

# ONE Minute Brief

1 November 2016

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## Economic and Political News

South Africa's trade surplus stood at ZAR6.70bn in September, compared to market expectations of a deficit of ZAR0.60bn. South Africa had reported a deficit of ZAR8.60bn in the prior month.

In September, private sector credit recorded a rise of 7.19% on an annual basis in South Africa, more than market expectations for a rise of 6.0%. Private sector credit had risen 6.15% in the previous month.

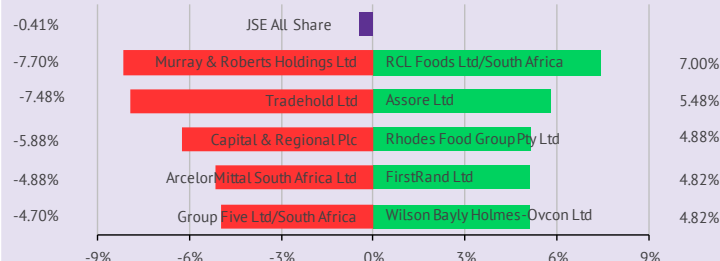
The National Prosecuting Authority (NPA) head, Shaun Abraham, withdrew fraud charges against Finance Minister, Pravin Gordhan and former South African Revenue Service (SARS) officials, Oupa Magashula and Ivan Pillay. Following the announcement, Democratic Alliance leader, Mmusi Maimane, urged the Parliament to start an inquiry into Mr Abraham's fitness to hold office. Additionally, the African National Congress Spokesperson, Zizi Kodwa, stated that the party welcomes the NPA's decision to drop the fraud charges.

Mineral Resources Minister, Mosebenzi Zwane, revealed the filing of an application in which he requested an urgent order to interdict the publication and release of the Public Protector's state capture report.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, amid losses in gold mining sector stocks. Data indicated that South Africa swung to a trade surplus in September from a deficit recorded in August. The JSE All Share Index fell 0.4% to close at 50,590.08.



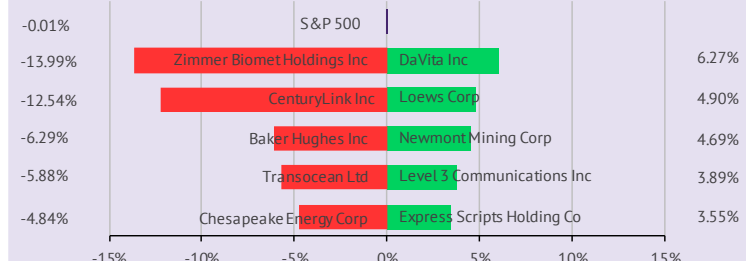
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50590.08	▼ -207.62	-0.41%	-0.41%	NA	-2.62%	-0.20%
JSE Top 40	44019.39	▼ -288.78	-0.65%	-0.65%	NA	-3.10%	-3.88%
FTSE 100	6954.22	▼ -42.04	-0.60%	-0.60%	NA	0.80%	11.40%
DAX 30	10665.01	▼ -31.18	-0.29%	-0.29%	NA	1.47%	-0.73%
CAC 40	4509.26	▼ -39.32	-0.86%	-0.86%	NA	1.37%	-2.76%
S&P 500	2126.15	▼ -0.26	-0.01%	-0.01%	NA	-1.94%	4.02%
Nasdaq Composite	5189.14	▼ -0.97	-0.02%	-0.02%	NA	-2.31%	3.63%
DJIA	18142.42	▼ -18.77	-0.10%	-0.10%	NA	-0.91%	4.12%

## US Market ▼

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

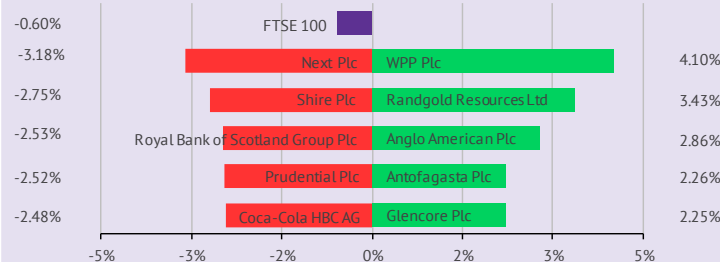
US markets closed lower yesterday, led by losses in energy sector stocks following a decline in oil prices. Data indicated that personal income in the US rose less-than-expected in September. The S&P 500 Index marginally fell to close at 2,126.15.



