

# ONE Minute Brief

17 November 2016

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## Economic and Political News

In South Africa, retail sales advanced 1.4% on an annual basis in September, more than market expectations for a rise of 0.9%. In the previous month, retail sales had registered a rise of 0.2%.

South African Airways acting Chief Financial Officer, Phumza Nhantsi, stated that SAA is facing strong competition in the domestic market.

Public Enterprises Minister, Lynne Brown, revealed that Eskom Director, Mark Pamensky, resigned from the board following observations in the Public Protector's state capture report.

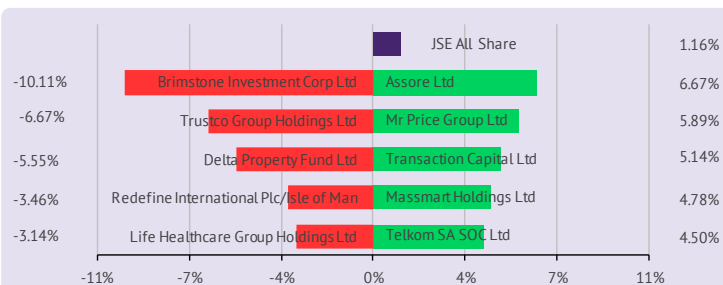
The Democratic Alliance (DA) has requested Minister of Police, Nathi Nhleko, to suspend Hawks head Berning Ntlembeza, following the publication of a heated letter exchange between him and National Prosecuting Authority (NPA) head Shaun Abrahams over the prosecution of Finance Minister, Pravin Gordhan.

The High Court in Pretoria has ordered the termination of contract between the South African Revenue Service (SARS) and Lekgotla Trifecta Collections (LTC), following a conflict between LTC's Director, Nhlamulo Ndhlela, and SARS Commissioner, Tom Moyane.

## South Africa Market ▲

### South African markets closed higher

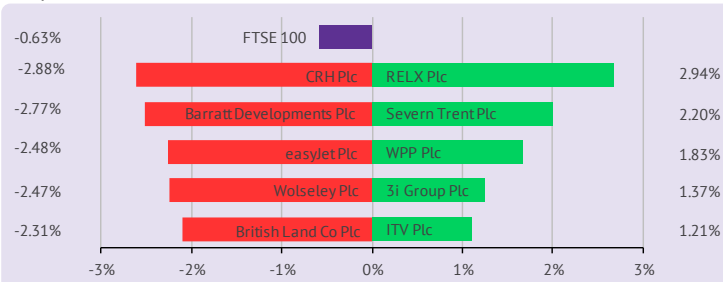
South African markets closed in the green yesterday, amid gains in retail sector stocks. Data indicated that South Africa's retail sales advanced more-than-expected on a yearly basis in September. The JSE All Share Index rose 1.2% to close at 50,004.82.



## UK Market ▼

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

UK markets finished lower yesterday, weighed down by losses in industrial sector stocks. Data revealed that UK's ILO unemployment rate unexpectedly dropped to its lowest level during the three months to September. The FTSE 100 Index declined 0.6% to close at 6,749.72.



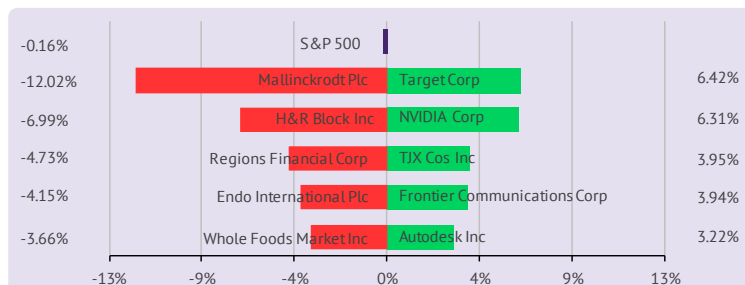
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50004.82	▲	574.61	1.16%	-0.58%	-1.16%	-2.62%	-1.36%
JSE Top 40	43592.38	▲	504.29	1.17%	-0.92%	-0.97%	-3.10%	-4.81%
FTSE 100	6749.72	▼	-43.02	-0.63%	0.29%	-2.94%	0.80%	8.13%
DAX 30	10663.87	▼	-71.27	-0.66%	-0.04%	-0.01%	1.47%	-0.74%
CAC 40	4501.14	▼	-35.39	-0.78%	0.26%	-0.18%	1.37%	-2.93%
S&P 500	2176.94	▼	-3.45	-0.16%	0.58%	2.39%	-1.94%	6.51%
Nasdaq Composite	5294.58	▲	18.96	0.36%	1.10%	2.03%	-2.31%	5.73%
DJIA	18868.14	▼	-54.92	-0.29%	0.11%	4.00%	-0.91%	8.28%

