ONE Minute Brief

14 November 2017

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Economic and Political News

President, Jacob Zuma, reiterated his call for radical economic transformation and indicated that state capture was political propaganda and that none of the three arms of government – the executive, judiciary and legislature – had been captured.

The South African Reserve Bank (SARB) stated that the Public Protector, Busisiwe Mkhwebane, should meet a high court deadline in a case about the SARB's mandate, to avoid creating market instability.

The National Treasury has confirmed that its head of budget, Michael Sachs, has resigned from his position. The CEO of Business Leadership SA (BLSA), Bonang Mohale, stated that the development was of "of enormous concern" and raised downgrade risks.

Deputy President, Cyril Ramaphosa, stated that the ANC must restore investor confidence and target an economic expansion of 3.0% in 2018 and 5.0% by 2023.

Eskom has indicated that it has 'healthy' coal stockpiles ahead of strike by National Union of Mineworkers (NUM). Eskom has also expressed confidence that it will be able manage liquidity issues, even as conditions remain challenging.

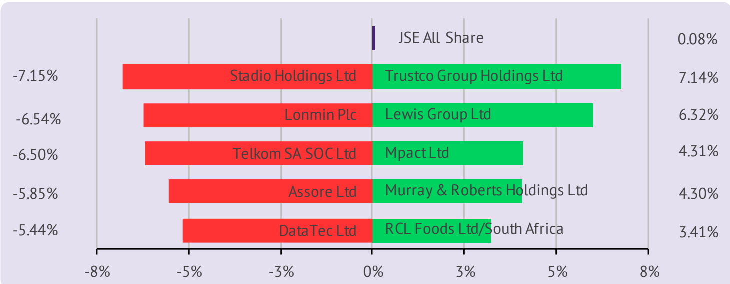
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59821.49	▲	45.37	0.08%	0.08%	1.43%	6.12%	18.10%
JSE Top 40	53531.21	▲	106.28	0.20%	0.20%	1.83%	6.47%	21.93%
FTSE 100	7415.18	▼	-17.81	-0.24%	-0.24%	-1.04%	1.63%	3.81%
DAX 30	13074.42	▼	-53.05	-0.40%	-0.40%	-1.17%	3.12%	13.88%
CAC 40	5341.63	▼	-39.09	-0.73%	-0.73%	-2.94%	3.25%	9.86%
S&P 500	2584.84	▲	2.54	0.10%	0.10%	0.37%	2.22%	15.45%
Nasdaq Composite	6757.60	▲	6.66	0.10%	0.10%	0.44%	3.57%	25.53%
DJIA	23439.70	▲	17.49	0.07%	0.07%	0.27%	4.34%	18.61%

South Africa Market ▲

South African markets closed higher

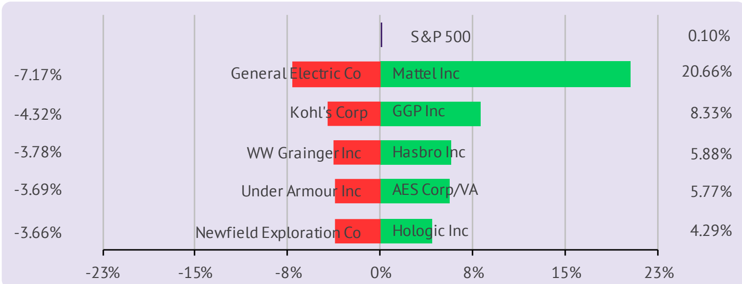
South African markets closed in the green yesterday, driven by a rise in gold mining stocks. The JSE All Share Index rose 0.1% to close at 59,821.49.



