

# ONE Minute Brief

19 September 2017

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## Economic and Political News

Home Affairs Minister, Hlengiwe Mkhize, revealed that Director-General, Mkuseli Apleni, had been placed on precautionary suspension, citing the latter's decision to approve naturalisation for the Gupta family. Apleni intends to challenge his suspension in court.

Former Deputy Finance Minister, Mcebisi Jonas, stated that South Africa's poor and sluggish economic growth is due to illegitimate leadership and a state that lacks credibility, vision and professionalism.

The Democratic Alliance indicated that it will lay criminal charges against McKinsey for "fraud, racketeering and collusion" amid allegations of unethical behaviour in work done for Eskom, alongside a firm linked to the Guptas.

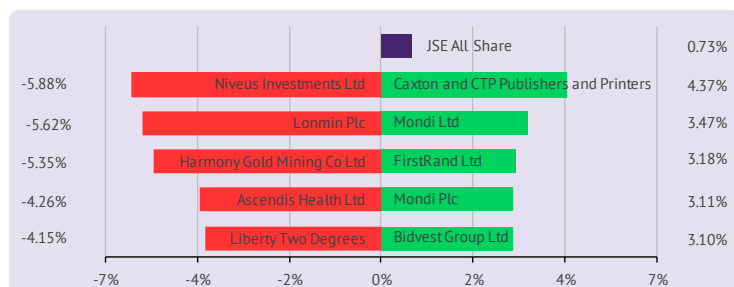
The Economic Freedom Fighters (EFF) has criticised the presence of ANC MP Nyami Boo at the media briefing of the SA Revenue Service (SARS) about KPMG, citing that it defied "the simple logic of separation of powers".

The African National Congress (ANC) in the City of Johannesburg has filed an urgent application in the High Court to force the council to hear a motion of no confidence against Mayor, Herman Mashaba and speaker, Vasco Da Gama. Meanwhile, the City of Johannesburg has filed papers opposing the ANC's legal action.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, amid gains in banking and financial sector stocks. The JSE All Share Index rose 0.7% to close at 56,050.10.



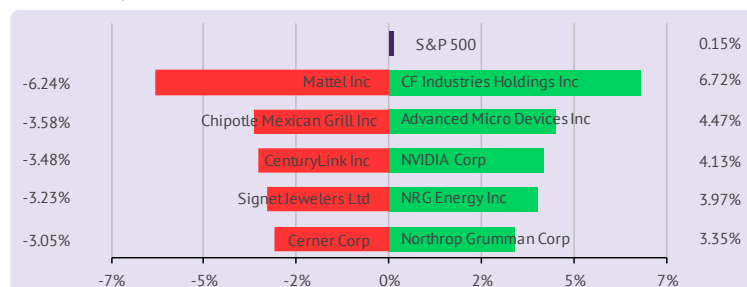
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56050.10	▲ 404.95	0.73%	0.73%	-0.84%	2.38%	10.65%
JSE Top 40	49736.54	▲ 461.94	0.94%	0.94%	-0.52%	2.30%	13.29%
FTSE 100	7253.28	▲ 37.81	0.52%	0.52%	-2.39%	0.80%	1.55%
DAX 30	12559.39	▲ 40.58	0.32%	0.32%	4.18%	-0.52%	9.39%
CAC 40	5229.32	▲ 15.41	0.30%	0.30%	2.83%	-0.16%	7.55%
S&P 500	2503.87	▲ 3.64	0.15%	0.15%	1.30%	0.05%	11.84%
Nasdaq Composite	6454.64	▲ 6.17	0.10%	0.10%	0.40%	1.27%	19.91%
DJIA	22331.35	▲ 63.01	0.28%	0.28%	1.75%	0.26%	13.00%

## US Market ▲

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

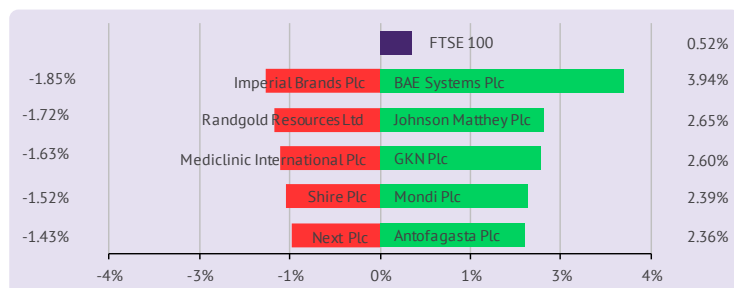
US markets closed higher yesterday, driven by a rise in financial sector stocks. Data revealed that the US NAHB housing market index surprisingly eased in September. The S&P 500 Index climbed 0.1% to close at 2,503.87.



