

ONE Minute Brief

5 October 2017

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Economic and Political News

In its Monetary Policy Review, the South African Reserve Bank warned that any economic recovery in South Africa (SA) would be “feeble” and that growth would hardly exceed 1.5% by 2019. Separately, Governor Lesetja Kganyago stated that lack of action against corruption was affecting business confidence.

Public Enterprises Minister, Lynn Brown, stated that SA is ready to start an investigation into Eskom's contracts with Trillian Capital Partners and McKinsey & Company. She also indicated that Eskom will appoint a new board and start search for a new chief executive in November.

The Chamber of Mines has rejected talks with the Mining ministry on changes to the industry's charter, stating that the issue will be settled in court.

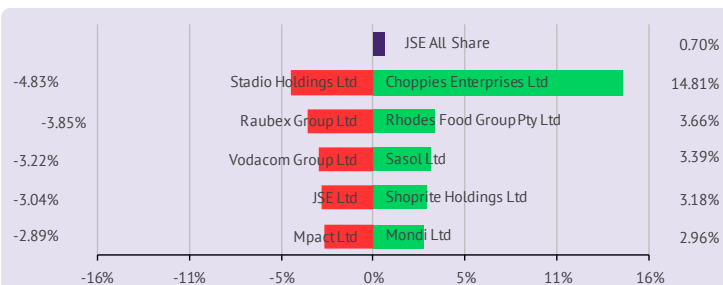
Key officials of KPMG are set to appear before Parliament's Standing Committee on Public Accounts today.

The SA Federation of Trade Unions (SAFTU) revealed that it will lay criminal charges against individuals and companies related to corruption within state-owned enterprises. Meanwhile, the general secretary of Cosatu, Bheki Ntshalintshali stated that the fight against state capture cannot be left to the next generation.

South Africa Market ▲

South African markets closed higher

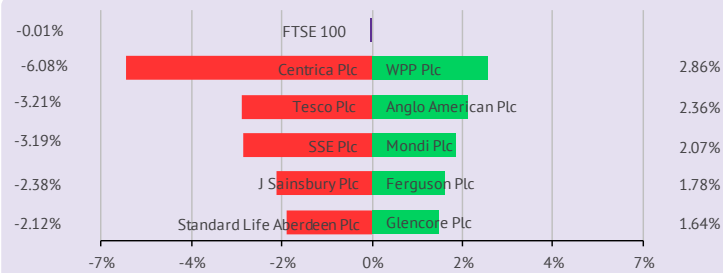
South African markets closed in the green yesterday, amid gains in resources and retail sector stocks. The JSE All Share Index rose 0.7% to close at 56,750.03.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished a tad lower yesterday, weighed down by losses in energy sector stocks. Data revealed that UK's Markit services PMI surprisingly advanced in September. The FTSE 100 Index marginally declined to close at 7,467.58.



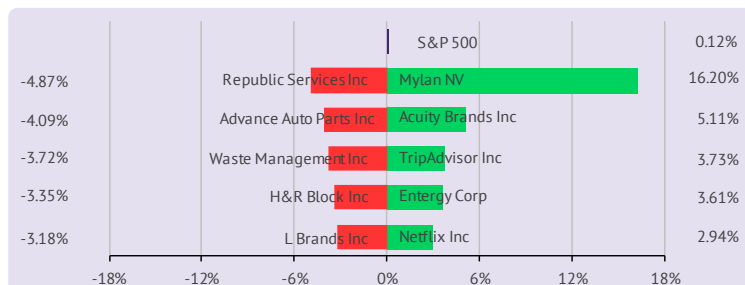
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56750.03	▲ 391.77	0.70%	2.11%	2.11%	-1.67%	12.04%
JSE Top 40	50542.41	▲ 402.48	0.80%	2.36%	2.36%	-1.24%	15.13%
FTSE 100	7467.58	▼ -0.53	-0.01%	1.29%	1.29%	-0.78%	4.55%
DAX 30	12970.52	▲ 67.87	0.53%	1.10%	1.10%	6.41%	12.97%
CAC 40	5363.23	▼ -4.18	-0.08%	0.63%	0.63%	4.80%	10.30%
S&P 500	2537.74	▲ 3.16	0.12%	0.73%	0.73%	1.93%	13.35%
Nasdaq Composite	6534.63	▲ 2.91	0.04%	0.60%	0.60%	1.05%	21.39%
DJIA	22661.64	▲ 19.97	0.09%	1.15%	1.15%	2.08%	14.67%

