

ONE  
Minute Brief

31 October 2017


  
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## Economic and Political News

In South Africa (SA), private sector credit rose more-than-expected by 5.59% on an annual basis in September, compared to a rise of 5.98% in August. In September, M3 money supply advanced more-than-anticipated by 6.72% on an annual basis, compared to a rise of 6.48% in August. The nation recorded a budget deficit of ZAR3.5bn in September, compared to a deficit of ZAR12.6bn in August. SA's coal exports rose 6.5% to 37.8 million tonnes in the six months to the end of September.

Moody's stated that the Medium-Term Budget Policy Statement presented by Finance Minister, Malusi Gigaba, was credit negative and had put the sustainability of SA's public debt at risk.

Reserve Bank Deputy Governor, Daniel Minnele, stated that though the South African economy is on the path of recovery, the momentum witnessed in the second quarter is unlikely to be sustained.

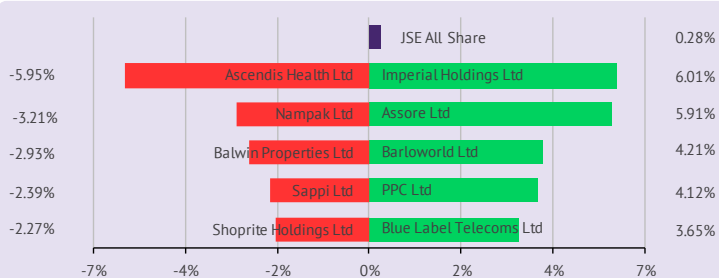
The IMF has indicated that while growth in sub-Saharan Africa is likely to rise to 3.4% in 2018 from 2.6% in 2017, growth will likely be well below past trends in 2019, hindered by the ongoing political uncertainty in Nigeria and South Africa.

Mbulelo Ncetezo, the chair of Nersa's panel at hearings on Eskom's tariff hike application, has stated that Nersa will ensure that any tariff rise by Eskom is affordable.

## South Africa Market ▲

## South African markets closed higher

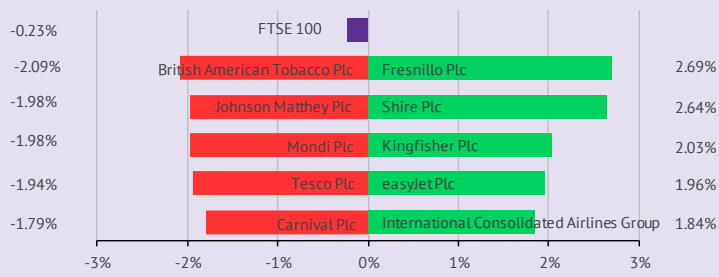
South African markets closed in the green yesterday, led by sharp gains in platinum mining and banking sector stocks. Data showed that South Africa's annual private sector credit advanced more-than-anticipated in September. The JSE All Share Index rose 0.3% to close at 58,879.14.



## UK Market ▼

## The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, amid strength in the Pound and losses in home builder and consumer staples sector stocks. Data revealed that UK's net consumer credit rose more-than-expected in September. The FTSE 100 Index declined 0.2% to close at 7,487.81.



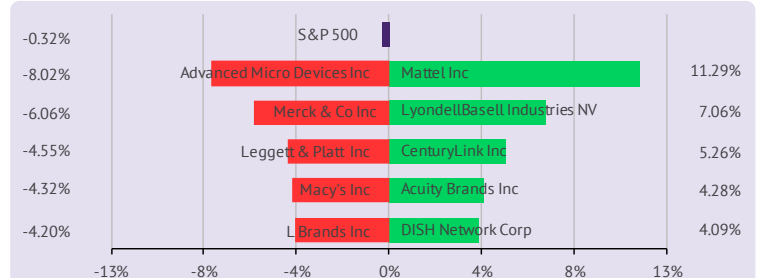
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	58879.14	▲ 165.10	0.28%	0.28%	5.94%	-1.67%	16.24%
JSE Top 40	52479.18	▲ 75.73	0.14%	0.14%	6.28%	-1.24%	19.54%
FTSE 100	7487.81	▼ -17.22	-0.23%	-0.23%	1.56%	-0.78%	4.83%
DAX 30	13229.57	▲ 12.03	0.09%	0.09%	3.12%	6.41%	15.23%
CAC 40	5493.63	▼ -0.50	-0.01%	-0.01%	3.07%	4.80%	12.98%
S&P 500	2572.83	▼ -8.24	-0.32%	-0.32%	2.12%	1.93%	14.92%
Nasdaq Composite	6698.96	▼ -2.30	-0.03%	-0.03%	3.13%	1.05%	24.44%
DJIA	23348.74	▼ -85.45	-0.36%	-0.36%	4.21%	2.08%	18.15%

