

ONE Minute Brief

2 November 2017

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Economic and Political News

In South Africa (SA), the manufacturing PMI rose more-than-expected to 47.80 in October, compared to 44.90 in September. In October, new vehicle sales rose more-than-expected by 4.6% YoY, compared to a rise of 7.0% in September.

The Doing Business survey has ranked SA at the 82nd position among 190 countries, down from the 74th rank last year.

The National Union of Mineworkers has asked the Chamber of Mines to accept its wage demands by next week Wednesday, stating that they will go on a strike if an agreement is not reached.

Deputy President, Cyril Ramaphosa, stated that the South African Airways (SAA) bailout was a crucial decision made by the government as a failure to pay back money would have resulted in the airways defaulting on its debts and this would have affected South Africa's sovereign credit rating.

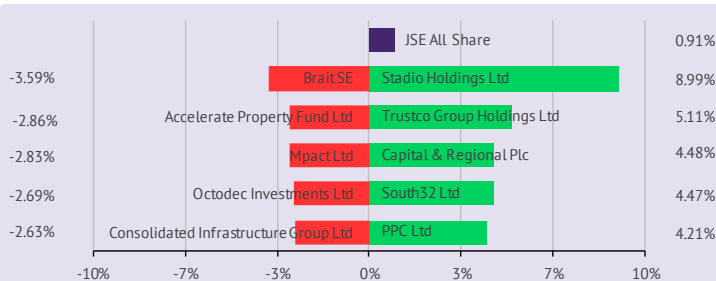
The Broadcast, Electronic Media and Allied Workers Union (BEMAWU) has confirmed that it will proceed with its strike at South African Broadcasting Corporation (SABC) today.

Auditor-General, Kimi Makwetu, has indicated that irregular expenditure in the national and provincial government departments as well as state-owned entities rose to ZAR45.5bn from ZAR29.4bn recorded in the previous year.

South Africa Market ▲

South African markets closed higher

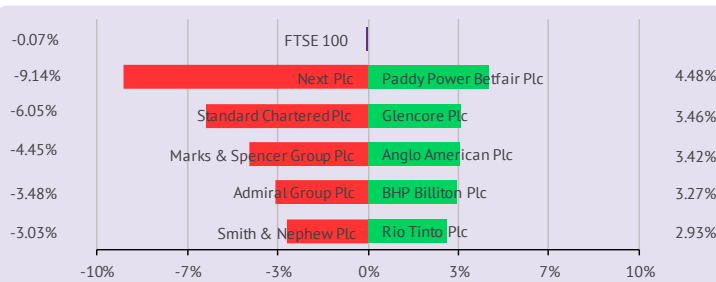
South African markets advanced yesterday, amid a sharp rally in resources and mining sector stocks. South Africa's manufacturing PMI rose to its highest level in 5 months in October, albeit remaining in contraction territory. The JSE All Share Index rose 0.9% to 59,514.11.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid losses in retail stocks. Data indicated that UK's Markit manufacturing PMI surprisingly advanced in October. The FTSE 100 Index declined 0.1% to close at 7,487.96.



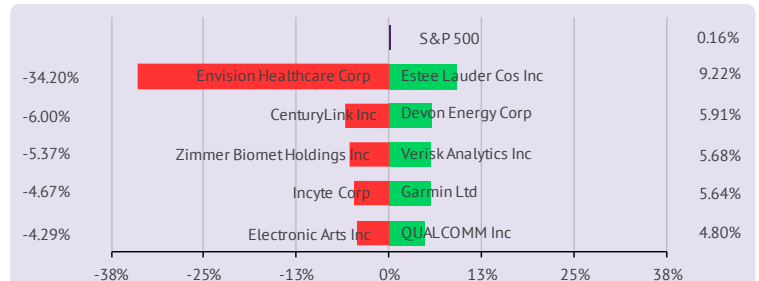
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59514.11	▲	534.00	0.91%	1.36%	0.91%	6.12%	17.49%
JSE Top 40	53056.59	▲	486.39	0.93%	1.25%	0.93%	6.47%	20.85%
FTSE 100	7487.96	▼	-5.12	-0.07%	-0.23%	-0.07%	1.63%	4.83%
DAX 30	13465.51	▲	235.94	1.78%	1.88%	1.78%	3.12%	17.28%
CAC 40	5514.29	▲	11.00	0.20%	0.37%	0.20%	3.25%	13.41%
S&P 500	2579.36	▲	4.10	0.16%	-0.07%	0.16%	2.22%	15.21%
Nasdaq Composite	6716.53	▼	-11.14	-0.17%	0.23%	-0.17%	3.57%	24.77%
DJIA	23435.01	▲	57.77	0.25%	0.00%	0.25%	4.34%	18.58%

