

ONE Minute Brief

20 October 2017

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Economic and Political News

South Africa's Deputy President, Cyril Ramaphosa, stated that the bail-out of South African Airways (SAA) was not illegal. Separately, he admitted that the Cabinet reshuffle had added to the narrative of instability and even his position in the Cabinet was at the pleasure of the President. He added that President Jacob Zuma was working to ensure that a commission of inquiry was appointed into state capture soon.

South African Reserve Bank (SARB) Governor, Lesetja Kganyago, indicated that a declining current account deficit, stable consumer price inflation and improving economic growth should help avoid credit rating downgrades in November.

Social Development Minister, Bathabile Dlamini, has approved an offer to the South African Post Office (Sapo) to take over payments of social grants.

Communications Minister, Mmamoloko Kubayi, stated that the Cabinet was not considering privatising the SAA.

Mineral Resources Minister, Mosebenzi Zwane, stated that the nation was committed to shale gas exploration despite an adverse court ruling revoking fracking regulations.

South Africa Market ▼

South African markets closed lower

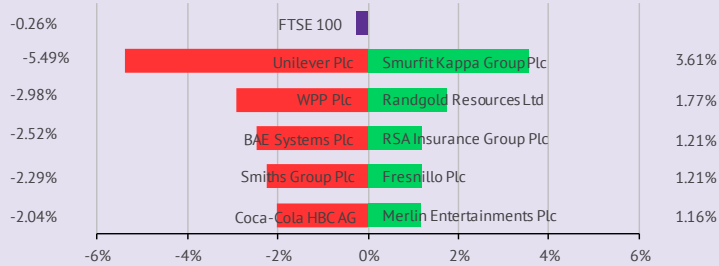
South African markets closed in the red yesterday, amid losses in retail sector stocks. The JSE All Share Index fell 0.4% to close at 57,896.83.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, led by a decline in consumer goods and service sector stocks. Data revealed that UK retail sales fell more than anticipated on a monthly basis in September. The FTSE 100 Index declined 0.3% to close at 7,523.04.



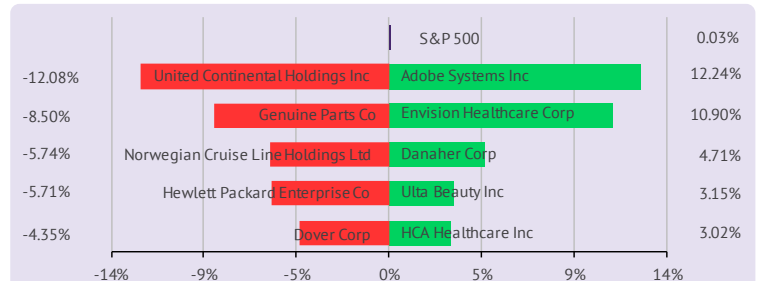
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	57896.83	▼ -255.58	-0.44%	0.03%	4.17%	-1.67%	14.30%
JSE Top 40	51525.52	▼ -221.69	-0.43%	0.15%	4.35%	-1.24%	17.36%
FTSE 100	7523.04	▼ -19.83	-0.26%	-0.16%	2.04%	-0.78%	5.32%
DAX 30	12990.10	▼ -52.93	-0.41%	-0.01%	1.26%	6.41%	13.14%
CAC 40	5368.29	▼ -15.52	-0.29%	0.31%	0.72%	4.80%	10.41%
S&P 500	2562.10	▲ 0.84	0.03%	0.35%	1.70%	1.93%	14.44%
Nasdaq Composite	6605.07	▼ -19.15	-0.29%	-0.01%	1.68%	1.05%	22.70%
DJIA	23163.04	▲ 5.44	0.02%	1.27%	3.38%	2.08%	17.21%

US Market ▲

The S&P 500 futures are trading in the green

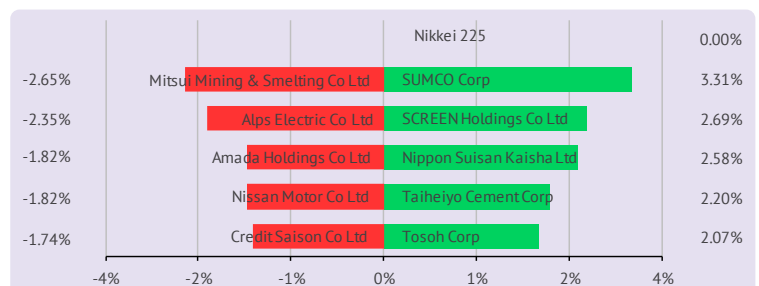
US markets closed marginally higher yesterday, as losses in consumer staples and technology stocks was offset by gains in healthcare and utilities stocks. The US Initial jobless claims eased more-than-expected last week. The S&P 500 Index slightly rose to close at 2,562.10.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading flat at 21,448.53.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.7% against the South African Rand to trade at R13.5775. Later today, traders will closely watch a speech by the US Federal Reserve Chair, Janet Yellen and existing home sales data in the US for further direction.

