

# ONE Minute Brief

19 October 2017

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## Economic and Political News

In South Africa (SA), the annual consumer price index (CPI) recorded a more-than-expected rise of 5.1% in September, compared to a rise of 4.8% in the prior month. Further, annual retail sales recorded a more-than-expected rise of 5.5% in August, compared to a revised rise of 1.6% in the previous month.

South African President Jacob Zuma's Cabinet has approved a new board for the troubled South African Airways (SAA) with Chairperson Dudu Myeni being replaced by JB Magwaza.

The Chairperson of Parliament's oversight committee on finance, Yunus Carrim has stated that unions were correct in demanding that the Public Investment Corporation (PIC) should not be investing in ailing state enterprises.

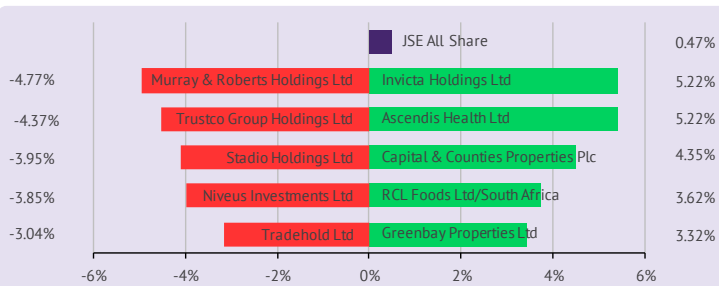
The African National Congress (ANC) treasurer-general, Zweli Mkhize, stated that President Zuma's recent cabinet reshuffle came as a surprise and that the frequency of reshuffles were not in the hands of the ANC leadership.

The newly sworn in State Security Minister, Bongani Bongo, stated that he was looking forward to providing leadership to his department and meeting targets set by the government.

## South Africa Market ▲

### South African markets closed higher

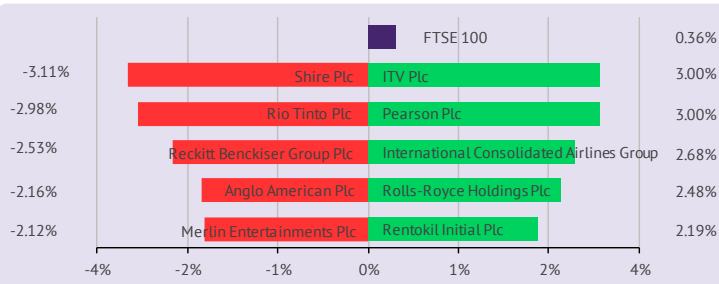
South African markets closed in the green yesterday, amid gains in banking and retail sector stocks. Data indicated that South African retail sales advanced surpassing market expectations on annual basis in August. The JSE All Share Index rose 0.5% to close at 58,152.41.



## UK Market ▲

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

UK markets finished higher yesterday, buoyed by a weaker British Pound. Data revealed that UK's wage growth advanced at a steady pace in the three months to August. The FTSE 100 Index advanced 0.4% to close at 7,542.87.



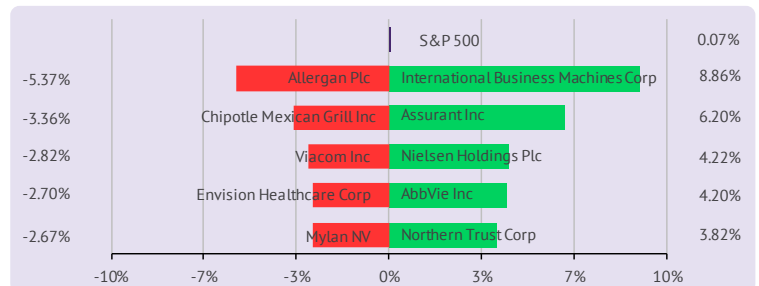
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	58152.41	▲	269.74	0.47%	0.48%	4.63%	-1.67%	14.80%
JSE Top 40	51747.21	▲	237.05	0.46%	0.58%	4.80%	-1.24%	17.87%
FTSE 100	7542.87	▲	26.70	0.36%	0.10%	2.31%	-0.78%	5.60%
DAX 30	13043.03	▲	47.97	0.37%	0.39%	1.67%	6.41%	13.60%
CAC 40	5383.81	▲	22.44	0.42%	0.60%	1.01%	4.80%	10.73%
S&P 500	2561.26	▲	1.90	0.07%	0.32%	1.66%	1.93%	14.40%
Nasdaq Composite	6624.22	▲	0.56	0.01%	0.28%	1.97%	1.05%	23.06%
DJIA	23157.60	▲	160.16	0.70%	1.25%	3.36%	2.08%	17.18%

