

ONE Minute Brief

13 October 2016

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Economic and Political News

National Prosecuting Authority (NPA) head, Shaun Abrahams, announced that he was ready to review fraud charges against Finance Minister, Pravin Gordhan, provided he makes representations to him to have the decision reviewed.

Treasury's Director-General, Lungisa Fuzile, expressed doubts whether the South African economy will achieve 0.9% growth forecasted by the institution. He further added that low economic growth, rising debt and depleted revenues were making it difficult for the finance ministry to close the large fiscal deficits.

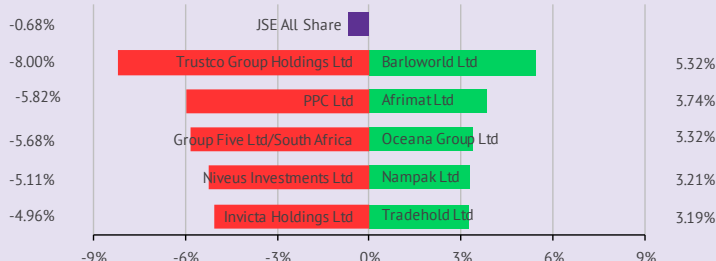
Finance Minister, Pravin Gordhan, stated he was concerned about South African Revenue Service (Sars) head, Tom Moyane's leadership, as he had failed to handle the matter involving mystery payments totalling over a million rand into the bank accounts of his second in command, Jonas Makwakwa.

An order made public by the Supreme Court of Appeal, indicates that it wants to hear an oral argument on why it should grant President, Jacob Zuma, leave to appeal in the "spy tapes" case.

South Africa Market ▼

South African markets closed lower

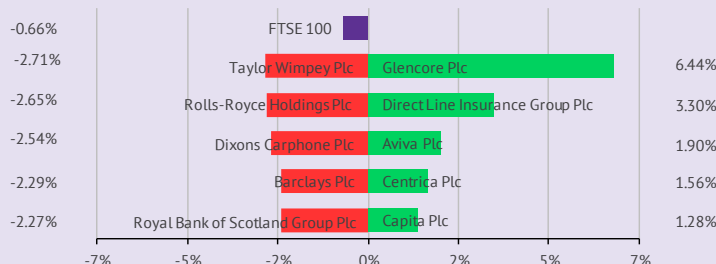
South African markets closed in the red yesterday, despite gains in banking and retail sector stocks. The JSE All Share Index fell 0.7% to close at 51,548.13.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid losses in consumer discretionary and financial sector stocks. The FTSE 100 Index declined 0.7% to close at 7,024.01.



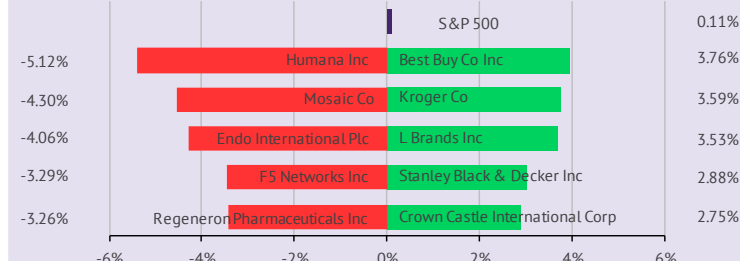
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51548.13	▼ -350.69	-0.68%	-0.22%	-0.77%	-1.49%	1.69%
JSE Top 40	45048.57	▼ -347.15	-0.76%	-0.14%	-0.83%	-1.81%	-1.63%
FTSE 100	7024.01	▼ -46.87	-0.66%	-0.29%	1.81%	1.74%	12.52%
DAX 30	10523.07	▼ -54.09	-0.51%	0.31%	0.11%	-0.77%	-2.05%
CAC 40	4452.24	▼ -19.50	-0.44%	0.05%	0.09%	0.23%	-3.99%
S&P 500	2139.18	▲ 2.45	0.11%	-0.68%	-1.34%	-0.12%	4.66%
Nasdaq Composite	5239.02	▼ -7.77	-0.15%	-1.01%	-1.37%	1.89%	4.63%
DJIA	18144.20	▲ 15.54	0.09%	-0.53%	-0.90%	-0.50%	4.13%

