

ONE Minute Brief

3 November 2017

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Economic and Political News

In South Africa (SA), electricity production recorded a rise of 1.1% YoY in September, compared to a rise of 0.8% in August. Electricity consumption advanced 0.2% YoY in September, compared to a rise of 1.7% in August.

President, Jacob Zuma, stated that the government was considering the best time to launch a major nuclear power expansion. Separately, Zuma denied that he had received any payments from private individuals or companies.

The Democratic Alliance (DA) walked out of Parliament yesterday, citing President Jacob Zuma's refusal to answer questions on how much the state had spent on legal fees fighting corruption allegations against him.

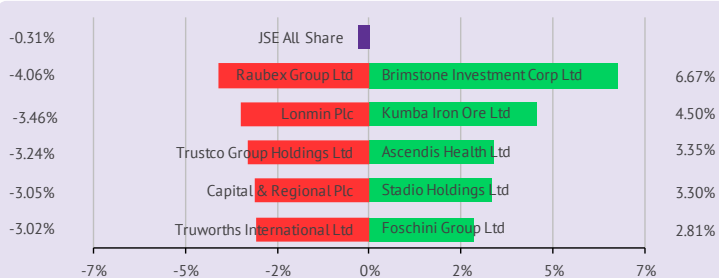
Finance Minister, Malusi Gigaba, indicated that rail and electricity were the key sectors the government would focus on for infrastructure development.

The Department of Labour revealed that the South African cabinet had approved the draft legislation to introduce a minimum wage of ZAR20 per hour from May next year.

South Africa Market ▼

South African markets closed lower

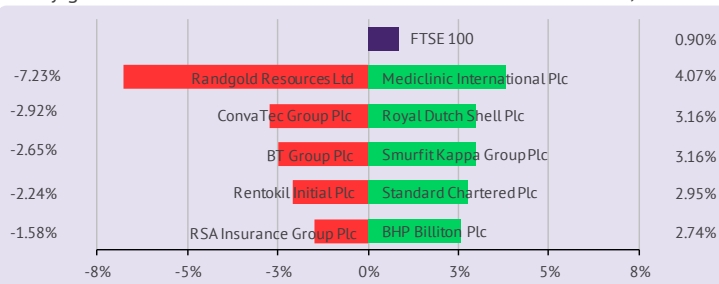
South African markets closed in the red yesterday, amid losses in gold mining and industrial sector stocks. The JSE All Share Index fell 0.3% to close at 59,331.20.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, as the British Pound weakened after the Bank of England (BoE) raised its benchmark interest rate by 25 basis points to 0.50% and stated that any future rate hike would be "very gradual". The FTSE 100 Index advanced 0.9% to close at 7,553.32.



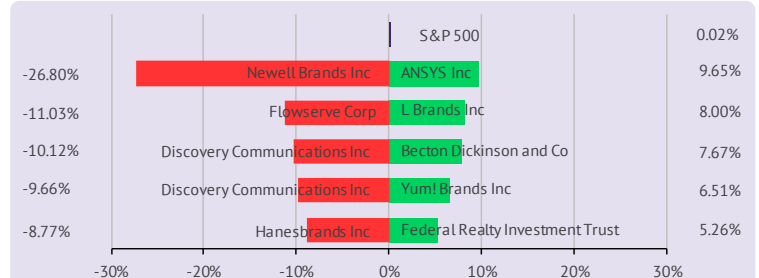
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59331.20	▼	-182.91	-0.31%	1.05%	0.60%	6.12%	17.13%
JSE Top 40	52845.63	▼	-210.96	-0.40%	0.84%	0.52%	6.47%	20.37%
FTSE 100	7555.32	▲	67.36	0.90%	0.67%	0.83%	1.63%	5.77%
DAX 30	13440.93	▼	-24.58	-0.18%	1.69%	1.60%	3.12%	17.07%
CAC 40	5510.50	▼	-3.79	-0.07%	0.30%	0.13%	3.25%	13.33%
S&P 500	2579.85	▲	0.49	0.02%	-0.05%	0.18%	2.22%	15.23%
Nasdaq Composite	6714.94	▼	-1.59	-0.02%	0.20%	-0.19%	3.57%	24.74%
DJIA	23516.26	▲	81.25	0.35%	0.35%	0.59%	4.34%	18.99%

US Market ▲

The S&P 500 futures are trading in the green

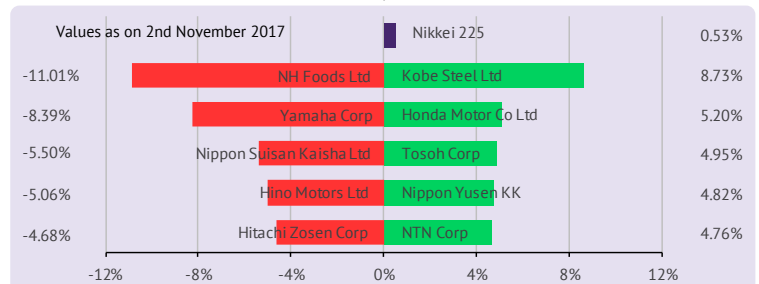
US markets closed a tad higher yesterday, as investors assessed the long-awaited tax cut plan unveiled by the US House of Representatives. Also, Trump nominated Jerome Powell as the next Federal Reserve (Fed) Chief. The S&P 500 Index marginally rose to close at 2,579.85.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data revealed that China's Caixin services PMI recorded a rise in October. Markets in Japan are closed on account of a public holiday. Yesterday, the Nikkei 225 Index advanced 0.5% to settle at 22,539.12.



