

ONE Minute Brief

22 November 2017

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Economic and Political News

In South Africa (SA), leading indicator rose to a level of 98.40 in September, compared to a reading of 97.20 in the prior month.

President Jacob Zuma will travel to Zimbabwe today as Chairperson of the Southern African Development Community (SADC). Meanwhile, Zimbabwe's former vice president Emmerson Mnangagwa is set to be sworn in as President after the resignation of Robert Mugabe. SA's opposition parties, Democratic Alliance (DA), Economic Freedom Fighters (EFF) and Congress of the People (Cope), have welcomed the resignation of Mugabe.

Eskom has reduced its tariff application for 2018-19 to 18.9% from an average of 19.9% for its direct customers and to 26.9% from 27.5% for municipalities.

The ANC has extended the deadline for branches to hold meetings to nominate presidential candidates till November 25, after some branches failed to meet the initial deadline of November 15.

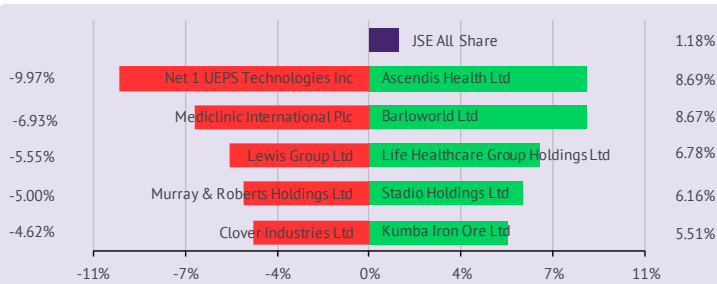
Olilef Sefako, Chairman of the select committee on land and mineral resources, has indicated that South Africa's Parliament is not likely to meet the December target to pass changes to mineral resource laws.

Former Eskom CEO, Brian Molefe, stated in the Parliament that he was not aware of the relationship between Eskom and Gupta-linked Trillian.

South Africa Market ▲

South African markets closed higher

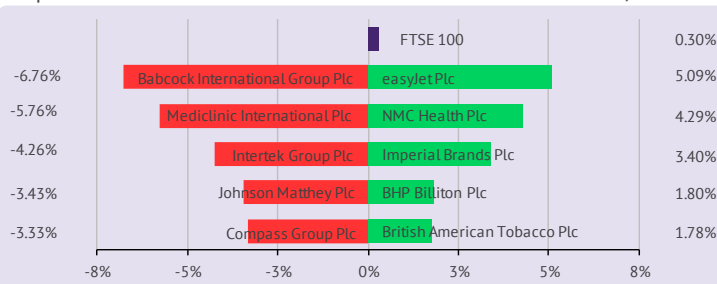
South African markets closed in the green yesterday, amid gains in resources, platinum and gold mining sector stocks. Data indicated that South Africa's leading indicator recorded a rise in September. The JSE All Share Index rose 1.2% to close at 61,211.52.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, led by gains in the consumer sector stocks and following a series of corporate financial news. Data showed that UK's public sector net borrowing posted a more-than-expected deficit in October. The FTSE 100 Index rose 0.3% to 7,411.34.



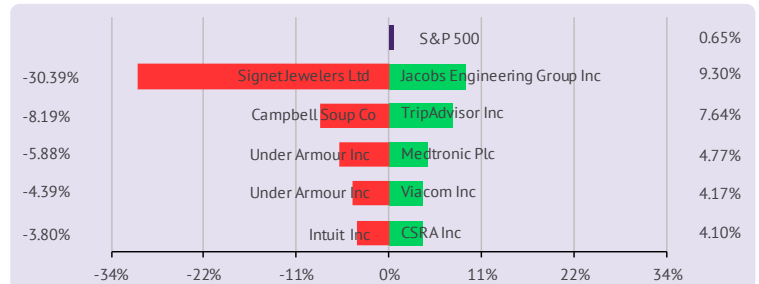
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	61211.52	▲	710.91	1.18%	1.80%	3.78%	6.12%	20.84%
JSE Top 40	55065.37	▲	737.95	1.36%	2.14%	4.75%	6.47%	25.43%
FTSE 100	7411.34	▲	21.88	0.30%	0.42%	-1.09%	1.63%	3.76%
DAX 30	13167.54	▲	108.88	0.83%	1.34%	-0.47%	3.12%	14.69%
CAC 40	5366.15	▲	25.70	0.48%	0.88%	-2.49%	3.25%	10.36%
S&P 500	2599.03	▲	16.89	0.65%	0.78%	0.92%	2.22%	16.09%
Nasdaq Composite	6862.48	▲	71.76	1.06%	1.17%	2.00%	3.57%	27.48%
DJIA	23590.83	▲	160.50	0.69%	1.00%	0.91%	4.34%	19.37%