## US Market ▲

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

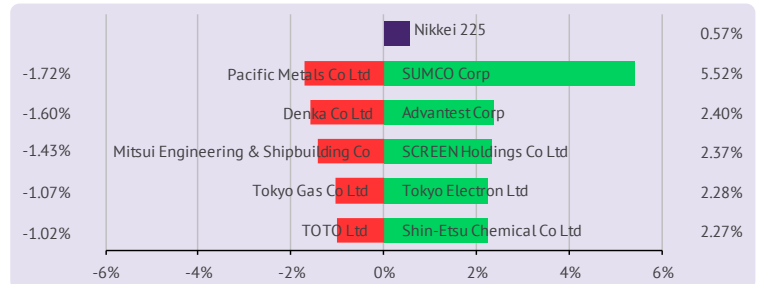
US markets closed higher yesterday, lifted by better-than-expected quarterly earnings and gains in technology sector stocks. The Fed's Beige book indicated that growth pace was split between modest and moderate. The S&P 500 Index climbed 0.1% to close at 2,561.26.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. On the data front, China's economic growth advanced at a slightly slower pace on an annual basis in the third quarter of 2017. The Nikkei 225 Index is trading 0.6% higher at 21,483.90.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R13.5679. Later today, traders will keep a close watch on US initial jobless claims and Philadelphia Fed manufacturing survey for further direction.

The US Dollar rose against the South African Rand yesterday, amid improvement in tax-overhaul plan and rising possibility for US President Donald Trump to nominate a hawkish Federal Reserve (Fed) Chief. In economic news, housing starts in the US dropped at an annual rate in September, falling to a one-year low. Further, the nation's building permits declined in the same month. Moreover, the Fed's Beige Book indicated that economic activity advanced at a measured pace in September and October, shrugging off disruptions caused by Hurricanes Harvey and Irma. Separately, South Africa's consumer price inflation picked up pace on annual basis in September. Further, retail sales grew at a faster than expected pace in August.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0% against the South African Rand to trade at R17.9301. Later today, traders will keep a track on British retail sales data for further cues.

The British Pound advanced against the South African Rand yesterday. On the data front, the ILO unemployment rate in the UK remained steady in the three months to August. Moreover, the number of unemployment benefits claimants advanced in September. Meanwhile, UK's average earnings rose more-than-expected on an annual basis in the three months to August.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R16.0145. Going forward, market participants will keep a tab on the European Council meeting scheduled later in the day.

The Euro strengthened against the South African Rand yesterday. On the data front, construction output in the Eurozone dropped on a monthly basis in August.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.6554. Earlier in the session, Australia's unemployment rate unexpectedly eased to four-month lows in September. Further, the NAB's business confidence index eased in the third quarter of 2017. Separately, in China, Australia's largest trading partner, gross domestic product advanced at a slightly slower pace in the third quarter of 2017, albeit meeting market expectations. Further, the nation's retail sales growth picked up more-than-expected in September, while annual industrial production advanced and surpassed market expectations in the same month.

The Australian Dollar rose against the South African Rand yesterday. In economic news, Australia's monthly Westpac leading index rebounded in September.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5679	▼	1.36%	2.31%	0.12%	4.27%	-1.14%
GBPZAR	17.9301	▲	1.47%	1.70%	-1.32%	8.01%	5.91%
EURZAR	16.0145	▲	1.54%	2.04%	-0.09%	3.41%	10.81%
AUDZAR	10.6554	▲	1.34%	1.78%	0.25%	2.78%	7.50%
EURUSD	1.1803	▲	0.18%	-0.28%	-0.23%	-0.81%	12.12%
GBPUSD	1.3214	▲	0.11%	-0.60%	-1.44%	3.62%	7.04%
Brent (\$/barrel)	58.0	▼	0.47%	1.71%	2.39%	7.43%	2.34%
Gold (\$/oz)	1280.2	▲	-0.24%	-1.66%	-0.12%	-2.81%	11.13%
Platinum (\$/oz)	921.9	=	-1.09%	-2.47%	1.27%	-8.83%	2.25%
Copper (\$/MT)*	6949.0	▼	-0.67%	1.31%	8.03%	-4.84%	25.82%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0% higher to trade at \$1,280.20/oz.

