

# ONE Minute Brief

26 September 2017

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## Economic and Political News

On Friday, the World Steel Association reported that South Africa's (SA) steel production surged by 24.4% on a yearly basis in August to 554,000 tonnes, compared to a decline of 6.3% in July.

The Momentum Consumer Financial Vulnerability Index (CFVI) dropped to 48.4 points in the second quarter of 2017, from 52.3 points in the first quarter of 2017, highlighting increasing pressure on consumers.

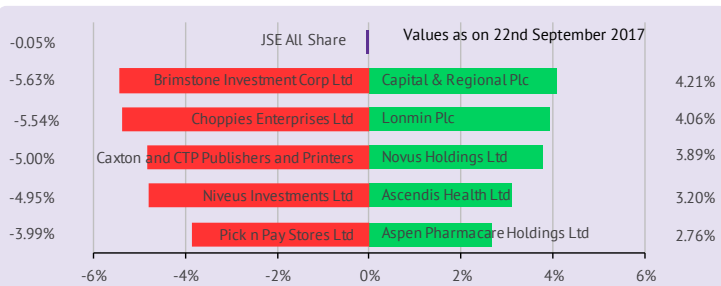
Over the weekend, President, Jacob Zuma, stated that his government aims at building a better SA through radical economic transformation, and by ensuring that the ownership, control and management of the economy is deracialised. He added that work is being done to improve the investment climate in the nation.

The Democratic Alliance (DA) has called for the dismissal of South African Airways (SAA) board Chairperson Dudu Myeni, following news reports that she had asked the Public Investment Corporation (PIC) for funds to bail out the SAA. Meanwhile, Finance Minister Malusi Gigaba, has refuted claims that funds in the PIC would be used to bail out state owned enterprises, and has called for an urgent meeting with the PIC board.

## South Africa Market ▼

### South African markets closed lower

South African markets closed a tad lower on Friday. The JSE All Share Index marginally fell to close at 55,839.73.



## Key Indices

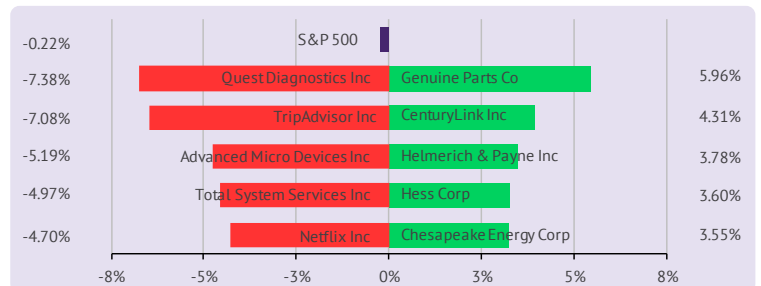
|                  | Last Close | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share*   | 55839.73   | ▼ -27.61  | 0.05%     | 0.00%     | -1.21%    | 2.38%             | 10.24%    |
| JSE Top 40*      | 49564.68   | ▲ 15.83   | 0.03%     | 0.00%     | -0.87%    | 2.30%             | 12.90%    |
| FTSE 100         | 7301.29    | ▼ -9.35   | -0.13%    | -0.13%    | -1.74%    | 0.80%             | 2.22%     |
| DAX 30           | 12594.81   | ▲ 2.46    | 0.02%     | 0.02%     | 4.47%     | -0.52%            | 9.70%     |
| CAC 40           | 5267.13    | ▼ -14.16  | -0.27%    | -0.27%    | 3.57%     | -0.16%            | 8.33%     |
| S&P 500          | 2496.66    | ▼ -5.56   | -0.22%    | -0.22%    | 1.01%     | 0.05%             | 11.52%    |
| Nasdaq Composite | 6370.59    | ▼ -56.33  | -0.88%    | -0.88%    | -0.90%    | 1.27%             | 18.34%    |
| DJIA             | 22296.09   | ▼ -55.50  | -0.24%    | -0.24%    | 1.59%     | 0.26%             | 12.82%    |

\*Values as on 22nd September 2017

## US Market ▼

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

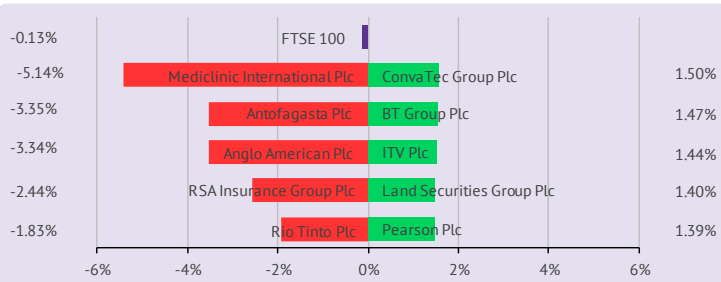
US markets closed lower yesterday, weighed down by losses in technology sector stocks. Data showed that US Chicago Fed National activity index dropped more-than-expected in August. The S&P 500 Index dropped 0.2% to close at 2,496.66.



