

ONE Minute Brief

7 November 2017

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Economic and Political News

Deputy President Cyril Ramaphosa stated that the candidates he had indicated for the ANC's next top six positions were from interactions and nominations emerging from ANC structures and were not "prescriptive" and that ANC branches had the right to nominate their preferred candidates. This followed the ANC expressing concerns about "reports of statements made by leaders pronouncing on a line-up of comrades to be elected as officials".

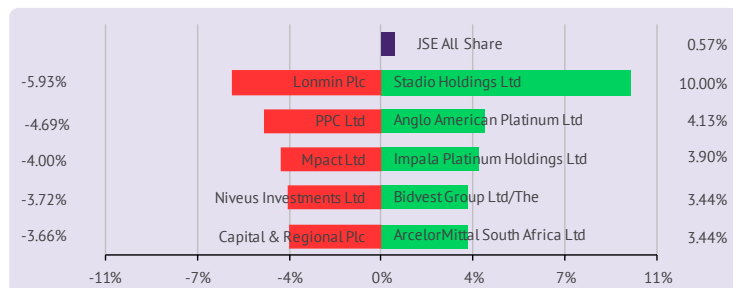
The Democratic Alliance (DA) has indicated that it would approach the Western Cape High Court to compel President Jacob Zuma to answer a question on the legal costs of the "spy tapes" case.

Officials from the South African Airways (SAA) are set to meet a group of domestic lenders today to negotiate the refinancing of about ZAR6bn in outstanding loans. The newly appointed CEO of SAA, Vuyani Jarana, indicated yesterday that banks had in principle agreed to extend the loan terms. Separately, the DA has accused the Treasury of not disclosing the interest rates charged by lenders on loans to the South African Airways (SAA). Further, Parliament's standing committee on finance has supported the DA's request of revealing rates charged.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, led by a sharp rally in platinum and gold mining sector stocks. The JSE All Share Index rose 0.6% to close at 59,975.67.



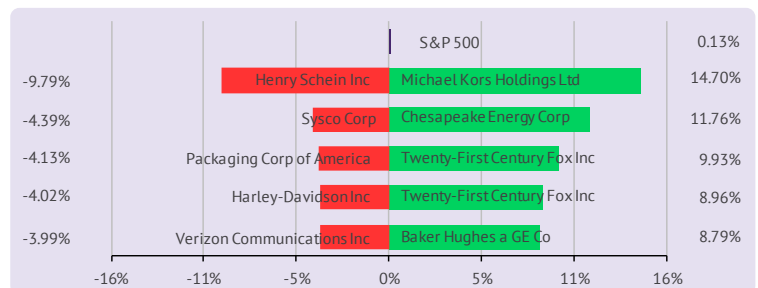
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59975.67	▲	337.46	0.57%	0.57%	1.69%	18.40%
JSE Top 40	53563.68	▲	364.72	0.69%	0.69%	1.89%	22.01%
FTSE 100	7562.28	▲	1.93	0.03%	0.03%	1.63%	5.87%
DAX 30	13468.79	▼	-10.07	-0.07%	-0.07%	3.12%	17.31%
CAC 40	5507.25	▼	-10.72	-0.19%	-0.19%	3.25%	13.26%
S&P 500	2591.13	▲	3.29	0.13%	0.13%	2.22%	15.74%
Nasdaq Composite	6786.44	▲	22.00	0.33%	0.33%	3.57%	26.07%
DJIA	23548.42	▲	9.23	0.04%	0.04%	4.34%	19.16%

US Market ▲

The S&P 500 futures are trading in the green

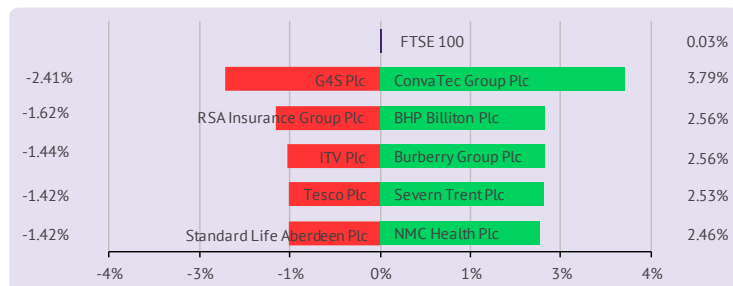
US markets closed higher yesterday, led by gains in energy shares, upbeat corporate earnings reports and news of big mergers talks and acquisitions. The S&P 500 Index climbed 0.1% to close at 2,591.13.



