

ONE Minute Brief

16 August 2018

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Economic and political news

In South Africa (SA), retail sales advanced 0.7% on a yearly basis in June, less-than-expected and compared to a rise of 1.9% in the May.

South African Reserve Bank (SARB) Governor, Lesetja Kganyago, has warned that SA's economic recovery will be "weak and choppy" this year, after growth dropped below initial expectations. Also, the SARB reiterated its cautious outlook for the country's economy.

Moody's stated that the South African government's target of "fiscal consolidation" will be slower than government forecasts due to weaker-than-expected economic growth and rising public sector wage bill. Further, the agency added that the country's economic growth will be lower than government expectations.

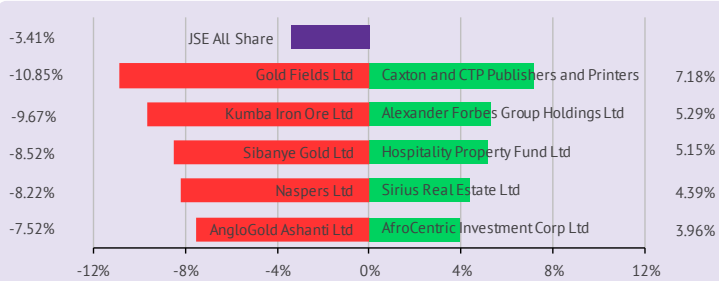
Eskom has lodged a mutual interest dispute at the Commission for Conciliation, Mediation and Arbitration, over demands made by trade unions during negotiations.

The presidency has indicated that it may seek a refund for legal fees from former President, Jacob Zuma, depending on the outcome of a court challenge to the state funding his corruption trial defence. Meanwhile, Jacob Zuma's Lawyer, Daniel Mantsha stated that the former president is entitled to state funding for his corruption trial defence.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, following a downbeat assessment on the economy by ratings agency, Moody's and amid losses in mining sector stocks. The JSE All Share Index fell 3.4% to close at 55,646.15.



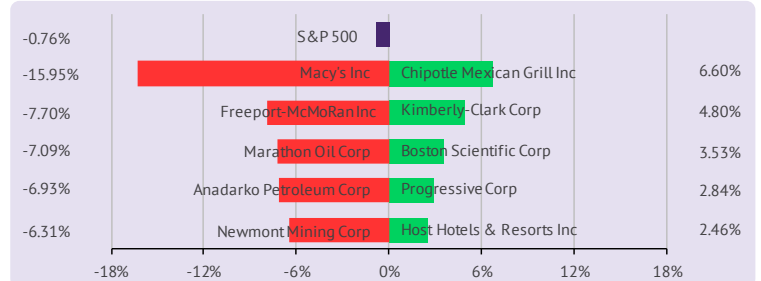
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55646.15	▼ -1962.79	-3.41	-3.56	-3.11	-0.31	-6.48
JSE Top 40	49615.06	▼ -1936.69	-3.76	-3.80	-3.31	-0.39	-5.55
FTSE 100	7497.87	▼ -113.77	-1.49	-2.21	-3.24	1.46	-2.47
DAX 30	12163.01	▼ -195.86	-1.58	-2.10	-5.02	4.06	-5.84
CAC 40	5305.22	▼ -98.19	-1.82	-2.02	-3.74	3.53	-0.14
S&P 500	2818.37	▼ -21.59	-0.76	-0.53	0.07	3.60	5.41
Nasdaq Composite	7774.12	▼ -96.78	-1.23	-0.83	1.33	2.15	12.61
DJIA	25162.41	▼ -137.51	-0.54	-0.60	-0.99	4.71	1.79
MSCI Emerging Markets	1023.43	▼ -19.13	-1.83	-3.67	-5.89	1.68	-11.66
MSCI Developed World	2115.70	▼ -21.66	-1.01	-1.13	-1.74	3.05	0.58

US Market ▼

The S&P 500 futures are trading in the green

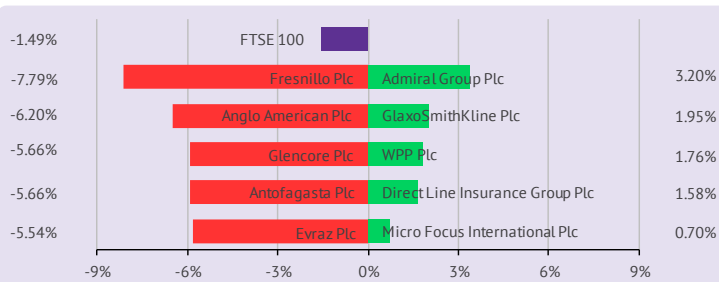
US markets closed lower yesterday, on the back of escalating trade tensions and downbeat earnings. Data revealed that the US monthly industrial production rose at a slower-than-anticipated pace in July. The S&P 500 Index dropped 0.8% to close at 2,818.37.