## US Market ▼

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

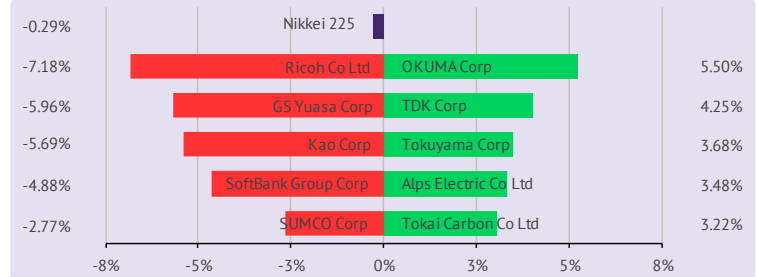
US markets closed lower yesterday, weighed down by losses in healthcare sector stocks. Data indicated that US personal spending surged more than market forecast in September. The S&P 500 Index dropped 0.3% to close at 2,572.83.



## Asian Market ▼

## Trading mostly lower

Asian markets are trading mostly lower this morning. Data revealed that China's manufacturing and non-manufacturing PMIs recorded a drop in October, albeit remaining in the expansion territory. The Nikkei 225 Index is trading 0.3% lower at 21,948.12.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar marginally fell against the South African Rand to trade at R14.0535. Later today, traders will keep a close watch on the US consumer confidence index for October for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, US personal spending recorded a more-than-anticipated rise to its highest level since 2009 in September. Further, personal income advanced in line with market expectations in the same month. Moreover, the Dallas Fed manufacturing activity index unexpectedly surged in October. Separately, South Africa's annual private sector credit rose more than market estimates in September. The nation posted a smaller budget deficit in September, compared with the deficit recorded in the previous month.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R18.5580. On the macro front, UK's GfK consumer confidence registered a decline as expected in October.

The British Pound advanced against the South African Rand yesterday, after UK's net consumer credit climbed more than market anticipations in September. However, mortgage approvals fell less-than-expected in the same month, reaching its lowest level in three months.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% weaker against the South African Rand at R16.3502. Going forward, market participants will keep a tab on Eurozone's gross domestic product for 3Q17, consumer price index for October and unemployment rate for September.

The Euro strengthened against the South African Rand yesterday, after Eurozone's economic confidence soared more-than-expected to its strongest level since January 2001 in October. Furthermore, business climate index rose more than market expectations in the same month. Whereas, the final consumer confidence recorded a steady reading in October. Separately, Germany's preliminary consumer price index advanced less-than-expected on an annual basis in October.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R10.7868. Earlier in the session, data showed that Australia's housing sector painted a negative picture as monthly new home sales dropped in September. Further, private sector credit rose less-than-expected on a monthly basis in September. Meanwhile, in China, Australia's largest trading partner, growth in manufacturing sector slowed more-than-expected in October. Further, the nation's services sector growth slowed in the same month.

The Australian Dollar fell against the South African Rand yesterday.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.0535	▼	-0.33%	-0.33%	3.68%	4.27%	2.38%
GBPZAR	18.5580	▼	0.28%	0.28%	2.26%	8.01%	9.74%
EURZAR	16.3502	▼	0.07%	0.07%	2.26%	3.41%	13.42%
AUDZAR	10.7868	▼	-0.21%	-0.21%	1.76%	2.78%	9.12%
EURUSD	1.1635	▼	0.37%	0.37%	-1.38%	-0.81%	10.82%
GBPUSD	1.3204	▼	0.61%	0.61%	-1.42%	3.62%	7.07%
Brent (\$/barrel)	60.8	▼	0.76%	0.76%	7.24%	7.43%	7.18%
Gold (\$/oz)	1276.6	▼	0.46%	0.46%	-0.30%	-2.81%	10.94%
Platinum (\$/oz)	924.6	▲	0.89%	0.89%	1.36%	-8.83%	2.34%
Copper (\$/MT)*	6839.0	▲	0.57%	0.57%	6.32%	-4.84%	23.83%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices fell 0.1% to trade at \$1,276.60/oz. In major news, reports emerged that the US President, Donald Trump's former campaign manager, Paul Manafort, and Rick Gates were charged by the Federal authorities investigating Russian interference in the 2016 election.

Yesterday, gold prices rose 0.5% to close at \$ 1,277.70/oz, amid weakness in the greenback and an expected announcement from the US President regarding the next Federal Reserve Chief.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$60.78/bl.

Yesterday, Brent crude oil advanced 0.8% to settle at \$60.90/bl, amid rising hopes that the OPEC and Russia will carry on with crude supply curbs which will rebalance the oversupplied oil market.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$924.60/oz.

Yesterday, platinum prices climbed 0.9% to close at \$922.70/oz.



