

ONE Minute Brief

27 October 2017

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Economic and Political News

In South Africa (SA), the annual producer price inflation rose more-than-expected to 5.2% in September, compared to a rise of 4.2% in August.

Fitch indicated that the medium-term budget statement signaled towards a sharp fall in fiscal revenue, a breach of the non-interest expenditure ceiling and risks with state-owned entities and further, contains no plans to limit the damage to the economy. Separately, S&P stated that SA's politics would probably undermine near-term macroeconomic performance, and poses risk particularly for the nation's still investment grade local currency credit rating.

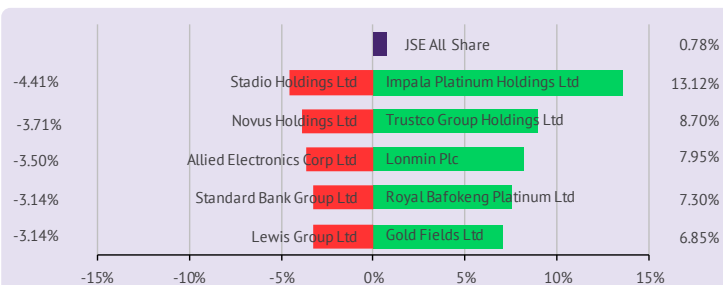
Finance Minister, Malusi Gigaba, indicated that the projected drop in tax revenue is due to the weak economy in which there are fewer jobs and taxpayers. Further, Gigaba stated that the government's fiscal committee is considering cutting big programmes in order to rein in the national debt.

The German software company, SAP admitted that its South African unit had paid at least ZAR107.0mn to Gupta-related intermediaries for contracts won from Eskom and Transnet and are now getting investigated by the US Department of Justice and the Securities and Exchange Commission. Meanwhile, the Economic Freedom Fighters has called on the SAP to reveal the names of people who facilitated the bribe on the part of the Gupta-owned company.

South Africa Market ▲

South African markets closed higher

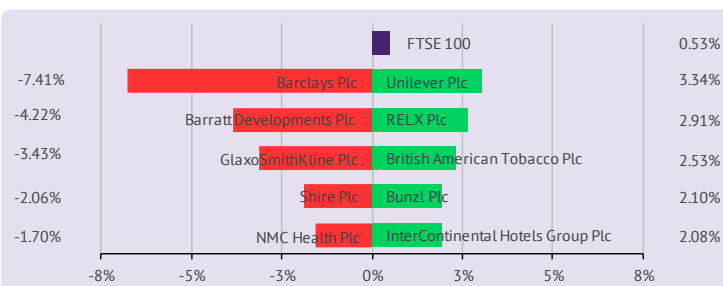
South African markets closed in the green yesterday, led by a sharp rally in platinum and gold mining stocks. Data showed that South Africa's producer price index (PPI) advanced to its strongest level in six months in September. The JSE All Share Index rose 0.8% to close at 58,576.29.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, boosted by gains in consumer staples and discretionary sector stocks. The FTSE 100 Index advanced 0.5% to close at 7,486.50.



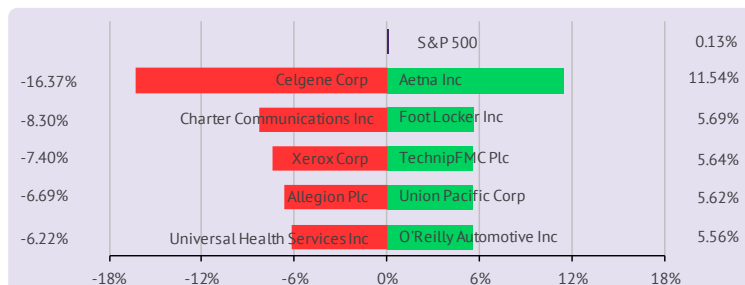
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	58576.29	▲	453.16	0.78%	1.08%	5.39%	-1.67%	15.64%
JSE Top 40	52273.52	▲	415.91	0.80%	1.30%	5.87%	-1.24%	19.07%
FTSE 100	7486.50	▲	39.29	0.53%	-0.49%	1.54%	-0.78%	4.81%
DAX 30	13133.28	▲	179.87	1.39%	1.09%	2.37%	6.41%	14.39%
CAC 40	5455.40	▲	80.51	1.50%	1.55%	2.36%	4.80%	12.20%
S&P 500	2560.40	▲	3.25	0.13%	-0.58%	1.63%	1.93%	14.36%
Nasdaq Composite	6556.77	▼	-7.12	-0.11%	-1.09%	0.94%	1.05%	21.80%
DJIA	23400.86	▲	71.40	0.31%	0.31%	4.44%	2.08%	18.41%

