

# ONE Minute Brief

18 October 2016

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## Economic and Political News

The Gupta-family owned, Oakbay Investments confirmed that ZAR1.5bn was transferred into its account with the Bank of Baroda in June 2016 from its Standard Bank account. It added that the transaction was legal due to "Standard Bank's closure of all company accounts". Further, the company confirmed that five of the 72 suspicious transactions listed in an affidavit by Finance Minister, Pravin Gordhan.

Two South African former tax service employees, Oupa Magashula and Ivan Pillay, who have been charged along with Finance Minister, Pravin Gordhan, have asked the state to review the fraud charges against them.

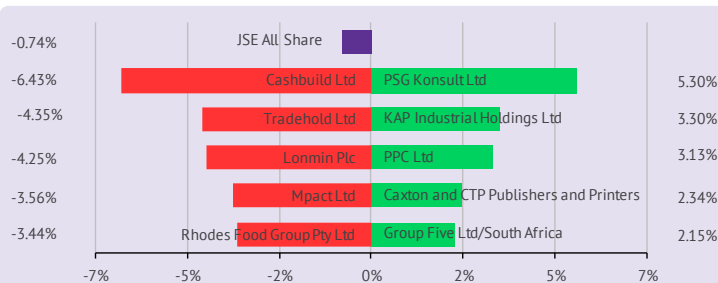
Former ANC Treasurer General, Mathews Phosa, has supported Finance Minister, Pravin Gordhan, and stated that the fraud charge against him should be taken back, while asking the General Council of the Bar to carry out an investigation against the National Prosecuting Authority (NPA) head, Shaun Abrahams.

The Automobile Association anticipates petrol prices to rise by 48c/litre and diesel to increase by 64c/litre by the month end following release of unaudited mid-month fuel price data by the Central Energy Fund (CEF).

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, amid losses in industrial sector stocks. The JSE All Share Index fell 0.7% to close at 50,769.01.



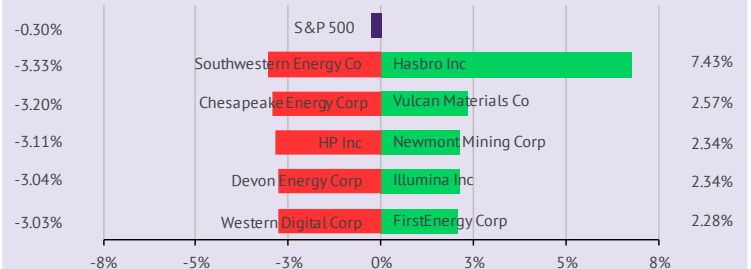
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50769.01	▼ -377.77	-0.74%	-0.74%	-2.27%	-1.49%	0.15%
JSE Top 40	44253.15	▼ -405.46	-0.91%	-0.91%	-2.58%	-1.81%	-3.37%
FTSE 100	6947.55	▼ -66.00	-0.94%	-0.94%	0.70%	1.74%	11.30%
DAX 30	10503.57	▼ -76.81	-0.73%	-0.73%	-0.07%	-0.77%	-2.23%
CAC 40	4450.23	▼ -20.69	-0.46%	-0.46%	0.04%	0.23%	-4.03%
S&P 500	2126.50	▼ -6.48	-0.30%	-0.30%	-1.93%	-0.12%	4.04%
Nasdaq Composite	5199.82	▼ -14.34	-0.27%	-0.27%	-2.11%	1.89%	3.84%
DJIA	18086.40	▼ -51.98	-0.29%	-0.29%	-1.21%	-0.50%	3.80%

## US Market ▼

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

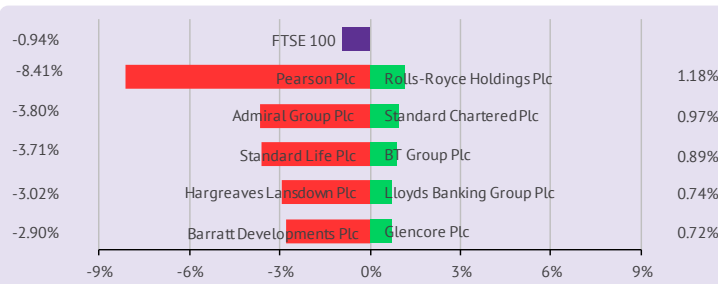
US markets closed lower yesterday, led by losses in consumer discretionary sector stocks. Data indicated that US industrial production bounced back in September, while manufacturing production rebounded in the same month. The S&P 500 Index dropped 0.3% to close at 2,126.50.