## UK Market ▼

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

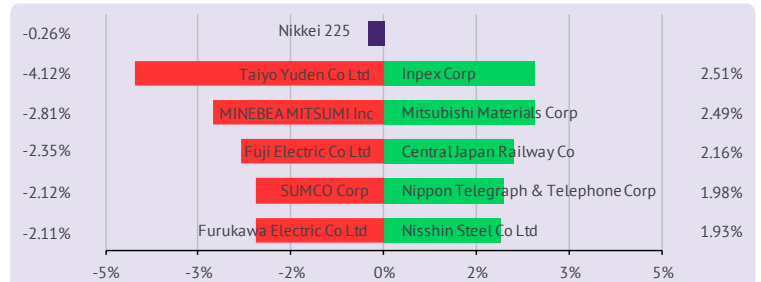
UK markets finished lower yesterday, amid losses in financial and mining sector stocks. The Bank of England (BoE) warned UK's banks could incur £30.00bn of losses across the whole consumer credit sector. The FTSE 100 Index declined 0.1% to close at 7,301.29.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Minutes from the Bank of Japan's (BoJ) July meeting stated that official reiterated the need to stick with the central bank's current policy framework. The Nikkei 225 Index is trading 0.3% lower at 20,345.19.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.1% against the South African Rand to trade at R13.3125. Later today, traders will keep a close watch on the Fed Chair, Janet Yellen's speech along with US consumer confidence index and new home sales data for further direction. Separately, South Africa's non-farm payrolls and leading indicator will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. On the macro front, US Chicago Fed National activity index eased more than market anticipations in August. In contrast, Dallas Fed manufacturing activity index unexpectedly rose in September.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound marginally fell against the South African Rand to trade at R17.9472. Later today, traders will keep an eye on UK's BBA mortgage approvals for further cues.

The British Pound advanced against the South African Rand yesterday. The BoE warned that Britain's banks could suffer £30bn of losses on their lending on credit cards, personal loans and car finance on the back of sharply increasing interest rates and unemployment.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R15.7897. Going forward, market participants will keep a tab on Germany's import price index for further indication.

The Euro weakened against the South African Rand yesterday. The European Central Bank (ECB) President, Mario Draghi expressed confidence that inflation is likely to pick up and reach the central bank's target, but warned that monetary policy stimulus is required to achieve the target in a sustainable way. Draghi also highlighted that the recent volatility in the Euro represents a source of uncertainty and requires monitoring. On the data front, Germany's Ifo business expectation index surprisingly declined in September. Further, Ifo business climate index recorded an unexpected drop in the same month.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.5749. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index recorded a drop for the week ended September 24, 2017.

The Australian Dollar rose against the South African Rand yesterday.

## Key Currencies & Commodities

|                   | Current |   | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|-------------------|---------|---|-----------|-----------|-----------|-------------------|-----------|
| USDZAR            | 13.3125 | ▼ | 0.60%     | 0.60%     | 2.53%     | -1.39%            | -2.91%    |
| GBPZAR            | 17.9472 | ▼ | 0.41%     | 0.41%     | 6.75%     | -3.47%            | 6.07%     |
| EURZAR            | 15.7897 | ▼ | -0.25%    | -0.25%    | 1.99%     | -0.81%            | 9.39%     |
| AUDZAR            | 10.5749 | ▼ | 0.35%     | 0.35%     | 2.38%     | -2.31%            | 6.81%     |
| EURUSD            | 1.1861  | ▲ | -0.86%    | -0.86%    | -0.52%    | 0.57%             | 12.70%    |
| GBPUSD            | 1.3481  | ▲ | -0.28%    | -0.28%    | 4.15%     | -2.16%            | 9.16%     |
| Brent (\$/barrel) | 59.5    | ▲ | 3.80%     | 3.80%     | 11.65%    | 0.27%             | 3.87%     |
| Gold (\$/oz)      | 1315.2  | ▲ | 1.07%     | 1.07%     | -0.86%    | 4.10%             | 13.49%    |
| Platinum (\$/oz)  | 944.8   | ▲ | 0.87%     | 0.87%     | -5.84%    | 6.14%             | 4.28%     |
| Copper (\$/MT)*   | 6404.3  | ▼ | -0.18%    | -0.18%    | -5.26%    | 6.68%             | 15.96%    |

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,315.20/oz.

