

ONE Minute Brief

17 May 2019

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Economic and political news

Ratings agency, Moody's, warned that South Africa's (SA) long-term growth outlook is weak and that the government should urgently work on the policy changes in order to tackle the country's low-growth challenges, rising debt and weak state enterprises and institutions. Additionally, the agency warned that Eskom risk could push the country's debt-to-GDP ratio to 70.0%.

Transnet Chief Executive Officer, Mohammed Mahomed, in his testimony, stated that the company continued to pay computer lease to T-Systems even after the devices went missing after delivery.

Economic Freedom Fighters (EFF) leader, Julius Malema, has accused the African National Congress (ANC) of manipulating the 2019 general elections and stated that the ANC did not secure an outright majority in Gauteng.

EFF leader, Julius Malema, stated that his party is in talks with the Democratic Alliance to formally partner in governing the Tshwane and Johannesburg municipalities.

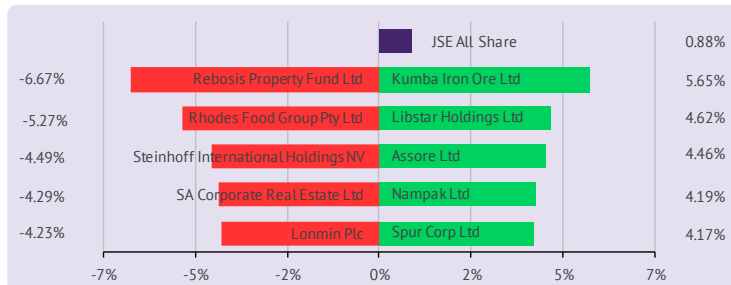
Eskom Chairman, Jabu Mabuza, stated that SA needs to increase state support in education as well as private sector involvement to reduce unemployment.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid easing US-China trade tensions and boosted by gains in resources sector stocks. The JSE All Share Index rose 0.9% to close at 56,537.72.

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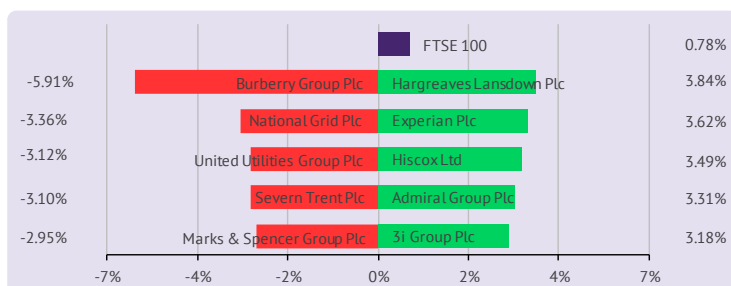


UK Market ▲

UK markets closed firmer

UK markets finished higher yesterday, supported by gains in financial and mining sector stocks. The FTSE 100 Index advanced 0.8% to close at 7,353.51. Today, the FTSE 100 futures are trading in negative territory.

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Key indices

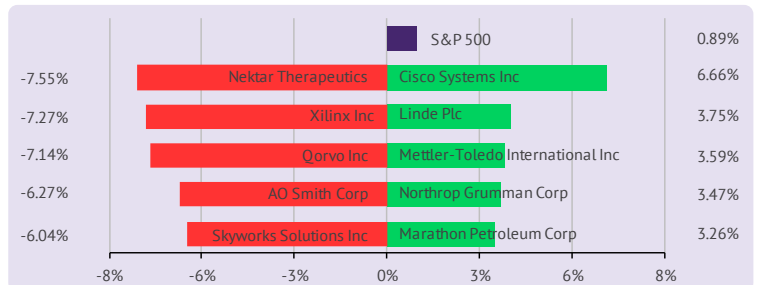
	As at 16 May 2019	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg	
JSE All Share (ZAR)	56537.72	▲	494.51	0.88	-0.43	-3.40	3.66	7.21
JSE Top 40 (ZAR)	50360.28	▲	483.18	0.97	-0.34	-3.66	3.98	7.78
FTSE 100 (GBP)	7353.51	▲	56.56	0.78	2.09	-0.87	1.91	9.30
DAX 30 (EUR)	12310.37	▲	210.80	1.74	2.08	-0.27	7.10	16.59
CAC 40 (EUR)	5448.11	▲	73.85	1.37	2.27	-2.48	4.41	15.17
S&P 500 (USD)	2876.32	▲	25.36	0.89	-0.18	-2.36	3.93	14.74
Nasdaq Composite (USD)	7898.05	▲	75.90	0.97	-0.24	-2.44	4.74	19.03
DJIA (USD)	25862.68	▲	214.66	0.84	-0.31	-2.75	2.56	10.87
MSCI Emerging Markets (USD)	1011.15	▼	-4.83	-0.47	-2.16	-6.31	1.99	4.68
MSCI Developed World (USD)	2126.06	▲	15.66	0.74	-0.01	-2.42	3.37	12.85

