

# ONE Minute Brief

15 September 2017

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## Economic and Political News

In South Africa (SA), the current account deficit to GDP surprisingly widened to 2.4% of GDP in 2Q17, compared to a revised reading of 2.0% for the previous quarter. Separately, SA's bulk export volumes declined 7.2% YoY in August to 11.7mn tonnes.

President, Jacob Zuma, has accepted that the decision to drop corruption charges against him in 2009 was irrational, but wants an opportunity to make fresh representations before the National Prosecuting Authority (NPA) decides to recharge him.

Eskom has welcomed the decision of National Energy Regulator's (NERSA) to approve a consultation process for its application for a 19.9% tariff hike for 2018/19.

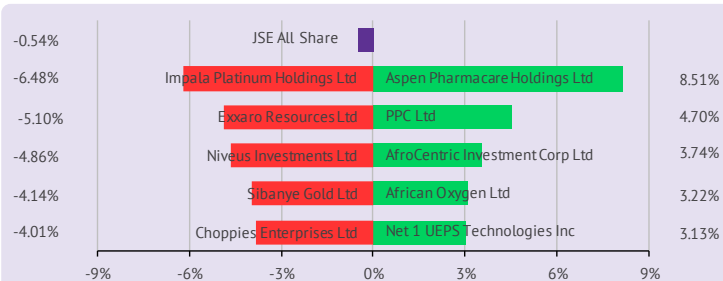
Deputy Finance Minister, Sifiso Buthelezi, has dismissed reports of a plan to remove the Public Investment Corporation (PIC) Chief Executive Officer, Dan Matjila, and termed the news as baseless and unfounded.

Deputy Minister of Communications, Tandi Mahabehlala, has called on MPs to organise a parliamentary inquiry into the fitness of the board of Media Development and Diversity Agency to hold office.

## South Africa Market ▼

### South African markets closed lower

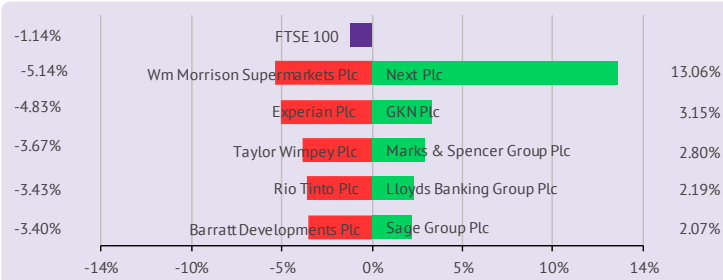
South African markets closed in the red yesterday, amid losses in platinum mining sector stocks. Data revealed that South Africa's current account deficit to GDP unexpectedly widened in 2Q17. The JSE All Share Index fell 0.5% to close at 55,850.32.



## UK Market ▼

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

UK markets finished lower yesterday, as the British Pound soared to a 12-month high, after the Bank of England (BoE) hinted at an interest rate hike "in the coming months" to rein in inflation. The FTSE 100 Index declined 1.1% to close at 7,295.39.



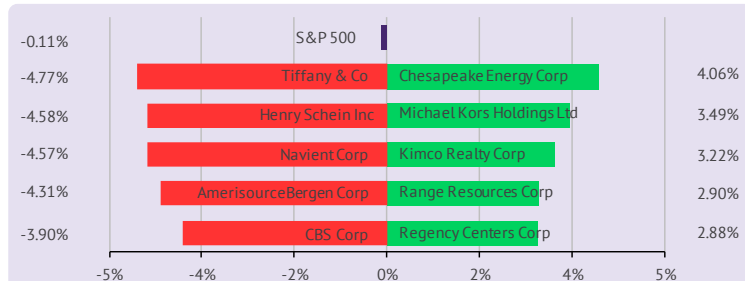
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55850.32	▼ -302.22	-0.54%	0.23%	-1.19%	2.38%	10.26%
JSE Top 40	49514.83	▼ -268.76	-0.54%	0.49%	-0.96%	2.30%	12.78%
FTSE 100	7295.39	▼ -84.31	-1.14%	-1.11%	-1.82%	0.80%	2.14%
DAX 30	12540.45	▼ -13.12	-0.10%	1.92%	4.02%	-0.52%	9.23%
CAC 40	5225.20	▲ 7.61	0.15%	2.18%	2.75%	-0.16%	7.46%
S&P 500	2495.62	▼ -2.75	-0.11%	1.39%	0.97%	0.05%	11.47%
Nasdaq Composite	6429.08	▼ -31.10	-0.48%	1.08%	0.01%	1.27%	19.43%
DJIA	22203.48	▲ 45.30	0.20%	1.86%	1.16%	0.26%	12.35%