US Market ▲

The S&P 500 futures are trading in the green

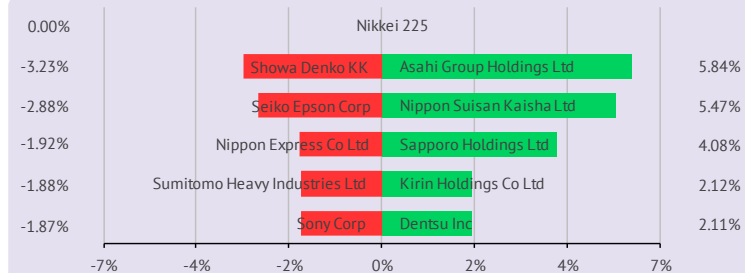
US markets closed higher yesterday, driven by a rise in utility and real estate sector stocks. Data showed that US ISM services PMI expanded more-than-expected to its highest level since August 2005 in September. The S&P 500 Index climbed 0.1% to close at 2,537.74.



Asian Market ▼

Trading lower

Japanese markets are trading marginally lower this morning. Markets in China, South Korea and Hong Kong are closed on account of a public holiday. The Nikkei 225 Index is trading slightly down at 20,625.63.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R13.5967. Later today, traders will keep a close watch on US initial jobless claims, trade balance factory orders and final durable goods orders data for further cues. Separately, South Africa's SACCI business confidence index will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, amid reports a successor for the Federal Reserve Chair Janet Yellen would be appointed next year. On the macro front, US ISM non-manufacturing PMI surged at a faster-than-expected pace in September, notching its strongest level since August 2005. Furthermore, the final Markit services PMI recorded an unexpected rise in the same month. Moreover, ADP employment change advanced in line with market expectations in September.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R18.0039. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday. On the data front, UK's Markit services PMI unexpectedly climbed in September.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R15.9813. Going forward, market participants will keep a tab on the European Central Bank monetary policy meeting along with Germany's construction PMI for further direction.

The Euro weakened against the South African Rand yesterday. In economic news, Eurozone's final Markit services PMI surprisingly rose in September, while the region's retail sales unexpectedly declined on a monthly basis in August. Separately, Germany's final Markit services PMI rose at par with market forecast.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R10.6432. Earlier in the session, data indicated that Australia's trade surplus widened higher-than-anticipated in August, amid an increase in exports. Meanwhile, retail sales surprisingly declined to its lowest level since early 2013 on a monthly basis in August.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's AIG performance of services index recorded a drop in September.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5967	▲	-0.63%	0.10%	0.10%	4.27%	-1.15%
GBPZAR	18.0039	▲	-0.57%	-1.04%	-1.04%	8.01%	6.21%
EURZAR	15.9813	▲	-0.50%	-0.37%	-0.37%	3.41%	10.51%
AUDZAR	10.6432	▼	-0.25%	0.48%	0.48%	2.78%	7.75%
EURUSD	1.1755	▼	0.13%	-0.47%	-0.47%	-0.81%	11.85%
GBPUSD	1.3242	▼	0.08%	-1.12%	-1.12%	3.62%	7.39%
Brent (\$/barrel)	55.9	▲	-0.36%	-1.74%	-1.74%	7.43%	-1.80%
Gold (\$/oz)	1277.1	▲	0.17%	-0.61%	-0.61%	-2.81%	10.59%
Platinum (\$/oz)	910.6	=	-0.05%	0.03%	0.03%	-8.83%	1.00%
Copper (\$/MT)*	6471.3	▲	0.04%	0.61%	0.61%	-4.84%	17.17%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged higher 0.3% to trade at \$1,277.10/oz.

Yesterday, gold prices rose 0.2% to close at \$1,273.70/oz, as the greenback weakened increasing demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.1% to trade at \$55.88/bl. Earlier today, news emerged that Saudi Arabia and Russia along with other OPEC members could delay production curbs to the end of 2018, instead of March 2018.

Yesterday, Brent crude oil dropped 0.4% to settle at \$55.80/bl, after the Energy Information Administration (EIA) stated that US crude oil exports advanced to 1.98mn bls per day for the week ended September 29, 2017. Meanwhile, losses were trimmed after the EIA reported that crude oil inventories fell by 6.0mn bls for the same week.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices traded flat at \$910.60/oz.