US Market ▲

The S&P 500 futures are trading in the red

US markets closed higher yesterday, supported by gains in real estate sector stocks. The FOMC meeting minutes indicated that several policy members called for a rate hike relatively soon. The S&P 500 Index climbed 0.1% to close at 2,139.17.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Earlier in the session, data indicated that China's trade surplus in Dollar terms unexpectedly narrowed in September, amid a drop in the nation's exports. The Nikkei 225 Index is trading 0.3% lower at 16,787.97.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.2% against the South African Rand to trade at R14.2598. Later today, traders will keep a close watch on US initial jobless claims, import and export price indices for further direction.

The US Dollar fell against the South African Rand yesterday. Separately, the FOMC September meeting minutes indicated a division between members who wanted a rate hike and those who took a more cautious approach.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R17.3830. Going ahead, traders will keep an eye on UK's construction output data, scheduled for tomorrow.

The British Pound declined against the South African Rand yesterday, despite British Prime Minister, Theresa May's offer to give lawmakers some scrutiny of the procedure to leave the EU easing concerns of a hard Brexit.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro rose 0.3% against the South African Rand to trade at R15.7161. Going forward, market participants will keep a tab on Germany's consumer price inflation data for further cues.

The Euro weakened against the South African Rand yesterday, despite data indicating that Eurozone's industrial production rebounded slightly more-than-expected on a monthly basis in August, returning to the expansion territory. Separately, Germany's wholesale price index bounced back on a monthly basis in September.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R10.7405. Earlier in the session, data showed that Australia's consumer inflation expectations advanced for October. Elsewhere, in China, Australia's largest trading partner, trade surplus in Dollar terms surprisingly narrowed in September, due to large drop in the nation's exports.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's Westpac consumer confidence index advanced for October.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.2598	▲	-0.97%	2.58%	3.70%	-6.85%	-8.03%
GBPZAR	17.3830	▲	-0.34%	0.73%	-2.43%	-8.01%	-23.81%
EURZAR	15.7161	▲	-1.44%	0.77%	1.50%	-6.12%	-6.81%
AUDZAR	10.7405	▼	-0.72%	2.20%	2.32%	-5.05%	-5.29%
EURUSD	1.1023	▲	-0.43%	-1.73%	-2.03%	0.69%	1.30%
GBPUSD	1.2181	▼	0.67%	-1.85%	-5.92%	-1.26%	-17.21%
Brent (\$/barrel)	51.5	▼	-1.14%	-0.23%	3.23%	7.04%	38.98%
Gold (\$/oz)	1261.3	▲	-0.17%	0.39%	-4.53%	0.41%	18.26%
Platinum (\$/oz)	939.0	▲	-0.78%	-2.13%	-8.77%	-2.36%	5.24%
Copper (\$/MT)*	4791.3	▼	-0.01%	0.69%	-1.17%	5.26%	1.82%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,261.30/oz.

Yesterday, gold prices fell 0.2% to close at \$1,253.80/oz, after the FOMC minutes indicated that several voting members thought that an interest rate hike would be warranted "relatively soon" if the US economy showed improvement.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged lower 0.6% to trade at \$51.49/bL.

Yesterday, Brent crude oil dropped 1.1% to settle at \$51.81/bL, after the American Petroleum Institute (API) reported that crude oil inventories advanced 2.70mn bls last week and as OPEC indicated that production rose in September to the highest in at least eight years.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.1% to trade at \$939.00/oz.

Yesterday, platinum prices declined 0.8% to close at \$938.40/oz.



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Major South Africa Corporate News

Afrimat Limited

In its trading update for the period ended 31 August 2016, the company expects its headline EPS to be between 92.70c and 96.50c reflecting an increase of 22.0% to 27.0% from the prior period.

African Oxygen Limited

The company announced that the company has received a notification that Investec Asset Management Holdings Limited has acquired a beneficial interest in its securities. Following the acquisition, Investec now holds 5.08% of the issued ordinary share capital of the company.

Allied Electronics Corporation Limited

In its trading statement for the half-year ended 31 August 2016, the company announced that it expects its headline EPS from continuing operations to be between 51.00c to 56.00c.

