

# ONE Minute Brief

18 October 2017

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## Economic and Political News

In a surprise cabinet reshuffle by President, Jacob Zuma, South African Communist Party (SACP) leader, Blade Nzimande, was removed as Minister of Higher Education and Training, and has been replaced by Prof Hlengiwe Mkhize. Ayanda Dlodlo has been appointed as the new Minister of Home Affairs, Mmamaloko Kubayi as Minister of Communications, David Mahlobo as Minister of Energy, Advocate Bongani Thomas Bongo as the Minister of State Security and Buti Manamela as the Deputy Minister of Higher Education and Training. Meanwhile, the SACP has voiced its disapproval with the decision to remove Nzimande. African National Congress (ANC) Secretary-General, Gwede Mantashe, warned that repeated cabinet reshuffles could cause "instability" in the nation's governance.

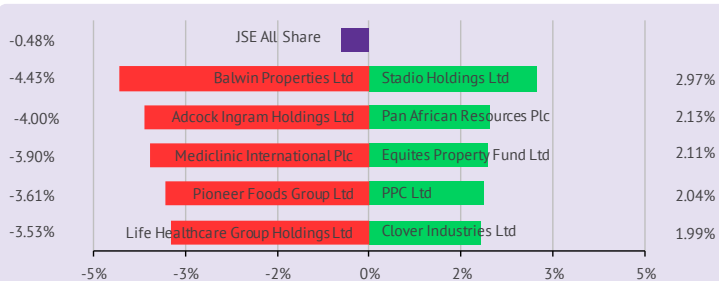
Deputy Governor of the South African Reserve Bank (SARB), Daniel Mminele, stated that the central bank is taking a cautious approach to monetary policy amid risks to an upside in inflation.

The Chief Executive of the Public Investment Corporation (PIC), Dan Matjila, has informed members of Parliament's standing committee on finance that that South African Airways (SAA) would have to meet its criteria before any investments could be considered. In their presentations to the standing committee, trade union federations indicated their opposition to use workers' pension money to bail out "bankrupt" state-owned enterprises.

## South Africa Market ▼

### South African markets closed lower

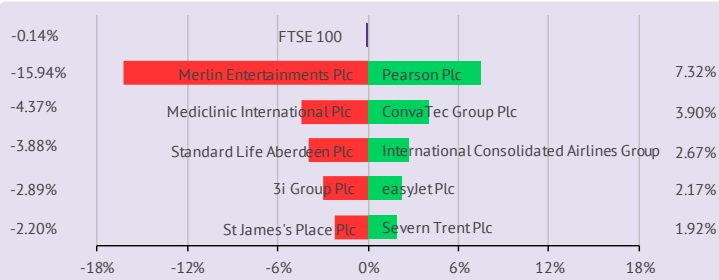
South African markets closed in the red yesterday, amid losses in gold mining and retail sector stocks. The JSE All Share Index fell 0.5% to close at 57,882.67.



## UK Market ▼

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

UK markets finished lower yesterday, led by sharp losses in consumer discretionary and financial sector stocks. Data showed that UK's annual consumer price index (CPI) surged to its highest level since April 2012 in September. The FTSE 100 Index declined 0.1% to close at 7,516.17.



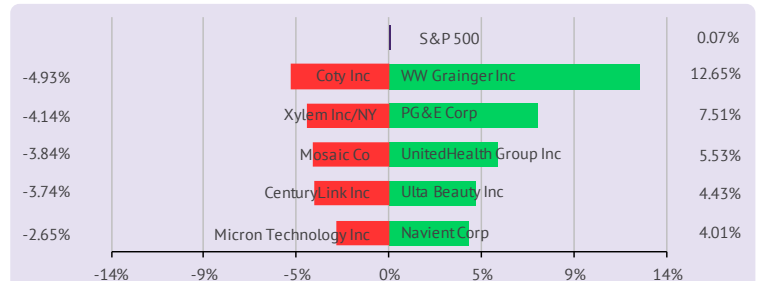
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	57882.67	▼	-280.89	-0.48%	0.01%	4.14%	-1.67%	14.27%
JSE Top 40	51510.16	▼	-203.21	-0.39%	0.12%	4.32%	-1.24%	17.33%
FTSE 100	7516.17	▼	-10.80	-0.14%	-0.26%	1.95%	-0.78%	5.23%
DAX 30	12995.06	▼	-8.64	-0.07%	0.02%	1.30%	6.41%	13.19%
CAC 40	5361.37	▼	-1.51	-0.03%	0.18%	0.59%	4.80%	10.26%
S&P 500	2559.36	▲	1.72	0.07%	0.24%	1.59%	1.93%	14.32%
Nasdaq Composite	6623.66	▼	-0.35	-0.01%	0.27%	1.97%	1.05%	23.05%
DJIA	22997.44	▲	40.48	0.18%	0.55%	2.64%	2.08%	16.37%

