

# ONE Minute Brief

21 October 2016

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## Economic and Political News

Parliament has indicated that it is not the responsibility of its officials to do private work for MP's.

Minister in the Presidency, Jeff Radebe, announced that the Cabinet affirmed its support for Finance Minister, Pravin Gordhan, and stated that he was innocent until proven otherwise.

South African Reserve Bank Governor, Lesetja Kganyago, indicated that the central bank may be nearing the end of its interest rate hiking cycle, although the bar for rate cuts remained high.

According to Reuters, the South African Government notified the International Criminal Court its intention to withdraw from the court.

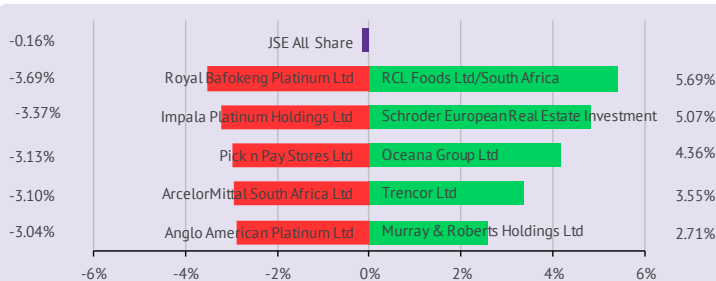
Democratic Alliance Leader, Mmusi Maimane, announced the party's plan to table a motion of no confidence in President Jacob Zuma.

Deputy President, Cyril Ramaphosa, warned that the existence of political parties should not be dependent on private funding as it creates conflicts of interest and undue influence.

## South Africa Market ▼

### South African markets closed lower

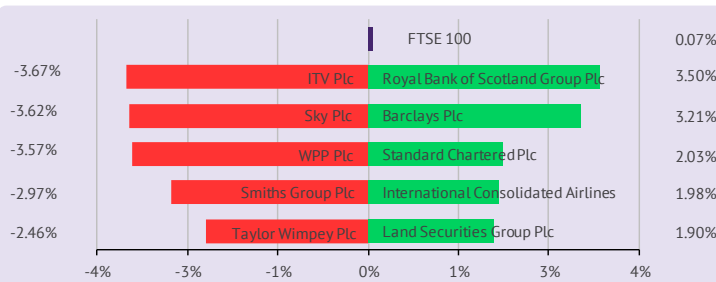
South African markets closed in the red yesterday, amid losses in platinum and gold mining sector stocks. The JSE All Share Index fell 0.2% to close at 51,420.66.



## UK Market ▲

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

UK markets finished higher yesterday, supported by gains in banking sector stocks. Data indicated that UK's monthly retail sales came in flat in September. The FTSE 100 Index advanced 0.1% to close at 7,026.90.



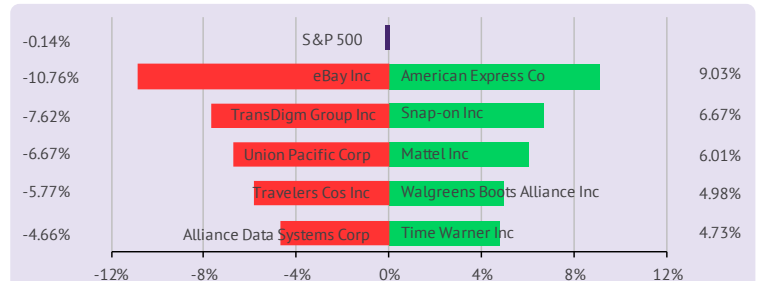
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51420.66	▼	-84.21	-0.16%	0.54%	-1.02%	-1.49%	1.43%
JSE Top 40	44865.96	▼	-73.80	-0.16%	0.46%	-1.23%	-1.81%	-2.03%
FTSE 100	7026.90	▲	4.98	0.07%	0.19%	1.85%	1.74%	12.57%
DAX 30	10701.39	▲	55.71	0.52%	1.14%	1.81%	-0.77%	-0.39%
CAC 40	4540.12	▲	19.82	0.44%	1.55%	2.07%	0.23%	-2.09%
S&P 500	2141.34	▼	-2.95	-0.14%	0.39%	-1.24%	-0.12%	4.77%
Nasdaq Composite	5241.83	▼	-4.58	-0.09%	0.53%	-1.32%	1.89%	4.68%
DJIA	18162.35	▼	-40.27	-0.22%	0.13%	-0.80%	-0.50%	4.23%