## UK Market ▲

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

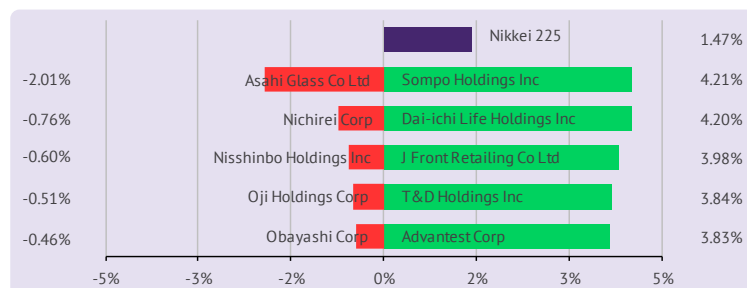
UK markets finished higher yesterday, boosted by gains in industrial and material sector stocks. The FTSE 100 Index advanced 0.5% to close at 7,253.28.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 1.5% higher at 20,201.94.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R13.2787. Later today, traders will keep a close watch on US housing starts and building permits for further direction.

The US Dollar rose against the South African Rand yesterday. On the data front, the US NAHB housing market index recorded an unexpected drop in September, amid increasing worries about the recent hurricanes.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R17.9489. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. The Bank of England (BoE) Governor, Mark Carney, stated that any hike in the UK interest rate in the coming months will be "gradual" and "limited". Meanwhile, he indicated that households, businesses and financial markets in the nation have reacted at different speeds and to varying degrees to the prospects of Brexit and further there remains "considerable risks" to the outlook for the economy.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R15.8941. Going forward, market participants will keep a tab on Eurozone's ZEW and current account balance for further cues. Separately, Germany's ZEW economic sentiment and current situation index will be on investors' radar.

The Euro strengthened against the South African Rand yesterday, after Eurozone's consumer price index (CPI) advanced in line with preliminary reading on an annual basis in August, notching its highest level in 4 months.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R10.5838. Earlier in the session, the Reserve Bank of Australia (RBA) in its September meeting minutes revealed that the central bank kept the key interest rate on hold at 1.5%, amid increasing concerns about the state of the nation's housing market, persistently high levels of debt and the strong Australian Dollar. Moreover, senior officials also doubted the robust growth in jobs that would lead to a much-needed pickup in wages anytime soon. On the macro front, Australia's house price index advanced more than market anticipations on an annual basis in 2Q17.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that in China, Australia's largest trading partner, house price index advanced on a yearly basis in August, less than its prior reading.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.2787	▼	1.13%	1.13%	2.33%	-1.39%	-3.09%
GBPZAR	17.9489	▼	0.32%	0.32%	6.75%	-3.47%	6.07%
EURZAR	15.8941	▼	1.18%	1.18%	2.69%	-0.81%	10.14%
AUDZAR	10.5838	▼	0.53%	0.53%	2.48%	-2.31%	6.92%
EURUSD	1.1969	▲	0.08%	0.08%	0.37%	0.57%	13.71%
GBPUUSD	1.3517	▲	-0.73%	-0.73%	4.37%	-2.16%	9.40%
Brent (\$/barrel)	55.4	▼	-0.25%	-0.25%	4.96%	0.27%	-2.36%
Gold (\$/oz)	1312.2	▲	-1.09%	-1.09%	-0.88%	4.10%	13.48%
Platinum (\$/oz)	962.5	▲	-1.10%	-1.10%	-3.75%	6.14%	6.60%
Copper (\$/MT)*	6474.8	▲	0.21%	0.21%	-4.21%	6.68%	17.23%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,312.20/oz.

Yesterday, gold prices fell 1.1% to close at \$1,306.90/oz, as strength in the US Dollar and gains in global equities lowered demand for the safe haven asset.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$55.40/bl.

