

# ONE Minute Brief

23 October 2015

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## Economic and Political News

The Governor of the South African Reserve Bank (SARB), Lesetja Kganyago, indicated that it would adjust its monetary policy, if a US Federal Reserve (Fed) rate hike caused secondary effects such as the depreciation of the Rand, inflation and a repricing of assets. He further added that the inflation outlook was not favourable, but would be within the target range in the medium term.

President Jacob Zuma said that Mozambique is one of South Africa's top trading partners on the African continent, and called on the private sector to invest in each other's territory, thereby creating job opportunities.

Brian Molefe, the Chief Executive Officer of Eskom, announced a new executive committee structure to implement the company's turnaround strategy and further stabilise and strengthen the company's leadership.

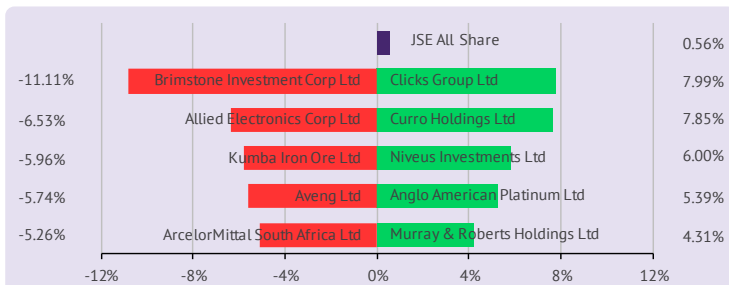
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53293.97	▲	296.00	0.56%	0.66%	6.40%	0.23%	7.08%
JSE Top 40	47814.72	▲	220.13	0.46%	0.75%	6.54%	1.20%	8.74%
FTSE 100	6376.28	▲	27.86	0.44%	-0.03%	5.19%	-2.98%	-2.89%
DAX 30	10491.97	▲	253.87	2.48%	3.84%	8.61%	-5.84%	7.00%
CAC 40	4802.18	▲	107.08	2.28%	2.11%	7.79%	-4.25%	12.39%
S&P 500	2052.51	▲	33.57	1.66%	0.95%	6.90%	-2.64%	-0.31%
Nasdaq Composite	4920.05	▲	79.93	1.65%	0.68%	6.49%	-3.27%	3.89%
DJIA	17489.16	▲	320.55	1.87%	1.59%	7.40%	-1.47%	-1.87%

## South Africa Market ▲

### South African markets closed higher

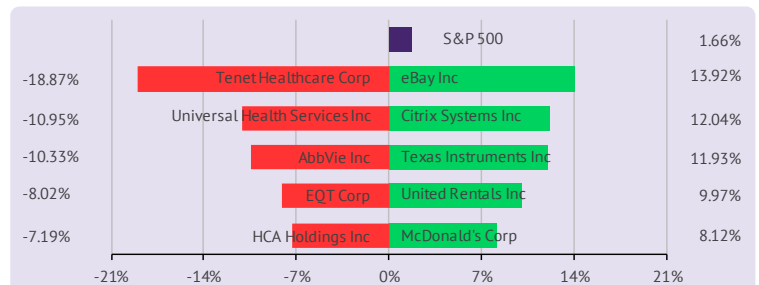
South African markets closed in the green yesterday, supported by gains in general and food retailer stocks. The JSE All Share Index rose 0.6% to close at 53,293.97.



## US Market ▲

### The S&P 500 futures are trading in the green

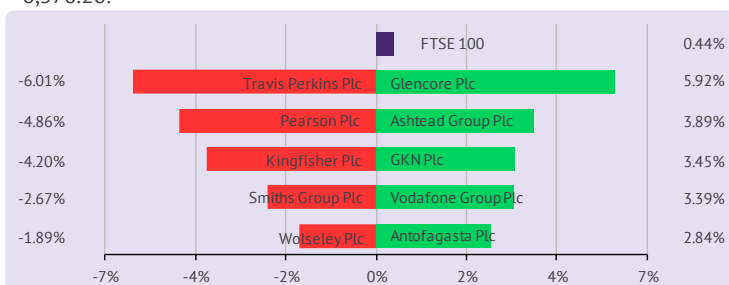
US markets ended higher yesterday, buoyed by stronger-than-expected corporate earnings results. Data revealed a less-than-expected rise in US initial jobless claims last week. The S&P 500 Index climbed 1.7% to close at 2,052.51.