## UK Market ▼

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

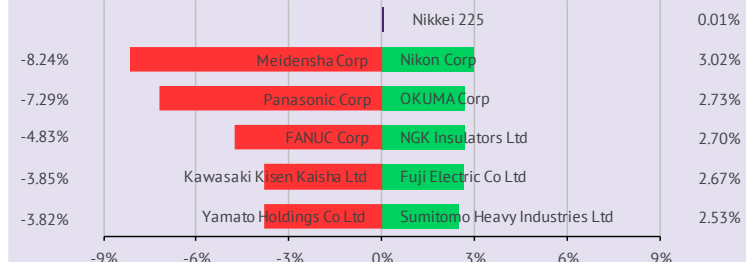
UK markets finished lower yesterday, weighed down by losses in financial and retail sector stocks. Data revealed that UK's net consumer credit rose less-than-expected in September. The FTSE 100 Index declined 0.6% to close at 6,954.22.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Bank of Japan (BoJ) maintained the benchmark interest rate at -0.1%, in line with market expectations. The Nikkei 225 Index is trading marginally higher at 17,426.21.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R13.4700. Later today, traders will keep a close watch on US ISM manufacturing index and the final reading on Markit manufacturing PMI along with construction spending data for further direction. Additionally, South Africa's Barclays manufacturing PMI will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. Separately, data indicated that personal spending in the US rebounded more-than-expected in September. Meanwhile, personal income advances less than market expectations in the same month. The South African Rand gained ground following news that the National Prosecution Authority has dropped fraud charges against South Africa's Finance Minister, Pravin Gordhan. Macroeconomic data indicated that South Africa swung to a trade surplus in September. Moreover, private sector credit advanced more-than-expected on an annual basis in the same month.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R16.4700. Later today, traders will keep an eye on UK's Markit manufacturing PMI for further cues.

The British Pound declined against the South African Rand yesterday. Data revealed that UK's consumer credit advanced less than market expectations in September.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R14.7626.

The Euro weakened against the South African Rand yesterday. Data revealed that Eurozone's flash gross domestic product expanded as expected in the third quarter of 2016. Moreover, the region's consumer prices advanced on annual basis in October, notching its highest level in more than two years amid a smaller drop in energy prices.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.6% against the South African Rand to trade at R10.3019. Earlier in the session, the RBA maintained the key interest rate at 1.5% at its November monetary policy meeting. Elsewhere, in China, Australia's largest trading partner, the NBS manufacturing PMI expanded more-than-expected in October, while non-manufacturing PMI rose in the same month.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's private sector credit rose on monthly basis in August.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4700	▲	-2.62%	-2.62%	NA	-1.91%	-13.01%
GBPZAR	16.4700	▼	-2.12%	-2.12%	NA	-7.38%	-27.68%
EURZAR	14.7626	▼	-2.58%	-2.58%	NA	-4.15%	-11.99%
AUDZAR	10.3019	▲	-2.44%	-2.44%	NA	-2.60%	-9.85%
EURUSD	1.0959	▼	-0.04%	-0.04%	NA	-2.28%	1.04%
GBPUSD	1.2229	▼	0.51%	0.51%	NA	-5.63%	-16.96%
Brent (\$/barrel)	48.9	▲	-2.21%	-2.21%	NA	-3.15%	30.39%
Gold (\$/oz)	1277.8	▲	-0.29%	-0.29%	NA	-3.06%	20.08%
Platinum (\$/oz)	981.8	▲	-0.29%	-0.29%	NA	-4.86%	9.75%
Copper (\$/MT)*	4841.0	▲	0.20%	0.20%	NA	-0.14%	2.87%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,277.80/oz.