Yesterday, gold prices fell 0.2% to close at \$1,279.90/oz, amid strength in the greenback.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$58.04/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$58.15/bl, amid rising tensions in the Middle East and as the Energy Information Administration reported that US crude oil inventories declined by 5.70mn bls for the week ended October 13, 2017.

## Platinum ◀▶

### Trading flat

At 06:00 SAST, platinum prices traded flat at \$921.90/oz.

Yesterday, platinum prices declined 1.1% to close at \$921.90/oz.



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## Major South Africa Corporate News

### Afrimat Limited

In its interim trading update, the company stated that it expects HEPS to be between 100.00c and 104.70c which reflects increase of 5.0% to 10.0% from the same period of the prior year.

### Bhp Billiton Plc

In its operational update, the company stated that it expects petroleum production to be in the range of 180.00 – 190.00 MMboe, copper production to be in the range of 1,655.00-1,790.00kt and iron ore production to be in the range of 239.00-243.00Mt.

## Major Global Economic News

### Asia

Japan has registered total merchandise trade surplus of JPY670.20bn in September, following a surplus of JPY113.60bn in the prior month. Markets were expecting a surplus of JPY556.80bn.

In the third quarter of 2017, gross domestic product (GDP) advanced 6.8% on an annual basis in China, compared to a rise of 6.9% in the previous quarter. Markets were anticipating GDP to rise 6.8%.

In China, industrial production rose 6.6% on an annual basis, in September, compared to an advance of 6.0% in the prior month. Market anticipation was for industrial production to advance 6.5%.

On an annual basis in China, retail sales rose 10.3% in September, compared to an advance of 10.1% in the previous month. Market anticipation was for retail sales to climb 10.2%.

### US

According to the Fed's Beige Book report, the pace of growth in the US economy was "split between moderate and modest" across all twelve districts in September through early October, despite the impact of hurricanes on some regions. However, majority of the US districts reported "widespread" labour shortages along with only modest to moderate wage pressures and few signs of an uptick in inflation.

In the US, monthly building permits eased 4.5%, to an annual rate of 1215.00K in September, compared with market expectations of 1245.00K. Building permits had registered a revised level of 1272.00K in the prior month.

The monthly housing starts in the US dropped 4.70%, to an annual rate of 1127.00K in September, compared to a revised reading of 1183.00K in the previous month. Markets were expecting housing starts to ease to a level of 1175.00K.

### UK

In the June-August 2017 period, the ILO unemployment rate remained unchanged at 4.3% in the UK. Markets were expecting the ILO unemployment rate to record a steady reading.

In the UK, number of unemployment benefits claimants recorded an increase of 1.70K in September, compared with a revised loss of 0.20K in the previous month.

In the June-August 2017 period, the average earnings including bonus in the UK registered a rise of 2.2% on a YoY basis, higher than market expectations for an advance of 2.1%. In the May-July 2017 period, the average earnings including bonus had registered a revised similar rise.

### Eurozone

In the Eurozone, the seasonally adjusted construction output eased 0.2% on a monthly basis in August. Construction output had registered a revised unchanged reading in the prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Merchandise Trade Balance Total (Sep)	✓✓✓	JPY670.20bn*	JPY113.60bn	Monthly
China	04:00	Gross Domestic Product (YoY) (Q3)	✓✓✓	6.80%*	6.90%	Quarterly
China	04:00	Retail Sales (YoY) (Sep)	✓✓✓	10.30%*	10.10%	Monthly
China	04:00	Industrial Production (YoY) (Sep)	✓✓	6.60%*	6.00%	Monthly
Switzerland	08:00	Trade Balance (Sep)	✓✓	-	CHF2.17bn	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Sep) (F)	✓✓✓	-	45.30%**	Monthly
UK	10:30	Retail Sales (YoY) (Sep)	✓✓	2.10%	2.40%	Monthly
US	14:30	Initial Jobless Claims (14-Oct)	✓✓✓	240.00K	243.00K	Weekly
US	14:30	Philadelphia Fed Manufacturing Survey (Oct)	✓✓	22.00	23.80	Monthly
US	15:30	Fed's George Speaks in Oklahoma	✓	-	-	As scheduled
US	16:00	Leading Indicator (MoM) (Sep)	✓✓	0.10%	0.40%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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