

# ONE Minute Brief

21 September 2017

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## Economic and Political News

In South Africa (SA), the consumer price index (CPI) rose slightly less-than-expected by 4.8% YoY in August, compared to a rise of 4.6% in July.

The Treasury stated that SA has successfully placed dollar bonds worth \$2.5bn in international capital markets, with \$1bn in 10-year bonds, maturing in 2027 and \$1.5bn in 30-year bonds, maturing in 2047.

Public Enterprises Minister, Lynne Brown, has received Eskom's response to her outstanding queries about its relationship with Trillian, a Gupta-linked company.

The Social Security Agency (SASSA) stated that it is taking legal advice on claims by the Organisation Undoing Tax Abuse (OUTA) that it had entered into two irregular contracts worth ZAR400mn.

Minister of Trade and Industry, Rob Davies, and UK's Secretary of State for International Trade, Dr Liam Fox, committed that trade between United Kingdom and South Africa would not be affected by Brexit.

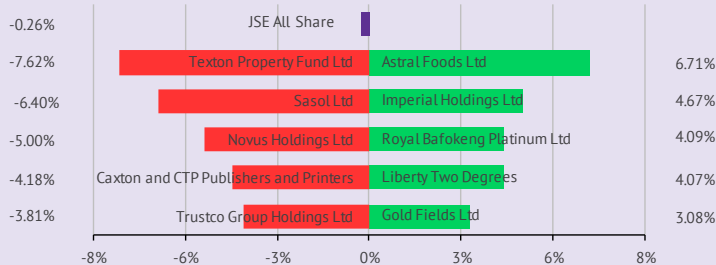
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55867.46	▼	-143.70	-0.26%	0.40%	-1.16%	2.38%
JSE Top 40	49575.88	▼	-175.82	-0.35%	0.61%	-0.84%	2.30%
FTSE 100	7271.95	▼	-3.30	-0.05%	0.78%	-2.14%	0.80%
DAX 30	12569.17	▲	7.38	0.06%	0.40%	4.26%	-0.52%
CAC 40	5241.66	▲	4.22	0.08%	0.53%	3.07%	-0.16%
S&P 500	2508.24	▲	1.59	0.06%	0.32%	1.48%	0.05%
Nasdaq Composite	6456.04	▼	-5.28	-0.08%	0.12%	0.43%	1.27%
DJIA	22412.59	▲	41.79	0.19%	0.65%	2.12%	0.26%

## South Africa Market ▼

### South African markets closed lower

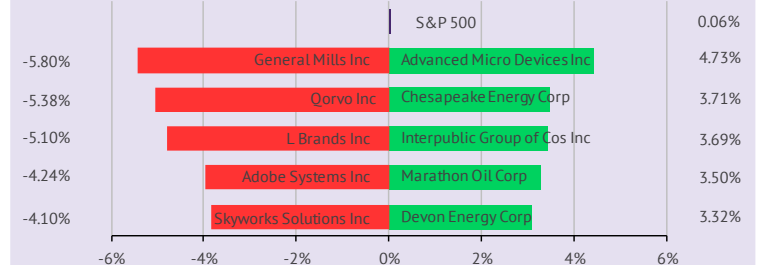
South African markets closed in the red yesterday, led by losses in resources sector stocks. Data indicated that South Africa's CPI advanced less-than-expected on an annual basis in August. The JSE All Share Index fell 0.3% to close at 55,867.46.



## US Market ▲

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

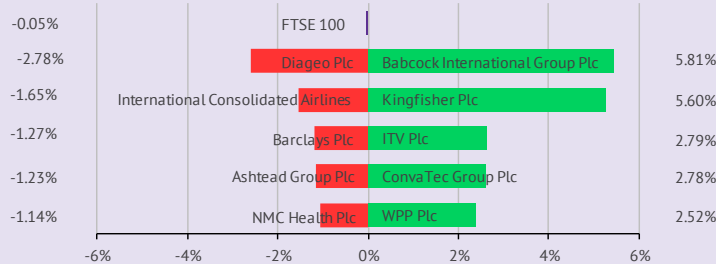
US markets closed higher yesterday, driven by a rise in industrial and material sector stocks. The Federal Reserve (Fed) kept the benchmark interest rate steady in the range of 1.0% and 1.25%. The S&P 500 Index climbed 0.1% to close at 2,508.24.



