

ONE Minute Brief

16 May 2019

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Economic and political news

In South Africa (SA), retail sales advanced 0.2% on an annual basis in March, compared to a revised rise of 1.4% in the previous month.

President, Cyril Ramaphosa, stated that he would use the new five-year term to speed up economic reforms and work on Eskom's problems.

News reports indicated that the world's top platinum miners are likely to start a fresh round of negotiations for a three-year wage deal with South African workers.

Acting Transnet Chief Executive Officer, Mohammed Mahomed, in his testimony at the Zondo Commission Inquiry, stated that a supplier, China South Rail, was paid an ZAR5.4bn deposit even before locomotives were delivered.

The Western Cape ANC has suspended its treasurer, Maurencia Gillion, for her role in a controversial ZAR1mn donation from businessperson, Iqbal Survé.

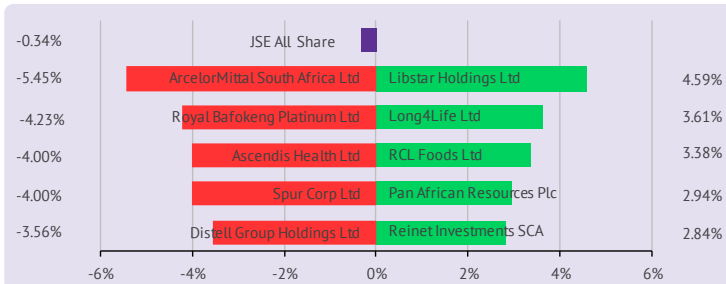
President, Cyril Ramaphosa, stated that he will make a submission to the Parliament on his decision to remove prosecution bosses advocates, Nomgcobo Jiba and Lawrence Mrwebi, when the national legislature is reconstituted.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking and retail sector stocks and amid dismal economic data. Data revealed that SA's retail sales rose at its slowest pace in four months in March. The JSE All Share Index fell 0.3% to close at 56,043.21.

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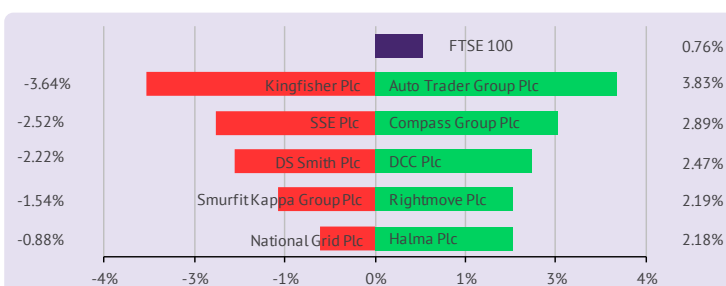


UK Market ▲

UK markets closed higher

UK markets finished higher yesterday, amid weakness in the British pound and easing trade tensions between the US and China. The FTSE 100 Index advanced 0.8% to close at 7,296.95. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

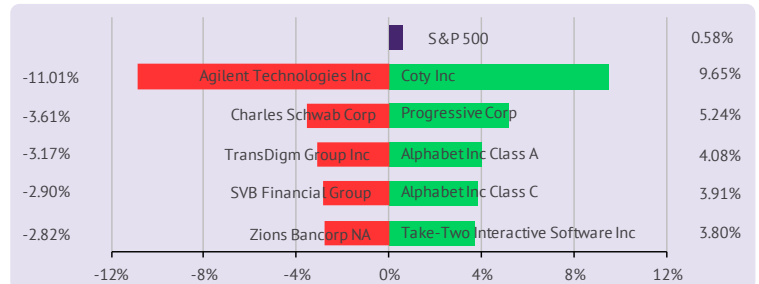
	As at 15 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share (ZAR)	56043.21	▼ -191.07	-0.34	-1.30	-4.25	3.66	6.27
JSE Top 40 (ZAR)	49877.10	▼ -200.91	-0.40	-1.30	-4.59	3.98	6.74
FTSE 100 (GBP)	7296.95	▲ 55.35	0.76	1.30	-1.63	1.91	8.45
DAX 30 (EUR)	12099.57	▲ 107.95	0.90	0.33	-1.98	7.10	14.59
CAC 40 (EUR)	5374.26	▲ 32.91	0.62	0.88	-3.80	4.41	13.60
S&P 500 (USD)	2850.96	▲ 16.55	0.58	-1.06	-3.22	3.93	13.73
Nasdaq Composite (USD)	7822.15	▲ 87.65	1.13	-1.20	-3.38	4.74	17.89
DJIA (USD)	25648.02	▲ 115.97	0.45	-1.13	-3.55	2.56	9.95
MSCI Emerging Markets (USD)	1015.97	▲ 1.49	0.15	-1.69	-5.86	1.99	5.18
MSCI Developed World (USD)	2110.40	▲ 11.64	0.55	-0.75	-3.13	3.37	12.02

US Market ▲

US markets closed higher

US markets closed higher yesterday, after the US President, Donald Trump, indicated that he would delay the implementation of auto tariffs by up to 6 months. Data showed that the US NAHB housing market index rose more-than-expected in May. The S&P 500 Index climbed 0.6% to close at 2,850.96. Today, the S&P 500 futures are trading in the red.