## US Market ▼

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

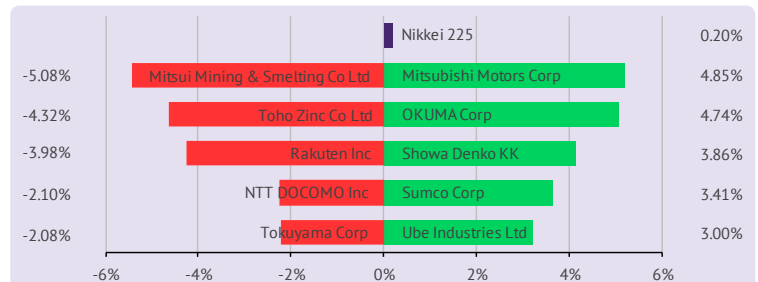
US markets closed lower yesterday, weighed down by losses in telecommunication sector stocks. Data indicated that initial jobless claims in the US rose more-than-expected last week. The S&P 500 Index dropped 0.1% to close at 2,141.34.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.2% higher at 17,269.27.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.1% against the South African Rand to trade at R13.9520.

The US Dollar rose against the South African Rand yesterday. Separately, data indicated that the number of Americans applying for new unemployment benefits climbed more than market expectations last week. Further, existing home sales rebounded strongly on a monthly basis in September. Additionally, the nation's leading indicators bounced back in line with expectations in the same month.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R17.0740. Later today, traders will keep an eye on UK's public sector net borrowings for further direction.

The British Pound advanced against the South African Rand yesterday. Data revealed that retail sales in the UK came in flat on a monthly basis in September while annual growth in sales was slower than expected in the same month.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R15.2180. Going forward, market participants will keep a tab on Eurozone's consumer confidence index, scheduled in few hours.

The Euro strengthened against the South African Rand yesterday. The ECB kept the benchmark interest rate and its quantitative easing (QE) programme unchanged, as widely expected. Further, the Governing Council expects the central bank's interest rates to remain at lower levels for an extended period and the QE programme is intended to run until the end of March 2017, or beyond, if necessary. Macroeconomic data indicated that Eurozone's current account surplus expanded in August. Elsewhere, Germany's producer prices dropped unexpectedly in September from August.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.6412. Earlier in the session, in China, Australia's largest trading partner, the MNI business sentiment index registered a drop in October.

The Australian Dollar fell against the South African Rand yesterday, despite data indicating that Australia's unemployment rate fell, beating market expectations for an unchanged reading in September. Further, the NAB business confidence index rose in the third quarter of 2016.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.9520	▲	0.77%	-2.67%	1.56%	-6.85%	-9.93%
GBPZAR	17.0740	▼	0.59%	-2.17%	-3.98%	-8.01%	-25.03%
EURZAR	15.2180	▼	0.41%	-2.99%	-1.23%	-6.12%	-9.31%
AUDZAR	10.6412	▲	-0.47%	-2.63%	1.07%	-5.05%	-6.45%
EURUSD	1.0904	▼	-0.40%	-0.40%	-2.73%	0.69%	0.57%
GBPUSD	1.2237	▼	-0.25%	0.48%	-5.57%	-1.26%	-16.90%
Brent (\$/barrel)	51.2	▼	-2.45%	-1.10%	2.37%	7.04%	37.82%
Gold (\$/oz)	1263.0	▼	-0.19%	0.96%	-3.49%	0.41%	19.55%
Platinum (\$/oz)	931.4	▲	-0.95%	-0.50%	-9.47%	-2.36%	4.43%
Copper (\$/MT)*	4632.5	▼	-0.38%	-0.49%	-4.45%	5.26%	-1.56%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices retreated 0.4% to trade at \$1,263.00/oz.

Yesterday, gold prices fell 0.2% to close at \$1,267.50/oz, as strength in the greenback reduced demand for the precious metal as an alternative investment.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.4% to trade at \$51.15/bl.