US Market ▲

The S&P 500 futures are trading in the green

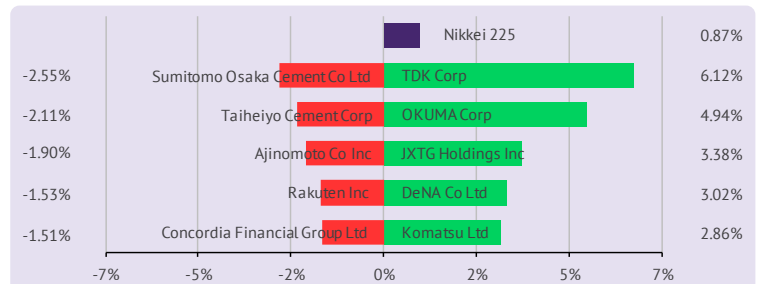
US markets closed higher yesterday, boosted by gains in information technology sector stocks. Data revealed that the US existing home sales climbed at a faster-than-anticipated pace on a monthly basis in October. The S&P 500 Index climbed 0.7% to close at 2,599.03.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 0.9% higher at 22,611.72.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R13.9846. Later today, traders will keep a close watch on the FOMC meeting minutes, US durable goods orders, initial jobless claims and the Michigan consumer confidence index data for further cues.

The US Dollar fell against the South African Rand yesterday. The Federal Reserve (Fed) Chair, Janet Yellen, stated that the US central bank is reasonably close to its goals and expects inflation to pick up over the next two years. However, she cautioned that the Fed is “not certain” whether weakness in inflation will prove transitory. Further, Yellen noted that raising interest rates too quickly risked inflation to drift down to dangerously low level for too long. On the macro front, the US existing home sales jumped higher than market forecast on a monthly basis in October. Further, the Chicago Fed national activity index surprisingly rose in the same month. Separately, South Africa's leading indicator advanced in September.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R18.5338. Later today, traders will keep an eye on a budget to be presented by the UK Chancellor to Parliament for further direction. Separately, South Africa's consumer price index will be on investors' radar.

The British Pound declined against the South African Rand yesterday, after UK's public sector net borrowing posted a more-than-anticipated deficit in October. In contrast, the CBI industrial trends survey orders grew more than market expectations in November.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro advanced 0.1% against the South African Rand to trade at R16.4154. Going forward, market participants will keep a tab on the Eurozone's consumer confidence index for further indication.

The Euro weakened against the South African Rand yesterday.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R10.5817. Earlier in the session, data indicated that Australia's Westpac leading index recorded a rise on monthly basis in October, less than its prior reading.

The Australian Dollar fell against the South African Rand yesterday. In its November meeting minutes, the Reserve Bank of Australia stated that it has less confidence in the outlook and indicated that there is “considerable uncertainty” over how quickly wage pressures might grow and how this could impact inflation.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.9846	▲	-0.56%	-0.21%	-1.12%	4.19%	1.73%
GBPZAR	18.5338	▲	-0.51%	0.04%	-1.48%	3.32%	9.24%
EURZAR	16.4154	▲	-0.49%	-0.53%	-0.34%	2.73%	13.56%
AUDZAR	10.5817	▼	-0.15%	0.08%	-2.12%	1.82%	6.87%
EURUSD	1.1739	▲	0.04%	-0.44%	0.79%	-1.42%	11.65%
GBPUSD	1.3252	▲	0.03%	0.18%	-0.33%	-0.86%	7.32%
Brent (\$/barrel)	63.0	▲	0.56%	-0.24%	2.67%	7.31%	10.12%
Gold (\$/oz)	1279.2	▼	0.50%	-1.14%	0.88%	-0.86%	11.29%
Platinum (\$/oz)	933.2	▼	1.56%	-1.74%	2.00%	1.02%	4.04%
Copper (\$/MT)*	6877.5	▲	1.18%	1.99%	0.89%	5.98%	24.52%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.2% lower to trade at \$1,279.20/oz.

