

# ONE Minute Brief

29 November 2017

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## Economic and Political News

In South Africa (SA), the BER business confidence index recorded a drop to 34 in 4Q17. The business confidence index had registered a reading of 35 in the previous quarter.

Moody's Investors Service has placed the global scale long-term ratings of twelve South African regional and local governments and three government-related entities under review for downgrade.

The Presidency has confirmed that President, Jacob Zuma, had a meeting with the National Assembly Speaker, Baleka Mbete, who briefed him about the allegations against State Security Minister, Bongani Bongo, of attempting to bribe the evidence leader in Parliament's Eskom inquiry.

Public Servants Association (PSA) has indicated that it may initiate court action against Finance Minister Malusi Gigaba if he does not agree to its demands to have better representation on the Public Investment Corporation's (PIC) board.

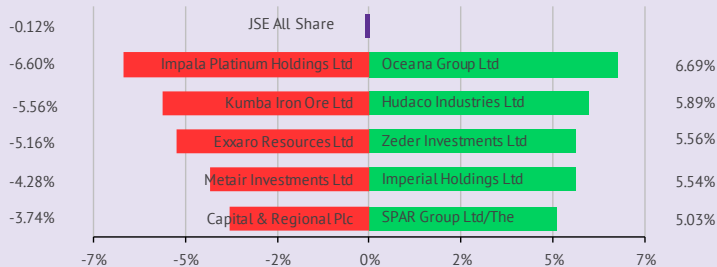
The Federation of Unions of South Africa (FEDUSA) indicated that SA is not in a position to afford the nuclear programme and instead should focus on achieving economic and political stability.

Eskom has indicated that it has linked unit four of its Medupi coal power station to national grid.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by a decline in platinum mining and resources sector stocks. Data showed that South Africa's BER business confidence index dropped in 4Q17. The JSE All Share Index fell 0.1% to close at 60,082.79.



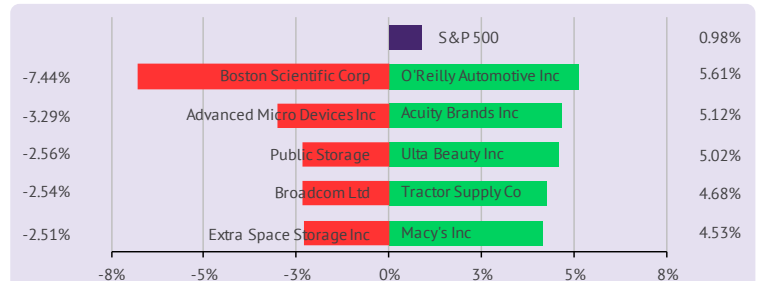
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	60082.79	▼	-74.77	-0.12%	-0.40%	1.87%	6.12%	18.62%
JSE Top 40	53645.44	▼	-165.53	-0.31%	-0.65%	2.05%	6.47%	22.19%
FTSE 100	7460.65	▲	76.75	1.04%	0.69%	-0.43%	1.63%	4.45%
DAX 30	13059.53	▲	59.33	0.46%	0.00%	-1.29%	3.12%	13.75%
CAC 40	5390.48	▲	30.39	0.57%	0.00%	-2.05%	3.25%	10.86%
S&P 500	2627.04	▲	25.62	0.98%	0.95%	2.01%	2.22%	17.34%
Nasdaq Composite	6912.36	▲	33.84	0.49%	0.34%	2.75%	3.57%	28.41%
DJIA	23836.71	▲	255.93	1.09%	1.18%	1.97%	4.34%	20.62%

## US Market ▲

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

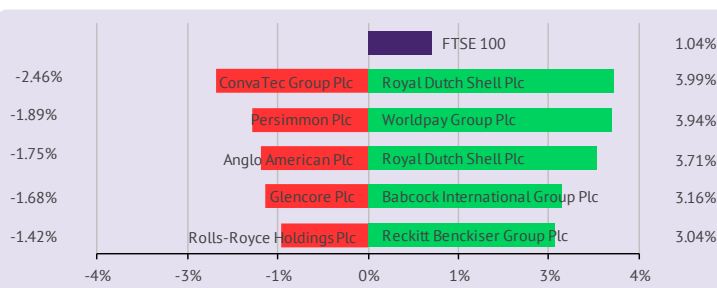
US markets closed higher yesterday, amid gains in banking and retail sector stocks. Data revealed that the US consumer confidence index unexpectedly advanced to its highest level in 17 years in November. The S&P 500 Index climbed 1.0% to close at 2,627.04.



