

ONE Minute Brief

17 November 2017

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Economic and Political News

Deputy President, Cyril Ramaphosa, has called on the National Prosecuting Authority, the Hawks and other law enforcement agencies to immediately start an investigation into corruption in state owned enterprises. He added that it was important for a judicial commission of inquiry to be appointed to investigate state capture and emphasised that the President did intend to establish such a commission.

The South African Broadcasting Corporation's (SABC) Rachel Kalidass, has resigned from the board, stating that she was uncomfortable with a candidate the board was considering for the position of the CEO.

President, Jacob Zuma, has accused the Democratic Alliance (DA) for his mounting legal fees for challenging the reinstatement of corruption charges. Separately, Zuma stated that it is not necessary for people to know the reason for his cabinet reshuffle.

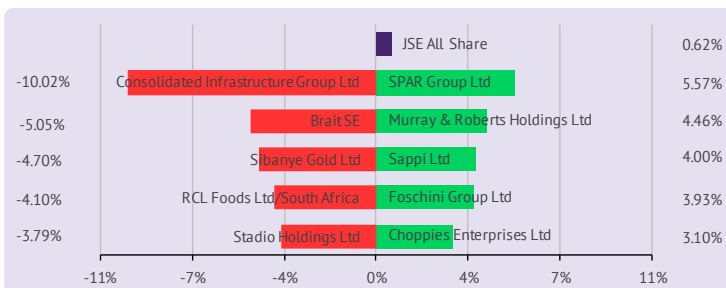
Zimbabwean President, Robert Mugabe, and the head of the military met South African envoys yesterday. Separately, reports indicate that Mugabe has refused to resign.

Eskom indicated that it would introduce lifestyle audits for its top management in a bid to improve the organisation's reputation.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in retail, property and industrial sector stocks. The JSE All Share Index rose 0.6% to close at 59,549.22.



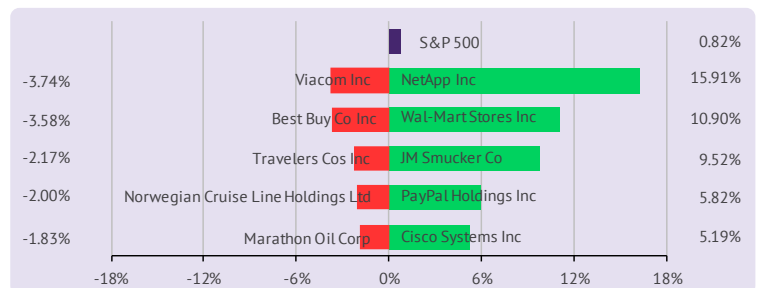
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59549.22	▲ 364.01	0.62%	-0.38%	0.96%	6.12%	17.56%
JSE Top 40	53378.66	▲ 374.49	0.71%	-0.09%	1.54%	6.47%	21.59%
FTSE 100	7386.94	▲ 14.33	0.19%	-0.62%	-1.42%	1.63%	3.42%
DAX 30	13047.22	▲ 70.85	0.55%	-0.61%	-1.38%	3.12%	13.64%
CAC 40	5336.39	▲ 35.14	0.66%	-0.82%	-3.03%	3.25%	9.75%
S&P 500	2585.64	▲ 21.02	0.82%	0.13%	0.40%	2.22%	15.49%
Nasdaq Composite	6793.29	▲ 87.08	1.30%	0.63%	0.98%	3.57%	26.20%
DJIA	23458.36	▲ 187.08	0.80%	0.15%	0.35%	4.34%	18.70%

US Market ▲

The S&P 500 futures are trading in the red

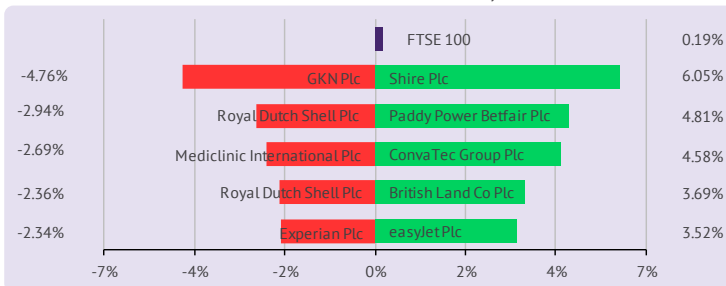
US markets closed higher yesterday, driven by a rise in consumer staples and information technology sector stocks. Data showed that US initial jobless unexpectedly increased during the week ended 11 November 2017. The S&P 500 Index climbed 0.8% to close at 2,585.64.