## UK Market ▼

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

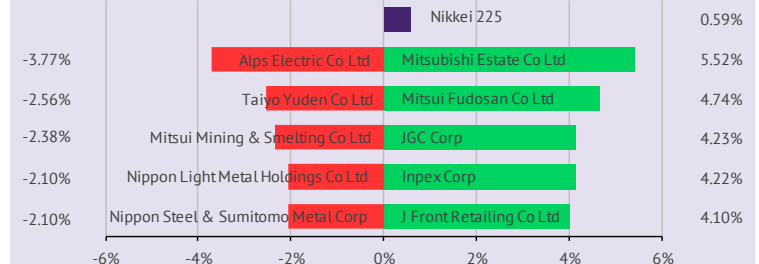
UK markets finished a tad lower yesterday, amid strength in Pound and losses in financial sector stocks. Data showed that UK's retail sales surged higher-than-anticipated on a monthly basis in August. The FTSE 100 Index marginally declined to close at 7,271.95.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. Data indicated that Japan's all share activity index retreated in line with market expectations on a monthly basis in July. The Nikkei 225 Index is trading 0.6% higher at 20,430.93.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R13.3365. Later today, traders will keep a close watch on US initial jobless claims, leading indicator and house price index for further direction.

The US Dollar rose against the South African Rand yesterday, after the US Fed stated that it will start trimming down its \$4.5tn balance sheet in October, initially by just \$10.0bn per month. Moreover, Fed Chair, Janet Yellen, indicated that the normalisation process would be gradual and predictable. The central bank kept its key interest rate unchanged in the range of 1.0% to 1.25% target, but indicated that one more hike is likely this year. On the data front, US existing home sales unexpectedly plunged to its lowest level in 1 year on a monthly basis in August. Separately, South Africa's CPI recorded a less-than-anticipated rise on a yearly basis in August.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.1% against the South African Rand to trade at R17.9960. Later today, traders will keep an eye on UK's public sector net borrowings and BBA mortgage approvals for further cues.

The British Pound declined against the South African Rand yesterday. In economic news, UK's retail sales soared more than market forecast on a monthly basis in August, driven by inflationary pressures and higher sales volumes.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading marginally firmer against the South African Rand at R15.8510. Going forward, market participants will keep a tab on the European Central Bank (ECB) President, Mario Draghi's speech, ECB's economic bulletin and Eurozone's consumer confidence for further indication.

The Euro weakened against the South African Rand yesterday. On the macro front, Germany's producer price index (PPI) advanced higher than market expectations on a yearly basis in August.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% lower against the South African Rand at R10.6705.

The Australian Dollar rose against the South African Rand yesterday. Data showed that Australia's Westpac leading index painted a negative picture for August.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.3365	▲	0.03%	1.26%	2.46%	-1.39%	-2.97%
GBPZAR	17.9960	▲	-0.11%	0.46%	6.90%	-3.47%	6.22%
EURZAR	15.8510	▲	-0.82%	0.81%	2.31%	-0.81%	9.73%
AUDZAR	10.6705	▼	0.29%	1.55%	3.52%	-2.31%	8.01%
EURUSD	1.1885	▼	-0.85%	-0.44%	-0.15%	0.57%	13.12%
GBPUSD	1.3494	▼	-0.06%	-0.73%	4.37%	-2.16%	9.40%
Brent (\$/barrel)	56.2	▼	2.09%	1.20%	6.49%	0.27%	-0.93%
Gold (\$/oz)	1302.6	▼	0.44%	-0.67%	-0.46%	4.10%	13.96%
Platinum (\$/oz)	943.0	▼	-0.61%	-2.72%	-5.32%	6.14%	4.86%
Copper (\$/MT)*	6482.0	▼	-0.10%	0.33%	-4.11%	6.68%	17.36%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices fell 0.8% to trade at \$1,302.60/oz.

Yesterday, gold prices rose 0.4% to close at \$1,312.50/oz, reversing its previous session losses.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.1% to trade at \$56.22/bl.

Yesterday, Brent crude oil advanced 2.1% to settle at \$56.29/bl, despite the US Energy Department reporting that crude oil inventories rose more-than-expected by 4.6mn bls for the week ended September 15, 2017.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$943.00/oz.

