

# ONE Minute Brief

20 September 2017

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## Economic and Political News

The World Bank has revised down the growth forecast for South Africa (SA) to 0.6% in 2017, from 1.1% it had forecasted in January. Further, the bank expects growth to improve to 1.1% in 2018 and 1.7% in 2019. However, the bank warned that recovery prospects will "remain fragile" unless the nation succeeds in becoming more productive.

Finance Minister, Malusi Gigaba, revealed that a total of 2,002 applications were received under the special voluntary disclosure programme that closed on August 31, with the gross value of foreign assets declared at ZAR35.0bn.

Energy Minister, Mmamaloko Kubayi, stated that South African programs to add coal and gas power projects from independent providers needs to wait until policies are updated and the country's future needs are clearer.

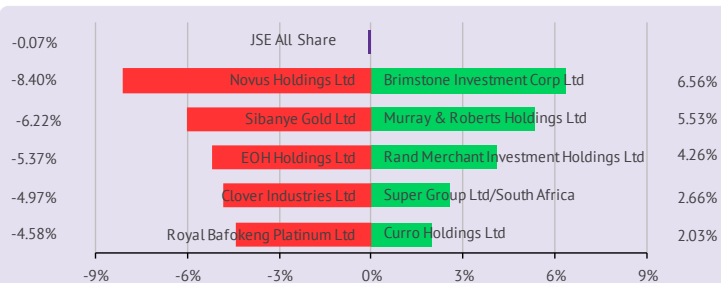
The Chairperson of the ad hoc committee on party funding, Vincent Smith, stated that the committee has invited the public and interested organisations to submit written comments on the Draft Political Parties Funding Bill.

Human Settlements Minister, Lindiwe Sisulu has denied reports that she had accepted an invitation to meet the Gupta family in 2015 and claimed to have never attended any event related to the family.

## South Africa Market ▼

### South African markets closed lower

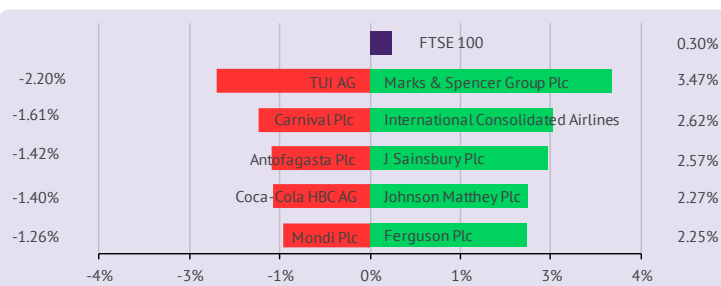
South African markets closed in the red yesterday, weighed down by losses in platinum mining and retail sector stocks. The JSE All Share Index fell 0.1% to close at 56,011.16.



## UK Market ▲

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

UK markets finished higher yesterday, amid gains in retail sector stocks. The FTSE 100 Index advanced 0.3% to close at 7,275.25.



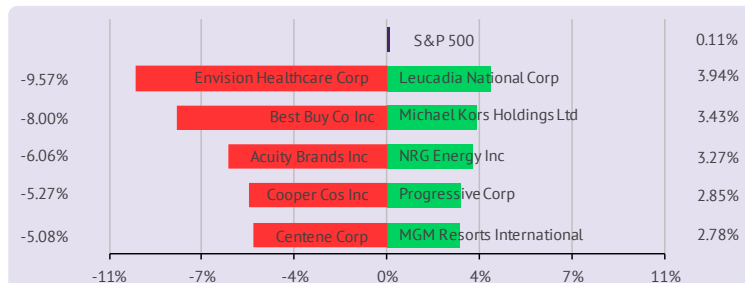
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56011.16	▼	-38.94	-0.07%	0.66%	-0.90%	2.38%
JSE Top 40	49751.70	▲	15.16	0.03%	0.97%	-0.49%	2.30%
FTSE 100	7275.25	▲	21.97	0.30%	0.83%	-2.09%	0.80%
DAX 30	12561.79	▲	2.40	0.02%	0.34%	4.20%	-0.52%
CAC 40	5237.44	▲	8.12	0.16%	0.45%	2.99%	-0.16%
S&P 500	2506.65	▲	2.78	0.11%	0.26%	1.42%	0.05%
Nasdaq Composite	6461.32	▲	6.68	0.10%	0.20%	0.51%	1.27%
DJIA	22370.80	▲	39.45	0.18%	0.46%	1.93%	0.26%