US Market ▲

The S&P 500 futures are trading in the red

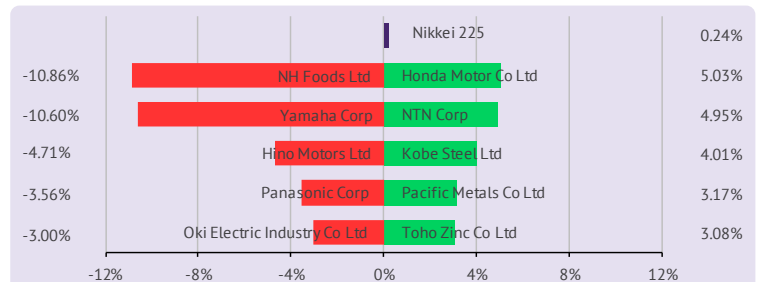
US markets closed higher yesterday, boosted by gains in energy sector stocks. The Federal Reserve (Fed) kept the key interest rate steady in the range of 1.00% to 1.25%. The S&P 500 Index climbed 0.2% to close at 2,579.36.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that Japan's monetary base recorded a smaller rise on an annual basis in October. The Nikkei 225 Index is trading 0.2% higher at 22,473.96.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.9% weaker against the South African Rand at R13.9347. Later today, traders will keep a close watch on the US President, Donald Trump's announcement as he is expected to name Jerome Powell as the successor to the current Fed Chief, Janet Yellen. Further, US initial jobless claims will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. The Fed left the benchmark interest rate unchanged at its two-day monetary policy meeting, pointing towards an expected interest rate hike in December. Furthermore, the central bank indicated that labour market has strengthened and economic activity is rising at a stronger pace despite disruptions caused by recent Hurricanes. On the data front, US ISM manufacturing PMI expanded at a slower than expected pace in October. Whereas, ADP employment surged more than market forecast in the same month. Further, the final Markit manufacturing PMI was revised higher than initially estimated in October. Additionally, construction spending surprisingly advanced on a monthly basis in September. Separately, South Africa's manufacturing PMI advanced in October, notching its highest level in five months, although continuing to remain in contraction territory.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.6% lower against the South African Rand at R18.5119. Later today, traders will keep an eye on the Bank of England's interest rate decision and inflation report along with the UK Markit construction PMI for further cues.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's Markit manufacturing PMI recorded an unexpected rise in October, boosted by an increase in domestic demand and export orders. Further, the nationwide house price index rose in line with market expectations on a monthly basis in October.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.6% weaker against the South African Rand at R16.2442. Going forward, market participants will keep a tab on the Markit survey for manufacturing PMI across the Eurozone along with Germany's unemployment rate for further indication.

The Euro weakened against the South African Rand yesterday.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.3% against the South African Rand to trade at R10.7633. Earlier in the session, data indicated that Australia's trade surplus widened more-than-expected in September. Furthermore, building approvals unexpectedly advanced on a monthly basis in the same month.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's performance of manufacturing index dropped in October, although remaining in expansion territory. Meanwhile, in China, Australia's largest trading partner, the Caixin manufacturing PMI rose as expected in October.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.9347	▼	-0.44%	-0.27%	-0.44%	4.19%	2.43%
GBPZAR	18.5119	▼	-0.74%	0.57%	-0.74%	3.32%	10.06%
EURZAR	16.2442	▼	-0.68%	-0.16%	-0.68%	2.73%	13.17%
AUDZAR	10.7633	▼	-0.18%	-0.33%	-0.18%	1.82%	8.99%
EURUSD	1.1657	▲	-0.23%	0.09%	-0.23%	-1.42%	10.52%
GBPUSD	1.3285	▲	-0.29%	0.89%	-0.29%	-0.86%	7.37%
Brent (\$/barrel)	60.5	▲	-0.74%	0.08%	-0.74%	7.31%	6.46%
Gold (\$/oz)	1280.6	▲	0.54%	0.43%	0.54%	-0.86%	10.91%
Platinum (\$/oz)	936.5	▼	1.86%	2.42%	1.86%	1.02%	3.89%
Copper (\$/MT)*	6898.8	▲	1.20%	1.44%	1.20%	5.98%	24.91%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,280.60/oz, after the US Fed kept the interest rates steady and as traders await announcement for the next Fed Chief.

Yesterday, gold prices rose 0.5% to close at \$1,277.30/oz, extending its previous session gains.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.1% to trade at \$60.53/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$60.49/bl, after the Energy Information Administration (EIA) revealed that US oil production rose by 46,000 bls per day to 9.55mn bls per day, while weekly US crude oil exports advanced to an all-time high of 2.13mn bls per day. Meanwhile, the EIA also reported that crude oil inventories fell by 2.4mn bls for the week ended 27 October 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$936.50/oz.