UK Market ▼

The FTSE 100 futures are trading in positive territory

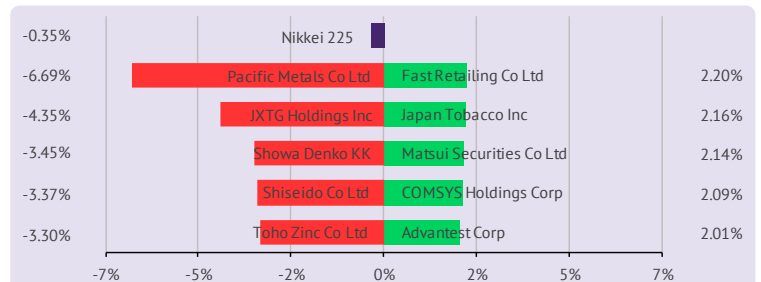
UK markets finished lower yesterday, led by losses in energy and commodity-related stocks and amid rising tensions in Turkey. The FTSE 100 Index declined 1.5% to close at 7,497.87.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data indicated that Japan posted a trade deficit in July. The Nikkei 225 Index is trading 0.4% lower at 22,125.80.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.7% weaker against the South African Rand at R14.4593. Later today, traders will keep a close watch on the US initial jobless claims, the Philadelphia Fed business outlook, housing starts and building permits for further indication.

The US Dollar rose against the South African Rand yesterday. On the data front, the US advance retail sales climbed more than market forecast on a monthly basis in July. Additionally, business inventories jumped in line with market expectations in June. Moreover, manufacturing production rose in line with market anticipations for a consecutive second month in July. On the contrary, monthly industrial production advanced at a slower-than-expected pace in July. Further, the MBA mortgage applications declined for a consecutive fifth week in the week ended 10 August 2018, marking its lowest level in six months. Moreover, the NAHB housing market index dropped meeting market forecast in August. Separately, the South African Rand dropped against the US dollar, after Moody's warned that SA's economic growth would be lower than government expectations. Additionally, SA's retail sales advanced less than market expectations on an annual basis in June.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.6% lower against the South African Rand at R18.3973. Ahead in the day, traders will keep an eye on UK's retail sales data for further direction.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's consumer price index (CPI) advanced in line with market expectations for first time since November 2017 on a yearly basis in July. Additionally, the annual producer price index (PPI) recorded a more-than-anticipated rise in the same month. Moreover, the house price index climbed more than market forecast on an annual basis in June.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.4% against the South African Rand to trade at R16.4620. Going forward, market participants will keep a tab on the Eurozone's trade balance data for further cues.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.3% against the South African Rand to trade at R10.5096. Earlier in the session, Australia's consumer inflation expectations recorded a rise in August. Additionally, unemployment rate unexpectedly eased to its lowest rate in six years in the same month.

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	14.4593	▼	2.23	3.35	9.72	-3.28	17.63
GBPZAR	18.3973	▼	2.09	2.98	6.20	-3.90	10.65
EURZAR	16.4620	▼	2.27	2.79	6.50	-3.22	11.27
AUDZAR	10.5096	▼	2.23	2.61	6.98	-3.03	9.11
EURUSD	1.1384	▲	0.01	-0.60	-2.96	0.06	-5.50
GBPUSD	1.2724	▲	-0.20	-0.48	-3.25	-0.63	-6.04
Brent (\$/barrel)	71.0	▲	-2.35	-2.82	-4.65	-6.34	5.82
Gold (\$/oz)	1179.1	▲	-1.30	-2.77	-3.78	-2.46	-10.07
Platinum (\$/oz)	768.2	▼	-3.72	-6.96	-8.74	-0.77	-17.37
Copper (\$/MT)*	5759.0	▼	-4.16	-6.51	-8.29	-5.22	-20.09

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.1% to trade at \$1,179.10/oz.

Yesterday, gold prices fell 1.3% to close at \$1,177.50/oz, amid strength in the US dollar.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$70.98/bl, after Beijing indicated that it would send a delegation to Washington in an attempt to resolve trade disputes between the US and China.

Yesterday, Brent crude oil dropped 2.3% to settle at \$70.76/bl, after the US Energy Information Administration reported that crude oil inventories unexpectedly rose by 6.8mn bls in the week ended 10 August 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.5% to trade at \$768.20/oz.

Yesterday, platinum prices declined 3.7% to close at \$771.90/oz.