Yesterday, Brent crude oil dropped 0.2% to settle at \$55.48/bl, after the Energy Information Administration indicated that it expects a monthly climb of 79,000 bls a day to 6.08mn bls a day in October output from seven major US crude-oil shale plays.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.1% to trade at \$962.50/oz.

Yesterday, platinum prices declined 1.1% to close at \$961.10/oz.

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## Major South Africa Corporate News

### Discovery Limited

In its FY17 results, the company stated that its insurance premium revenue increased to ZAR33.53bn from ZAR33.07bn posted in the previous year. Its diluted EPS rose 20.0% from the prior year to 683.60c.

### Sibanye Gold Limited

The company announced that nominated Directors of the Gold One Group, on the company's board, Mr Yuan Jiyu and Mr Robert Chan have resigned with immediate effect.

## Major Global Economic News

### Asia

The RBA in its September meeting minutes revealed that the central bank kept the benchmark interest rate unchanged at 1.5%, amid increasing worries about the state of the nation's housing market, persistently high levels of debt and the strong Australian Dollar. Moreover, policymakers also doubted the strong growth in employment that would lead to a much-needed pickup in wages anytime soon.

In Australia, the house price index climbed 10.2% on a yearly basis in 2Q17, higher than market expectations for an advance of 9.2%. The index had registered a similar rise in the previous quarter.

### UK

The BoE Governor, Mark Carney, indicated that any increase in the UK interest rate in the coming months will be "gradual" and "limited". Meanwhile, he stated that households, businesses and financial markets in the country have reacted at different speeds and to varying degrees to the prospects of Brexit and further there remains "considerable risks" to the outlook for the economy.

### US

In the US, the NAHB housing market index unexpectedly fell to 64.00 in September, lower than market expectations of an unchanged reading. In the prior month, the index had recorded a revised level of 67.00.

### Eurozone

In the Eurozone, the final CPI rose 1.5% on an annual basis in August, in line with market expectations. In the previous month, the CPI had risen 1.3%. The preliminary figures had indicated a rise of 1.5%.

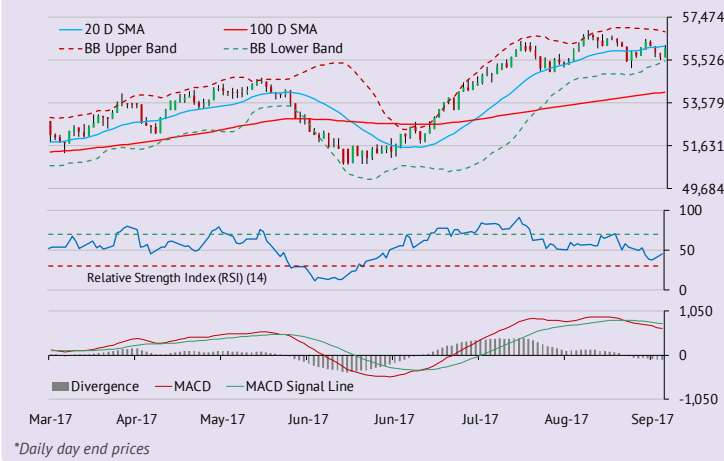
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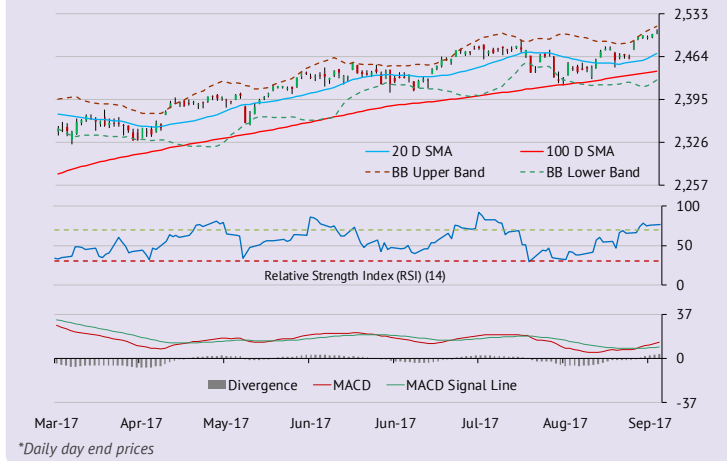
## Technical Snapshot