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## Major South Africa Corporate News

### Adcorp Holdings Limited

In its 1H18 results, the company revealed that its revenue declined 1.8% from the same period of the preceding year to ZAR7.75bn. Its diluted loss per share stood at 118.90c, compared with diluted EPS of 75.70c recorded in the corresponding period of the previous year.

### Famous Brands Limited

In its 1H18 results, the company stated that its revenue increased to ZAR3.40bn from ZAR2.45bn posted in the corresponding period of the previous year. Its diluted EPS considerably fell from the same period of the prior year to 171.00c.

### Murray & Roberts Holdings Limited

The company announced that it has sold Genrec to the Southern Palace Group of Companies, but certain assets and liabilities are excluded from the transaction and will remain with the company, while those included in the transaction were sold at book value.

### Shoprite Holdings Limited

In its quarterly operational update, the company indicated that its sales increased by 8.1% during the period. Further, store openings are continuing as planned with 20 supermarkets and 6 furniture stores being opened during the quarter.

## Major Global Economic News

### Asia

In September, the private sector credit recorded a rise of 0.3% on a monthly basis in Australia, compared to an advance of 0.5% in the prior month. Markets were anticipating the private sector credit to climb 0.5%.

In China, the NBS manufacturing PMI recorded a drop to 51.60 in October, compared to a registered level of 52.40 in the prior month.

In China, the NBS non-manufacturing PMI dropped to 54.30 in October, compared with a registered level of 55.40 in the previous month.

In Japan, unemployment rate remained steady as expected at 2.8% in September.

In September, the monthly industrial production recorded a less-than-expected drop of 1.1% on a monthly basis in Japan, compared with a registered rise of 2.0% in the prior month.

At its latest monetary policy meeting, the Bank of Japan (BoJ), kept its short-term interest rate steady at -0.1% and held steady its asset purchases at an annual pace of JPY80.0tn. In its outlook report, the central bank maintained its forecast for inflation to hit 2.0% in the fiscal year 2019-2020. However, it trimmed its projections for core consumer prices for the fiscal year 2017-2018. The CPI is now expected to rise 0.8% in the current fiscal year, from the previous projection of 1.1%.

### US

In the US, personal income climbed 0.4% on a monthly basis in September, compared to a rise of 0.2% in the prior month. Markets were anticipating personal income to rise 0.4%.

In September, personal spending rose 1.0% on a monthly basis in the US, more than market expectations for an advance of 0.9%. Personal spending had recorded a rise of 0.1% in the prior month.

In October, the Dallas Fed manufacturing business index unexpectedly advanced to a level of 27.60 in the US, compared with a reading of 21.30 in the prior month.

### Eurozone

In the Eurozone, the economic sentiment indicator advanced to 114.00 in October, compared to a revised level of 113.10 in the previous month. Market anticipation was for the economic sentiment indicator to climb to a level of 113.30.

In October, the business climate indicator advanced to 1.44 in the Eurozone, compared to a level of 1.34 in the prior month. Market expectation was for the business climate indicator to rise to 1.40.

In October, the final consumer confidence index rose to a level of -1.00 in the Eurozone, compared to a reading of -1.20 in the previous month. Market expectation was for the index to rise to -1.00. The preliminary figures had also recorded a rise to -1.00.

In Germany, the preliminary CPI advanced 1.6% on an annual basis in October, compared to an advance of 1.8% in the prior month. Markets were expecting the CPI to advance 1.7%.

### UK

In the UK, the consumer confidence fell to a level of -10.00 in October, at par with market expectations. In the prior month, the consumer confidence had recorded a reading of -9.00.

In September, net consumer credit recorded a rise of GBP1.60bn in the UK, compared to a revised rise of GBP1.80bn in the prior month. Market expectation was for net consumer credit to rise GBP1.50bn.

In the UK, number of mortgage approvals for house purchases dropped to 66.20K in September, higher than market expectations of a fall to 66.00K. In the prior month, number of mortgage approvals for house purchases had registered a revised reading of 67.20K.