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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 R13.9837. Later today, traders will keep a close watch on US employment report, the ISM non-manufacturing PMI and trade balance along with factory orders, final durable goods orders and the final Markit services PMI data for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the number of Americans applying for fresh unemployment benefits surprisingly dropped for the week ended 28 October 2017. In major news, the US President, Donald Trump, nominated Jerome Powell as the next Chairperson of the US Fed once the current Chairwoman, Janet Yellen's term ends in February 2018.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R18.2752. Later today, traders will keep an eye on UK's Markit services PMI for further direction.

The British Pound declined against the South African Rand yesterday, after the BoE's Monetary Policy Committee voted 7-2 in favour of increasing the base rate to 0.50% from 0.25% and indicated that interest rates will rise at a gradual pace and to a limited extent in the near future. Further, the central bank expressed concerns over the mounting inflation and consumer debt. Moreover, in its November inflation report, the central bank projected two more rate rises in the next two years, capping the base rate at 1.0% by 2020. On the data front, UK's Markit construction PMI jumped back into the expansion territory in October, buoyed by increase in the housebuilding sector.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R16.3022. With no major economic news in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday. In economic news, Eurozone's final Markit manufacturing PMI advanced to its highest level since April 2011 in October, although was revised slightly lower from its preliminary reading. Whereas, Germany's final Markit manufacturing PMI expanded more-than-expected in the same month. Further, the nation's unemployment rate recorded a steady reading in October.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.3% against the South African Rand to trade at R10.7470. Earlier in the session, data indicated that Australia's AiG performance of service index expanded at a slower pace in October. Further, retail sales recorded a flat reading on a monthly basis in September. Meanwhile, in China, Australia's largest trading partner, the Caixin services PMI expanded more than market expectations in October.

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	13.9837	▲	-0.66%	-0.93%	-1.10%	4.19%	1.75%
GBPZAR	18.2752	▲	-2.04%	-1.48%	-2.76%	3.32%	7.82%
EURZAR	16.3022	▲	-0.32%	-0.48%	-1.00%	2.73%	12.81%
AUDZAR	10.7470	▼	-0.18%	-0.51%	-0.36%	1.82%	8.79%
EURUSD	1.1658	-	0.34%	0.43%	0.10%	-1.42%	10.89%
GBPUSD	1.3069	▲	-1.40%	-0.53%	-1.69%	-0.86%	5.86%
Brent (\$/barrel)	60.8	▲	0.21%	0.30%	-0.53%	7.31%	6.69%
Gold (\$/oz)	1277.5	▼	0.06%	0.50%	0.60%	-0.86%	10.98%
Platinum (\$/oz)	927.9	▲	-0.95%	1.44%	0.89%	1.02%	2.91%
Copper (\$/MT)*	6898.0	▼	-0.01%	1.43%	1.19%	5.98%	24.90%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged marginally lower to trade at \$1,277.50/oz.

Yesterday, gold prices rose 0.1% to close at \$1,278.10/oz, as weakness in the US Dollar underpinned demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$60.81/bl.

Yesterday, Brent crude oil advanced 0.2% to settle at \$60.62/bl, amid rising optimism that the global oil supply glut is shrinking and following comments from Saudi Arabian Energy Minister, Khalid al-Falih, which stated that balance between supply and demand was tightening and compliance with the OPEC-led agreement had been "excellent".

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged marginally higher to trade at \$927.90/oz.

Yesterday, platinum prices declined 1.0% to close at \$927.80/oz.



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Major South Africa Corporate News

Afrimat Limited

In its 1H18 results, the company revealed that its revenue advanced 2.6% from the same period of the preceding year to ZAR1.18bn. Its diluted EPS stood at 101.50c, compared to 96.40c recorded in the corresponding period of the previous year.

Foschini Group Ltd

In its 1H18 results, the company indicated that its revenue rose to ZAR13.97bn from ZAR12.85bn posted in the corresponding period of the previous year. Its diluted EPS decreased 3.9% from the same period of the prior year to 472.50c.

Intu Properties Plc

In its trading update for the period from 1 July 2017 to 2 November 2017, the company stated that 73 long term leases were signed in the period, representing GBP13.00mn of annual rent compared to 67 leases in the previous year. Further, occupancy rate remained high at 96.0%. Separately, it announced that along with LaSalle investment management, it has announced a 50/50 joint venture to own Intu Chapelfield and LaSalle will acquire a 50.0% interest in the property for a net consideration of GBP148.00mn.