## US Market ▼

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

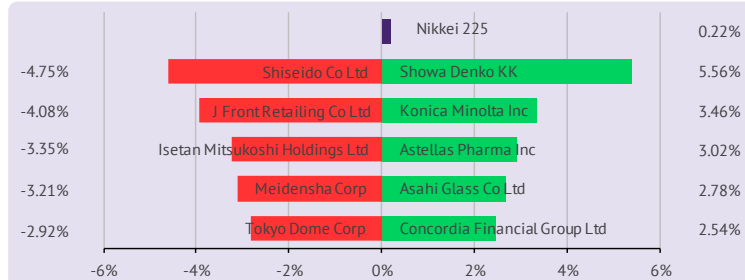
US markets closed lower yesterday, weighed down by losses in consumer discretionary sector stocks. Data indicated that US monthly consumer price index (CPI) rose to its highest level in 7 months in August. The S&P 500 Index dropped 0.1% to close at 2,495.62.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.2% higher at 19,850.60.



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## USDZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading marginally higher against the South African Rand at R13.1190. Later today, traders will keep a close watch on US Michigan consumer confidence index, advance retail sales and manufacturing production along with industrial production and business inventories for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, US annual CPI rose more than market expectations and monthly CPI rose higher than market forecast in August, notching its strongest level in 7 months, driven by an increase in the cost of gasoline and rental accommodation. Moreover, the number of Americans applying for unemployment benefits unexpectedly eased for the week ended September 9, 2017. Further, real average weekly earnings recorded a rise on a yearly basis in August. Separately, South Africa's current account deficit to GDP surprisingly widened in the second quarter of 2017.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R17.5718.

The British Pound advanced against the South African Rand yesterday, after the BoE signalled that the policymakers are preparing to raise interest rates "in the coming months", in order to restrain accelerating inflation. The central bank kept the benchmark interest rate at a record low of 0.25% and its QE programme unchanged at £435 billion. Further, a majority of senior officials on the nine-member panel believe borrowing costs will soon need to rise to bring annual inflation back to its 2.0% target.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R15.6238. Going forward, market participants will keep a tab on Eurozone's trade balance for further direction.

The Euro strengthened against the South African Rand yesterday.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R10.4798.

The Australian Dollar rose against the South African Rand yesterday. On the macro front, Australia's consumer inflation expectation rose in September, less than its prior reading. Further, the unemployment rate remained unchanged in August. Meanwhile, in China, Australia's largest trading partner, industrial production rose less-than-expected on an annual basis in August. Further, annual retail sales grew less than market forecast in the same month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.1190	▲	-0.12%	1.46%	0.89%	-1.39%	-4.46%
GBPZAR	17.5718	▼	1.31%	3.03%	4.51%	-3.47%	3.84%
EURZAR	15.6238	▼	0.17%	0.48%	0.94%	-0.81%	8.27%
AUDZAR	10.4798	▼	0.11%	0.88%	1.60%	-2.31%	6.00%
EURUSD	1.1907	▼	0.29%	-0.97%	0.08%	0.57%	13.37%
GBPUSD	1.3395	▼	1.42%	1.51%	3.63%	-2.16%	8.62%
Brent (\$/barrel)	55.3	▼	0.56%	3.14%	4.94%	0.27%	-2.38%
Gold (\$/oz)	1333.7	▲	0.09%	-1.63%	0.52%	4.10%	15.08%
Platinum (\$/oz)	984.7	▲	-0.23%	-3.10%	-1.76%	6.14%	8.80%
Copper (\$/MT)*	6455.8	▼	-0.85%	-3.24%	-4.49%	6.68%	16.89%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 0.6% to trade at \$1,333.70/oz. In major news, North Korea launched another missile over the Northern Japanese island of Hokkaido today morning. Further, the Japanese Chief Cabinet Secretary, Yoshihide Suga, condemned the latest launch and reiterated that Japan would "not tolerate" North Korea's actions.

Yesterday, gold prices rose 0.1% to close at \$1,325.40/oz, as the US Dollar weakened after North Korea threatened to use nuclear weapons to "sink" Japan and reduce the United States to "ashes and darkness" for supporting a UN Security Council resolution and sanctions over its latest nuclear test.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.3% to trade at \$55.29/bl.