## UK Market ▼

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

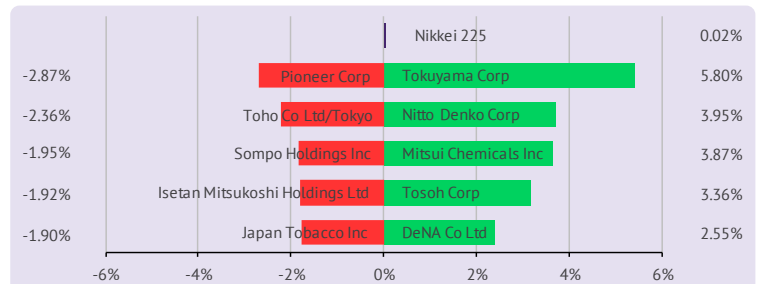
UK markets finished lower yesterday, weighed down by losses in commodity sector stocks. The FTSE 100 Index declined 0.9% to close at 6,947.55.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading marginally higher at 16,904.06.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% lower against the South African Rand at R14.0886. Later today, traders will keep a close watch on US consumer price index (CPI), NAHB housing market index and real average weekly earnings for further cues.

The US Dollar fell against the South African Rand yesterday, despite data revealing that industrial production in the US rebounded in line with market expectations in September. Further, manufacturing data bounced back in the positive territory rising higher than market expectations in the same month.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R17.2190. Later today, traders will keep a tab on UK's CPI, producer price index (PPI), house price index along with retail price index for further direction.

The British Pound declined against the South African Rand yesterday.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.2% against the South African Rand to trade at R15.5284.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's consumer price inflation advanced in line with market expectations on a monthly basis in September. Moreover, the final reading for annualised CPI advanced in the same month, in line with preliminary estimates.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.2% against the South African Rand to trade at R10.8017. Earlier in the session, the RBA's October meeting minutes indicated that although the economy continues to transition away from the mining investment boom, there persists a high degree of uncertainty in the domestic labour and housing markets. Moreover, the central bank believed that CPI data for September quarter and an update of the forecasts will provide a better opportunity to consider the outlook on prices.

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	14.0886	▼	-1.24%	-1.24%	3.05%	-6.85%	-8.61%
GBPZAR	17.2190	▼	-1.37%	-1.37%	-3.20%	-8.01%	-24.42%
EURZAR	15.5284	▼	-0.99%	-0.99%	0.80%	-6.12%	-7.44%
AUDZAR	10.8017	▲	-1.22%	-1.22%	2.54%	-5.05%	-5.09%
EURUSD	1.1020	▲	0.23%	0.23%	-2.12%	0.69%	1.20%
GBPUSD	1.2221	▲	-0.08%	-0.08%	-6.10%	-1.26%	-17.37%
Brent (\$/barrel)	51.9	▲	-0.83%	-0.83%	2.65%	7.04%	38.20%
Gold (\$/oz)	1259.9	▲	0.09%	0.09%	-4.32%	0.41%	18.52%
Platinum (\$/oz)	932.7	=	-0.34%	-0.34%	-9.32%	-2.36%	4.60%
Copper (\$/MT)*	4653.5	▼	-0.04%	-0.04%	-4.01%	5.26%	-1.11%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,259.90/oz.

Yesterday, gold prices rose 0.1% to close at \$ 1,256.60/oz, as the US Dollar weakened and amid a decline in global equity markets.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.6% to trade at \$51.85/bl.

