

ONE Minute Brief

8 November 2017

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Economic and Political News

In South Africa (SA), net gold & forex reserves dropped, as expected, to USD42.50bn in October, compared to USD42.65bn in September.

Finance Minister, Malusi Gigaba, stated that President, Jacob Zuma, had agreed to his request for an investigation into the factors responsible for the under-collection of revenue at the South African Revenue Service (SARS), and to suggest urgent remedial steps to ensure meeting of revenue targets. SARS Commissioner, Tom Moyane, has agreed to cooperate with the inquiry. Separately, Gigaba revealed that many investors were interested in taking an equity stake in South African Airways (SAA) after the new board was appointed. Meanwhile, Bloomberg has reported that Gigaba met with representatives of the World Bank last week, to discuss financing the nuclear power programme in the nation.

The South African Broadcasting Corporation (SABC) revealed that it now owes its creditors close to ZAR600.0mn.

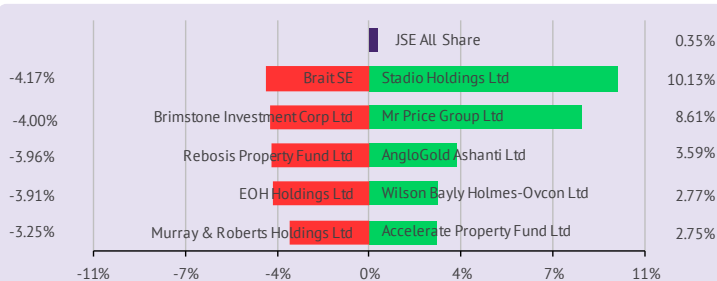
Communications Minister, Mmamoloko Kubayi-Ngubane, has indicated that she wants to appeal a High Court ruling that limits her powers with regard to the SABC.

Parliament has rejected a motion by Economic Freedom Fighters (EFF) leader, Julius Malema, to nationalise banks without compensation.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in retail and gold mining sector stocks. The JSE All Share Index rose 0.4% to close at 60,182.60.



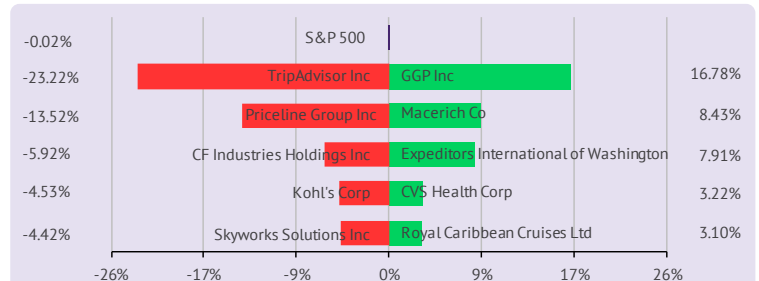
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	60182.60	▲	206.93	0.35%	0.91%	2.04%	6.12%	18.81%
JSE Top 40	53832.95	▲	269.27	0.50%	1.19%	2.40%	6.47%	22.62%
FTSE 100	7513.11	▼	-49.17	-0.65%	-0.62%	0.27%	1.63%	5.18%
DAX 30	13379.27	▼	-89.52	-0.66%	-0.74%	1.13%	3.12%	16.53%
CAC 40	5480.64	▼	-26.61	-0.48%	-0.68%	-0.41%	3.25%	12.72%
S&P 500	2590.64	▼	-0.49	-0.02%	0.11%	0.60%	2.22%	15.71%
Nasdaq Composite	6767.78	▼	-18.65	-0.27%	0.05%	0.60%	3.57%	25.72%
DJIA	23557.23	▲	8.81	0.04%	0.08%	0.77%	4.34%	19.20%

US Market ▼

The S&P 500 futures are trading in the red

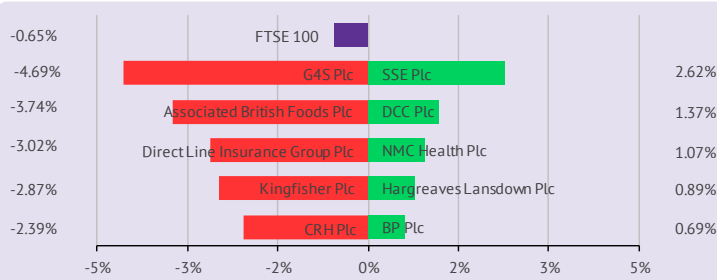
US markets closed a tad lower yesterday, weighed down by losses in financial sector stocks. Data showed that US consumer credit surged more-than-expected to its highest level since November 2016 in September. The S&P 500 Index marginally dropped to close at 2,590.64.