## US Market ▲

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

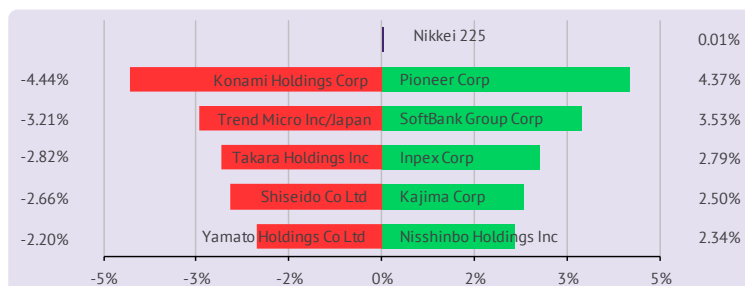
US markets closed higher yesterday, boosted by gains in telecommunication and financial sector stocks. Data revealed that US building permits rebounded to its highest level since January on a monthly basis in August. The S&P 500 Index climbed 0.1% to 2,506.65.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. Data indicated that Japan's Merchandise trade surplus narrowed less-than-expected in August. The Nikkei 225 Index is trading marginally higher at 20,301.62.



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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 R13.3107. Later today, traders will keep a close watch on the FOMC interest rate decision along with US existing home sales and MBA mortgage applications for further cues. Separately, South Africa's consumer price index will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after US building permits painted a positive picture for August, notching its strongest level in 7 months. In contrast, housing starts surprised with an unexpected drop on a monthly basis in August. Further, the nation's current account deficit widened more-than-expected to its highest level since 2008 in 2Q17, led by a decline in both secondary and primary income.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R17.9958. 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.

## EURZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading marginally firmer against the South African Rand at R15.9829. Going forward, market participants will keep a tab on the ECB's non-monetary policy meeting for further cues. Separately, Germany's producer price index will be on investors' radar.

The Euro strengthened against the South African Rand yesterday, after Eurozone's ZEW economic sentiment index recorded a rise in September. Furthermore, the region's current account surplus expanded in July, compared to its prior reading. Meanwhile, Germany's ZEW economic sentiment index surged higher-than-anticipated in September, driven by strong growth figures in 2Q17 and increase in investment activities and bank lending by both private and public companies. Moreover, ZEW current situation index unexpectedly rose in the same month.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.1% against the South African Rand to trade at R10.6755. Earlier in the session, data revealed that Australia's Westpac leading index retreated on a monthly basis in August.

The Australian Dollar rose against the South African Rand yesterday. The Reserve Bank of Australia's (RBA) September meeting minutes stated that the senior officials remain upbeat on Australia's economic outlook led by an improving labour market, although they expressed concerns about rising household debt and a strong Australian dollar.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.3107	▼	0.09%	1.23%	2.43%	-1.39%	-3.00%
GBPZAR	17.9958	▼	0.25%	0.56%	7.01%	-3.47%	6.33%
EURZAR	15.9829	▲	0.45%	1.64%	3.15%	-0.81%	10.63%
AUDZAR	10.6755	▲	0.72%	1.25%	3.22%	-2.31%	7.69%
EURUSD	1.2008	▲	0.33%	0.41%	0.71%	0.57%	14.09%
GBPUSD	1.3518	▲	0.06%	-0.67%	4.43%	-2.16%	9.46%
Brent (\$/barrel)	55.4	▲	-0.61%	-0.86%	4.31%	0.27%	-2.96%
Gold (\$/oz)	1315.6	▲	-0.02%	-1.10%	-0.89%	4.10%	13.46%
Platinum (\$/oz)	956.8	▲	-1.03%	-2.12%	-4.74%	6.14%	5.50%
Copper (\$/MT)*	6488.3	▲	0.21%	0.42%	-4.01%	6.68%	17.48%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.7% higher to trade at \$1,315.60/oz.