Major South African corporate news

Murray & Roberts Holdings Limited

In its FY18 trading statement, the company announced that it expects its HEPS and EPS to be at least 20.0% higher, compared to the corresponding period of the prior year. Further, the company expects to report cash, net of debt, of not less than ZAR1.90bn, compared to ZAR1.80bn recorded in the same period of the preceding year.

Emira Property Fund Limited

In its FY18 results, the company stated that its revenues increased to ZAR1.77bn, compared to ZAR1.72bn posted in the corresponding period of the previous year. Its diluted EPS rose to 166.32c, compared to 142.98c recorded in the same period of the prior year. The company has declared a final dividend of 76.15c per share, an increase of 2.5% from the corresponding period of the preceding year.

Major global economic news

US

In the US, mortgage applications eased 2.0% on a weekly basis in the week ended 10 August 2018. Mortgage applications had registered a drop of 3.0% in the previous week.

In July, advance retail sales registered a more-than-expected rise of 0.5% on a monthly basis in the US. Advance Retail sales had fallen by a revised 0.2% in the previous month.

In the US, industrial production recorded a rise of 0.1% on a monthly basis in July, less than market expectations. In the previous month, industrial production had recorded a revised rise of 1.0%.

In the US, manufacturing production recorded a rise of 0.3% on a monthly basis in July, meeting market expectations. Manufacturing production had risen 0.8% in the previous month.

In the US, business inventories climbed 0.1% on a monthly basis in June, at par with market expectations. In the previous month, business inventories had recorded a revised rise of 0.3%.

In the US, the NAHB housing market index eased to 67.00 in August, in line with market expectations. The index had recorded a level of 68.00 in the previous month.

Asia

Japan has posted merchandise trade deficit of JPY231.20bn in July, compared to a trade surplus of JPY721.40bn in the prior month.

In Australia, consumer inflation expectations rose to 4.0% in August. The consumer inflation expectations had recorded a level of 3.9% in the previous month.

In July, seasonally adjusted unemployment rate unexpectedly fell to a rate of 5.3% in Australia, compared to a reading of 5.4% in the previous month.

UK

In the UK, the CPI advanced 2.5% on a yearly basis in July, meeting market forecast and compared to a rise of 2.4% in the prior month.

In the UK, non-seasonally adjusted output PPI rose 3.1% on an annual basis in July, higher than market expectations. In the previous month, output PPI had risen by a revised 3.3%.

In the UK, the house price index recorded a more-than-expected rise of 3.0% on an annual basis in June. In the prior month, the index had risen by a revised 3.5%.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Exports (YoY) (Jul)	✓✓	3.90%*	6.70%	Monthly
Japan	01:50	Imports (YoY) (Jul)	✓✓	14.60%*	2.50%	Monthly
Japan	01:50	Adjusted Merchandise Trade Balance (Jul)	✓✓✓	-JPY45.60bn*	JPY66.20bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Jul)	✓✓✓	-JPY231.20bn*	JPY721.40bn	Monthly
Germany	08:00	Wholesale Price Index (MoM) (Jul)	✓	-	0.50%	Monthly
Germany	08:00	Wholesale Price Index (YoY) (Jul)	✓	-	3.40%	Monthly
UK	10:30	Retail Sales (MoM) (Jul)	✓✓✓	0.20%	-0.50%	Monthly
UK	10:30	Retail Sales (YoY) (Jul)	✓✓✓	2.90%	2.90%	Monthly
UK	10:30	Retail Sales ex-Fuel (MoM) (Jul)	✓✓✓	0.00%	-0.60%	Monthly
UK	10:30	Retail Sales ex-Fuel (YoY) (Jul)	✓✓✓	2.80%	3.00%	Monthly
Eurozone	11:00	Trade Balance n.s.a. (Jun)	✓✓	-	EUR16.50bn	Monthly
Eurozone	11:00	Trade Balance s.a. (Jun)	✓✓✓	EUR16.90bn	EUR16.90bn	Monthly
US	14:30	Philadelphia Fed Manufacturing Survey (Aug)	✓✓	22.00	25.70	Monthly
US	14:30	Continuing Jobless Claims (04-Aug)	✓✓✓	1740.00K	1755.00K	Weekly
US	14:30	Initial Jobless Claims (11-Aug)	✓✓✓	215.00K	213.00K	Weekly
US	14:30	Building Permits (Jul)	✓✓✓	1310.00K	1273.00K	Monthly
US	14:30	Housing Starts (Jul)	✓✓✓	1260.00K	1173.00K	Monthly
US	14:30	Housing Starts (MoM) (Jul)	✓✓✓	7.40%	-12.30%	Monthly
US	14:30	Building Permits (MoM) (Jul)	✓✓✓	1.40%	-2.20%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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