US Market ▲

US markets closed in the green

US markets closed firmer yesterday, amid robust earnings from Cisco and Walmart and gains in banking sector stocks. Data revealed that the US monthly housing starts advanced in April. The S&P 500 Index climbed 0.9% to close at 2,876.32. Today, the S&P 500 futures are trading weaker.

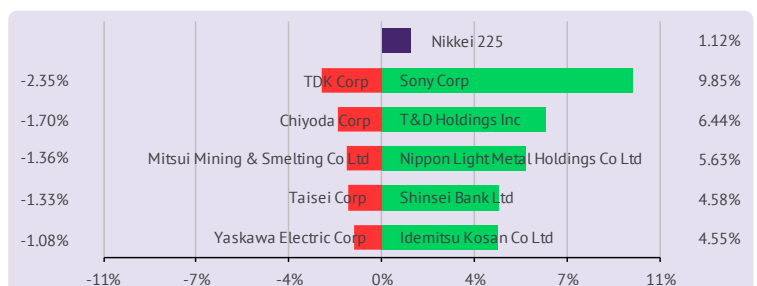
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Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 1.1% higher at 21,298.75.



USD ZAR ▼

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R14.3072. Later today, traders will keep a close watch on the US leading index and the Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday, amid upbeat economic releases in the US. On the macro front, the US housing starts recorded an advance on a monthly basis in April. Additionally, monthly building permits rose in April. Moreover, initial jobless claims declined more than market anticipations in the week ended 11 May 2019. Further, the Philadelphia Fed business outlook climbed more than market forecast in May.

GBP ZAR ▼

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R18.3017. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R15.9921. Going forward, market participants will keep a tab on the Eurozone's consumer price index and construction output for further cues.

The Euro strengthened against the South African Rand yesterday, as trade tensions eased on expectations that the US President, Donald Trump, will postpone implementing tariffs on imported cars. On the data front, the Eurozone's trade surplus narrowed more than market forecast in March.

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AUD ZAR ▼

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar slightly rose against the South African Rand to trade at R9.8508.

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	14.3072	▼	0.49	0.91	-0.07	-1.40	-0.40
GBPZAR	18.3017	▼	0.13	-0.68	-1.88	-1.36	-0.19
EURZAR	15.9921	▼	0.26	0.43	-0.40	-1.44	-2.95
AUDZAR	9.8508	▼	-0.02	-0.61	-2.29	-2.06	-2.71
EURUSD	1.1177	▼	-0.24	-0.53	-0.37	-0.03	-2.56
GBPUSD	1.2791	▲	-0.37	-1.54	-1.80	-0.02	0.34
Brent (\$/barrel)	72.8	▲	1.18	2.83	0.78	6.63	34.98
Gold (\$/oz)	1286.3	▲	-0.89	-0.09	0.04	-0.56	0.38
Platinum (\$/oz)	831.5	▼	-1.66	-3.70	-6.52	5.04	4.74
Copper (\$/MT)*	6071.0	▲	0.28	-0.61	-5.54	-0.92	2.05

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

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed marginally to trade at \$1,286.30/oz.