UK Market ▲

The FTSE 100 futures are trading in positive territory

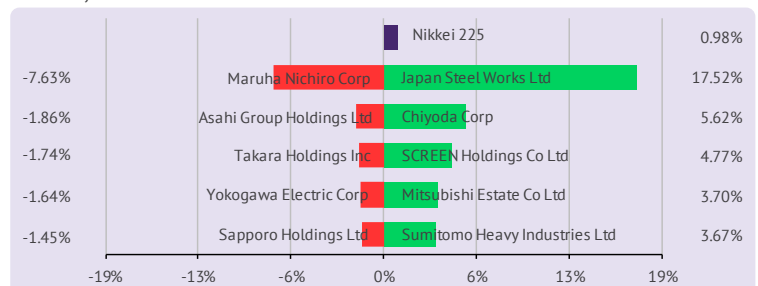
UK markets finished a tad higher yesterday, supported by gains in healthcare and consumer discretionary sector stocks. The FTSE 100 Index marginally advanced to close at 7,562.28.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that Japan's labour cash earnings advanced more-than-expected on an annual basis in September. The Nikkei 225 Index is trading 1.0% higher at 22,768.86.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R14.1045. Later today, traders will keep a close watch on US JOLTS job openings and change in consumer credit for further cues.

The US Dollar fell against the South African Rand yesterday.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R18.5834. Data indicated that UK's BRC like-for-like retail sales unexpectedly retreated on a yearly basis in October. Later today, traders will keep an eye on the UK NIESR GDP estimate and the Halifax house price index 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 rose 0.1% against the South African Rand to trade at R16.3773. Going forward, market participants will keep a tab on the European Central Bank President, Mario Draghi's speech and Eurozone's retail sales along with Germany's industrial production and the Markit construction PMI for further indication.

The Euro weakened against the South African Rand yesterday. On the macro front, Eurozone's Sentix investor confidence index climbed higher -than-expected to its highest level since July 2007 in November. Further, the final Markit services PMI was revised higher in October. Separately, Germany's final Markit services PMI expanded at a slower pace than initially estimated in October. However, the nation's factory orders surprisingly rose on a monthly basis in September.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally advanced against the South African Rand to trade at R10.8450. Earlier in the session, the Reserve Bank of Australia stood pat on the interest rate at its November monetary policy meeting, citing weakness in inflation and slowdown in the housing market. On the data front, the AiG performance of construction index recorded a drop in October from September, albeit remaining in the expansion territory.

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	14.1045	▲	-0.90%	-0.90%	-0.22%	4.19%	2.66%
GBPZAR	18.5834	▲	-0.15%	-0.15%	-1.05%	3.32%	9.72%
EURZAR	16.3773	▲	-0.87%	-0.87%	-0.54%	2.73%	13.33%
AUDZAR	10.8450	▲	-0.37%	-0.37%	0.23%	1.82%	9.43%
EURUSD	1.1611	▲	0.02%	0.02%	-0.31%	-1.42%	10.43%
GBPUSD	1.3174	▲	0.72%	0.72%	-0.84%	-0.86%	6.77%
Brent (\$/barrel)	64.2	▼	3.54%	3.54%	5.46%	7.31%	13.11%
Gold (\$/oz)	1280.6	▼	0.98%	0.98%	0.87%	-0.86%	11.28%
Platinum (\$/oz)	933.5	▼	1.42%	1.42%	1.67%	1.02%	3.70%
Copper (\$/MT)*	6937.0	▲	1.06%	1.06%	1.76%	5.98%	25.60%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,280.60/oz.

Yesterday, gold prices rose 1.0% to close at \$1,281.60/oz, as increasing geopolitical tensions and weakness in the US Dollar underpinned demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$64.18/bl.

Yesterday, Brent crude oil advanced 3.5% to settle at \$64.27/bl, amid rising political uncertainty in the major oil-producing country, Saudi Arabia, after news emerged regarding arrests of Saudi Arabian princes, businessmen and government ministers under corruption charges.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.2% to trade at \$933.50/oz.