Yesterday, platinum prices climbed 1.9% to close at \$936.70/oz.

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Major South Africa Corporate News

Aspen Pharmacare Holdings Limited

The company announced that Aspen Global Incorporated (AGI) had signed an agreement with AstraZeneca AB and AstraZeneca UK whereby AGI would acquire the residual rights to AstraZeneca's global anaesthetic portfolio for which it acquired the commercialisation rights via an agreement entered into in June 2016.

Coronation Fund Managers Limited

The company announced that its assets under management as on 30 September 2017 is ZAR614.00bn.

Fortress Income Fund Limited

The company announced that Executive Director, Andrew Edward Teixeira has retired. Further, Steven Brown's appointment as an alternate Director to Andrew will now be replaced with his appointment as an alternate Director to Fareed Ismail Wania.

Grindrod Limited

The company announced that the Executive Director and Chief Executive Officer of the Shipping division, Martyn Richard Wade, will step down from the Board of Directors of the company.

Old Mutual Plc

The company announced that Nonkululeko Nyembezi, Director of its subsidiary, Old Mutual Life Assurance Company Limited, will be stepping down from the company's board on 31 December 2017. Separately, it stated that the strategic minority shareholding to be retained in Nedbank Group to continue the ongoing commercial relationship between the companies has been agreed at 19.9%.

Major Global Economic News

US

The Fed kept the key interest rate unchanged in the range of 1.00% and 1.25%, signalling towards an anticipated interest rate hike in December. Furthermore, the central bank indicated that labour market has strengthened and the nation's economic activity is rising at a stronger pace despite disruption caused by Hurricane Harvey in Texas and Hurricane Irma in Florida.

In the US, the ISM manufacturing activity index registered a drop to 58.70 in October, compared to market expectations of a fall to 59.50. The ISM manufacturing activity index had recorded a level of 60.80 in the previous month.

In October, the private sector employment registered a more-than-expected rise of 235.00K in the US, compared to a revised increase of 110.00K in September. The final Markit manufacturing PMI registered a more than initially estimated rise to 54.60 in October, compared to a reading of 53.10 in September.

In September, construction spending unexpectedly rose 0.3% on a monthly basis in the US, compared to a revised rise of 0.1% in August.

UK

In the UK, the manufacturing PMI unexpectedly climbed to a level of 56.30 in October, compared to market expectations of a drop to 55.90. In the previous month, the manufacturing PMI had recorded a revised level of 56.00.

In October, the seasonally adjusted house prices advanced 0.2% on a monthly basis in the UK, at par with market expectations. In the previous month, house prices had recorded a revised rise of 0.4%.

Asia

In Japan, the monetary base advanced 14.5% on an annual basis in October. In the prior month, the monetary base had advanced 15.6%.

In Australia, the seasonally adjusted trade surplus expanded to AUD1745.00mn in September, following a surplus of AUD989.00mn in the previous month. Markets were expecting the country's trade surplus to expand to AUD1200.00mn.

In September, the seasonally adjusted building approvals unexpectedly rose 1.5% on a monthly basis in Australia. In the prior month, building approvals had recorded a rise of 0.4%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Monetary Base (YoY) (Oct)	✓	14.50%*	15.60%	Monthly
Japan	01:50	Monetary Base (Oct)	✓✓✓	JPY476.60tn*	JPY474.70tn	Monthly
Japan	07:00	Consumer Confidence Index (Oct)	✓✓	43.60	43.90	Monthly
Germany	10:55	Unemployment Rate s.a. (Oct)	✓✓✓	5.60%	5.60%	Monthly
Germany	10:55	Markit Manufacturing PMI (Oct) (F)	✓✓✓	60.50	60.50**	Monthly
Germany	10:55	Unemployment Change (Oct)	✓✓✓	-10.00K	-23.00K	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Oct) (F)	✓✓✓	58.60	58.60**	Monthly
UK	11:30	Markit Construction PMI (Oct)	✓✓✓	48.50	48.10	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Sep)	✓✓	-	1.70%	Monthly
South Africa	13:00	Electricity Production (YoY) (Sep)	✓✓	-	0.80%	Monthly
US	13:30	Challenger Job Cuts (Oct)	✓	-	32.35K	Monthly
US	13:30	Challenger Job Cuts (YoY) (Oct)	✓	-	-27.00%	Monthly
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.50%	0.25%	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	14:30	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	14:30	Initial Jobless Claims (28-Oct)	✓✓✓	235.00K	233.00K	Weekly
US	14:30	Fed's Powell Speaks at Alternative Reference Rates Event	✓	-	-	As scheduled
US	-	US President Donald Trump Names Next Federal Reserve Chair	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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