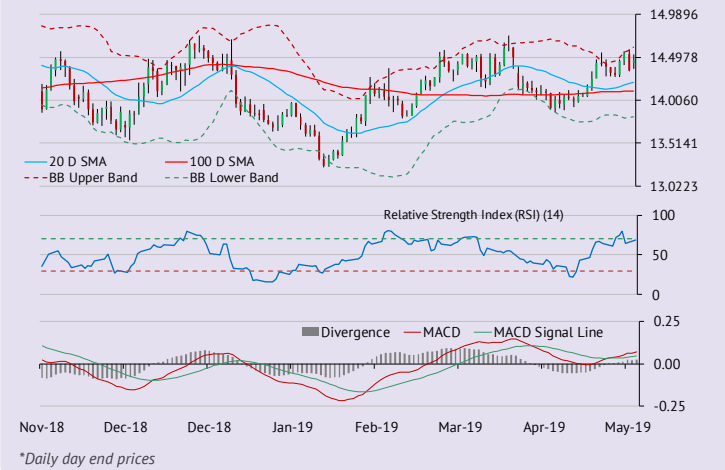
The JSE All Share index is expected to find support at 58,094.17, and a fall through could take it to the next support level of 57,475.52. The index is expected to find its first resistance at 59,348.26, and a rise through could take it to the next resistance level of 59,983.70.

### S&P 500



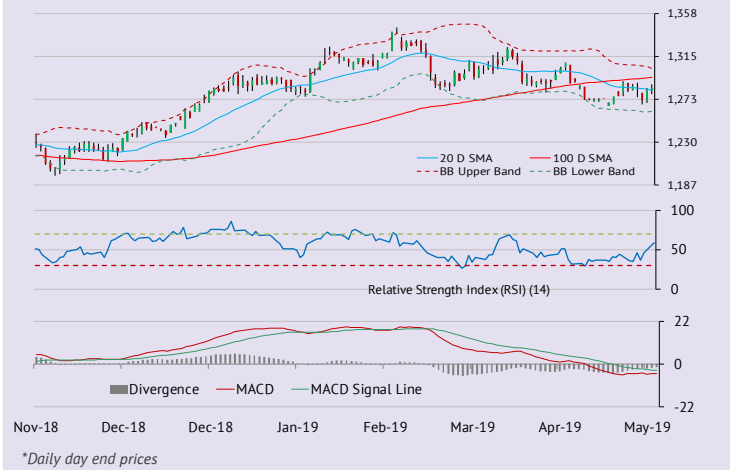
The S&P 500 index is expected to find support at 2,902.41, and a fall through could take it to the next support level of 2,872.35. The index is expected to find its first resistance at 2,958.33, and a rise through could take it to the next resistance level of 2,984.19.

### USD ZAR



The pair is expected to find support at 14,297.7, and a fall through could take it to the next support level of 14,128.3. The pair is expected to find its first resistance at 14,611.5, and a rise through could take it to the next resistance level of 14,755.9.

### XAU USD



Gold is expected to find support at \$1,270.93/oz, and a fall through could take it to the next support level of \$1,258.07/oz. The precious metal is expected to find its first resistance at \$1,293.03/oz, and a rise through could take it to the next resistance level of \$1,302.27/oz.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	02:30	Nomura/ JIMMA Manufacturing PMI (Apr) (F)	✓✓✓	50.20*	49.50**	Monthly
Japan	07:00	Vehicle Sales (YoY) (Apr)	✓	-	-4.70%	Monthly
Switzerland	08:00	UBS Real Estate Bubble Index (Q1)	✓✓	-	0.87	Quarterly
Germany	08:00	Factory Orders n.s.a. (YoY) (Mar)	✓✓✓	-5.40%	-8.40%	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Mar)	✓✓	1.40%	-4.20%	Monthly
France	08:45	Current Account (Mar)	✓✓	-	-EUR0.80 bn	Monthly
France	08:45	Trade Balance (Mar)	✓✓✓	-EUR4.50 bn	-EUR4.00 bn	Monthly
Switzerland	09:00	Foreign Currency Reserves (Apr)	✓✓✓	CHF758.30 bn	CHF756.00 bn	Monthly
UK	09:30	Halifax House Prices (MoM) (Apr)	✓	0.10%	-1.60%	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (Apr)	✓	4.50%	2.60%	Monthly
UK	10:00	New Car Registrations (YoY) (Apr)	✓	-	-3.40%	Monthly
Eurozone	11:00	EU Commission Economic Forecasts	✓✓	-	-	As scheduled
UK	11:20	BoE's Cunliffe speaks in London	✓	-	-	As scheduled
US	13:00	Fed's Kaplan Speaks in Beijing on Moderated Panel	✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (03-May)	✓	-	5.50%	Weekly
US	14:55	Redbook Index s.a. (MoM) (03-May)	✓	-	1.20%	Weekly
Canada	16:00	Ivey PMI s.a. (Apr)	✓✓✓	-	54.30	Monthly
Canada	16:00	Ivey PMI n.s.a. (Apr)	✓✓	-	57.60	Monthly
US	16:00	JOLTs Job Openings (Mar)	✓	7350.00 K	7087.00 K	Monthly
US	17:35	Fed's Quarles Discusses Financial Regulation	✓	-	-	As scheduled
UK	18:30	BoE's Haldane speaks in Sheffield.	✓	-	-	As scheduled
US	21:00	Consumer Credit Change (Mar)	✓✓	USD16.00 bn	USD15.19 bn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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