## UK Market ▲

### The FTSE 100 futures are trading in positive territory

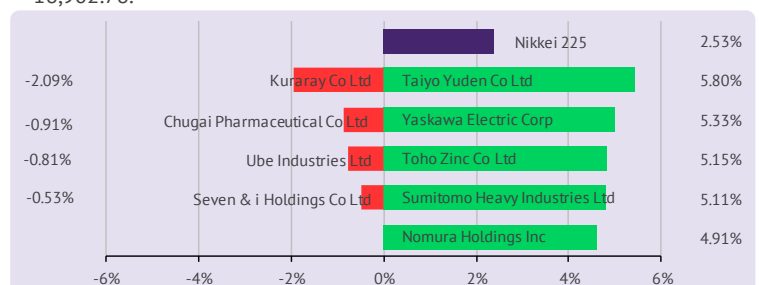
UK markets finished stronger yesterday, led by gains in mining sector stocks. Data showed that retail sales in the UK advanced more-than-expected in September. The FTSE 100 Index advanced 0.4% to close at 6,376.28.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. Data showed an expansion in Japan's manufacturing activity in October. The Nikkei 225 Index is trading 2.5% higher at 18,902.78.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R13.3929. Later in the session today, traders will track the US Markit manufacturing purchasing managers' Index (PMI) for further clues.

The US Dollar fell against the South African Rand yesterday, following a rise in US jobless claims last week. Meanwhile, in the US, data revealed a rise in existing home sales and in manufacturing activity in the Kansas City region.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R20.6392. With no major releases in the UK today, investors will focus on the CBI industrial trends survey for orders and mortgage approvals data scheduled for release next week.

The British Pound weakened against the South African Rand yesterday, despite a more-than-anticipated advance in UK retail sales in September.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R14.8845. Going forward today, Markit manufacturing and services activity data in the Eurozone and in Germany will attract market attention.

The Euro declined against the South African Rand yesterday, after the European Central Bank (ECB) President, Mario Draghi, indicated that the bank is prepared to lower interest rates and boost its stimulus programme. Furthermore, the consumer confidence index in the Eurozone dropped in October.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% firmer against the South African Rand at R9.7022. Earlier in the session, data showed that the leading economic index in China, Australia's largest trading partner, advanced in September.

The Australian Dollar fell against the South African Rand yesterday, as the business confidence index in Australia declined in 3Q15.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.3929	▼	-0.92%	2.44%	-3.27%	4.35%	15.86%
GBPZAR	20.6392	▲	-1.14%	2.10%	-1.61%	2.88%	14.40%
EURZAR	14.8845	▼	-2.97%	0.25%	-3.88%	4.01%	6.34%
AUDZAR	9.7022	▲	-0.96%	1.57%	-0.64%	2.94%	2.18%
EURUSD	1.1115	▲	-2.03%	-2.11%	-0.60%	-0.31%	-8.20%
GBPU\$D	1.5410	▲	-0.15%	-0.28%	1.75%	-1.42%	-1.24%
Brent (\$/barrel)	48.4	▲	0.48%	-4.72%	-0.60%	-10.67%	-16.13%
Gold (\$/oz)	1168.9	▲	-0.09%	-1.44%	4.58%	-1.46%	-1.48%
Platinum (\$/oz)	1012.2	■	0.62%	-0.89%	11.57%	-10.22%	-16.27%
Copper (\$/MT)*	5242.0	▲	1.17%	-1.16%	1.27%	0.57%	-17.68%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,168.90/oz.

Yesterday, gold prices declined 0.1% to close at \$1,166.60/oz, amid a broadly stronger US Dollar.

## Brent Crude Oil ▲

### Trading stronger

Brent crude oil, at 06:00 SAST, climbed 0.7% to trade at \$48.40/bl.

Yesterday, Brent crude oil rose 0.5% to settle at \$48.08/bls, reversing previous session losses. Meanwhile, Iran's President, Hassan Rouhani welcomed conditional approval of a nuclear agreement with six major powers by the country's top authority, Supreme Leader Ayatollah Ali Khamenei.

## Platinum ◀▶

### Trading flat

At 06:00 SAST, platinum prices remained unchanged to trade at \$1,012.20/oz.

Yesterday, platinum prices advanced 0.6% to close at \$1012.20/oz.



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## Major South Africa Corporate News

### Anglo American Plc

In its production report for 3Q15, the company stated that its diamond production declined 26.8% from the same period last year to 6.00mn ct. Its iron ore production rose 10.0% from the corresponding period of the prior year to 14.30mn metric tons as the ramp up of its Minas Rio iron ore project in Brazil more than offset lower output from its majority owned South African unit, Kumba Iron Ore. The company indicated that its copper production stood at 171.10kt, compared with 176.90kt reported in the same period of the prior year.

### Anglo American Platinum Limited

In its production report for 3Q15, the company revealed that its group production of platinum metal in concentrate increased 14.0% from the same period of the preceding year to 614.00koz, when the strike affected mines such as Rustenburg, Amandelbult and Union operations were ramping up to normal production levels. Its refined platinum production increased by 33.0% from the corresponding period of the previous year to 611.00koz. For FY15, the company expects refined production to remain steady at 2.30mnoz to 2.40mnoz.

### Clicks Group Limited

In its results for FY15, the company, indicated that its revenue rose more than 15.3% from the previous year to R23.29bn, even though middle-income consumers curbed their expenses due to rising interest rates, higher income taxes and ballooning energy costs. Its diluted headline EPS advanced 14.0% from the last year to R3.84. The company stated that it plans to spend R432.00mn on capital expansion and open up to 25 new stores and 35 new pharmacies this year, growing its portfolio to more than 800 stores and pharmacies.

