

ONE Minute Brief

10 May 2019

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Economic and political news

According to the latest available numbers, the ANC is leading with 56.68% votes, the DA trails with 22.42% share and the EFF is third with 9.89% votes.

In South Africa (SA), manufacturing production unexpectedly advanced 1.2% on a yearly basis in March, compared to a revised rise of 0.5% in the previous month. Mining production eased 1.1% on an annual basis in March, compared to a revised fall of 8.1% in the prior month. Annual gold production slid 17.7% in March, compared to a drop of 20.6% in February. Platinum production dropped 0.5% on a yearly basis in March, compared to an advance of 17.8% in the previous month. Net gold & forex reserves unexpectedly dropped to a level of USD43.25bn in April, compared to a reading of USD43.27bn in March.

According to a news report, election results could be delayed, as the Electoral Commission of SA (IEC) is looking into allegations of double voting and conducting new audits of several voting stations.

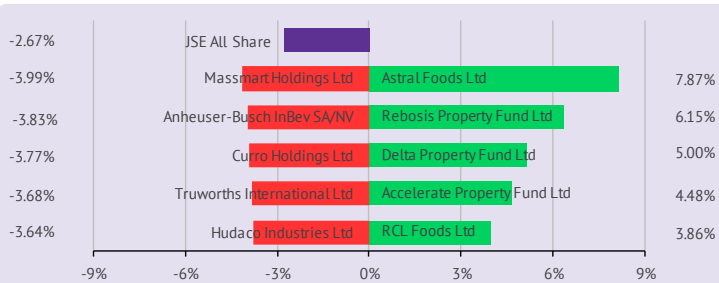
Former President, Jacob Zuma's lawyers have lodged an objection to the decision to increase the number of judges from one to three, before the hearing of Zuma's application for a permanent stay of his prosecution.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, ahead of the elections results and weighed down by losses in platinum mining, retail and industrial sector stocks. The JSE All Share Index fell 2.7% to close at 56,496.08.

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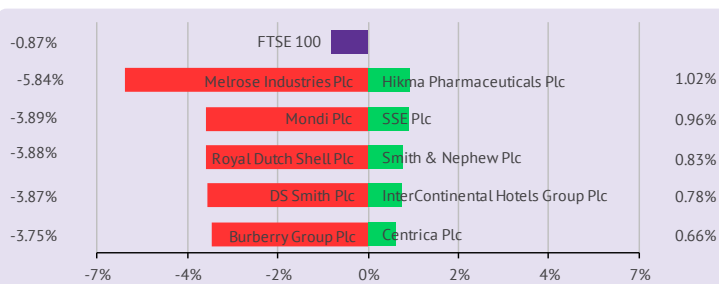


UK Market ▼

UK markets closed weaker

UK markets finished lower yesterday, amid uncertainty over the outcome of ongoing US-China trade negotiations. The FTSE 100 Index declined 0.9% to close at 7,207.41. Today, the FTSE 100 futures are trading in positive territory.

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Key indices

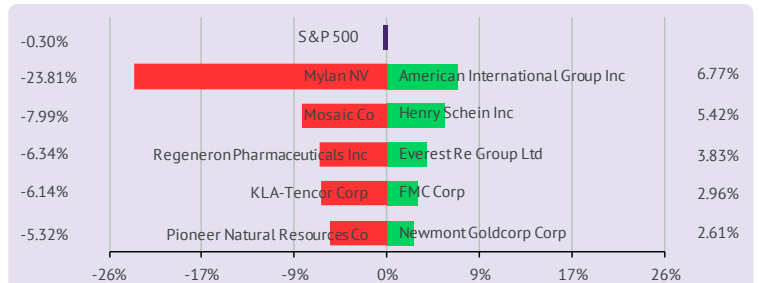
	As at 09 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56496.08	▼ -1547.52	-2.67	-4.79	-3.47	3.66	7.13
JSE Top 40 (ZAR)	50264.20	▼ -1442.95	-2.79	-5.21	-3.84	3.98	7.57
FTSE 100 (GBP)	7207.41	▼ -63.59	-0.87	-2.35	-2.84	1.91	7.12
DAX 30 (EUR)	11973.92	▼ -206.01	-1.69	-3.54	-3.00	7.10	13.40
CAC 40 (EUR)	5313.16	▼ -104.43	-1.93	-4.25	-4.89	4.41	12.31
S&P 500 (USD)	2870.72	▼ -8.70	-0.30	-2.54	-2.55	3.93	14.52
Nasdaq Composite (USD)	7910.59	▼ -32.73	-0.41	-3.10	-2.28	4.74	19.22
DJIA (USD)	25828.36	▼ -138.97	-0.54	-2.55	-2.88	2.56	10.72
MSCI Emerging Markets (USD)	1028.40	▼ -22.54	-2.14	-5.02	-4.71	1.99	6.47
MSCI Developed World (USD)	2119.31	▼ -12.59	-0.59	-2.68	-2.72	3.37	12.49

US Market ▼

US markets closed weaker

US markets closed lower yesterday, amid escalating trade tensions between the US and China. The S&P 500 Index dropped 0.3% to close at 2,870.72. Today, the S&P 500 futures are trading in the red.