Yesterday, gold prices fell 0.9% to close at \$1,286.20/oz, as the US Dollar strengthened, amid solid economic data in the US.

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Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$72.84/bl, as increasing tensions in the Middle East raised fears of crude oil supply disruptions.

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Yesterday, Brent crude oil advanced 1.2% to settle at \$72.62/bl, amid escalating worries in the Middle East, after a Saudi-led coalition launched air strikes in response for recent attacks on its crude infrastructure.

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Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.3% to trade at \$831.50/oz.

Yesterday, platinum prices declined 1.7% to close at \$833.60/oz.

Major South African corporate news

DataTec Limited

In its FY19 trading statement, the company indicated that it expects HEPS to be \$0.70 compared to the same period of the previous year. Further, the company expects EPS to be \$5.50, which is 73.0% lower compared to the corresponding period of the preceding year.

Investec Limited

In its FY19 results, the company announced that its interest income advanced 6.1% to GBP2.64bn from GBP2.49 billion in the previous year. Its diluted EPS stood at 50.90p, compared to 49.80p recorded in the corresponding period of the previous year. The company has recommended a gross dividend of 13.50p per share for the period.

Major global economic news

US

In the US, housing starts registered a rise of 5.7% to an annual rate of 1235.00K on a monthly basis in April, compared to a revised reading of 1168.00K in the prior month.

In the US, building permits advanced 0.6% to an annual rate of 1296.00K on monthly basis in April. Building permits had recorded a revised reading of 1288.00K in the prior month.

In the US, seasonally adjusted initial jobless claims eased more-than-anticipated to 212.00K in the week ended 11 May 2019. Initial jobless claims had recorded a level of 228.00K in the prior week.

In the US, the Philadelphia Fed manufacturing index recorded a more-than-expected rise to 16.60 in May. In the prior month, the index had recorded a level of 8.50.
















Eurozone

In the Eurozone, seasonally adjusted trade surplus narrowed more-than-anticipated to EUR17.90bn in March, following a surplus of EUR19.50bn in the previous month.

Asia

In Japan, the tertiary industry index registered an unexpected drop of 0.4% on a monthly basis in March. In the prior month, the tertiary industry index had fallen 0.6%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
 Japan	06:30	Tertiary Industry Index (MoM) (Mar)	✓✓	-0.40%*	-0.60%	Monthly
 Japan	07:30	Nationwide Department Store Sales (YoY) (Apr)	✓	-	0.10%	Monthly
 Japan	07:30	Tokyo Department Store Sales (YoY) (Apr)	✓	-	0.60%	Monthly
 Eurozone	08:00	EU 27 New Car Registrations (YoY) (Apr)	✓	-	-3.90%	Monthly
 Eurozone	11:00	Construction Output s.a. (MoM) (Mar)	✓✓✓	-	3.00%	Monthly
 Eurozone	11:00	Construction Output w.d.a. (YoY) (Mar)	✓	-	5.20%	Monthly
 Eurozone	11:00	Consumer Price Index - Core (YoY) (Apr) (F)	✓✓✓	1.20%	1.20%**	Monthly
 Eurozone	11:00	Consumer Price Index (MoM) (Apr)	✓✓✓	0.70%	1.00%	Monthly
 Eurozone	11:00	Consumer Price Index (YoY) (Apr) (F)	✓✓✓	1.70%	1.70%**	Monthly
 UK	14:00	BoE's Alex Brazier speaks in London	✓	-	-	As scheduled
 US	16:00	Leading Indicator (MoM) (Apr)	✓✓✓	0.20%	0.40%	Monthly
 US	16:00	Reuters/Michigan Consumer Sentiment Index (May) (P)	✓✓✓	97.10	97.20	Monthly
 US	17:15	Fed's Williams Meets With Community Leaders	✓	-	-	As scheduled
 US	19:40	Clarida Speaks at 'Fed Listens' Event in Philadelphia	✓	-	-	As scheduled
 US	20:00	Fed's Williams Meets With Community Leaders	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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