Yesterday, gold prices rose 1.1% to close at \$1,307.10/oz, as rising geopolitical tensions between the US and North Korea and losses in US equities underpinned demand for the precious yellow metal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.8% to trade at \$59.48/bl.

Yesterday, Brent crude oil advanced 3.8% to settle at \$59.02/bl, notching its highest level in more than 2 years, driven by fast-growing demand and increasing expectations that oil producers will extend the output cut agreement.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.5% higher to trade at \$944.80/oz.

Yesterday, platinum prices climbed 0.9% to close at \$940.20/oz.



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## Major South Africa Corporate News

### Gold Fields Limited

On Friday, the company announced that KPMG will remain its external auditor but it will continue to monitor future developments.

### Remgro Limited

On Friday, the company announced that it has agreed to exchange its minority shareholding in Unilever SA for Unilever's spreads business in Southern Africa and ZAR4.90bn in cash.

## Major Global Economic News

### Eurozone

The ECB President, Mario Draghi expressed confidence that inflation is likely to pick up and reach the central bank's target, but warned that monetary policy stimulus is required to achieve the target in a sustainable way. Draghi also highlighted that the recent volatility in the Euro represents a source of uncertainty and requires monitoring.

In Germany, the Ifo business expectations index recorded an unexpected drop to 107.40 in September, compared to market expectations of an advance to a level of 108.00. The index had recorded a reading of 107.80 in the previous month.

In September, the Ifo business climate index unexpectedly eased to 115.20 in Germany, compared to market expectations of a rise to 116.00. In the previous month, the index had registered a level of 115.90.

### Asia

According to minutes of the BoJ's July meeting, policymakers expressed confidence over achieving the central bank's inflation target and reiterated the need to stick with their current policy framework despite the recent weakness in consumer inflation.

### US

In the US, the Dallas Fed manufacturing business index recorded an unexpected rise to 21.30 in September, compared to a reading of 17.00 in the prior month. Markets were anticipating the index to ease to a level of 11.50.

In August, the Chicago Fed national activity index dropped to -0.31 in the US, compared to a revised reading of 0.03 in the previous month. Market expectation was for the index to fall to -0.25.

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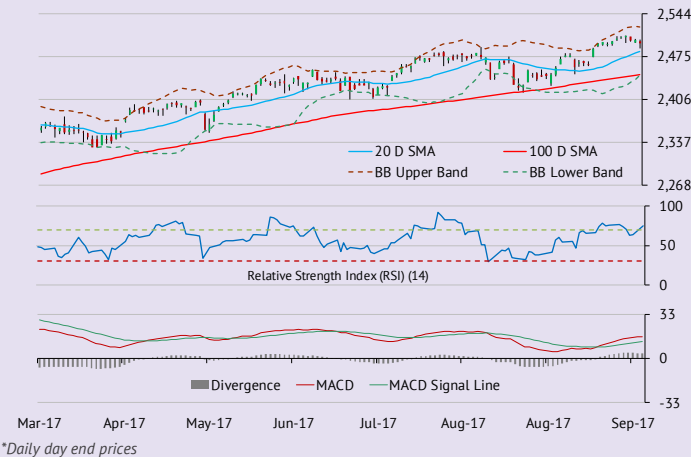
## Technical Snapshot

### JSE All Share



The JSE All Share index is expected to find support at 55,541.61, and a fall through could take it to the next support level of 55,243.49. The index is expected to find its first resistance at 56,140.99, and a rise through could take it to the next resistance level of 56,442.25.