Psg Group Limited

In its 1H17 results, the company stated that its sales increased to R7.06bn from R6.68bn recorded in the same period of the last year. Its diluted EPS rose 11.3% from the same period of the preceding year to 470.50c. Its profit before tax stood at R1.82bn from R1.48bn posted in the similar period of the previous year.

Trencor Limited

In its trading statement for the six months ended 30 June 2016, the company stated that it expects its headline EPS to be in the range of 270.00c to 280.00c.

Major Global Economic News

Asia

Trade surplus in China narrowed to USD41.99bn in September, following a surplus of USD52.05bn in the previous month. Market expectation was for the nation to record a surplus of USD53.00bn.

In China, exports fell 10.0% on an annual basis in September, higher than market expectations for a fall of 3.3%. In the previous month, exports had fallen 2.8%.

In September, imports unexpectedly eased 1.90% on a yearly basis, in China, compared to market expectations for an advance of 0.6%. Imports had risen 1.5% in the prior month.

In Australia, the consumer inflation expectations rose to a level of 3.7% in October. In the prior month, the consumer inflation expectations had registered a reading of 3.3%.

US

The Federal Open Market Committee's (FOMC) September meeting minutes indicated that there was division between members who wanted a rate hike and those who took a more cautious approach. The policymakers who favoured hiking interest rate worry that waiting too long could send the country into a recession. Further, several members judged that it would be appropriate to increase the interest rate relatively soon if economic developments unfolded about as the Fed expected.

In August, JOLTs job openings in the US dropped to 5443.00K, lower than market expectations of a drop to a level of 5800.00 K. JOLTs job openings had registered a revised reading of 5831.00 K in the prior month.

Mortgage applications in the US registered a drop of 6.0% on a weekly basis, in the week ended October 07, 2016. Mortgage applications had advanced 2.9% in the previous week.

Eurozone

In August, the seasonally adjusted industrial production registered a rise of 1.6% on a monthly basis, in the Eurozone, more than market expectations for an advance of 1.5%. In the previous month, industrial production had fallen by a revised 0.7%.

In September, the wholesale price index recorded a rise of 0.4% on a monthly basis in Germany. The wholesale price index had recorded a drop of 0.7% in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	RICS Housing Price Balance (Sep)	✓✓	17.00%*	13.00%	Monthly
Japan	01:50	Bank Lending including Trusts (YoY) (Sep)	✓	2.20%*	2.00%	Monthly
Japan	04:00	Tokyo Average Office Vacancies (Sep)	✓	3.70%*	3.90%	Monthly
China	04:30	Imports (YoY) (Sep)	✓✓	-1.90%*	1.50%	Monthly
China	04:30	Trade Balance (Sep)	✓✓	USD41.99bn*	USD52.05bn	Monthly
China	04:30	Exports (YoY) (Sep)	✓✓	-10.00%*	-2.80%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Aug)	✓✓	-0.20%	0.30%	Monthly
Germany	08:00	Consumer Price Index (MoM) (Sep) (F)	✓✓	0.10%	0.10%**	Monthly
South Africa	11:30	Gold Production (YoY) (Aug)	✓✓	-	2.00%	Monthly
South Africa	11:30	Platinum Production (YoY) (Aug)	✓✓	-	-9.60%	
South Africa	11:30	Mining Production (YoY) (Aug)	✓✓	-4.00%	-5.40%	Monthly
US	14:30	Import Price Index (Sep)	✓	-	120.50	Monthly
Canada	14:30	Teranet/National Bank HPI (MoM) (Sep)	✓	-	1.50%	Monthly
Canada	14:30	New Housing Price Index (MoM) (Aug)	✓	0.30%	0.40%	Monthly
US	14:30	Initial Jobless Claims (08-Oct)	✓✓	253.00 K	249.00 K	Weekly
US	14:30	Import Price Index (MoM) (Sep)	✓	0.20%	-0.20%	Monthly
US	18:15	Fed's Harker Speaks on Economic Outlook in Philadelphia	✓✓	-	-	As scheduled
UK	-	BOE's Governor Carney speech	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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