Yesterday, Brent crude oil dropped 0.8% to settle at \$51.52/bl, amid oversupplied crude markets and uncertainty over the OPEC's plan to cut production last month which did not set a limit on production for individual country. On the other hand, the Energy Information Administration (EIA) indicated that shale oil production in the US was expected to fall by 30,000 bls per day in November.

## Platinum ◀▶

### Trading flat

At 06:00 SAST, platinum prices are trading flat at \$932.70/oz.

Yesterday, platinum prices declined 0.3% to close at \$ 932.70/oz.



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## Major South Africa Corporate News

### Cashbuild Limited

In its 1Q17 trading update, the company revealed that its revenue for the quarter was 3.0% higher than 1Q16. 15 new stores opened since July 1, 2015 which contributed 2.0% of the increase, while existing stores contributed 1% of the increase. Revenue for the group was up by 15.0% with the inclusion of the recently acquired 42 P&L Hardware stores.

### Harmony Gold Mining Company Limited

The company announced that its gold production for the quarter ended September 2016 was approximately 10.0% higher than the June 2016 quarter.

## Major Global Economic News

### US

In the US, industrial production recorded a rise of 0.1% on a monthly basis in September, in line with market expectations. In the previous month, industrial production had recorded a revised drop of 0.5%.

In September, manufacturing production recorded a rise of 0.2% on a monthly basis in the US, more than market expectations for an advance of 0.1%. Manufacturing production had fallen by a revised 0.5% in the prior month.

In the US, the NY Empire State manufacturing index registered an unexpected drop to a level of -6.80 in October, compared to a reading of -1.99 in the prior month. Market anticipation was for the index to advance to a level of 1.00.

### Eurozone

In September, the final CPI advanced 0.4% on a yearly basis, in the Eurozone, compared to a rise of 0.2% in the prior month. The preliminary figures had also indicated a rise of 0.4%. Markets were anticipating the CPI to rise 0.4%.

In the Eurozone, the CPI advanced 0.4% on a monthly basis, in September, in line with market expectations. In the prior month, the CPI had risen 0.1%.

### Asia

The Reserve Bank of Australia's (RBA) October meeting minutes indicated that although the Australian economy continues to transition away from the mining investment boom, there exists a high degree of uncertainty in the domestic labour and housing markets. Further, policymakers noted that data on consumer price inflation for the September quarter and an update of the forecasts would be available at the next meeting and would thus provide a better opportunity to consider the future course of monetary policy.

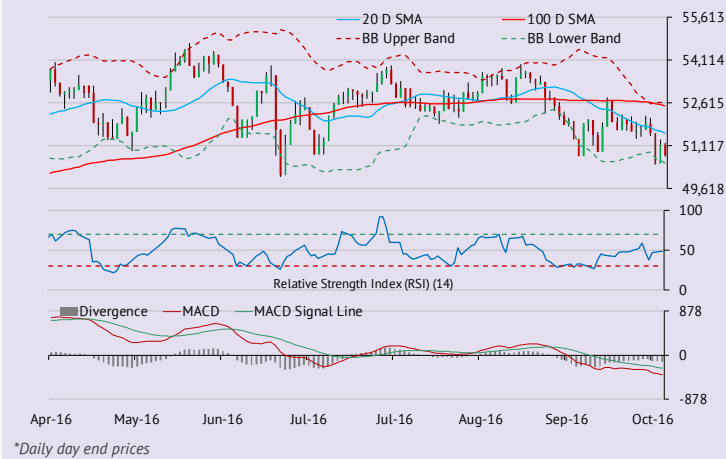
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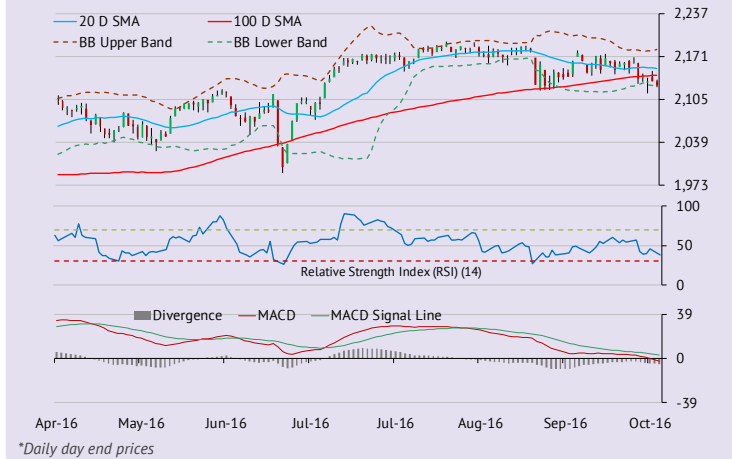
## Technical Snapshot