US Market ▲

The S&P 500 futures are trading in the red

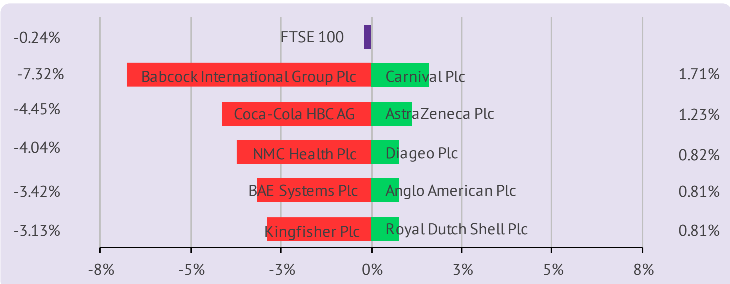
US markets closed higher yesterday, following an outbreak of corporate earnings and dealmaking news. Data showed that US monthly budget deficit widened more-than-expected in October. The S&P 500 Index climbed 0.1% to close at 2,584.84.



UK Market ▼

The FTSE 100 futures are trading in negative territory

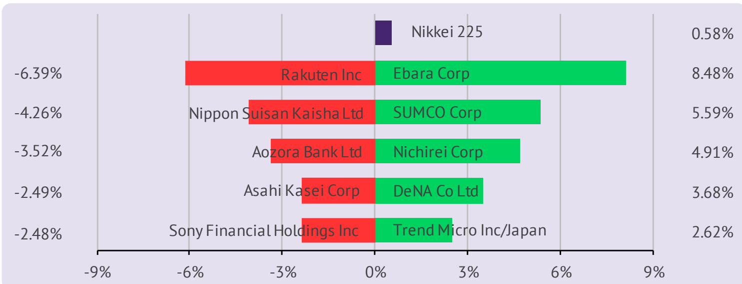
UK markets finished lower yesterday, amid losses in industrial and financial sector stocks. The FTSE 100 Index declined 0.2% to close at 7,415.18.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data revealed that China's retail sales and industrial production grew at a slower than expected pace on an annual basis in October. The Nikkei 225 Index is trading 0.6% higher at 22,511.15.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R14.4894. Later today, traders will keep a close watch on the US Federal Reserve Chairwoman, Janet Yellen's speech along with US NFIB small business optimism index data for further cues.

The US Dollar rose against the South African Rand yesterday. On the macro front, US monthly budget deficit expanded more than market anticipations in October.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R19.0009. Later in the day, traders will keep an eye on the Bank of England Governor, Mark Carney's speech along with UK's consumer price index, retail price index and house price index data for further direction.

The British Pound declined against the South African Rand yesterday.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R16.9108. Going forward, market participants will keep a tab on the European Central Bank President, Mario Draghi's speech along with Eurozone's gross domestic product (GDP) data, industrial production and the region's ZEW economic sentiment index for further cues. Meanwhile, German GDP data, consumer price index along with ZEW business expectation and current situation index will be on investors' radar.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's wholesale price index recorded a flat reading on a monthly basis in October.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R11.0547. Earlier in the session, data indicated that Australia's NAB business confidence index recorded an unchanged reading in October, while NAB business condition index advanced in the same month. Meanwhile, in China, Australia's largest trading partner, retail sales grew less than market forecast on a yearly basis in October. Moreover, the nation's industrial production rose less-than-anticipated on an annual basis in the same month, indicating that the economy could advance at a slower pace as the government cracks down on debt risks and pollution.

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	14.4894	▲	0.64%	0.64%	2.43%	4.19%	5.38%
GBPZAR	19.0009	▲	-0.18%	-0.18%	1.13%	3.32%	12.13%
EURZAR	16.9108	▲	0.68%	0.68%	2.60%	2.73%	16.90%
AUDZAR	11.0547	▲	0.16%	0.16%	1.99%	1.82%	11.36%
EURUSD	1.1671	▲	0.02%	0.02%	0.18%	-1.42%	10.98%
GBPUSD	1.3113	▼	-0.61%	-0.61%	-1.26%	-0.86%	6.32%
Brent ($/barrel)	63.0	▼	-0.57%	-0.57%	3.64%	7.31%	11.16%
Gold ($/oz)	1276.3	▼	0.37%	0.37%	0.66%	-0.86%	11.04%
Platinum ($/oz)	932.7	▼	0.38%	0.38%	1.74%	1.02%	3.77%
Copper ($/MT)*	6860.8	▲	1.58%	1.58%	0.65%	5.98%	24.22%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.2% lower to trade at $1,276.30/oz.