The US Dollar fell against the South African Rand yesterday. In economic news, initial jobless claims in the US fell more-than-expected last week, reaching the lowest level in 44 years. Further, the Philadelphia manufacturing index surprisingly advanced in October, reporting its highest reading since May. Meanwhile, the nation's leading indicators recorded a surprise drop in September, its first decline in last year.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound advanced 0.3% against the South African Rand to trade at R17.7994. Later today, traders will keep a track on UK's public sector net borrowings for further cues.

The British Pound declined against the South African Rand yesterday, after data showed that British annual retail sales growth advanced at a much sluggish pace than market expectations in September, weighed down by lower consumer spending amid rising inflation and dismal wage growth.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.4% higher against the South African Rand at R16.0475. Going forward, market participants will keep a tab on Eurozone's current account balance, scheduled ahead in the day.

The Euro weakened against the South African Rand yesterday, amid continued political uncertainty in Spain.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.3% against the South African Rand to trade at R10.6556.

The Australian Dollar fell against the South African Rand yesterday. Meanwhile, data showed that Australia's unemployment rate unexpectedly eased to a four-month low in September. On the other hand, the NAB's business confidence index eased in the third quarter of 2017. Separately, China's gross domestic product rose at a slower rate in the third quarter of 2017, albeit meeting market expectations.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5775	▲	-0.65%	1.65%	-0.53%	4.27%	-1.78%
GBPZAR	17.7994	▲	-1.00%	0.68%	-2.31%	8.01%	4.84%
EURZAR	16.0475	▲	-0.11%	1.92%	-0.21%	3.41%	10.69%
AUDZAR	10.6556	▲	-0.21%	1.56%	0.03%	2.78%	7.27%
EURUSD	1.1819	▼	0.55%	0.27%	0.32%	-0.81%	12.74%
GBPUUSD	1.3109	▼	-0.35%	-0.95%	-1.78%	3.62%	6.67%
Brent (\$/barrel)	57.4	▲	-1.58%	0.10%	0.77%	7.43%	0.72%
Gold (\$/oz)	1286.1	▼	0.55%	-1.12%	0.42%	-2.81%	11.74%
Platinum (\$/oz)	923.2	=	0.14%	-2.33%	1.42%	-8.83%	2.40%
Copper (\$/MT)*	6934.0	▼	-0.22%	1.09%	7.80%	-4.84%	25.55%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,286.10/oz.

Yesterday, gold prices rose 0.6% to close at \$1,286.90/oz, amid political tensions in the Eurozone and weakness in the US Dollar.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$57.35/bl.

Yesterday, Brent crude oil declined 1.6% to settle at \$58.15/bl, reversing its four straight session of gains amid easing geopolitical concerns in the Middle East.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices traded flat at \$923.20/oz.

Yesterday, platinum prices climbed 0.1% to close at \$923.20/oz.



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Major South Africa Corporate News

Anglogold Ashanti Limited

The miner announced that it has entered into an agreement to dispose of various assets situated in the Vaal River region of South Africa to Harmony Gold Mining Company Limited for a cash consideration of USD300.00mn.

Lewis Group Limited

The retailer announced that its subsidiary, Lewis Stores Proprietary Limited has completed an agreement with the shareholders of United Furniture Outlets Proprietary Limited, through which the company will acquire the entire issued ordinary share capital for cash consideration of USD320.00mn.

Major Global Economic News

US

In the week ended 14 October 2017, the seasonally adjusted initial jobless claims recorded a drop to 222.00K in the US, compared to market expectations of a fall of 240.00K. In the prior week, initial jobless claims had registered a revised level of 244.00K.

Leading indicator in the US recorded an unexpected drop of 0.2% on a monthly basis in September, lower than market expectations for an advance of 0.1%. In the previous month, leading indicator had recorded a rise of 0.4%.

UK

In September, retail sales in the UK registered a rise of 1.2% on an annual basis, lower than market expectations for an advance of 2.1%. Retail sales had risen by a revised 2.3% in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Germany	08:00	Producer Price Index (MoM) (Sep)	✓✓	0.10%	0.20%	Monthly
Japan	08:35	BoJ's Kuroda speaks in Tokyo	✓✓✓	-	-	As scheduled
Japan	09:00	Convenience Store Sales (YoY) (Sep)	✓	-	-0.90%	Monthly
Spain	10:00	Trade Balance (Aug)	✓✓	-	-EUR2.10bn	Monthly
Eurozone	10:00	Current Account s.a (Aug)	✓✓	-	EUR25.10bn	Monthly
Italy	10:00	Current Account (Aug)	✓	-	EUR8.63bn	Monthly
UK	10:30	Public Sector Net Borrowing (Sep)	✓✓	GBP5.70bn	GBP5.10bn	Monthly
Portugal	13:30	Current Account Balance (Aug)	✓	-	EUR0.79bn	Monthly
Canada	14:30	Consumer Price Index s.a. (MoM) (Sep)	✓✓	-	0.20%	Monthly
Canada	14:30	Retail Sales (MoM) (Aug)	✓✓	0.50%	0.40%	Monthly
US	16:00	Existing Home Sales (MoM) (Sep)	✓	-0.90%	-1.70%	Monthly
US	20:00	Fed's Mester Speaks on Global Regulatory Structure	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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