## US Market ▲

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

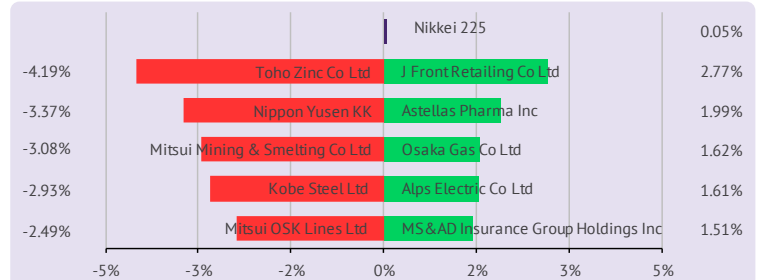
US markets closed higher yesterday, boosted by gains in healthcare sector stocks. Data revealed that US industrial production rebounded in line with the market forecast on a monthly basis in September. The S&P 500 Index climbed 0.1% to close at 2,559.36.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading marginally higher at 21,346.17.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R13.3956. Later today, traders will keep a close watch on US Federal Reserve's Beige Book along with housing starts and building permits for further direction. Separately, South Africa's consumer price index and retail sales data will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after US industrial production for September painted a positive picture of the economy as the effects of Hurricanes Harvey and Irma started to fade. Additionally, the NAHB housing market index surprisingly advanced to its highest level in five months in October. Further, manufacturing production rebounded less-than-expected on a monthly basis in September.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R17.6613. Later today, traders will keep an eye on UK's Claimant count rate, ILO unemployment rate along with average weekly earnings data for further cues.

The British Pound advanced against the South African Rand yesterday, after UK's CPI soared on a yearly basis in September, notching its highest level since April 2012, boosted by an increase in transport and food prices. On the other hand, the house price index advanced less than market forecast on a yearly basis in August. Further, annual retail price index recorded an unchanged reading in September. Meanwhile, the Bank of England (BoE) Governor, Mark Carney warned that "more likely than not", inflation in the UK would rise further in October and November and reiterated that an interest rate hike might be appropriate in the coming months.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading marginally firmer against the South African Rand at R15.7659. Going forward, market participants will keep a tab on the European Central Bank (ECB) President, Mario Draghi's speech along with Eurozone's construction output for further indication.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's CPI recorded a steady reading on an annual basis while monthly CPI rose in line with market expectations in September. In contrast, the region's ZEW economic sentiment index recorded a drop in October. Meanwhile, Germany's ZEW economic sentiment index rose less-than-expected in October. Whereas, ZEW current situation index surprised with a decline in the same month.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R10.5184. Earlier in the session, Australia's Westpac leading index rebounded on a monthly basis in September.

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	13.3956	▲	0.59%	0.94%	-1.22%	4.27%	-2.46%
GBPZAR	17.6613	▼	0.13%	0.23%	-2.75%	8.01%	4.37%
EURZAR	15.7659	▲	0.35%	0.49%	-1.61%	3.41%	9.13%
AUDZAR	10.5184	▲	0.53%	0.43%	-1.08%	2.78%	6.08%
EURUSD	1.1769	▲	-0.25%	-0.46%	-0.41%	-0.81%	11.92%
GBPUSD	1.3187	▼	-0.46%	-0.72%	-1.55%	3.62%	6.92%
Brent (\$/barrel)	58.3	▲	0.10%	1.24%	1.92%	7.43%	1.87%
Gold (\$/oz)	1288.8	▲	-1.30%	-1.42%	0.12%	-2.81%	11.40%
Platinum (\$/oz)	932.1	=	-0.78%	-1.39%	2.39%	-8.83%	3.38%
Copper (\$/MT)*	6996.0	▼	-1.77%	2.00%	8.76%	-4.84%	26.67%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged higher 0.5% to trade at \$1,288.80/oz.

Yesterday, gold prices fell 1.3% to close at \$1,283.00/oz, as strength in the greenback dented demand for the safe haven yellow metal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 0.7% to trade at \$58.28/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$57.88/bl, after the American Petroleum Institute (API) reported that US crude oil inventories declined by 7.1mn bls for the week ended October 13, 2017.

## Platinum ◀▶

### Trading flat

At 06:00 SAST, platinum prices traded flat at \$932.10/oz.

Yesterday, platinum prices declined 0.8% to close at \$932.10/oz.

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## Major South Africa Corporate News

### Anglo American Plc

The company announced that the value of rough diamond sales for De Beers' eighth sales cycle of 2017 amounted to USD370.00mn.