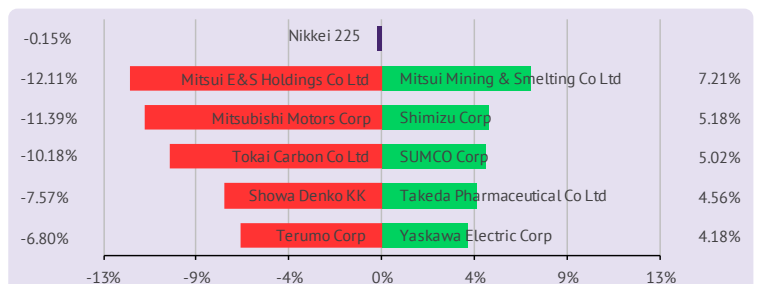
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Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.2% lower at 21,370.72.



USD ZAR

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.1% against the South African Rand to trade at R14.3318. Later today, traders will keep a close watch on the US consumer price index (CPI), average weekly earnings and monthly budget statement for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US producer price index (PPI) recorded a less-than-expected rise on an annual basis in April. Further, initial jobless claims declined less-than-anticipated in the week ended 4 May 2019. Meanwhile, trade deficit widened less than market forecast in March. Separately, the South African Rand rose against the US Dollar, as the African National Congress appeared to be leading in national elections. On the data front, SA's manufacturing production unexpectedly climbed on a yearly basis in March. Meanwhile, the nation's annual mining production dropped in March. Additionally, gold production recorded a decline on a yearly basis in March. Moreover, annual platinum production fell in March. Further, gross gold & forex reserves registered an unexpected fall in April. Also, net gold & forex reserves unexpectedly eased in the same month.

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GBP ZAR

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R18.6405. Ahead in the day, traders will keep an eye on UK's gross domestic product, construction output, trade balance, industrial and manufacturing production for further indication.

The British Pound declined against the South African Rand yesterday.

EUR ZAR

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading slightly firmer against the South African Rand at R16.0936. Going forward, market participants will keep a tab on Germany's trade and current account balance for further direction.

The Euro strengthened against the South African Rand yesterday.




AUD ZAR

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R10.0188.

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	14.3318		-0.20	-0.04	0.33	-1.40	-0.01
GBPZAR	18.6405		-0.20	-1.31	0.11	-1.36	1.84
EURZAR	16.0936		0.02	0.09	0.33	-1.44	-2.24
AUDZAR	10.0188		-0.21	-0.51	-0.52	-2.06	-0.95
EURUSD	1.1229		0.21	0.15	0.00	-0.03	-2.20
GBPUSD	1.3015		0.06	-1.21	-0.14	-0.02	2.04
Brent (\$/barrel)	70.6		0.03	-0.65	-2.32	6.63	30.84
Gold (\$/oz)	1285.5		0.30	0.30	-0.04	-0.56	0.30
Platinum (\$/oz)	859.0		-1.50	-2.67	-4.52	5.04	6.97
Copper (\$/MT)*	6089.0		-0.66	-2.25	-5.26	-0.92	2.35

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

Gold

Trading in the green

At 06:00 SAST, gold prices are trading marginally higher at \$1,285.50/oz.

Yesterday, gold prices rose 0.3% to close at \$1,285.20/oz, amid rising concerns over trade negotiations between the US and China.

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Brent Crude Oil

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$70.58/bl, on hopes for US-China trade deal.

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Yesterday, Brent crude oil marginally advanced to settle at \$70.39/bl.

Platinum

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.9% to trade at \$859.00/oz.

Yesterday, platinum prices climbed 0.8% to close at \$886.80/oz.

Major South African corporate news

Allied Electronics Corp Limited

In its FY19 results, the company revealed that its revenues rose 6.6% to ZAR15.72bn, compared to the same period of the preceding year. Its diluted EPS stood at 175.00c, up from 108.00c recorded in the corresponding period of the previous year. The company declared a dividend of 44.00c per share.

AngloGold Ashanti Limited

In its 1Q19 operational update, the company stated that its gold production dropped to 752.00koz, from 824.00koz in the same period of preceding year, supported by solid production performances at Geita, Iduapriem, Tropicana and Kibali mines. All in sustaining costs stood at USD969.00/oz compared with USD963.00/oz in the same quarter, while net debt stood at USD1.78bn compared with USD1.77bn recorded in the same period of prior year. Further, for FY19, the firm expects its production to be between 3.25Moz and 3.45Moz.

ArcelorMittal South Africa Limited

In its 1Q19 operational update, the company indicated that total sales dropped 10.1% to 1.05mn tonnes in comparison with the same period last year. Liquid steel production remained flat. The capacity utilisation for 1Q19 decreased to 80.0% compared with 85.0% in the comparable period, as a result of the restart of the Vaal Melt shop.