Yesterday, gold prices rose 0.4% to close at $1,278.90/oz, amid uncertainty over the outcome of US tax reform plan.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at $62.98/bl.

Yesterday, Brent crude oil dropped 0.6% to settle at $63.16/bl, after the Energy Information Administration indicated that it expects US shale oil production to increase 80,000 bls a day in December to reach 6.174mn bls a day. Meanwhile, the Organization of the Petroleum Exporting Countries (OPEC) stated that its crude oil production declined by nearly 0.5% to 32.59mn bls a day in October from a month earlier. Further, the OPEC raised its forecast for oil demand to 33.42mn bls per day in 2018, up 360,000 bls per day from its previous forecast.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at $932.70/oz.

Yesterday, platinum prices climbed 0.4% to close at $935.60/oz.

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Major South Africa Corporate News

Ascendis Health Limited

The company announced that its previously stated acquisition of the entire issued share capital of Remedica Holdings Limited from Margrit Pattichis, Charalambos Pattihis and Goldbond Trading and Investments Limited is implemented with a deferred payment of EUR90.00mn payable on August 25, 2019.

Datatec Limited

In its 1H18 results, the company indicated that its revenue fell to USD1.84mn from USD1.98bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 5.80c, compared with diluted EPS of 9.10c recorded in the corresponding period of the previous year.

Harmony Gold Mining Company Limited

The company announced that its employees at Kusasalethu mine have started an illegal strike. Further, the company will approach the Labour Court for an urgent interdict against the strike.

Lewis Group Limited

In its 1H18 results, the company revealed that its revenue declined 3.3% from the same period of the preceding year to ZAR2.66bn. Its diluted EPS stood at 162.60c, compared with 196.30c recorded in the corresponding period of the previous year.

Life Healthcare Group Holdings Limited

In its FY17 trading update, the company stated that it expects HEPS to be in the range of 86.00c to 71.60c, which is a decline of 52.0% to 60.0% compared with the corresponding period in the previous year.

Tongaat Hulett Limited

In its 1H18 results, the company stated that its revenue decreased to ZAR8.12bn from ZAR8.50bn posted in the corresponding period of the previous year. Its diluted EPS rose 13.5% from the same period of the prior year to 628.50c.

Major Global Economic News

Asia

In Australia, the NAB business conditions index rose to a level of 21.00 in October, compared to a level of 14.00 in the prior month.

In Australia, the NAB business confidence index remained unchanged at 8.00 in October.

In China, retail sales rose 10.0% on an annual basis in October, lower than market expectations for a rise of 10.5%. Retail sales had recorded a rise of 10.3% in the prior month.

In October, industrial production advanced 6.2% on an annual basis in China, less than market expectations for an advance of 6.3%. In the prior month, Industrial production had recorded a rise of 6.6%.

US

In the US, budget deficit recorded a reading of USD63.20bn in October, from a budget surplus of USD8.00bn in the prior month. Market expectation was for the nation to register a budget deficit of USD59.00bn.

Eurozone

In Germany, the wholesale price index recorded a flat reading on a monthly basis in October. In the prior month, the index had recorded a rise of 0.6%.

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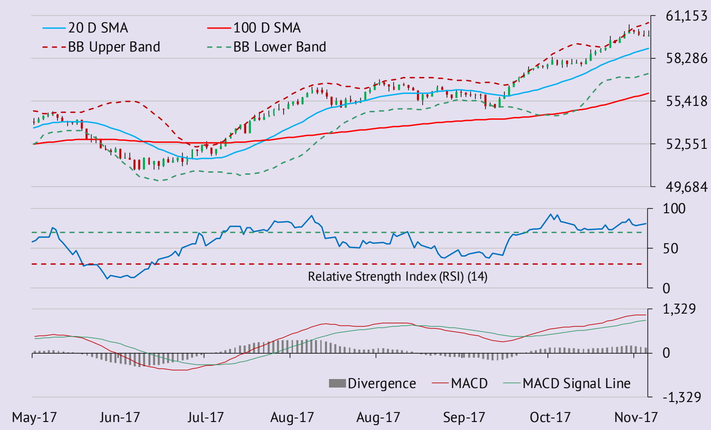
Technical Snapshot