### JSE All Share



The JSE All Share index is expected to find support at 50,099.75, and a fall through could take it to the next support level of 49,430.50. The index is expected to find its first resistance at 51,799.26, and a rise through could take it to the next resistance level of 52,829.52.

### S&P 500



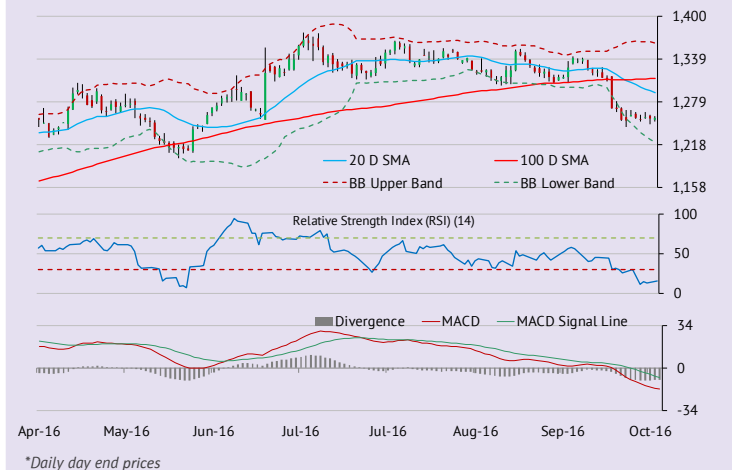
The S&P 500 index is expected to find support at 2,106.96, and a fall through could take it to the next support level of 2,087.42. The index is expected to find its first resistance at 2,153.80, and a rise through could take it to the next resistance level of 2,181.10.

### USDZAR



The pair is expected to find support at 13,778.4, and a fall through could take it to the next support level of 13,415.8. The pair is expected to find its first resistance at 14,498.5, and a rise through could take it to the next resistance level of 14,856.0.

### XAU/USD



Gold is expected to find support at \$1,247.67/oz, and a fall through could take it to the next support level of \$1,238.73/oz. The precious metal is expected to find its first resistance at \$1,264.77/oz, and a rise through could take it to the next resistance level of \$1,272.93/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous.	Frequency
 Eurozone	10:00	ECB Bank Lending Survey	✓	-	-	As scheduled
 UK	10:30	Retail Price Index (Sep)	✓	264.70	264.40	Monthly
 UK	10:30	Consumer Price Index (MoM) (Sep)	✓✓	0.10%	0.30%	Monthly
 UK	10:30	Consumer Price Index (YoY) (Sep)	✓✓✓	0.90%	0.60%	Monthly
 UK	10:30	Retail Price Index (MoM) (Sep)	✓	0.10%	0.40%	Monthly
 UK	10:30	House Price Index (YoY)	✓	7.80%	8.30%	Monthly
 US	14:30	Consumer Price Index (MoM) (Sep)	✓✓	0.30%	0.20%	Monthly
 Canada	14:30	Manufacturing Shipments (MoM) (Aug)	✓	0.30%	0.10%	Monthly
 US	14:55	Redbook Index s.a. (MoM) (14-Oct)	✓	-	-0.20%	Weekly
 US	16:00	NAHB Housing Market Index (Oct)	✓	63.00	65.00	Monthly
 US	22:00	Net Long-Term TIC Flows (Aug)	✓✓	-	USD103.90bn	Monthly
 US	22:00	Total Net TIC Flows (Aug)	✓	-	USD140.60bn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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