Yesterday, Brent crude oil advanced 0.6% to settle at \$55.47/bl, extending its previous session gains.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$984.70/oz.

Yesterday, platinum prices declined 0.2% to close at \$980.90/oz.

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## Major South Africa Corporate News

### Aspen Pharmacare Holdings Limited

In its FY17 results, the company stated that its revenue increased to ZAR41.20bn from ZAR35.60bn posted in the previous year. Its diluted EPS rose 19.0% from the prior year to 1,123.40c.

### Impala Platinum Holdings Limited

In its FY17 results, the company revealed that its revenue advanced 2.5% from the preceding year to ZAR36.84bn. However, its diluted loss per share stood at 1,145.00c, compared with loss per share of 10.00c recorded in the previous year.

### Grand Parade Investments Limited

In its FY17 results, the company indicated that its revenue rose to ZAR962.99mn from ZAR772.34mn posted in the corresponding period of the previous year. However, its diluted headline loss per share stood at 4.59c from HEPS of 1.98c recorded in the same period of the prior year.

### PPC Limited

The company referred to announcements, wherein it advised of additional indicative proposals from two other trade bidders, each in relation to a potential pan-African combination with the company. Therefore, the company confirmed that it has received a non-binding communication of interest from Dangote Cement Plc regarding the acquisition of the entire share capital of the company.

## Major Global Economic News

### US

In the US, the CPI advanced 1.9% on an annual basis in August, compared to an advance of 1.7% in the prior month. Market anticipation was for the CPI to rise 1.8%. The monthly CPI registered a rise of 0.4% in August, compared to an advance of 0.1% in the prior month. Markets were anticipating the CPI to climb 0.3%.

In the US, the seasonally adjusted initial jobless claims unexpectedly fell to 284.00K in the week ended September 9, 2017, compared to market expectations of an advance to a level of 300.00K. Initial jobless claims had registered a reading of 298.00K in the prior week.

In August, the real average weekly earnings advanced 0.9% on a yearly basis in the US, compared to a reading of 1.1% in the prior month.

### UK

















The BoE's Monetary Policy Committee (MPC) voted 7-2 to keep interest rates on hold at 0.25% and its asset purchase facility at £435.0 billion, as widely expected. However, the central bank suggested in its meeting minutes that "some withdrawal of monetary stimulus is likely to be appropriate over the coming months, to cool surging inflation and as British economic growth shows signs of picking up. The Monetary Policy Committee (MPC) stated that there was a "slightly stronger picture" for the economy since its forecasts last month, thanks to signs of a firmer housing market, stronger employment and a rebound in retail and new car sales.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
 Eurozone	08:00	ECB's Nouy Speech in Finland	✓✓✓	-	-	As scheduled
 Eurozone	10:15	ECB's Lautenschlaeger Speaks in Tallinn	✓	-	-	As scheduled
 UK	10:50	BoE's Vlieghe Speaks in London	✓	-	-	As scheduled
 Eurozone	11:00	Labour Cost (Q2)	✓	-	1.50%	Quarterly
 Eurozone	11:00	Trade Balance n.s.a. (Jul)	✓✓	-	EUR26.60bn	Monthly
 Eurozone	11:00	Trade Balance s.a. (Jul)	✓✓✓	EUR20.30bn	EUR22.30bn	Monthly
 UK	13:00	BoE Quarterly Bulletin	✓✓✓	-	-	As scheduled
 US	14:30	Advance Retail Sales (MoM) (Aug)	✓✓✓	0.10%	0.60%	Monthly
 US	14:30	Retail Sales Ex Auto & Gas (Aug)	✓✓✓	0.30%	0.50%	Monthly
 US	14:30	Retail Sales ex Autos (MoM) (Aug)	✓✓	0.50%	0.50%	Monthly
 US	14:30	NY Empire State Manufacturing Index (Sep)	✓✓	18.00	25.20	Monthly
 US	15:15	Industrial Production (MoM) (Aug)	✓✓✓	0.10%	0.20%	Monthly
 US	15:15	Capacity Utilisation (Aug)	✓	76.70%	76.70%	Monthly
 US	15:15	Manufacturing (SIC) Production (MoM) (Aug)	✓✓	0.30%	-0.10%	Monthly
 US	16:00	Business Inventories (Jul)	✓	0.20%	0.50%	Monthly
 US	16:00	Reuters/Michigan Consumer Sentiment Index (Sep) (P)	✓✓✓	95.00	96.80	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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