### JSE All Share



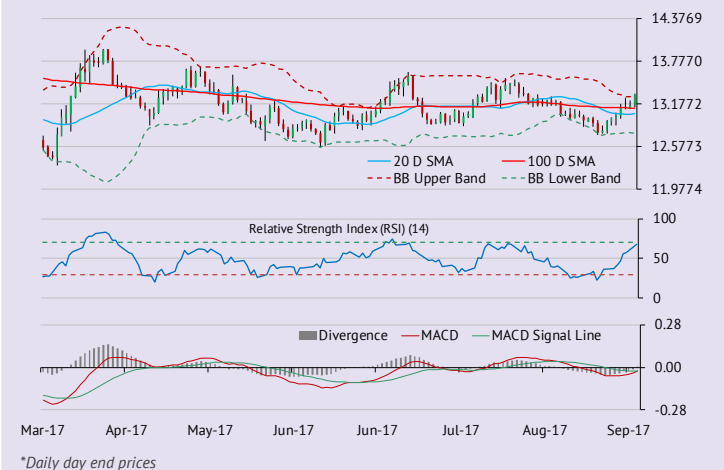
The JSE All Share index is expected to find support at 55,555.92, and a fall through could take it to the next support level of 55,061.73. The index is expected to find its first resistance at 56,514.51, and a rise through could take it to the next resistance level of 56,978.91.

### S&P 500



The S&P 500 index is expected to find support at 2,493.39, and a fall through could take it to the next support level of 2,482.90. The index is expected to find its first resistance at 2,511.34, and a rise through could take it to the next resistance level of 2,518.80.

### USDZAR



The pair is expected to find support at 13.0142, and a fall through could take it to the next support level of 12.7223. The pair is expected to find its first resistance at 13.4587, and a rise through could take it to the next resistance level of 13.6113.

### XAU/USD



Gold is expected to find support at \$1,295.43/oz, and a fall through could take it to the next support level of \$1,283.97/oz. The precious metal is expected to find its first resistance at \$1,327.23/oz, and a rise through could take it to the next resistance level of \$1,347.57/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
 Eurozone	10:00	Current Account n.s.a. (Jul)	✓	-	EUR28.10bn	Monthly
 Eurozone	10:00	Current Account s.a (Jul)	✓✓	-	EUR21.20bn	Monthly
 Eurozone	11:00	Construction Output s.a. (MoM) (Jul)	✓	-	-0.50%	Monthly
 Eurozone	11:00	Construction Output w.d.a. (YoY) (Jul)	✓	-	3.40%	Monthly
 Eurozone	11:00	ZEW Survey - Economic Sentiment (Sep)	✓✓	-	29.30	Monthly
 Germany	11:00	ZEW Survey - Economic Sentiment (Sep)	✓✓✓	12.00	10.00	Monthly
 Germany	11:00	ZEW Survey - Current Situation (Sep)	✓✓	86.20	86.70	Monthly
 US	14:30	Export Price Index (YoY) (Aug)	✓	-	0.80%	Monthly
 US	14:30	Export Price Index (Aug)	✓	-	122.10	Monthly
 US	14:30	Import Price Index (Aug)	✓	-	122.60	Monthly
 US	14:30	Building Permits (MoM) (Aug)	✓✓	-0.80%	-4.10%	Monthly
 US	14:30	Export Price Index (MoM) (Aug)	✓	0.20%	0.40%	Monthly
 US	14:30	Import Price Index (YoY) (Aug)	✓	2.20%	1.50%	Monthly
 US	14:30	Building Permits (Aug)	✓✓	1220.00K	1223.00K	Monthly
 US	14:30	Housing Starts (Aug)	✓✓✓	1174.00K	1155.00K	Monthly
 US	14:30	Housing Starts (MoM) (Aug)	✓✓	1.70%	-4.80%	Monthly
 US	14:30	Import Price Index (MoM) (Aug)	✓	0.40%	0.10%	Monthly
 US	14:30	Current Account Balance (Q2)	✓✓	-USD116.00bn	-USD116.80bn	Quarterly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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