Yesterday, Brent crude oil dropped 2.5% to settle at \$51.38/bl, reversing its previous session gains.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0% to trade at \$931.40/oz.

Yesterday, platinum prices declined 1.0% to close at \$931.20/oz.



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## Major South Africa Corporate News

### Adcorp Holdings Limited

In its results for the six months ended 31 August 2016, the company revealed that its revenue advanced 3.4% from the same period of the preceding year to ZAR8.07bn. Its diluted headline EPS stood at 74.90c, compared with 120.70c recorded in the corresponding period of the prior year. Its profit before tax decreased to ZAR93.91mn from ZAR121.97mn posted in the similar period of the last year.

### Oceana Group Limited

In its trading statement for the year ended 30 September 2016, the company announced that its basic headline EPS are expected to increase between 18.0% and 22.0% being 694.10c/share to 717.60c/share compared to last year. The company expects its results to be released on or about November 17, 2016.

## Major Global Economic News

### US

In the US, the seasonally adjusted initial jobless claims advanced to 260.00K in the week ended October 15, 2016, compared to a revised level of 247.00K in the previous week. Markets were anticipating initial jobless claims to advance to a level of 250.00K.

In September, existing home sales rose 3.2%, on monthly basis, to a level of 5.47mn in the US, higher than market expectations of 5.35mn. Existing home sales had registered a revised level of 5.30mn in the previous month.

In the US, leading indicator advanced 0.2% on a monthly basis in September, compared to a drop of 0.2% in the prior month. Market expectation was for leading indicator to advance 0.2%.

### Eurozone

The European Central Bank (ECB) kept the key interest rate steady at 0.0% and asset purchases unchanged at EUR80.0bn a month. Further, the Governing Council expects the ECB interest rates to remain at present or lower levels for an extended period of time and the quantitative easing programme is intended to run until the end of March 2017, or beyond, if necessary.

In August, the seasonally adjusted current account surplus in the Eurozone widened to EUR29.70bn. The Eurozone had posted a revised current account surplus of EUR27.70bn in the previous month.

In Germany, the producer price index (PPI) unexpectedly eased 0.2%, on a monthly basis, in September, compared to market expectations for a rise of 0.2%. In the prior month, the PPI had dropped 0.1%.

### UK

In September, retail sales came in flat, on a monthly basis, in the UK, similar to a revised flat reading in the prior month. Markets were expecting retail sales to climb 0.3%.

In the UK, retail sales rose 4.1%, compared to a revised rise of 6.6% on a yearly basis, in September, in the previous month. Markets were anticipating retail sales to advance 4.7%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	03:30	House Price Index (YoY) (Sep)	✓	4.30%*	9.20%	Monthly
China	03:45	MNI Business Sentiment Survey (Oct)	✓	52.20*	55.80	Monthly
Eurozone	10:00	ECB Survey of Professional Forecasters	✓	-	-	As scheduled
UK	10:30	Public Sector Net Cash Requirement (Sep)	✓✓	-	GBP0.70bn	Monthly
UK	10:30	Public Sector Net Borrowing (Sep)	✓✓	GBP8.20bn	GBP10.10bn	Monthly
Eurozone	11:00	Euro Area Second Quarter Government Debt	✓	-	-	As scheduled
Eurozone	11:00	Government Debt-GDP Ratio	✓	-	90.70%	Yearly
Italy	11:00	Italy's Finance Minister speaks in Frankfurt	✓	-	-	As scheduled
Canada	14:30	Consumer Price Index - Core s.a. (MoM) (Sep)	✓✓	0.20%	0.00%	Monthly
Canada	14:30	Consumer Price Index s.a. (MoM) (Sep)	✓✓	-	-0.10%	Monthly
Canada	14:30	Retail Sales (MoM) (Aug)	✓✓	0.30%	-0.10%	Monthly
Canada	14:30	Bank of Canada Consumer Price Index Core (MoM) (Sep)	✓✓	0.20%	0.00%	Monthly
Canada	14:30	Consumer Price Index (MoM) (Sep)	✓✓	0.20%	-0.20%	Monthly
Eurozone	16:00	Consumer Confidence Index (Oct) (P)	✓✓	-8.00	-8.20	Monthly
US	16:15	Fed's Tarullo speech	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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