Yesterday, gold prices marginally fell to close at \$1,306.70/oz, as strength in the US equities, dented demand for the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$55.39/bl.

Yesterday, Brent crude oil dropped 0.6% to settle at \$55.14/bl, after the American Petroleum Institute (API) reported that crude oil inventories increased by 1.4mn bls for the week ended September 15, 2017.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.6% higher to trade at \$956.80/oz.

Yesterday, platinum prices declined 1.0% to close at \$951.20/oz.



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## Major South Africa Corporate News

### EOH Holdings Limited

In its FY17 results, the company stated that its revenue increased to ZAR15.48bn from ZAR12.76bn posted in the previous year. Its diluted EPS rose 20.0% from the prior year to 801.00c.

## Major Global Economic News

### Eurozone

In the Eurozone, the ZEW economic sentiment index registered a rise to 31.70 in September. The index had recorded a level of 29.30 in the previous month.

In July, the seasonally adjusted current account surplus widened to EUR25.10bn in the Eurozone, compared to a revised current account surplus of EUR22.80bn in the prior month.

In Germany, the ZEW economic sentiment index recorded a rise to 17.00 in September, compared to market expectations of an advance to a level of 12.00. In the previous month, the index had registered a reading of 10.00.

In September, the current situation index unexpectedly rose to 87.90 in Germany, compared to a reading of 86.70 in the previous month. Market expectation was for the index to drop to a level of 86.20.

### US

In the US, building permits unexpectedly rose by 5.7% on a monthly basis, to an annual rate of 1300.00K in August, compared to market expectations of 1220.00K. In the previous month, building permits had registered a revised level of 1230.00K.

In August, housing starts eased 0.8% on a monthly basis, to an annual rate of 1180.00K in the US, compared to a revised level of 1190.00K in the prior month. Market anticipation was for housing starts to drop to a level of 1174.00K.

The US has posted current account deficit of USD123.10bn in 2Q17, compared to a revised current account deficit of USD113.50bn in the prior quarter. Markets were expecting a current account deficit of USD116.00bn.

### Asia

In Australia, the Westpac leading index slid 0.08% on a monthly basis in August. The index had climbed by a revised 0.09% in the previous month.

In Japan, merchandise (total) trade surplus dropped to JPY113.60bn in August, compared to a trade surplus of JPY418.80bn in the prior month. Markets were expecting the nation's trade surplus to fall to JPY104.40bn.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Exports (YoY) (Aug)	✓✓	18.10%*	13.40%	Monthly
Japan	01:50	Imports (YoY) (Aug)	✓	15.20%*	16.30%	Monthly
Japan	01:50	Adjusted Merchandise Trade Balance (Aug)	✓	JPY367.30bn*	JPY363.10bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Aug)	✓✓	JPY113.60bn*	JPY418.80bn	Monthly
Germany	08:00	Producer Price Index (MoM) (Aug)	✓✓	0.10%	0.20%	Monthly
Germany	08:00	Producer Price Index (YoY) (Aug)	✓✓	2.50%	2.30%	Monthly
Japan	09:00	Convenience Store Sales (YoY) (Aug)	✓	-	0.00%	Monthly
Eurozone	09:00	Non-monetary policy's ECB meeting	✓✓✓	-	-	As scheduled
South Africa	10:00	Consumer Price Index (MoM) (Aug)	✓✓✓	0.20%	0.30%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Aug)	✓✓✓	4.90%	4.60%	Monthly
UK	10:30	Retail Sales (MoM) (Aug)	✓✓	0.20%	0.30%	Monthly
UK	10:30	Retail Sales (YoY) (Aug)	✓✓	1.10%	1.30%	Monthly
US	13:00	MBA Mortgage Applications (15-Sep)	✓	-	9.90%	Weekly
US	16:00	Existing Home Sales (Aug)	✓	5.45mn	5.44mn	Monthly
US	16:00	Existing Home Sales (MoM) (Aug)	✓	0.20%	-1.30%	Monthly
US	20:00	Fed Interest Rate Decision	✓✓✓	1.25%	1.25%	As scheduled
US	20:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
US	20:30	FOMC Press conference	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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