Yesterday, platinum prices marginally declined to close at \$910.60/oz.



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Major South Africa Corporate News

Zeder Investments Limited

In its 1H17 results, the company stated that its revenue decreased to ZAR4.44bn from ZAR4.91bn posted in the corresponding period of the previous year. Its diluted HEPS significantly fell from the same period of the prior year to 3.80c.

Major Global Economic News

Eurozone

In the Eurozone, the seasonally adjusted retail sales recorded an unexpected drop of 0.5% on a monthly basis in August, compared to market expectations for a rise of 0.3%. In the prior month, retail sales had dropped 0.3%.

In September, the final Markit services PMI registered a rise to 55.80 in the Eurozone, higher than market expectations of a rise to a level of 55.60. In the prior month, services PMI had registered a level of 54.70. The preliminary figures had indicated an advance to 55.60.

In Germany, the final Markit services PMI recorded a rise to 55.60 in September, compared to a reading of 53.50 in the previous month. Markets were expecting services PMI to climb to 55.60. The preliminary figures had also indicated a rise to 55.60.

Asia

In Australia, the seasonally adjusted trade surplus expanded to AUD989.00mn in August, following a trade surplus of AUD460.00mn in the previous month. Market expectation was for the nation's trade surplus to widen to AUD850.00mn.

In August, the seasonally adjusted retail sales recorded an unexpected drop of 0.6% on a monthly basis in Australia, compared to market expectations for an advance of 0.3%. In the prior month, retail sales had recorded an unchanged reading.

US

In the US, the non-manufacturing PMI recorded a rise to 59.80 in September, higher than market expectations of an advance to a level of 55.50. The non-manufacturing PMI had recorded a level of 55.30 in the prior month.

In September, the final Markit services PMI eased to 55.30 in the US, higher than market expectations of a fall to 55.10. In the previous month, Markit services PMI had recorded a level of 56.00. The preliminary figures had indicated a fall to 55.10.

In the US, the private sector employment climbed by 135.00K in September, at par with market expectations. The private sector employment had registered a revised increase of 228.00K in the prior month.

UK

In the UK, the Markit services PMI unexpectedly rose to a level of 53.60 in September, compared to a reading of 53.20 in the previous month. Markets were anticipating the services PMI to remain unchanged.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Eurozone	10:30	ECB's Praet chairs a panel with Liikanen, Jazbec in Frankfurt	✓	-	-	As scheduled
South Africa	11:30	SACCI Business Confidence Index (Sep)	✓✓✓	-	89.60	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Aug)	✓✓	-	-1.50%	Monthly
South Africa	13:00	Electricity Production (YoY) (Aug)	✓✓	-	-1.80%	Monthly
US	13:30	Challenger Job Cuts (Sep)	✓	-	33.83K	Monthly
US	13:30	Challenger Job Cuts (YoY) (Sep)	✓	-	5.10%	Monthly
Eurozone	13:30	ECB account of the monetary policy meeting	✓✓	-	-	As scheduled
Eurozone	14:15	ECB's Coeure is chairing a panel in Frankfurt	✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (23-Sep)	✓✓✓	1950.00K	1934.00K	Weekly
US	14:30	Initial Jobless Claims (30-Sep)	✓✓✓	265.00K	272.00K	Weekly
US	14:30	Trade Balance (Aug)	✓✓✓	-USD42.70bn	-USD43.70bn	Monthly
US	15:10	Fed's Powell Speaks on Treasury Markets and the TMPG	✓✓✓	-	-	As scheduled
US	15:15	Fed's Williams Speaks at Community Banking Conference	✓	-	-	As scheduled
US	16:00	Fed's Harker Speaks at Workforce Conference	✓	-	-	As scheduled
US	16:00	Durable Goods Orders (Aug) (F)	✓✓✓	1.70%	1.70%**	Monthly
US	16:00	Factory Orders (MoM) (Aug)	✓✓✓	1.00%	-3.30%	Monthly
UK	18:00	BoE's McCafferty Speaks in London	✓	-	-	As scheduled
UK	19:30	BoE's Haldane Speaks in London	✓	-	-	As scheduled
US	22:30	Fed's George Speaks at Workforce Conference	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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