UK Market ▲

The FTSE 100 futures are trading in negative territory

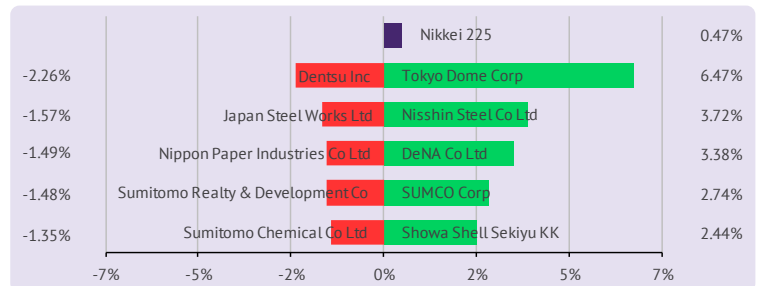
UK markets finished higher yesterday, supported by gains in healthcare and consumer sector stocks, following upbeat corporate updates. Data revealed that UK's retail sales rebounded on a monthly basis in October. The FTSE 100 Index advanced 0.2% to close at 7,386.94.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.5% higher at 22,457.21.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R14.1235. Later today, traders will keep a close watch on the US housing starts and building permits for further direction.

The US Dollar fell against the South African Rand yesterday, after the number of Americans applying for unemployment benefits unexpectedly advanced during the week ended 11 November 2017. In contrast, industrial production in the region increased at a faster-than-expected pace on a monthly basis in October, notching its highest level since April, as the impact of Hurricanes Harvey and Irma faded. Furthermore, the nation's monthly manufacturing production rose higher than market anticipations in the same month. Additionally, the NAHB housing market index recorded an unexpected rise in November.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R18.6973. 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, amid rising Brexit fears. The Bank of England (BoE) Governor, Mark Carney, reassured that the central bank will probably need to hike interest rates a couple more times over the next few years, provided the British economy grows as expected. Further, Carney noted that the central bank will do whatever it can to support the economy in the event of any Brexit shock and would remain "nimble enough" to control inflation. On the macro front, UK's monthly retail sales bounced back into positive territory in October while annual retail sales fell less-than-expected in the same month.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R16.6798. Going forward, market participants will keep a tab on the European Central Bank President, Mario Draghi's speech along with Eurozone's current account balance and construction output data for further cues.

The Euro weakened against the South African Rand yesterday, after the Eurozone's consumer price index (CPI) advanced at a slower pace, in line with market anticipations, on an annual basis in October.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.2% against the South African Rand to trade at R10.7179.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's unemployment rate unexpectedly dropped in October. Meanwhile, the consumer inflation expectations recorded a drop in November.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.1235	▼	-1.59%	-1.53%	0.21%	4.19%	3.10%
GBPZAR	18.6973	▲	-1.46%	-1.77%	-0.48%	3.32%	10.35%
EURZAR	16.6798	▲	-1.78%	-0.63%	1.26%	2.73%	15.38%
AUDZAR	10.7179	▼	-1.67%	-2.48%	-0.70%	1.82%	8.42%
EURUSD	1.1809	▲	-0.18%	0.90%	1.06%	-1.42%	11.96%
GBPUSD	1.3235	▲	0.18%	-0.01%	-0.66%	-0.86%	6.96%
Brent (\$/barrel)	61.2	▼	-0.82%	-3.40%	0.69%	7.31%	7.99%
Gold (\$/oz)	1283.1	▲	0.04%	0.31%	0.61%	-0.86%	10.98%
Platinum (\$/oz)	938.4	▲	0.33%	0.44%	1.81%	1.02%	3.84%
Copper (\$/MT)*	6702.8	▼	-0.50%	-0.76%	-1.67%	5.98%	21.36%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.4% to trade at \$1,283.10/oz.

Yesterday, gold prices marginally fell to close at \$1,278.20/oz, as the US House of Representatives passed a bill to cut federal tax rates on corporations and investors weighed possible changes in fiscal policy following the impact of an expected rate hike in the US.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$61.22/bl.

Yesterday, Brent crude oil dropped 0.8% to settle at \$61.36/bl, to its lowest level in two weeks, amid rising concerns about the growth in US crude oil production and inventories.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.2% to trade at \$938.40/oz.