### S&P 500



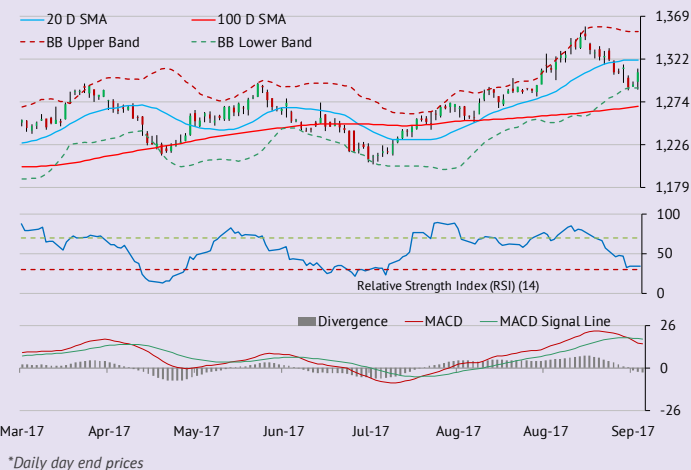
The S&P 500 index is expected to find support at 2,486.84, and a fall through could take it to the next support level of 2,477.03. The index is expected to find its first resistance at 2,507.66, and a rise through could take it to the next resistance level of 2,518.67.

### USDZAR



The pair is expected to find support at 13,196.0, and a fall through could take it to the next support level of 13,060.4. The pair is expected to find its first resistance at 13,435.6, and a rise through could take it to the next resistance level of 13,539.6.

### XAU/USD



Gold is expected to find support at \$1,290.70/oz, and a fall through could take it to the next support level of \$1,274.30/oz. The precious metal is expected to find its first resistance at \$1,319.60/oz, and a rise through could take it to the next resistance level of \$1,332.10/oz.

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## Economic Calendar

| Country      | SAST  | Economic Indicator   | Relevance | Consensus/<br>*Actual | Previous | Frequency    |
|--------------|-------|--|-----------|-----------------------|----------|--------------|
| US           | 00:30 | Fed's Kashkari Speaks at Townhall in Grand Forks, North Dakota | ✓✓✓       | -                     | -        | As scheduled |
| Japan        | 01:50 | BoJ Monetary Policy Meeting Minutes                            | ✓✓✓       | -                     | -        | As scheduled |
| Japan        | 01:50 | Corporate Service Price (YoY) (Aug)                            | ✓         | 0.80%*                | 0.60%    | Monthly      |
| Germany      | 08:00 | Export price index (Aug)                                       | ✓         | -                     | 105.80   | Monthly      |
| Germany      | 08:00 | Import Price Index (Aug)                                       | ✓         | -                     | 100.20   | Monthly      |
| Germany      | 08:00 | Import Price Index s.a. (MoM) (Aug)                            | ✓         | -0.10%                | -0.40%   | Monthly      |
| Germany      | 08:00 | Import Price Index n.s.a. (YoY) (Aug)                          | ✓         | 2.10%                 | 1.90%    | Monthly      |
| South Africa | 09:00 | Leading Indicator (Jul)  | ✓✓        | -                     | 95.70    | Monthly      |
| UK           | 10:30 | BBA Mortgage Approvals (Aug)                                   | ✓✓        | 41.70K                | 41.59K   | Monthly      |
| Eurozone     | 14:00 | ECB's Praet chairs speech in Frankfurt                         | ✓✓✓       | -                     | -        | As scheduled |
| US           | 15:30 | FOMC Member Mester speech                                      | ✓✓        | -                     | -        | As scheduled |
| US           | 16:00 | Richmond Fed Manufacturing Index (Sep)                         | ✓         | 13.00                 | 14.00    | Monthly      |
| US           | 16:00 | Consumer Confidence (Sep)                                      | ✓✓✓       | 120.00                | 122.90   | Monthly      |
| US           | 16:00 | New Home Sales (MoM) (Aug)                                     | ✓         | 2.50%                 | -9.40%   | Monthly      |
| US           | 16:00 | New Home Sales (Aug)   | ✓✓        | 585.00K               | 571.00K  | Monthly      |
| US           | 16:30 | FOMC Member Brainard Speech                                    | ✓✓        | -                     | -        | As scheduled |
| US           | 18:30 | Fed's Bostic Speaks to the Atlanta Press Club                  | ✓✓✓       | -                     | -        | As scheduled |
| US           | 18:45 | Fed Chair Janet Yellen Delivers Keynote at NABE Conference     | ✓✓✓       | -                     | -        | As scheduled |
| Germany      | -     | ECB's Constancio Gives Speech at Research Conference           | ✓✓✓       | -                     | -        | As scheduled |

Note: ✓✓✓High    ✓✓Medium    ✓Low

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