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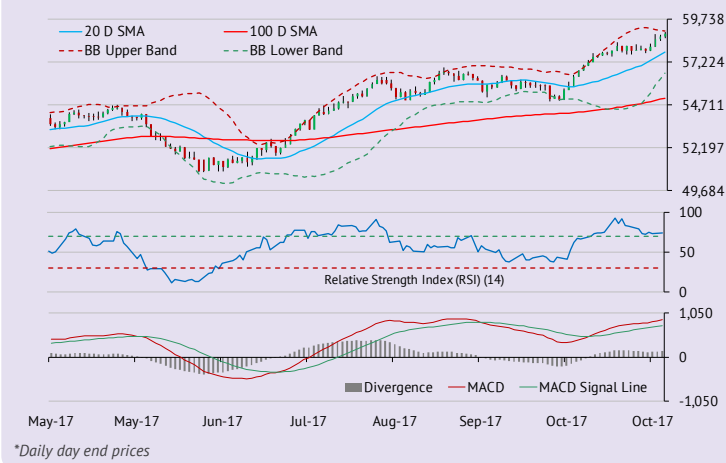
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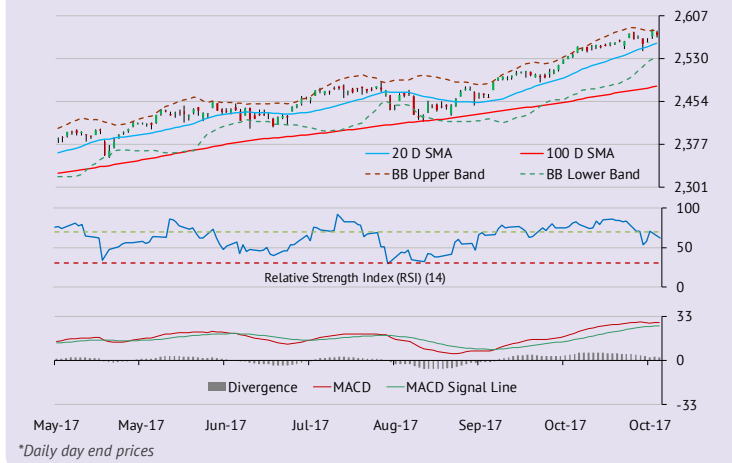
## Technical Snapshot

### JSE All Share



The JSE All Share index is expected to find support at 58,102.39, and a fall through could take it to the next support level of 57,325.64. The index is expected to find its first resistance at 59,315.35, and a rise through could take it to the next resistance level of 59,751.56.

### S&P 500



The S&P 500 index is expected to find support at 2,550.23, and a fall through could take it to the next support level of 2,527.62. The index is expected to find its first resistance at 2,589.21, and a rise through could take it to the next resistance level of 2,605.58.

### USDZAR



The pair is expected to find support at 13.7049, and a fall through could take it to the next support level of 13.3525. The pair is expected to find its first resistance at 14.3820, and a rise through could take it to the next resistance level of 14.7067.

### XAU/USD



Gold is expected to find support at \$1,267.70/oz, and a fall through could take it to the next support level of \$1,257.70/oz. The precious metal is expected to find its first resistance at \$1,283.80/oz, and a rise through could take it to the next resistance level of \$1,289.90/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Job-To-Applicant Ratio (Sep)	✓	1.52*	1.52	Monthly
Japan	01:30	Unemployment Rate (Sep)	✓✓	2.80%*	2.80%	Monthly
Japan	01:30	Household Spending (YoY) (Sep)	✓✓	-0.30%*	0.60%	Monthly
Japan	01:50	Industrial Production (YoY) (Sep) (P)	✓✓✓	2.50%*	5.30%	Monthly
Japan	01:50	Industrial Production (MoM) (Sep) (P)	✓✓✓	-1.10%*	2.00%	Monthly
UK	02:01	GfK Consumer Confidence (Oct)	✓✓✓	-10.00*	-9.00	Monthly
China	03:00	NBS Non-manufacturing PMI (Oct)	✓	54.30*	55.40	Monthly
China	03:00	NBS Manufacturing PMI (Oct)	✓✓	51.60*	52.40	Monthly
Japan	05:05	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%	-0.10%	As scheduled
Japan	07:00	Construction Orders (YoY) (Sep)	✓	-	-10.60%	Monthly
Japan	07:00	Small Business Confidence (Oct)	✓	-	49.40	Monthly
Japan	07:00	Housing Starts (YoY) (Sep)	✓	-3.20%	-2.00%	Monthly
Japan	07:00	Annualised Housing Starts (Sep)	✓✓	0.95mn units	0.94mn units	Monthly
Germany	07:30	Short-Term Interest Rate (Sep)	✓	-	-0.33%	Monthly
South Africa	11:30	Unemployment Rate (Q3)	✓✓✓	-	27.70%	Quarterly
Eurozone	12:00	Unemployment Rate (Sep)	✓✓✓	9.00%	9.10%	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Oct) (P)	✓✓✓	1.10%	1.10%	Monthly
South Africa	14:00	Trade Balance (Sep)	✓✓✓	ZAR10.00bn	ZAR5.90bn	Monthly
US	14:30	Employment Cost Index (QoQ) (Q3)	✓✓	0.70%	0.50%	Quarterly
US	15:45	Chicago PMI (Oct)	✓✓✓	60.00	65.20	Monthly
US	16:00	Consumer Confidence (Oct)	✓✓✓	121.30	119.80	Monthly
Eurozone	16:45	ECB's Visco, Finance Minister Padoa-Schioppa at World Saving Day Event	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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