Murray & Roberts Holdings Limited

In its business update, the company revealed that its order book for continuing operations was ZAR25.80bn at 30 September 2017 compared to ZAR26.90bn in the previous quarter and new orders for continuing operations stood at ZAR12.10bn.

Tongaat Hulett Limited

In its 1H18 trading statement, the company stated that total net profit per share is expected to be approximately 628.00c per share and HEPS is expected to be 573.00c compared with 547.00c in the corresponding period of the previous year.

Truworths International Limited

In its business update, the company indicated that retail sales declined by 3.0% to ZAR5.5bn for the first 17 trading weeks. Further, trade receivables decreased by 4.0% relative to the prior period-end to ZAR5.6bn.

Major Global Economic News

Eurozone

In the Eurozone, the final manufacturing PMI registered a rise to 58.50 in October, compared to a reading of 58.10 in the previous month. The preliminary figures had indicated a rise to 58.60. Markets were expecting the manufacturing PMI to rise to 58.60.

In Germany, the final manufacturing PMI remained unchanged at 60.60 in October, compared to market expectations of a drop to a level of 60.50. The preliminary figures had indicated a fall to 60.50.

In October, the seasonally adjusted unemployment rate remained steady at 5.6% in Germany, in line with market expectations.

UK

The BoE's Monetary Policy Committee voted 7-2 in favour of increasing the base rate to 0.50% from 0.25% for the first time in almost a decade and stated that interest rates will rise at a gradual pace and to a limited extent in future. Further, the central bank expressed concerns about rising inflation and consumer debt. Moreover, the November inflation report projected two more 0.25% percentage point rate hikes in the next two years, capping the base rate at 1.0% by 2020. BoE Governor, Mark Carney, stated that the Brexit talks would be the most important factor for the next move on interest rates, which could either go up or down.

In the UK, the construction PMI rose to a level of 50.80 in October, compared to a reading of 48.10 in the prior month. Market expectation was for the construction PMI to climb to 48.50.

Asia

In Australia, the AIG performance of services index eased to 51.40 in October. In the previous month, the index had registered a level of 52.10.

In Australia, the seasonally adjusted retail sales recorded a flat reading on a monthly basis in September, compared with market expectations for a rise of 0.4%. In the prior month, retail sales had fallen 0.6%.

In China, the Caixin/Markit services PMI index rose to a level of 51.20 in October, compared to a level of 50.60 in the previous month.

US

The US President, Donald Trump, has nominated Jerome Powell as the next Chief of the US Fed after the current Chairwoman, Janet Yellen's term expires in February 2018.

In the US, the seasonally adjusted initial jobless claims unexpectedly fell to a level of 229.00K in the week ended 28 October 2017, compared to a revised reading of 234.00K in the prior week. Market anticipation was for initial jobless claims to rise to 235.00K.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	Caixin/Markit Services PMI (Oct)	✓✓✓	51.20*	50.60	Monthly
China	03:45	HSBC China Composite PMI (Oct)	✓✓✓	51.00*	51.40	Monthly
UK	11:30	Markit Services PMI (Oct)	✓✓✓	53.30	53.60	Monthly
US	14:30	Average Hourly Earnings (Oct)	✓✓	-	USD22.23	Monthly
US	14:30	Change in Household Employment (Oct)	✓	-	906.00K	Monthly
US	14:30	Unemployment Rate (Oct)	✓✓✓	4.20%	4.20%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Oct)	✓✓	0.20%	0.50%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Oct)	✓✓	2.70%	2.90%	Monthly
US	14:30	Average Weekly Hours All Employees (Oct)	✓	34.40	34.40	Monthly
US	14:30	Underemployment Rate (Oct)	✓✓	-	8.30%	Monthly
US	14:30	Change in Manufacturing Payrolls (Oct)	✓	15.00K	-1.00K	Monthly
US	14:30	Change in Non-farm Payrolls (Oct)	✓✓✓	313.00K	-33.00K	Monthly
US	14:30	Change in Private Payrolls (Oct)	✓✓	302.00K	-40.00K	Monthly
US	14:30	Trade Balance (Sep)	✓✓✓	-USD43.20bn	-USD42.40bn	Monthly
US	16:00	Durable Goods Orders (Sep) (F)	✓✓✓	2.00%	2.20%**	Monthly
US	16:00	Factory Orders (MoM) (Sep)	✓✓✓	1.20%	1.20%	Monthly
US	16:00	ISM Non-Manufacturing PMI (Oct)	✓✓✓	58.50	59.80	Monthly
US	16:45	Markit Composite PMI (Oct) (F)	✓✓✓	-	55.70**	Monthly
US	16:45	Markit Services PMI (Oct) (F)	✓✓✓	55.90	55.90**	Monthly

Note: ✓✓✓ High

✓✓ Medium

✓ Low

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