### Famous Brands Limited

In its 1H16 results, the company indicated that its revenue climbed 27.1% from the same period of the previous year to R2.00bn. Its diluted headline EPS stood at R2.40, compared with R2.11 recorded in the corresponding period of the previous year. Furthermore, the company stated that notwithstanding the current market conditions, it is focussed on expanding its operations by opening 139 additional restaurants in new markets across the group's network.

### Kumba Iron Ore Limited

In its production and sales report for 3Q15, the company indicated that its total production fell 12.0% from the same period of the previous year to 11.39mnt, but was 10.0% higher compared with the previous quarter. However, its total export sales volumes rose 9.0% from the corresponding period of the preceding year to 9.80mnt, but was 16.0% lower compared with the previous quarter.

### MTN Group Limited

In its quarterly update for the period ended 30 September 2015, the company stated that its subscriber base grew 0.9% from the previous quarter to 233.00mn. Subscriber base in its South African operations gained 2.0% from the prior comparable period to 29.00mn, due to a rise in pre-paid customers. The company slashed its forecast for net subscribers to 14.80mn from 16.75mn.

## Major Global Economic News

### UK

In September, retail sales in the UK advanced 1.9% on a monthly basis, compared to market expectations for a rise of 0.4%. Retail sales had registered a revised drop of 0.4% in August.

### US

The seasonally adjusted initial jobless claims in the US rose to a level of 259.00K in the week ended 17 October 2015, compared to market expectations of an advance to 265.00K. In the prior week, initial jobless claims had recorded a revised level of 256.00K.

In September, the Conference Board leading indicator unexpectedly dropped 0.2% on a monthly basis in the US, compared to a revised unchanged reading in the previous month.

Existing home sales rose on monthly basis to 5.55mn in September, in the US, compared to a revised reading of 5.30mn in August.

The Kansas City Fed manufacturing activity index climbed to -1.00 in October, in the US, compared to a reading of -8.00 in September.

### Eurozone

The ECB, in its latest monetary policy meeting, left its key interest rates unchanged at 0.05%. The ECB Chief Mario Draghi signalled that the central bank is ready to expand its bond buying programme. He also highlighted the downside risks to both economic growth and inflation arising from slowing growth in China and other large developing economies, as well as weak commodity prices.

The preliminary consumer confidence index in the Eurozone eased to -7.70 in October, compared to a reading of -7.10 in the previous month.

### Asia

In October, the flash Nomura/JMMA PMI rose unexpectedly to a level of 52.50 in Japan, compared to a reading of 51.00 in the previous month. Markets were anticipating the PMI to drop to 50.50.

The Conference Board leading economic index in China rose 1.6% in China on a monthly basis, in September, compared to an advance of 1.0% in the prior month.

The house price index in China eased 0.9% on a yearly basis, in September. In August, the index had recorded a drop of 2.3%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:30	House Price Index (YoY) (Sep)	✓	-0.90%*	-2.30%	Monthly
Japan	03:35	Nomura/ JMMA Manufacturing PMI (Oct) (P)	✓✓	52.50*	51.00	Monthly
China	04:00	Conference Board Leading Economic Index (Sep)	✓✓	1.60%*	1.00%	Monthly
Japan	07:00	Coincident Index (Aug) (F)	✓	-	112.50**	Monthly
Japan	07:00	Leading Economic Index (Aug) (F)	✓✓	-	103.50**	Monthly
France	09:00	Markit Manufacturing PMI (Oct) (P)	✓✓	50.20	50.60	Monthly
France	09:00	Markit Services PMI (Oct) (P)	✓✓	51.70	51.90	Monthly
Germany	09:30	Markit Manufacturing PMI (Oct) (P)	✓✓	51.70	52.30	Monthly
Germany	09:30	Markit Services PMI (Oct) (P)	✓✓	53.90	54.10	Monthly
Italy	10:00	Industrial Sales s.a. (MoM) (Aug)	✓	-	-1.10%	Monthly
Eurozone	10:00	Markit Composite PMI (Oct) (P)	✓✓	53.40	53.60	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Oct) (P)	✓✓	51.70	52.00	Monthly
Eurozone	10:00	Markit Services PMI (Oct) (P)	✓✓	53.50	53.70	Monthly
Italy	11:00	Retail Sales s.a. (MoM) (Aug)	✓	-	0.40%	Monthly
Italy	12:00	Wage Inflation (MoM) (Sep)	✓	-	0.00%	Monthly
Canada	14:30	Consumer Price Index (MoM) (Sep)	✓✓	-0.10%	0.00%	Monthly
US	15:45	Markit Manufacturing PMI (Oct) (P)	✓✓	52.70	53.10	Monthly
Eurozone	-	ECB Survey of Professional Forecasters	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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