Yesterday, platinum prices climbed 1.4% to close at \$935.00/oz.



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Major South Africa Corporate News

Anglogold Ashanti Limited

In its 3Q17 update, the company stated that gold production increased by 11.0% to 997,000oz compared with the corresponding period of the previous year. Further, the free cash flow was USD88.00mn which is a strong turnaround from USD41.00mn outflow in 2Q17.

Barloworld Limited

In its trading update, the company indicated that it expects FY17 HEPS from continuing operations to be in the range of 925.00c to 1,009.10c and EPS from continuing operations to be in the range of 885.60c to 920.60c.

Impala Platinum Holdings Limited

The company announced that it has completed the first phase of its investment in the Waterberg development project through acquisition of 15.0% shareholding in Waterberg for USD30.00mn from Platinum Group Metals Ltd and Japan Oil, Gas and Metals National Corporation.

Raubex Group Limited

In its 1H18 results, the company stated that its revenue decreased to ZAR4.67bn from ZAR4.76bn posted in the corresponding period of the previous year. Its diluted EPS rose 1.6% from the same period of the prior year to 134.00c.

Rebosis Property Fund Limited

The company announced that it has appointed Ms. Zandile Kogo to the board of directors as an Executive Director, effective November 3, 2017.

Redefine Properties Limited

In its 3Q16 results, the company revealed that its total revenue advanced 17.1% from the same period of the preceding year to ZAR7.79bn. Its diluted EPS stood at 65.98c, compared with 101.32c recorded in the corresponding period of the previous year. For FY18, the company expects EPS growth to be in the range of 5.0% to 6.0%. Separately, it announced the successful exchange of contracts with PATRIZIA Immobilien AG for the sale of the Leopard Portfolio for a total consideration of EUR205.00mn.

Major Global Economic News

Eurozone

In the Eurozone, the Sentix investor confidence index climbed to 34.00 in November, higher than market expectations of a rise to a level of 31.00. In the previous month, the index had registered a reading of 29.70.

In October, the final Markit services PMI fell to a level of 55.00 in the Eurozone, compared to a reading of 55.80 in the prior month. Markets were expecting services PMI to ease to a level of 54.90. The preliminary figures had indicated a drop to 54.90.

In Germany, the final services PMI registered a drop to 54.70 in October, compared to market expectations of a drop to a level of 55.20. The preliminary figures had indicated a fall to 55.20. In the previous month, services PMI had recorded a reading of 55.60.

In September, the seasonally adjusted factory orders unexpectedly advanced 1.0% on a monthly basis in Germany, compared with market expectations for a fall of 1.1%. In the previous month, factory orders had advanced by a revised 4.1%.

UK

In the UK, BRC retail sales across all sectors unexpectedly dropped 1.0% on a yearly basis in October, compared to a rise of 1.9% in the previous month. Markets were anticipating retail sales across all sectors to advance 0.8%.

Asia

In Japan, labour cash earnings climbed 0.9% on a yearly basis in September, higher than market expectations for a rise of 0.5%. Labour cash earnings had registered a similar rise in the prior month.

In Australia, the AIG performance of construction index recorded a drop to 53.20 in October. The index had recorded a level of 54.70 in the previous month.

The RBA, at its latest policy meeting, decided to keep its cash rate steady at 1.5%, citing weakness in inflation and slowdown in the housing market. The central bank kept its forecast for the nation's economic growth largely unchanged and expects inflation to rise gradually in the coming time. However, the central bank remained concerned about the outlook for household spending.