### Attacq Limited

The company announced the resignation of Morne Wilken as a Director and the Chief Executive Officer of the company, effective from December 31, 2017 unless otherwise announced.

### Mediclinic International Plc

In its 1H18 trading update, the company revealed that its revenue was flat and underlying EBITDA was down around 5.0%. Underlying EPS is expected to be around 11.50p.

### Pick N Pay Stores Limited

In its 1H18 results, the company stated that its revenue increased to ZAR39.30bn from ZAR37.40bn posted in the corresponding period of the previous year. Its diluted EPS fell 21.4% to 59.94c from the same period of the prior year.

## Major Global Economic News

### Eurozone

In the Eurozone, the ZEW economic sentiment index eased to 26.70 in October. The index had recorded a reading of 31.70 in the previous month.

In September, the final CPI climbed 1.5% on a yearly basis in the Eurozone, compared to a similar rise in the previous month. The preliminary figures had also recorded a rise of 1.5%. Markets were anticipating the CPI to climb 1.5%.

In Germany, the ZEW economic sentiment index rose to a level of 17.60 in October, lower than market expectations of a rise to 20.00. The index had recorded a level of 17.00 in the previous month.

In October, the ZEW current situation index registered an unexpected drop to 87.00 in Germany, lower than market expectations of a rise to a level of 88.50. In the prior month, the index had recorded a level of 87.90.

### UK

The BoE Governor, Mark Carney warned that "more likely than not", inflation in Britain would rise further in October and November and reiterated that a rate hike might be appropriate in the coming months. Further, Carney also stressed the importance of avoiding a so-called hard Brexit and that a transition agreement is in everyone's interests.

In the UK, the CPI registered a rise of 3.0% on a yearly basis in September, compared to an advance of 2.9% in the previous month. Markets were expecting the CPI to climb 3.0%.

In August, the house price index rose 5.0% on an annual basis in the UK, less than market expectations for a rise of 5.4%. In the previous month, the index had risen by a revised 4.5%.

In the UK, the retail price index advanced 3.9% on a yearly basis in September, compared to a similar rise in the prior month. Market expectation was for the index to advance 4.0%.

### US

In the US, manufacturing production climbed 0.1% on a monthly basis in September, compared to a revised fall of 0.2% in the prior month. Market anticipation was for manufacturing production to rise 0.2%.

In September, industrial production rose 0.3% on a monthly basis in the US, in line with market expectations. Industrial production had recorded a revised drop of 0.7% in the previous month.

In the US, the housing market index unexpectedly advanced to 68.00 in October, compared to a level of 64.00 in the previous month. Markets were anticipating the index to remain unchanged.

### Asia

In Australia, the Westpac leading index advanced 0.08% on a monthly basis, in September. In the prior month, the index had fallen by a revised 0.1%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
South Africa	10:00	Consumer Price Index (MoM) (Sep)	✓✓✓	0.40%	0.10%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Sep)	✓✓✓	5.00%	4.80%	Monthly
Eurozone	10:10	ECB President Draghi speaks in Frankfurt	✓✓✓	-	-	As scheduled
UK	10:30	Claimant Count Rate s.a. (Sep)	✓✓	-	2.30%	Monthly
UK	10:30	Claimant Count s.a. (Sep)	✓✓	-	806.30K	Monthly
UK	10:30	Average Earnings Excluding Bonus (3Mo/Yr) (Aug)	✓	2.00%	2.10%	Monthly
UK	10:30	Average Earnings Including Bonus (3Mo/Yr) (Aug)	✓✓	2.10%	2.10%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Aug)	✓✓✓	4.30%	4.30%	Monthly
UK	10:30	Employment Change (3M/3M) (Aug)	✓✓✓	148.00K	181.00K	Monthly
Eurozone	11:00	Construction Output s.a. (MoM) (Aug)	✓	-	0.20%	Monthly
US	13:00	MBA Mortgage Applications (13-Oct)	✓	-	-2.10%	Weekly
South Africa	13:00	Retail Sales (MoM) (Aug)	✓✓✓	0.30%	-0.60%	Monthly
South Africa	13:00	Retail Sales (YoY) (Aug)	✓✓✓	2.70%	1.80%	Monthly
US	14:30	Building Permits (Sep)	✓✓✓	1245.00K	1300.00K	Monthly
US	14:30	Housing Starts (Sep)	✓✓✓	1175.00K	1180.00K	Monthly
US	14:30	Housing Starts (MoM) (Sep)	✓✓	-0.40%	-0.80%	Monthly
US	14:30	Building Permits (MoM) (Sep)	✓✓	-2.10%	5.70%	Monthly
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled
Eurozone	-	ECB Survey of Professional Forecasters	✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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