Yesterday, gold prices fell 0.3% to close at \$1,273.10/oz, amid strength in the US Dollar.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.6% higher to trade at \$48.90/bl. The OPEC agreed on a long-term strategy, reaching a consensus on managing crude oil output.

Yesterday, Brent crude oil dropped 2.2% to settle at \$48.61/bl, following a weekend meeting by major oil producers which raised uncertainty regarding their ability to reach proposed production cuts.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.3% to trade at \$981.80/oz.

Yesterday, platinum prices declined 0.3% to close at \$978.60/oz.



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## Major South Africa Corporate News

### Anglo American Plc

The company announced the completion of the sale of its wholly owned interest in the Callide thermal coal mine in Queensland, Australia to Batchfire Resources Pty Limited, following the announcement of the share sale agreement on January 20, 2016.

### Old Mutual Plc

The company revealed that Ralph Mupita, CEO of Old Mutual Emerging Markets has resigned. Mr Mupita has a notice period of 3 months and will continue in post during that time.

### Adcorp Holdings Limited

The company revealed that with effect April 30, 2017, the Group Chief Financial Officer, Mr Anthony Sher will leave the company and resign as a director of the company to pursue personal interests. The company shall commence a process of appointing a replacement candidate for the role of CFO and an announcement in this regard shall be communicated in due course.

### PPC Limited

In its operational update and trading statement for the six months period ended 30 September 2016, the company stated that it has achieved reasonable cement volume growth, however weakness in selling prices has led to a marginal increase in gross profit. Its headline EPS is expected to be between 65.0% and 85% lower than that reported for the six months period ended March 31, 2016.

### Capital & Counties Properties Plc

The company announced that it has purchased Tower House from Derwent London for GBP67.50mn, Southampton Street, Covent Garden, from Derwent London Plc.

## Major Global Economic News

### Asia

The BoJ kept the key interest rate unchanged at -0.1% during its monetary policy meeting, at par with market expectations. Further, the central bank pushed back its forecast date for hitting the 2.0% inflation goal to around fiscal 2018, from fiscal 2017.

At its November, monetary policy meeting, the Reserve Bank of Australia (RBA) kept the key interest rate steady at 1.5%, at par with market expectations.

In October, the final Nikkei manufacturing PMI in Japan recorded a rise to 51.40, compared to a level of 50.40 in the previous month. The preliminary figures had recorded a rise to 51.70.

In October, the NBS manufacturing PMI rose unexpectedly to 51.20 in China, compared to market expectations of a fall to 50.30. In the prior month, the PMI had recorded a reading of 50.40.

### US

In September, personal income in the US rose 0.3% on a monthly basis, compared to an advance of 0.2% in the prior month. Markets were anticipating personal income to rise 0.4%.

In the US, personal spending climbed 0.5% on a monthly basis, in September, more than market expectations for an advance of 0.4%. Personal spending had fallen by a revised 0.1% in the previous month.

The Dallas Fed manufacturing business index in the US advanced to -1.50 in October, compared to market expectations of an advance to 2.00. The index had recorded a reading of -3.70 in the prior month.

### Eurozone

In the Eurozone, the preliminary consumer price index (CPI) registered a rise of 0.5% on an annual basis in October, meeting market expectations. In the prior month, the CPI had risen 0.4%.

In 3Q16, the seasonally adjusted flash gross domestic product (GDP) advanced 0.3% on a quarterly basis in the Eurozone, compared to a similar rise in the prior quarter. Market expectation was for GDP to climb 0.3%.

In Germany, retail sales unexpectedly dropped 1.4% on a monthly basis in September, compared to market expectations for an advance of 0.2%. In the prior month, retail sales had registered a revised drop of 0.3%.