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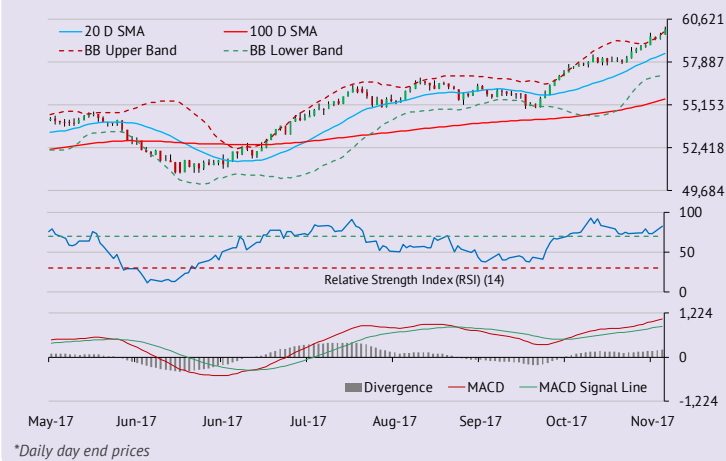
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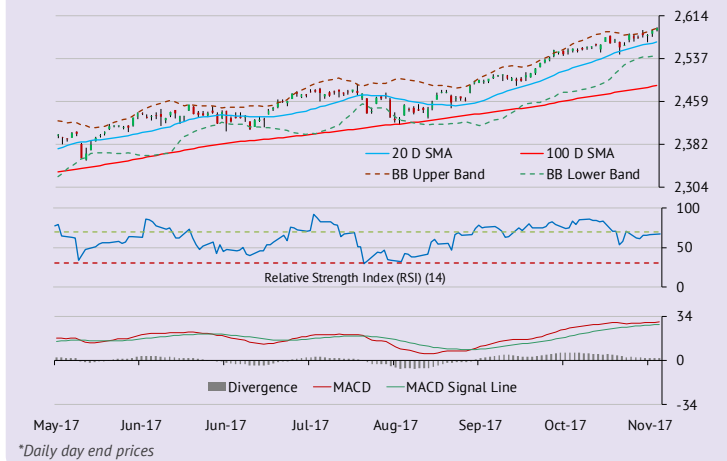
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 59,138.15, and a fall through could take it to the next support level of 58,300.63. The index is expected to find its first resistance at 60,476.76, and a rise through could take it to the next resistance level of 60,977.85.

S&P 500



The S&P 500 index is expected to find support at 2,573.74, and a fall through could take it to the next support level of 2,556.35. The index is expected to find its first resistance at 2,600.95, and a rise through could take it to the next resistance level of 2,610.77.

USDZAR



The pair is expected to find support at 13.9052, and a fall through could take it to the next support level of 13.7142. The pair is expected to find its first resistance at 14.2900, and a rise through could take it to the next resistance level of 14.4838.

XAU/USD



Gold is expected to find support at \$1,269.97/oz, and a fall through could take it to the next support level of \$1,258.33/oz. The precious metal is expected to find its first resistance at \$1,289.17/oz, and a rise through could take it to the next resistance level of \$1,296.73/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	02:00	Labour Cash Earnings (YoY) (Sep)	✓✓	0.90%*	0.90%	Monthly
UK	02:01	BRC Sales Like-For-Like (YoY) (Oct)	✓	-1.00%*	1.90%	Monthly
Japan	03:30	BoJ Furo makes a speech in Miyazaki	✓	-	-	As scheduled
Germany	08:00	Industrial Production (Sep)	✓	-	118.80	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Oct)	✓✓	USD42.50bn	USD42.65bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Oct)	✓✓	USD49.20bn	USD49.38bn	Monthly
Germany	09:00	Industrial Production s.a. (MoM) (Sep)	✓✓✓	-0.90%	2.60%	Monthly
UK	10:30	Halifax House Prices (3m/YoY) (Oct)	✓	4.50%	4.00%	Monthly
UK	10:30	Halifax House Prices (MoM) (Oct)	✓	0.20%	0.80%	Monthly
Eurozone	11:00	ECB's Draghi, Lautenschlaeger, Nouy Speak in Frankfurt	✓✓✓	-	-	As scheduled
Eurozone	12:00	Retail Sales (MoM) (Sep)	✓✓✓	0.60%	-0.50%	Monthly
Eurozone	12:00	Retail Sales (YoY) (Sep)	✓✓✓	2.80%	1.20%	Monthly
US	15:55	Redbook Index (YoY) (03-Nov)	✓	-	3.60%	Weekly
US	15:55	Redbook Index s.a. (MoM) (03-Nov)	✓	-	-1.30%	Weekly
US	17:00	JOLTs Job Openings (Sep)	✓	6075.00K	6082.00K	Monthly
UK	20:30	Bank of England's Taylor Speaks in London	✓	-	-	As scheduled
US	22:00	Consumer Credit Change (Sep)	✓✓	-	USD13.07bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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