## US Market ▼

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

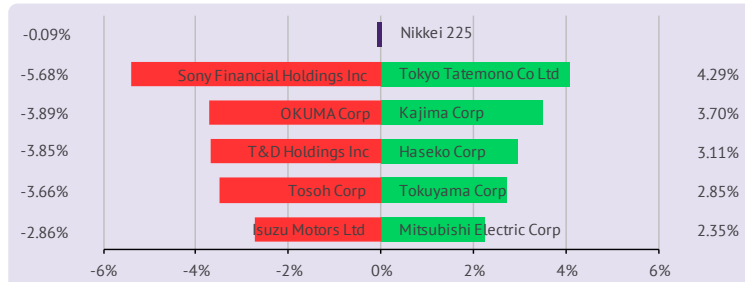
US markets closed lower yesterday, led by losses in financial sector stocks. Data indicated that US MBA mortgage application declined in the week ended November 11. The S&P 500 Index dropped 0.2% to close at 2,176.94.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.1% lower at 17846.46.



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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 R14.2841. Later today, traders will keep a close watch on US consumer price index and jobless claims along with housing starts and building permits for further cues.

The US Dollar rose against the South African Rand yesterday. Data indicated that US MBA mortgage applications dropped to a 10-month low last week. Moreover, NAHB housing market index remained unchanged in line with market anticipations in the same month. Further, industrial production came flat as output of consumer goods declined on a monthly basis in October. Additionally, producer price index remained steady on a monthly basis in the same month. Meanwhile manufacturing production climbed less-than-expected in October. Elsewhere, in South Africa, retail sales advanced on an annual basis in September.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.3% lower against the South African Rand at R17.7300. Later today, traders will keep an eye on UK's retail sales for further direction.

The British Pound advanced against the South African Rand yesterday. Macroeconomic data indicated that jobless rate in the UK surprisingly declined to its lowest level in 11 years during the three months to September. Further claimant count rate remained steady in comparison to previous estimate.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R15.2741. Going forward, market participants will keep a tab on Eurozone's consumer price inflation and construction output, scheduled in few hours.

The Euro strengthened against the South African Rand yesterday.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand to trade at R10.6745. Earlier in the session, data revealed that Australia's unemployment rate remained steady as people are shifting from full-time work, towards part-time employment. Further, employment change registered a less than expected rise in October.

The Australian Dollar fell against the South African Rand yesterday. The Westpac leading index for Australia indicated that the economy expanded at a slower pace on a monthly basis in October. Further, wage cost index rose less than market expectations on a quarterly basis in 3Q16.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.2841	▼	0.92%	-0.48%	6.24%	-1.91%	-7.58%
GBPZAR	17.7300	▼	0.77%	-1.87%	7.88%	-7.38%	-21.98%
EURZAR	15.2741	▼	0.58%	-1.91%	3.34%	-4.15%	-9.05%
AUDZAR	10.6745	▼	-0.11%	-1.42%	4.43%	-2.60%	-5.86%
EURUSD	1.0693	▲	-0.33%	-1.52%	-2.68%	-2.28%	-1.67%
GBPUSD	1.2413	▼	-0.10%	-1.25%	1.63%	-5.63%	-15.61%
Brent (\$/barrel)	46.5	▼	-0.68%	4.20%	-4.07%	-3.15%	25.08%
Gold (\$/oz)	1226.2	▲	-0.05%	-0.03%	-3.86%	-3.06%	15.44%
Platinum (\$/oz)	944.9	▼	1.26%	0.35%	-3.28%	-4.86%	6.15%
Copper (\$/MT)*	5424.5	▼	-1.91%	-2.10%	12.05%	-0.14%	15.27%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,226.20/oz.

Yesterday, gold prices fell 0.1% to close at \$1,223.90/oz, amid strength in the US Dollar.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$46.49/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$46.63/bl, after the US Energy Department reported that crude oil inventories rose more-than-expected by 5.3mn bls last week.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices declined 0.2% to trade at \$944.90/oz.

Yesterday, platinum prices climbed 1.3% to close at \$946.50/oz.



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## Major South Africa Corporate News

### Brait SE

In its 1H16 results, the company reported that its NAV stood at ZAR105.06/share, a decrease of 14.9% compared with 1H15, includes the adverse impact of the 15.0% strengthening of the Rand against the Pound over the period.

### Investec Property Fund Limited

In its 1H17 results, the company reported that its revenue advanced substantially from the same period of the preceding year to ZAR814.78mn. Its diluted headline EPS stood at 68.76c, compared with 83.47c recorded in the corresponding period of the previous year. Its profit before tax rose to ZAR492.13mn from ZAR372.00mn posted in the similar period last year.

### Life Healthcare Group Holdings Limited

The company announced that it will acquire approximately 95.0% of the issued share capital of Alliance Medical for the consideration through a wholly-owned and newly-incorporated UK subsidiary. Alliance Medical senior management will reinvest to acquire a 5.0% stake in the company alongside the company. It will fund the acquisition through a bridge facility provided by Barclays Bank Plc, Absa Bank Limited and Rand Merchant Bank.