### UK

In September, net consumer credit rose GBP1.40bn in the UK, compared to a rise of GBP1.60bn in the previous month. Market expectation was for net consumer credit to climb GBP1.50bn.

In September, number of mortgage approvals for house purchases climbed to 62.90K in the UK, higher than market expectations of a rise to a level of 61.50K. In the previous month, number of mortgage approvals for house purchases had registered a revised level of 61.00K.

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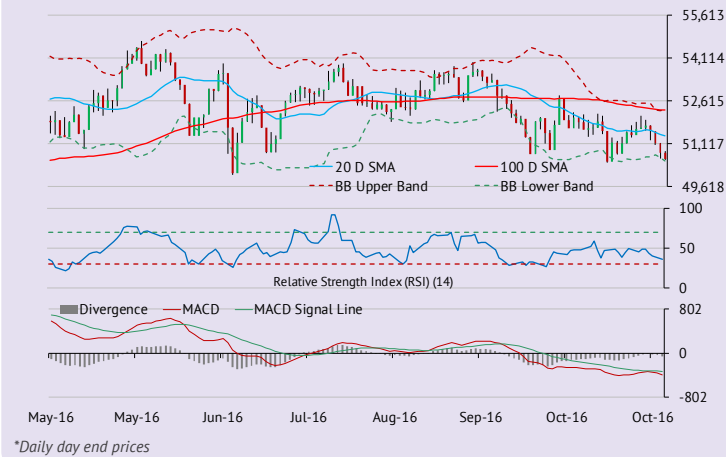
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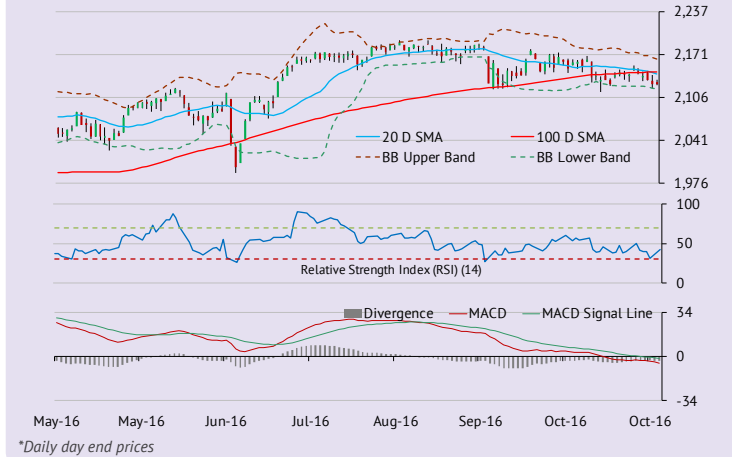
## Technical Snapshot

### JSE All Share



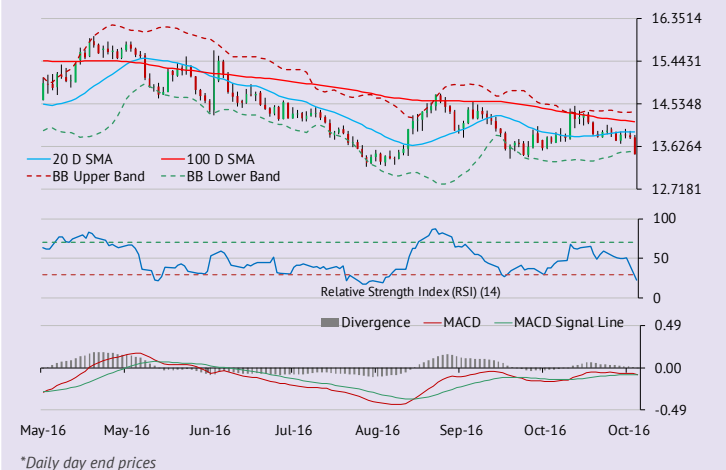
The JSE All Share index is expected to find support at 50,096.65, and a fall through could take it to the next support level of 49,603.22. The index is expected to find its first resistance at 51,519.46, and a rise through could take it to the next resistance level of 52,448.84.