Yesterday, gold prices rose 0.5% to close at \$1,281.70/oz, as weakness in the US Dollar underpinned demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$63.01/bl.

Yesterday, Brent crude oil advanced 0.6% to settle at \$62.57/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 6.4mn bls for the week ended 17 November 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.5% lower to trade at \$933.20/oz.

Yesterday, platinum prices climbed 1.6% to close at \$938.00/oz.

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Major South Africa Corporate News

BHP Billiton Plc

The company announced that Samarco, Vale, BHP Billiton Brasil and the Federal Prosecutors have received an approval from the 12th Federal Court for an additional 150 days, ending on April 20, 2018, for the parties to continue negotiations for the settlement of the Public Civil Claims.

Coronation Fund Managers Limited

In its FY17 results, the company stated that its revenue decreased to ZAR3.92bn from ZAR4.05bn posted in the corresponding period of the previous year. Its diluted EPS fell 3.0% to 435.40c from the same period of the prior year.

Impala Platinum Holdings Limited

The company announced the resignation of Chief Financial Officer and Executive Director, Brenda Berlin with effect from February 28, 2018.

Life Healthcare Group Holdings Limited

In its FY17 results, the company indicated that its revenue rose to ZAR20.80bn from ZAR16.40bn posted in the corresponding period of the previous year. Its diluted EPS decreased to 62.00c from the same period of the prior year. For 1H18, the company expects an increase in HEPS by more than 20.0%, compared to the corresponding period of the previous year.

Reunert Limited

In its FY17 results, the company stated that its revenue increased to ZAR9.77bn from ZAR8.51bn posted in the corresponding period of the previous year. Its diluted EPS rose 17.1% to 670.00c from the same period of the prior year.

Transaction Capital Limited

In its FY17 results, the company revealed that its interest income advanced 17.3% to ZAR1.97bn from the same period of the preceding year. Its diluted EPS stood at 92.80c up from 80.60c recorded in the corresponding period of the previous year.

Major Global Economic News

US

The Fed Chair, Janet Yellen, indicated that the US central bank is reasonably close to its goals and expects inflation to pick up over the next two years. However, she cautioned that the Fed is "not certain" whether weakness in inflation will prove transitory. Further, Yellen noted that raising interest rates too quickly risked inflation to drift down to dangerously low level for too long.

In the US, existing home sales registered a rise of 2.0% on a monthly basis in October, to a level of 5.48mn, compared to market expectations of 5.40mn. In the prior month, existing home sales had recorded a revised level of 5.37mn.

In October, the Chicago Fed national activity index unexpectedly rose to 0.65 in the US, compared to a revised level of 0.36 in the previous month. Markets were expecting the index to ease to 0.20.

Asia

In Australia, the Westpac leading index rose 0.13% on a monthly basis in October. In the prior month, the index had risen by a revised 0.14%.

UK

In the UK, the public sector net borrowing posted a deficit of GBP7.50 bn in October, compared to a revised deficit of GBP4.40 bn in the previous month. Markets were anticipating public sector net borrowing to report a deficit of GBP6.50 bn.

In November, the balance of firms reporting total order book above normal registered a rise to 17.00 in the UK, compared to a level of -2.00 in the prior month. Market expectation was for the balance of firms reporting total order book above normal to climb to 3.00.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
US	01:00	Fed's Yellen Speaks at Stern Business School	✓✓✓	-	-	As scheduled
Eurozone	10:00	Non-monetary policy's ECB meeting	✓✓	-	-	As scheduled
South Africa	10:00	Consumer Price Index (MoM) (Oct)	✓✓✓	0.30%	0.50%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Oct)	✓✓✓	4.80%	5.10%	Monthly
US	14:00	MBA Mortgage Applications (17-Nov)	✓	-	3.10%	Weekly
UK	14:30	U.K. Chancellor Presents Budget to Parliament	✓✓✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (11-Nov)	✓✓	1880.00K	1860.00K	Weekly
US	15:30	Initial Jobless Claims (18-Nov)	✓✓✓	240.00K	249.00K	Weekly
US	15:30	Durable Goods Orders (Oct) (P)	✓✓✓	0.30%	2.00%	Monthly
Eurozone	17:00	Consumer Confidence (Nov) (P)	✓✓✓	-0.80	-1.00	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Nov) (F)	✓✓✓	98.00	97.80**	Monthly
US	21:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
US	21:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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