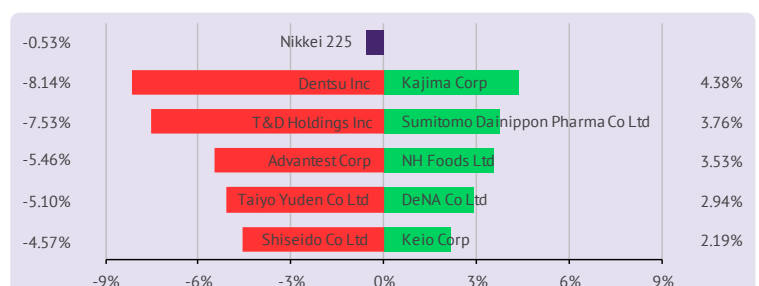
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.5% lower at 21,076.42.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R14.2400. Later today, traders will keep a close watch on the US housing starts, building permits, initial jobless claims and the Philadelphia Fed business outlook for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that the US advance retail sales recorded an unexpected decline on a monthly basis in April. Additionally, monthly industrial production unexpectedly fell in April. Moreover, manufacturing production recorded an unexpected drop in the same month, marking its third decline in four months. Also, the MBA mortgage applications slid in the week ended 10 May 2019. Further, business inventories registered a flat reading in March. On the other hand, the nation's NAHB housing market index jumped more than market forecast in May. Moreover, the Empire State manufacturing index surprised with an advance in May, notching its highest level in 6 months. Separately, in SA, retail sales advanced at its slowest pace in four months on a monthly basis in March.

GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R18.2960. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, amid fears that Prime Minister Theresa May's proposed Brexit deal will be rejected again next month.

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EUR ZAR ▼

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R15.9610. Going forward, market participants will keep a tab on the Eurozone's trade balance data for further cues.

The Euro weakened against the South African Rand yesterday. On the data front, the Eurozone's gross domestic product (GDP) rose less than market forecast on a quarterly basis in the first quarter of 2019. Separately, Germany's quarterly GDP climbed in line with market expectations in 1Q19.

AUD ZAR ▲

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R9.8455. Earlier in the session, Australia's consumer inflation expectations declined in May. Additionally, unemployment rate unexpectedly rose in April. Meanwhile, in China, Australia's largest trading partner, new home prices advanced on a monthly basis in April.

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	14.2400	▼	-0.17	0.42	-0.56	-1.40	-0.89
GBPZAR	18.2960	▼	-0.64	-0.81	-2.00	-1.36	-0.32
EURZAR	15.9610	▼	-0.16	0.17	-0.66	-1.44	-3.20
AUDZAR	9.8455	▲	-0.40	-0.60	-2.27	-2.06	-2.69
EURUSD	1.1209	▼	-0.03	-0.28	-0.12	-0.03	-2.32
GBPUSD	1.2849	▼	-0.46	-1.18	-1.43	-0.02	0.71
Brent (\$/barrel)	72.1	▲	0.74	1.63	-0.40	6.63	33.40
Gold (\$/oz)	1296.7	▼	0.12	0.81	0.94	-0.56	1.29
Platinum (\$/oz)	847.7	▼	-1.33	-2.07	-4.93	5.04	6.51
Copper (\$/MT)*	6053.8	▲	0.95	-0.89	-5.80	-0.92	1.76

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

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,296.70/oz.

Yesterday, gold prices rose 0.1% to close at \$1,297.80/oz, amid persistent geopolitical trade tensions.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$72.13/bl, as worries in the Middle East fuelled concerns of potential disruptions to supply.

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Yesterday, Brent crude oil advanced 0.7% to settle at \$71.77/bl, after Saudi Arabia stated that explosive-laden drones launched by a Yemeni-armed movement aligned to Iran had attacked facilities belonging to state oil company, Aramco. Separately, the International Energy Agency stated that the world's total oil supply fell by 300,000bls a day on a monthly basis to 99.3mn bls a day. Meanwhile, the US Energy Information Administration reported that crude oil inventories rose by 5.4mn bls in the week ended 10 May 2019.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$847.70/oz.

Yesterday, platinum prices declined 1.3% to close at \$847.70/oz.

Major South African corporate news

SPAR Group Limited

In its 1H19 results, the company announced that revenues rose 8.6% to ZAR54.27bn from ZAR49.98bn recorded in the same period of the preceding year. Its diluted EPS fell 2.9% to 516.50c from 531.90c in the same period of the prior year. The company declared a cash dividend of 284.00c per share.