US Market ▲

The S&P 500 futures are trading in the green

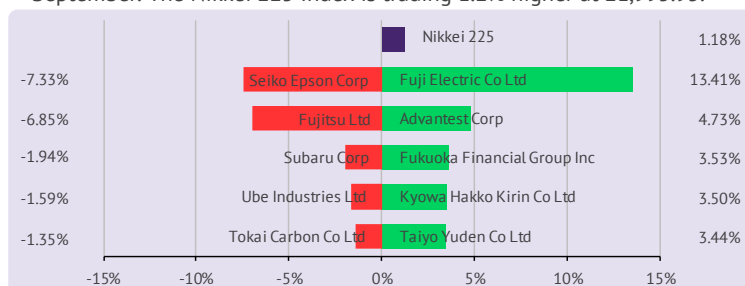
US markets closed higher yesterday, amid robust corporate earnings. Data revealed that US advance goods trade deficit widened more-than-expected in September. The S&P 500 Index climbed 0.1% to close at 2,560.40.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. Data indicated that Japan's national consumer price index (CPI) rose in line with expectations on a yearly basis in September. The Nikkei 225 Index is trading 1.2% higher at 21,995.95.



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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 R14.2458. Later today, traders will keep a close watch on US GDP growth data for 3Q17 and final Michigan consumer confidence index for October for further cues.

The US Dollar rose against the South African Rand yesterday. On the data front, US advance goods trade deficit widened more than anticipated in September. Furthermore, the number of Americans applying for unemployment benefits climbed slightly less-than-expected for the week ended October 21, 2017. Moreover, preliminary wholesale inventories rose less than market expectations in September. However, monthly pending home sales recorded a flat reading for September. Separately, South Africa's PPI soared at a stronger-than-expected pace on an annual basis in September, notching its highest level in six months.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R18.7128. With no major economic releases in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand to trade at R16.5796. Amid a lack of major economic releases in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday, after the European Central Bank (ECB) revealed that it would reduce its monthly asset purchases to €30.0bn per month January onwards from its current rate of €60.0bn, but the purchases would continue at least until September 2018. Moreover, the central bank added that it could increase the purchases if the region suffers a new economic shock. On the macro front, Germany's GfK consumer confidence index surprisingly eased in November.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% weaker against the South African Rand at R10.8749. Earlier in the session, in China, Australia's largest trading partner, annual industrial profits accelerated at a faster pace to its highest level in six years 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	14.2458	▲	1.34%	4.38%	5.03%	4.27%	3.72%
GBPZAR	18.7128	▼	0.58%	4.18%	3.18%	8.01%	10.73%
EURZAR	16.5796	▼	-0.05%	3.21%	3.59%	3.41%	14.90%
AUDZAR	10.8749	▼	0.77%	2.27%	2.69%	2.78%	10.12%
EURUSD	1.1638	▼	-1.37%	-1.13%	-1.38%	-0.81%	10.82%
GBPUSD	1.3136	▼	-0.76%	-0.22%	-1.77%	3.62%	6.69%
Brent (\$/barrel)	59.4	▲	1.47%	2.68%	4.42%	7.43%	4.36%
Gold (\$/oz)	1268.6	▲	-0.71%	-0.87%	-1.19%	-2.81%	9.95%
Platinum (\$/oz)	918.2	=	-0.63%	-0.64%	0.87%	-8.83%	1.84%
Copper (\$/MT)*	6961.0	▼	-0.33%	0.57%	8.22%	-4.84%	26.04%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.2% to trade at \$1,268.60/oz.

Yesterday, gold prices fell 0.7% to close at \$1,266.30/oz, as strength in the greenback and global equity markets dented demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$59.35/bl.

Yesterday, Brent crude oil advanced 1.5% to settle at \$59.30/bl, following the comments of Saudi Arabia's Crown Prince, Mohammad bin Salman, to extend OPEC's output cut deal beyond March 2018 to stabilise oil demand and supply.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices traded flat at \$918.20/oz.

Yesterday, platinum prices declined 0.6% to close at \$918.20/oz.