### Pioneer Foods Group Limited

The company announced the acquisition of a 49.89% stake in Weetabix East Africa Limited for an undisclosed amount. The stake will see the company in partnership with Weetabix UK Limited. Moreover, the transaction is subject to Kenyan regulatory approvals.

### PPC Limited

In its 1H17 results, the company revealed that its revenue advanced 14.5% from 2H16 to ZAR5.16bn. However, its profit reduced to ZAR58.00mn because of a 54.0% increase in finance costs due to the liquidity event. Its diluted headline EPS stood at 14.00c, compared with 41.00c recorded in 2H16.

### The SPAR Group Limited

In its FY16 results, the company stated that its revenue increased to ZAR92.23bn from ZAR74.06bn recorded in the previous year. Its diluted headline EPS rose 31.2% from the same period of the preceding year to 1,009.40c. Its profit before tax rose to ZAR2.44bn from ZAR1.96bn posted last year.

## Major Global Economic News

### US

In October, industrial production remained flat on a monthly basis, in the US, compared to a revised drop of 0.2% in the previous month. Markets were expecting industrial production to rise 0.2%.

In the US, manufacturing production climbed 0.2% on a monthly basis in October, less than market expectations for a rise of 0.3%. In the prior month, manufacturing production had registered a similar rise.

In October, producer price remained steady on a monthly basis, in the US, lower than market expectations for an advance of 0.3%. Producer price had climbed 0.3% in the previous month.

The Fed Bank of St. Louis President, James Bullard, stated that a single policy rate increase, possibly in December, may be sufficient to move monetary policy to a neutral setting. He further indicated that the US economy could receive a medium-term boost if the newly elected President, Donald Trump, boosts infrastructure spending and tax reforms.

### Asia

In Australia, the seasonally adjusted unemployment rate remained flat at a level of 5.6% in October, lower than market expectations of an advance to 5.7%.

In October, on a seasonally adjusted basis, number of people employed in Australia registered a rise of 9.80K, lower than market anticipations of an advance of 15.00K. Number of people employed had recorded a revised loss of 29.00K in the previous month.

### UK

In October, the claimant count rate remained flat at a level of 2.3%, in the UK, in line with market expectations.

In the UK, the ILO unemployment rate dropped unexpectedly to 4.8% in the July-September 2016 period, compared to market expectations of a steady reading. In the June-August 2016 period, the ILO unemployment rate had registered a level of 4.9%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
US	00:30	Fed's Harker Speaks in Philadelphia on Purpose of Federal Rese	✓	-	-	As scheduled
France	08:30	Unemployment Rate (Q3)	✓✓	9.60%	9.60%	Quarterly
France	08:30	ILO Unemployment (Q3)	✓	9.90%	9.90%	Quarterly
Eurozone	10:10	ECB's Mersch Speaks at Euro Finance Week in Frankfurt	✓	-	-	As scheduled
Italy	11:00	Trade Balance (Sep)	✓	-	EUR2519.00mn	Monthly
UK	11:30	Retail Sales (MoM) (Oct)	✓	0.50%	0.00%	Monthly
UK	11:30	Retail Sales (YoY) (Oct)	✓✓	5.30%	4.10%	Monthly
Eurozone	12:00	Construction Output s.a (MoM) (Sep)	✓	-	-0.90%	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Oct)	✓✓	0.30%	0.40%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Oct) (F)	✓✓✓	0.50%	0.50%**	Monthly
Eurozone	14:30	ECB Publishes Account of Monetary-Policy Meeting	✓	-	-	As scheduled
Eurozone	15:15	ECB's Mersch Gives Keynote Speech	✓	-	-	As scheduled
US	15:30	Consumer Price Index (MoM) (Oct)	✓✓	0.40%	0.30%	Monthly
US	15:30	Consumer Price Index (YoY) (Oct)	✓✓✓	1.60%	1.50%	Monthly
US	15:30	Continuing Jobless Claims (05-Nov)	✓	2030.00K	2041.00K	Weekly
US	15:30	Initial Jobless Claims (12-Nov)	✓✓	257.00K	254.00K	Weekly
US	15:30	Housing Starts (MoM) (Oct)	✓✓	10.70%	-9.00%	Monthly
US	15:30	Philadelphia Fed Manufacturing Survey (Nov)	✓✓	7.80	9.70	Monthly
US	15:30	Consumer Price Index Core s.a (Oct)	✓	249.06	248.61	Monthly
US	15:30	Building Permits (Oct)	✓✓	1193.00K	1225.00K	Monthly
US	15:30	Housing Starts (Oct)	✓✓	1156.00K	1047.00K	Monthly
US	15:30	Building Permits (MoM) (Oct)	✓✓	-2.70%	6.30%	Monthly
US	17:00	Fed's Yellen testifies	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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