## UK Market ▲

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

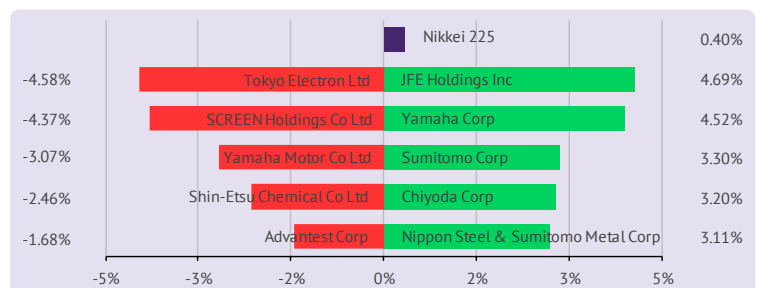
UK markets finished higher yesterday, boosted by gains in energy sector stocks and following UK stress results. The FTSE 100 Index advanced 1.0% to close at 7,460.65.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan's retail trade recorded a flat reading on a monthly basis in October. The Nikkei 225 Index is trading 0.4% higher at 22,576.33.



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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 R13.6824. Later today, traders will keep a close watch on the US annualised gross domestic product for third quarter and the pending home sales data for further cues. Separately, South Africa's private sector credit will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, after the OECD forecasts that the US economy will grow by 2.2% and 2.5% in 2017 and 2018 respectively and then will drop back to 2.1% in 2019. Meanwhile, the OECD indicated that global economic growth in 2017 will be the best in seven years, but raised concerns about the longer-term outlook, citing "clear weaknesses and vulnerabilities". Also, it expects the global economy to grow 3.6% in 2017 and 3.7% in 2018, before easing to 3.6% in 2019. Data revealed that the US consumer confidence index surprisingly surged in November. However, the nation's advance goods trade deficit widened in October.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.3% against the South African Rand to trade at R18.2813. Later today, traders will keep an eye on UK's net consumer credit and mortgage approvals for further direction.

The British Pound declined against the South African Rand yesterday, after the OECD forecasted that Brexit could result in a sharp slowdown in UK's economic growth. Further, it projected UK GDP growth of 1.5% in 2017, slowing to 1.2% in 2018 and further expects growth of just 1.1% in 2019 when the UK is set to leave the EU.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro rose 0.3% against the South African Rand to trade at R16.2187. Going forward, market participants will keep a tab on Eurozone's economic confidence index, business climate indicator and consumer confidence for further cues. Separately, investors' will keep an eye on Bundesbank 2017 Financial Stability Report along with Germany's consumer price index for further indication.

The Euro weakened against the South African Rand yesterday, after the OECD cautioned that raising interest rates before the end of the decade could weigh on the recovery in countries with high unemployment and large output gaps. Additionally, Eurozone's growth is expected to peak at 2.4% in 2017, then slow to 2.1% in 2018 and 1.9% in 2019. On the data front, Germany's GfK consumer confidence index rose at par with market forecast in December.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar marginally fell against the South African Rand to trade at R10.3758. Earlier in the session, the OECD indicated that it expects the Australian economy to grow at a robust pace, along with the jobs market strengthening further. Moreover, it projected a GDP growth of 2.5% in 2017, 2.8% in 2018 and 2.7% in 2019.

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	13.6824	▲	-0.71%	-3.51%	-3.30%	4.19%	-0.51%
GBPZAR	18.2813	▲	-0.53%	-3.49%	-2.91%	3.32%	7.65%
EURZAR	16.2187	▲	-1.18%	-4.27%	-1.70%	2.73%	12.01%
AUDZAR	10.3758	▼	-0.75%	-3.79%	-4.05%	1.82%	4.76%
EURUSD	1.1854	▲	-0.49%	-0.78%	1.67%	-1.42%	12.62%
GBPUUSD	1.3361	▲	0.16%	0.01%	0.42%	-0.86%	8.13%
Brent (\$/barrel)	63.2	▼	-0.36%	-0.39%	4.38%	7.31%	11.95%
Gold (\$/oz)	1299.3	▲	0.04%	0.59%	1.92%	-0.86%	12.43%
Platinum (\$/oz)	952.8	=	0.21%	0.79%	3.61%	1.02%	5.68%
Copper (\$/MT)*	6776.3	▼	-2.01%	-2.92%	-0.59%	5.98%	22.69%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,299.30/oz, after North Korea launched its Hwasong-15 intercontinental ballistic missile today, which landed in the Japanese water.

Yesterday, gold prices marginally rose to close at \$1,294.90/oz, extending its previous session gains.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$63.21/bl.

Yesterday, Brent crude oil dropped 0.4% to settle at \$63.61/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose by 1.8mn bls for the week ended 24 November 2017.

## Platinum ◀▶

### Trading flat

At 06:00 SAST, platinum prices traded flat at \$952.80/oz.

Yesterday, platinum prices climbed 0.2% to close at \$952.80/oz.

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## Major South Africa Corporate News

### Ascendis Health Limited

The company announced that it has entered into an agreement to acquire, directly or indirectly, the entire issued share capital and loan accounts of Kyron Laboratories Proprietary Limited, for a consideration of ZAR396.40mn, from Nixsim Proprietary Limited.

### Nampak Limited

In its FY17 results, the company indicated that its revenue declined 2.0% to ZAR18.82mn from the same period of the preceding year. Its diluted EPS stood at 36.50c, compared to 253.90c recorded in the corresponding period of the previous year.