JSE All Share



*Daily day end prices

The JSE All Share index is expected to find support at 59,525.97, and a fall through could take it to the next support level of 59,230.45. The index is expected to find its first resistance at 60,353.39, and a rise through could take it to the next resistance level of 60,885.29.

S&P 500

*Daily day end prices

The S&P 500 index is expected to find support at 2,568.44, and a fall through could take it to the next support level of 2,552.04. The index is expected to find its first resistance at 2,599.13, and a rise through could take it to the next resistance level of 2,613.42.

USDZAR

*Daily day end prices

The pair is expected to find support at 14.1843, and a fall through could take it to the next support level of 13.8985. The pair is expected to find its first resistance at 14.6650, and a rise through could take it to the next resistance level of 14.8599.

XAU/USD

*Daily day end prices

Gold is expected to find support at $1,270.97/oz, and a fall through could take it to the next support level of $1,263.03/oz. The precious metal is expected to find its first resistance at $1,288.17/oz, and a rise through could take it to the next resistance level of $1,297.43/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	04:00	Retail Sales (YoY) (Oct)	✓✓✓	10.00%*	10.30%	Monthly
China	04:00	Industrial Production (YoY) (Oct)	✓✓	6.20%*	6.60%	Monthly
Germany	09:00	Gross Domestic Product n.s.a. (YoY) (Q3) (P)	✓✓	2.00%	0.80%	Quarterly
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q3) (P)	✓✓✓	0.60%	0.60%	Quarterly
Germany	09:00	Consumer Price Index (MoM) (Oct) (F)	✓✓✓	0.00%	0.00%**	Monthly
Germany	09:00	Consumer Price Index (YoY) (Oct) (F)	✓✓✓	1.60%	1.60%**	Monthly
UK	11:30	Consumer Price Index (MoM) (Oct)	✓✓✓	0.20%	0.30%	Monthly
UK	11:30	Retail Price Index (YoY) (Oct)	✓✓	4.10%	3.90%	Monthly
UK	11:30	Retail Price Index (Oct)	✓	275.50	275.10	Monthly
UK	11:30	Consumer Price Index (YoY) (Oct)	✓✓✓	3.10%	3.00%	Monthly
UK	11:30	Retail Price Index (MoM) (Oct)	✓✓✓	0.20%	0.10%	Monthly
Eurozone	12:00	ZEW Survey - Economic Sentiment (Nov)	✓✓	-	26.70	Monthly
Germany	12:00	ZEW Survey - Current Situation (Nov)	✓✓	88.00	87.00	Monthly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q3) (S)	✓✓✓	0.60%	0.60%**	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q3) (S)	✓✓	2.50%	2.50%**	Quarterly
Eurozone	12:00	Industrial Production s.a. (MoM) (Sep)	✓✓✓	-0.60%	1.40%	Monthly
US	12:00	Yellen Speaks on ECB Panel with Draghi, Kuroda, and Carney	✓✓✓	-	-	As scheduled
Germany	12:00	ZEW Survey - Economic Sentiment (Nov)	✓✓✓	19.50	17.60	Monthly
Eurozone	12:00	Industrial Production w.d.a. (YoY) (Sep)	✓✓✓	3.20%	3.80%	Monthly
US	13:00	NFIB Small Business Optimism (Oct)	✓	104.00	103.00	Monthly
US	15:30	Producer Price Index (MoM) (Oct)	✓✓	0.10%	0.40%	Monthly
US	15:30	Producer Price Index (YoY) (Oct)	✓✓	2.40%	2.60%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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