Transaction Capital Limited

In its 1H19 results, the company revealed that its net interest income advanced 5.6% to ZAR584.00mn from ZAR553.00mn reported in the same period of the preceding year to. Its diluted EPS stood at 46.40c, down from 50.30c recorded in the corresponding period of the previous year. Further, the company declared an interim cash dividend of 27.00c per share.

Major global economic news

US

In the US, advance retail sales unexpectedly fell 0.2% on a monthly basis in April. In the previous month, advance retail sales had advanced by a revised 1.7%.

In the US, the NAHB housing market index climbed more-than-expected to 66.00 in May, compared to a level of 63.00 in the previous month.

In the US, business inventories recorded a flat reading in March, compared to 0.3% in the previous month.

In the US, industrial production unexpectedly dropped 0.5% on a monthly basis in April. Industrial production had advanced by a revised 0.2% in the prior month.

In April, manufacturing production unexpectedly dropped 0.5% on a monthly basis in the US. Manufacturing production had recorded an unchanged reading in the previous month.

In the US, the MBA mortgage applications eased 0.6% on a weekly basis in the week ended 10 May 2019. In the previous week, mortgage applications had advanced 2.7%.

In May, the NY Empire State manufacturing index registered an unexpected rise to 17.80 in the US. The index had registered a reading of 10.10 in the previous month.

Asia

In Australia, consumer inflation expectations dropped to 3.3% in May, compared to a reading of 3.9% in the prior month.

In Australia, seasonally adjusted unemployment rate unexpectedly climbed to 5.2% in April. In the previous month, unemployment rate had registered a revised reading of 5.1%.

In China, new home prices recorded a rise of 0.62% on a monthly basis in April, compared to 0.60% in the previous month.

In Japan, flash machine tool orders declined 33.4% on a yearly basis in April. Machine tool orders had dropped 28.5% in the prior month.

Eurozone

In the Eurozone, GDP recorded a less-than-expected rise of 0.3% on a quarterly basis in 1Q19, compared to a growth of 0.4% in the prior quarter.

In Germany, seasonally adjusted flash GDP rose 0.4% on a quarterly basis in 1Q19, meeting market forecast and compared to an unchanged reading in the previous quarter.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Loans & Discounts Corp (YoY) (Mar)	✓	3.59%*	3.25%	Monthly
France	07:30	Unemployment Rate (Q1)	✓✓	-	8.50%	Quarterly
France	07:30	ILO Unemployment (Q1)	✓	8.70%	8.80%	Quarterly
Eurozone	09:30	ECB's Praet Moderates Panel in Brussels	✓	-	-	As scheduled
Italy	10:00	Consumer Price Index (EU Norm) (YoY) (Apr) (F)	✓✓✓	1.20%	1.20%**	Monthly
Germany	10:15	German Buba President Weidmann speech	✓✓	-	-	As scheduled
Eurozone	11:00	Trade Balance n.s.a. (Mar)	✓✓	-	EUR17.90bn	Monthly
Italy	11:00	Trade Balance EU (Mar)	✓✓✓	-	EUR1.11bn	Monthly
Italy	11:00	Trade Balance (Mar)	✓✓✓	-	EUR3268.00mn	Monthly
Eurozone	11:00	Trade Balance s.a. (Mar)	✓✓✓	EUR19.40bn	EUR19.50bn	Monthly
US	14:30	Continuing Jobless Claims (04-May)	✓✓✓	1675.00K	1684.00K	Weekly
US	14:30	Initial Jobless Claims (11-May)	✓✓✓	220.00K	228.00K	Weekly
US	14:30	Philadelphia Fed Manufacturing Survey (May)	✓✓	9.00	8.50	Monthly
US	14:30	Building Permits (Apr)	✓✓✓	1290.00K	1269.00K	Monthly
US	14:30	Housing Starts (Apr)	✓✓✓	1209.00K	1139.00K	Monthly
US	14:30	Housing Starts (MoM) (Apr)	✓✓✓	6.20%	-0.30%	Monthly
US	14:30	Building Permits (MoM) (Apr)	✓✓✓	0.20%	-1.70%	Monthly
Eurozone	14:30	ECB Vice President Guindos Speaks in Brussels	✓	-	-	As scheduled
US	18:05	Fed's Kashkari Discusses Monetary Policy and the Economy	✓	-	-	As scheduled
US	18:15	Fed's Brainard speech	✓✓	-	-	As scheduled
US	19:30	BoE's Jonathan Haskel speaks in York	✓	-	-	As scheduled
Eurozone	20:00	ECB's Coeure Speaks in Geneva	✓	-	-	As scheduled
Eurozone	-	Eurogroup Meeting	✓✓	-	-	As scheduled
US	-	Revisions: Manufacturers' Shipments, Inventories, Orders	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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