### British American Tobacco Plc

The company announced that Ricardo Oberlander will be appointed as the President and CEO of its subsidiary firm, Reynolds American Inc., replacing Debra Crew. Further, Kingsley Wheaton would be appointed as the Regional Director, Americas and Sub Saharan Africa, replacing Ricardo.

### Omnia Holdings Limited

In its 1H18 results, the company reported that its revenue declined 3.0% to ZAR7.7bn from the same period of the preceding year. Profit after tax rose 27.0% to ZAR285.00mn. Its diluted EPS stood at 400.00c, compared with 310.00c recorded in the corresponding period of the previous year.

### Cashbuild Limited

The company announced that Mr Anton Hattingh has been appointed as Executive Director responsible for P&L Hardware and Countries, with effect from January 1, 2018. Additionally, Mr Wimpie van Aswegen has been appointed as Executive Director responsible for Commercial and Marketing, with effect from April 2, 2018.

## Major Global Economic News

### US

In the US, the CB consumer confidence index registered an unexpected rise to 129.50 in November, compared to market expectations of a drop to a level of 124.00. In the prior month, the index had registered a revised level of 126.20.

In October, advance goods trade deficit widened to USD68.30bn in the US, compared to market expectations of an advance goods trade deficit of USD64.90bn. The US had reported a trade deficit of USD64.10bn in the prior month.

In October, the seasonally adjusted flash wholesale inventories unexpectedly dropped 0.4% on a monthly basis in the US, compared to market expectations for a rise of 0.4%. The wholesale inventories had climbed 0.3% in the previous month.

In September, the housing price index recorded a rise of 0.3% on a monthly basis in the US, lower than market expectations for an advance of 0.5%. In the previous month, the index had risen by a revised 0.8%.

### Asia

In Japan, retail trade remained flat on a monthly basis in October, less than market expectations for a rise of 0.2%. Retail trade had advanced 0.8% in the prior month.

### Eurozone

In Germany, the GfK consumer confidence index remained unchanged at 10.70 in December, in line with market expectations.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Retail Trade s.a. (MoM) (Oct)	✓✓✓	0.00%*	0.80%	Monthly
Japan	01:50	Large Retailer's Sales (Oct)	✓✓	-0.70%*	1.90%	Monthly
Japan	01:50	Retail Trade (YoY) (Oct)	✓✓✓	-0.20%*	2.20%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Oct)	✓✓	6.20%	6.72%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Oct)	✓✓✓	5.85%	5.59%	Monthly
Japan	09:00	BoJ Nakaso makes a speech in Tokyo	✓	-	-	As scheduled
Eurozone	10:00	Bundesbank presents 2017 Financial Stability Report	✓✓	-	-	As scheduled
UK	11:30	Net Lending to Individuals (Oct)	✓✓	-	GBP5.45bn	Monthly
UK	11:30	Net Consumer Credit (Oct)	✓✓	GBP1.50bn	GBP1.60bn	Monthly
UK	11:30	Mortgage Approvals (Oct)	✓✓✓	65.00K	66.20K	Monthly
Eurozone	12:00	Business Climate Indicator (Nov)	✓✓	1.51	1.44	Monthly
Eurozone	12:00	Consumer Confidence (Nov) (F)	✓✓✓	0.10	0.10**	Monthly
Eurozone	12:00	Economic Sentiment Indicator (Nov)	✓	114.60	114.00	Monthly
Eurozone	12:00	Industrial Confidence (Nov)	✓	8.60	7.90	Monthly
Eurozone	12:00	Services Sentiment Indicator (Nov)	✓	16.70	16.20	Monthly
US	14:00	MBA Mortgage Applications (24-Nov)	✓	-	0.10%	Weekly
Germany	15:00	Consumer Price Index (MoM) (Nov) (P)	✓✓✓	0.30%	0.00%	Monthly
Germany	15:00	Consumer Price Index (YoY) (Nov) (P)	✓✓✓	1.70%	1.60%	Monthly
US	15:30	Gross Domestic Product Annualised (QoQ) (Q3) (S)	✓✓✓	3.20%	3.00%**	Quarterly
US	15:30	Personal Consumption (QoQ) (Q3) (S)	✓✓✓	2.50%	2.40%**	Quarterly
US	15:30	Gross Domestic Purchases Price Index (QoQ) (Q3) (S)	✓✓✓	2.20%	2.20%**	Quarterly
Germany	15:30	Bundesbank presents 2017 Financial Stability Report	✓✓	-	-	As scheduled
US	15:30	Personal Consumption Expenditure Core (QoQ) (Q3) (S)	✓✓✓	1.30%	1.30%**	Quarterly
US	17:00	Pending Home Sales (MoM) (Oct)	✓✓	1.10%	0.00%	Monthly
US	17:00	Yellen Appears before Joint Economic Committee of Congress	✓✓✓	-	-	As scheduled
US	17:00	Pending Home Sales (YoY) (Oct)	✓	1.20%	-5.40%	Monthly
US	21:00	Fed's Beige Book	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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