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Major South Africa Corporate News

Allied Electronics Corporation Limited

In its 1H18 results, the company indicated that its revenue fell to ZAR6.79bn from ZAR7.54bn posted in the corresponding period of the previous year. Its diluted EPS stood at 23.00c, compared with 6.00c recorded in the corresponding period of the previous year.

Clicks Group Limited

In its FY17 results, the company stated that its revenue increased to ZAR28.34bn from ZAR25.53bn posted in the previous year. Its diluted EPS rose 15.8% from the prior year to 505.70c. Further, it has approved a final gross ordinary dividend of 234.00c per share.

Redefine International Plc

In its FY17 results, the company revealed that its net rental income advanced 4.7% from the preceding year to GBP93.50mn. Its EPS stood at 2.80p, compared with 2.70p recorded in the previous year. Separately, it announced that it has acquired 5.00mn shares in International Hotels Group Limited from Redefine Properties Limited.

Sibanye Gold Limited

In its 3Q17 operational update, the company stated that gold production was 4.0% higher than the previous quarter at 11,576kg. Overall operating profit for the company was ZAR2.86bn compared with ZAR2.72bn posted in the corresponding period of the previous year.

Major Global Economic News

US

In the US, advance goods trade deficit expanded to USD64.10bn in September, from a revised advance goods trade deficit of USD63.30bn in the previous month. Markets were expecting the nation to register an advance goods trade deficit of USD64.00bn.

In the US, the seasonally adjusted initial jobless claims registered a rise to 233.00K in the week ended October 21, 2017, compared to a revised reading of 223.00K in the prior week. Market expectation was for initial jobless claims to climb to 235.00K.

In September, the seasonally adjusted preliminary wholesale inventories registered a rise of 0.3% on a monthly basis in the US, less than market expectations for a rise of 0.4%. In the previous month, the wholesale inventories had risen 0.9%.

In the US, pending home sales recorded a flat reading on a monthly basis in September, compared to a revised fall of 2.8% in the previous month. Market anticipation was for pending home sales to climb 0.5%.

Eurozone

The ECB, at its October monetary policy meeting, left the key interest rate unchanged at 0.00% but announced a plan to pare back its monthly asset purchases from €60bn to €30bn starting from January 2018 and would continue buying at least until September next year. Further, the ECB President, Mario Draghi, stated that growth in the Eurozone was solid and broad based but cautioned that loose monetary policy would be required for some time, despite the recovery, as the expansion remained conditional on significant support. The central bank also reiterated that interest rates would remain at their current levels well past the end of the asset-purchase programme.

In Germany, the GfK consumer confidence index registered an unexpected drop to a level of 10.70 in November, lower than market expectations of a steady reading. In the prior month, the index had recorded a level of 10.80.

Asia

In China, industrial profits advanced 27.7% on a yearly basis in September. In the prior month, industrial profits had risen 24.0%.

In Japan, the national CPI rose 0.7% on an annual basis in September, compared to a similar rise in the previous month. Markets were expecting the national CPI to advance 0.7%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Sep)	✓✓✓	0.70%*	0.70%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (Oct)	✓✓✓	-0.20%*	0.50%	Monthly
China	03:30	Industrial Profits (YoY) (Sep)	✓✓	27.70%*	24.00%	Monthly
Germany	08:00	Import Price Index s.a. (MoM) (Sep)	✓✓	0.50%	0.00%	Monthly
Germany	08:00	Import Price Index n.s.a. (YoY) (Sep)	✓✓	2.60%	2.10%	Monthly
Eurozone	09:15	ECB's Praet Speaks in Frankfurt	✓✓✓	-	-	As scheduled
Eurozone	10:00	ECB Survey of Professional Forecasters	✓	-	-	As scheduled
Eurozone	12:45	ECB's Angeloni Speaks in Frankfurt	✓	-	-	As scheduled
Eurozone	13:00	ECB's Weidmann Speaks in Paris	✓	-	-	As scheduled
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q3) (P)	✓✓✓	1.30%	0.90%	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q3) (P)	✓✓✓	2.60%	3.10%	Quarterly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q3) (P)	✓✓✓	1.70%	1.00%	Quarterly
US	14:30	Personal Consumption (QoQ) (Q3) (P)	✓✓✓	2.10%	3.30%	Quarterly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Oct) (F)	✓✓✓	100.70	101.10**	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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