Yesterday, platinum prices climbed 0.3% to close at \$936.20/oz.



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Major South Africa Corporate News

Investec Limited

In its 1H18 results, the company reported that its net interest income advanced 15.9% to GBP364.37mn from the same period of the preceding year. Its adjusted EPS stood at 29.50p, compared to 25.70p recorded in the corresponding period of the previous year.

Mediclinic International Plc

In its 1H18 results, the company revealed that its revenue advanced 10.2% to GBP1.41bn compared to the same period a year ago. Its EPS stood at 11.30p down from 12.80p recorded in the corresponding period of the previous year.

Oceana Group Limited

In its FY17 results, the company stated that its revenue decreased to ZAR6.81bn from ZAR8.24bn posted in the corresponding period of the previous year. Its diluted EPS significantly fell from the same period of the prior year to 366.50c.

Reinet Investments SCA

In its 1H18 results, the company stated that its total income increased to EUR186.00mn from EUR147.00mn posted in the corresponding period of the previous year. Its net asset value per share at 30 September 2017 is EUR27.55.

Sappi Limited

In its 4Q17 results, the company indicated that its revenue rose to USD1.41bn from USD1.34bn posted in the corresponding period of the previous year. Its diluted EPS decreased 9.5% to 19.00c from the same period of the prior year.

Transaction Capital Limited

In its FY17 trading statement, the company announced that its HEPS is expected to be in the range of 91.90c to 95.10c which is 14.0% to 18.0% higher compared to the corresponding period of the previous year.

Major Global Economic News

US

In the US, the seasonally adjusted initial jobless claims registered an unexpected rise to a level of 249.00K in the week ended 11 November 2017, compared to market expectations of a drop to 235.00K. Initial jobless claims had recorded a level of 239.00K in the previous week.

In October, manufacturing production climbed 1.3% on a monthly basis in the US, higher than market expectations for a rise of 0.6%. Manufacturing production had advanced by a revised 0.4% in the prior month.

In the US, industrial production recorded a rise of 0.9% on a monthly basis in October, more than market expectations for a rise of 0.5%. Industrial production had registered a revised rise of 0.4% in the previous month.

In November, the NAHB housing market index unexpectedly advanced to 70.00 in the US, compared to market expectations of a fall to a level of 67.00. In October, the index had registered a reading of 68.00.

Eurozone

In the Eurozone, the final CPI climbed 1.4% on an annual basis in October, compared to a rise of 1.5% in the previous month. Markets were expecting the CPI to advance 1.4%. The preliminary figures had also indicated an advance of 1.4%.

UK

The BoE Governor, Mark Carney, reassured that the central bank will probably need to raise interest rates a couple more times over the next few years, provided the British economy grows as expected. Further, Carney noted that the central bank will do whatever it can to support the economy in the event of any Brexit shock and would remain "nimble enough" to control inflation.

In the UK, retail sales advanced 0.3% on a monthly basis in October, higher than market expectations for a rise of 0.2%. In the prior month, retail sales had recorded a revised drop of 0.7%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Eurozone	10:30	ECB's Draghi Speaks in Frankfurt	✓✓✓	-	-	As scheduled
Eurozone	11:00	Current Account n.s.a. (Sep)	✓	-	EUR29.60bn	Monthly
Eurozone	11:00	Current Account s.a (Sep)	✓✓	-	EUR33.30bn	Monthly
Eurozone	12:00	Construction Output s.a. (MoM) (Sep)	✓	-	-0.20%	Monthly
Germany	15:00	Bundesbank's Weidmann Speaks at European Banking Congress	✓✓✓	-	-	As scheduled
Canada	15:30	Consumer Price Index (YoY) (Oct)	✓✓	1.40%	1.60%	Monthly
US	15:30	Building Permits (Oct)	✓✓✓	1250.00K	1215.00K	Monthly
US	15:30	Housing Starts (Oct)	✓✓✓	1190.00K	1127.00K	Monthly
US	15:30	Housing Starts (MoM) (Oct)	✓✓	5.60%	-4.70%	Monthly
US	15:30	Building Permits (MoM) (Oct)	✓✓	2.00%	-4.50%	Monthly
US	18:00	Kansas City Fed Manufacturing Activity (Nov)	✓✓✓	21.00	23.00	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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