Intu Properties Plc

The company announced Dushyant Sangar as its new Chief Investment Officer. He currently holds the post of Corporate Development Director at the company.

Mondi Limited

In its 1Q19 trading update, the company stated that its underlying EBITDA rose 16.0% to EUR471.00mn, compared to the same period last year, whereas like for like sales volume were marginally lower than the comparable prior in the year period. Fibre Packaging benefited from higher average kraft paper selling prices whereas corrugated packaging and industrial bags benefited from higher selling prices.

MTN Group Limited

In its 1Q19 update, the company revealed that its group service revenue rose 10.0% to ZAR33.21bn. Further, group subscribers rose to 236.60mn compared to 220.89mn during the same period in last year, whereas active data subscribers increased to 81.30mn.

Major global economic news

US

In the US, the PPI advanced 2.2% on a yearly basis in April, less than market expectations. The PPI had registered a similar rise in the prior month.

In the US, trade deficit widened less-than-anticipated to USD50.00bn in March, from a revised deficit of USD49.30bn in the previous month.

In the US, seasonally adjusted initial jobless claims recorded a drop to 228.00K in the week ended 04 May 2019, less than market expectations. In the prior week, initial jobless claims had registered a level of 230.00K.

Federal Reserve Chairman, Jerome Powell, in his speech, stated that the US economy is supported by strong fundamentals and a robust GDP growth is expected for the rest of 2019. However, he stated that "patient stance on policy is still warranted."

Asia

The Bank of Japan's summary of April monetary policy meeting revealed that there continues to be risk that Japan may slide into recession depending on sales tax hike impact, overseas developments. Uncertainty on price outlook will persist through fiscal 2021.

In Japan, household spending rose 2.1% on a yearly basis in March, more than market expectations. Household spending had recorded a rise of 1.7% in the previous month.

The Reserve Bank of Australia, in its monetary policy statement, downgraded forecasts for growth and inflation and signalled that it will consider lowering interest rates if unemployment does not fall further. Accordingly, the central bank slashed its trimmed mean CPI forecast for 2019 from 2.00% to 1.75%, and for 2020 from 2.25% to 2.00%. Additionally, the central bank expects the Australian economy to slow sharply to 1.75% in June compared to the 2.25% projected six months ago, with the December target downgraded from 3.0% to 2.75%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Household Spending (YoY) (Mar)	✓✓	2.10%*	1.70%	Monthly
Japan	01:30	Labour Cash Earnings (YoY) (Apr)	✓✓	-1.90%*	-0.80%	Monthly
Germany	08:00	Current Account n.s.a. (Mar)	✓	EUR26.00bn	EUR16.30bn	Monthly
Germany	08:00	Trade Balance n.s.a. (Mar)	✓✓✓	EUR20.00bn	EUR17.90bn	Monthly
Eurozone	09:00	ECB's Villeroy Speaks in Paris	✓	-	-	As scheduled
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q1) (P)	✓✓✓	0.50%	0.20%	Quarterly
UK	10:30	Gross Domestic Product s.a. (YoY) (Q1) (P)	✓✓✓	1.80%	1.40%	Quarterly
UK	10:30	Industrial Production (MoM) (Mar)	✓✓✓	0.10%	0.60%	Monthly
UK	10:30	Construction Output s.a. (YoY) (Mar)	✓	4.50%	3.30%	Monthly
UK	10:30	Industrial Production (Mar)	✓	-	103.30	Monthly
UK	10:30	Manufacturing Production (Mar)	✓	-	104.50	Monthly
UK	10:30	Total Trade Balance (Mar)	✓✓✓	-GBP4.60bn	-GBP4.86bn	Monthly
UK	10:30	Visible Trade Balance (Mar)	✓✓✓	-GBP13.70bn	-GBP14.11bn	Monthly
UK	10:30	Industrial Production (YoY) (Mar)	✓✓✓	0.50%	0.10%	Monthly
UK	10:30	Manufacturing Production (MoM) (Mar)	✓✓✓	0.00%	0.90%	Monthly
UK	10:30	Manufacturing Production (YoY) (Mar)	✓✓✓	1.10%	0.60%	Monthly
Eurozone	11:30	ECB's Visco Speaks in Paris	✓	-	-	As scheduled
US	14:30	Consumer Price Index (MoM) (Apr)	✓✓✓	0.40%	0.40%	Monthly
US	14:30	Consumer Price Index (YoY) (Apr)	✓✓✓	2.10%	1.90%	Monthly
US	14:30	Brainard Speaks at Fed Community Development Conference	✓	-	-	As scheduled
US	15:05	Fed's Bostic speech	✓✓	-	-	As scheduled
US	16:00	Fed's Williams Speaks to Bronx Bankers Breakfast	✓	-	-	As scheduled
Eurozone	16:30	ECB's Coeure Speaks in Paris	✓	-	-	As scheduled
US	20:00	Monthly Budget Statement (Apr)	✓✓✓	-	-USD146.90bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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