### S&P 500



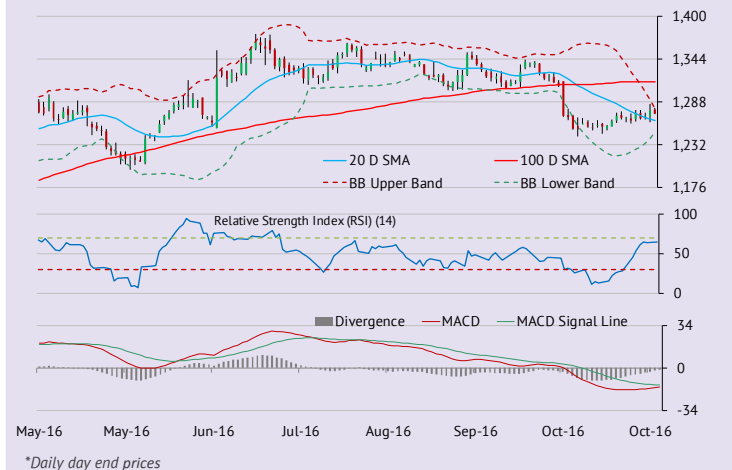
The S&P 500 index is expected to find support at 2,113.19, and a fall through could take it to the next support level of 2,100.24. The index is expected to find its first resistance at 2,145.27, and a rise through could take it to the next resistance level of 2,164.40.

### USDZAR



The pair is expected to find support at 13.2774, and a fall through could take it to the next support level of 13.0949. The pair is expected to find its first resistance at 13.8175, and a rise through could take it to the next resistance level of 14.1751.

### XAU/USD



Gold is expected to find support at \$1,261.60/oz, and a fall through could take it to the next support level of \$1,250.10/oz. The precious metal is expected to find its first resistance at \$1,285.00/oz, and a rise through could take it to the next resistance level of \$1,296.90/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Oct) (F)	✓✓	51.40*	51.70**	Monthly
China	03:00	NBS Manufacturing PMI (Oct)	✓✓	51.20*	50.40	Monthly
China	03:00	NBS Non-manufacturing PMI (Oct)	✓	54.00*	53.70	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Oct)	✓✓	51.20*	50.10	Monthly
Japan	05:00	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled
Japan	05:00	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	07:00	Vehicle Sales (YoY) (Oct)	✓	-	3.70%	Monthly
Japan	08:30	BoJ Governor Press Conference	✓✓✓	-	-	As scheduled
Switzerland	10:15	Real Retail Sales (YoY) (Sep)	✓✓	-2.20%	-3.00%	Monthly
Switzerland	10:30	SVME - PMI (Oct)	✓✓	53.90	53.20	Monthly
Greece	11:00	Manufacturing PMI (Oct)	✓	49.90	49.20	Monthly
South Africa	11:00	PMI Manufacturing (Oct)	✓	-	49.50	Monthly
UK	11:30	Markit Manufacturing PMI (Oct)	✓✓✓	54.50	55.40	Monthly
Canada	14:30	Gross Domestic Product (MoM) (Aug)	✓✓	0.20%	0.50%	Monthly
US	14:55	Redbook Index s.a. (MoM) (28-Oct)	✓	-	-0.10%	Weekly
US	15:45	Markit Manufacturing PMI (Oct) (F)	✓✓	53.20	53.20**	Monthly
US	16:00	Construction Spending (MoM) (Sep)	✓✓	0.50%	-0.70%	Monthly
US	16:00	ISM Manufacturing PMI (Oct)	✓✓	51.70	51.50	Monthly
US	16:00	ISM Prices Paid (Oct)	✓✓	54.30	53.00	Monthly
US	16:00	IBD/TIPP Economic Optimism (MoM) (Nov)	✓	48.50	51.30	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Oct)	✓	-12.90%	-14.30%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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