Yesterday, platinum prices declined 0.6% to close at \$945.40/oz.



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## Major South Africa Corporate News

### Astral Foods Limited

In its FY17 trading update, the company revealed that it expects EPS and HEPS to rise between 1,591.00c and 1,592.00c, respectively.

### Remgro Limited

In its FY17 results, the company revealed that its revenue declined 0.3% from the preceding year to ZAR27.60bn. Its diluted HEPS stood at 1,479.50c, compared with 1,115.00c recorded in the previous year.

### Pan African Resources Plc

In its FY17 results, the company stated that its revenue decreased to ZAR2.92bn from ZAR3.46bn posted in the previous year. Its diluted EPS fell 34.0% from the prior year to 19.80c.

## Major Global Economic News

### US

The US Fed indicated that it will begin unwinding its \$4.5tn balance sheet in October, initially by just \$10.0bn per month. Moreover, Fed Chair, Janet Yellen, indicated that the normalisation process would be gradual and predictable. The central bank kept its benchmark interest rate unchanged in the range of 1.0% to 1.25% target, but indicated that one more hike is expected this year.

In the US, existing home sales unexpectedly fell by 1.7% on monthly basis, to a level of 5.35mn in August, compared to a level of 5.44mn in the previous month. Markets were expecting existing home sales to advance to 5.45mn.

### Asia

The Bank of Japan (BoJ) policymakers voted 8-1 to leave its asset-buying programme and negative interest rate policy in place. Further, the central bank maintained its upbeat view of the economy, signalling its conviction that a solid recovery will gradually accelerate inflation towards its 2.0% goal without additional stimulus.

In July, the all industry activity index registered a drop of 0.1% on a monthly basis in Japan, meeting market expectations. In the prior month, the index had recorded a revised rise of 0.2%.

### Eurozone

In Germany, the PPI climbed 2.6% on an annual basis in August, compared to a rise of 2.3% in the previous month. Market anticipation was for the PPI to climb 2.5%.

### UK

In the UK, retail sales advanced 1.0% on a monthly basis in August, higher than market expectations for an advance of 0.2%. In the prior month, retail sales had risen by a revised 0.6%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	05:15	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	05:15	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled
Japan	06:30	All Industry Activity Index (MoM) (Jul)	✓✓✓	-0.10%*	0.40%	Monthly
Japan	08:00	Nationwide Department Store Sales (YoY) (Aug)	✓	-	-1.40%	Monthly
Japan	08:00	Tokyo Department Store Sales (YoY) (Aug)	✓	-	-0.90%	Monthly
Japan	08:30	BoJ Kuroda speaks at press conference after MPM	✓✓✓	-	-	As scheduled
Eurozone	08:55	ECB's Frank Smets speaks in Frankfurt	✓✓✓	-	-	As scheduled
UK	10:30	BBA Mortgage Approvals (Aug)	✓✓	41.70K	41.59K	Monthly
UK	10:30	Public Sector Net Borrowing (Aug)	✓✓	GBP6.40bn	-GBP0.80bn	Monthly
Eurozone	11:30	ECB Executive Board member Praet chairs a panel in Frankfurt	✓✓✓	-	-	As scheduled
US	14:30	Philadelphia Fed Manufacturing Survey (Sep)	✓✓	17.10	18.90	Monthly
US	14:30	Initial Jobless Claims (16-Sep)	✓✓✓	302.00K	284.00K	Weekly
US	15:00	House Price Index s.a. (Jul)	✓✓	-	249.30	Monthly
US	15:00	Housing Price Index (MoM) (Jul)	✓	0.40%	0.10%	Monthly
Eurozone	15:30	ECB President Mario Draghi speaks in Frankfurt	✓✓✓	-	-	As scheduled
Eurozone	16:00	Consumer Confidence (Sep) (P)	✓✓	-1.50	-1.50	Monthly
US	16:00	Leading Indicator (MoM) (Aug)	✓✓	0.30%	0.30%	Monthly
US	18:00	Household Change in Net Worth (Q2)	✓	-	USD2347.00bn	Quarterly
South Africa	-	SARB Interest Rate Decision	✓✓✓	6.50%	6.75%	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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