UK Market ▼

The FTSE 100 futures are trading in positive territory

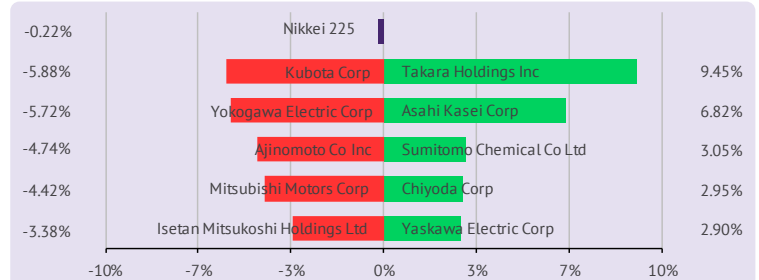
UK markets finished lower yesterday, led by losses in retail and industrial sector stocks followed by disappointing corporate earnings. Data showed that UK's Halifax house price index advanced in the August-October 2017 period. The FTSE 100 Index fell 0.7% to 7,513.11.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that China's trade surplus widened less than market expectations in October. The Nikkei 225 Index is trading 0.2% lower at 22,887.64.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R14.2171. Later today, traders will keep a close watch on US MBA mortgage applications for further direction.

The US Dollar rose against the South African Rand yesterday, after US consumer credit jumped more than market anticipations in September, notching its strongest level since November 2016. Further, the nation's JOLTS job openings surprisingly advanced in September.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R18.7216. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, after UK's Halifax house price index advanced as expected on an annual basis in the August-October 2017 period, reaching its highest level since February.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R16.4874. Amid lack of major economic releases in the Eurozone today, investors will look forward to global economic events.

The Euro strengthened against the South African Rand yesterday. The European Central Bank (ECB) President, Mario Draghi, indicated that most of the financial stability issues concerning low interest rates did not materialize and there is hardly any proof that the current monetary policy scenario in the Eurozone are hurting profitability of banks in the region. On the data front, Eurozone's monthly retail sales rebounded more-than-expected in September, while annual retail sales soared to its strongest level since July 2015 in the same month, boosted by increasing sales of clothing, food and tobacco. Meanwhile, Germany's industrial production retreated more than market forecast on a monthly basis in September. Further, the Markit construction PMI expanded at a slightly slower pace in October.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R10.8704. Earlier in the session, in China, Australia's largest trading partner, trade surplus increased less than market expectations in October, as the nation's imports advanced at a faster pace compared with exports.

The Australian Dollar rose against the South African Rand yesterday. The Reserve Bank of Australia kept the interest rate steady 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 declined in October, remaining in the expansion territory.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.2171	▼	1.00%	0.09%	0.77%	4.19%	3.68%
GBPZAR	18.7216	▼	0.93%	0.78%	-0.12%	3.32%	10.75%
EURZAR	16.4874	▼	0.79%	-0.08%	0.25%	2.73%	14.23%
AUDZAR	10.8704	▼	0.39%	0.02%	0.62%	1.82%	9.86%
EURUSD	1.1597	▲	-0.20%	-0.18%	-0.51%	-1.42%	10.22%
GBPU\$D	1.3169	▲	-0.04%	0.68%	-0.88%	-0.86%	6.73%
Brent (\$/barrel)	63.5	▼	-0.90%	2.61%	4.51%	7.31%	12.09%
Gold (\$/oz)	1278.1	▲	-0.45%	0.52%	0.42%	-0.86%	10.78%
Platinum (\$/oz)	927.4	▲	-1.04%	0.37%	0.62%	1.02%	2.63%
Copper (\$/MT)*	6792.8	▼	-2.08%	-1.05%	-0.35%	5.98%	22.99%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,278.10/oz.

Yesterday, gold prices fell 0.5% to close at \$1,275.80/oz, as strength in the greenback dented demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.2% to trade at \$63.54/bl.

Yesterday, Brent crude oil dropped 0.9% to settle at \$63.69/bl, reversing its previous session gains which saw crude prices at its highest level in two years, as geopolitical concerns faded away. Further, in a monthly report, the Energy Information Administration reduced its US crude output forecast by 0.1% for 2017, while raised its forecast for 2018 by 0.2% to 9.95mn bls a day. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories declined by 1.56mn bls last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.2% to trade at \$927.40/oz.

Yesterday, platinum prices declined 1.0% to close at \$925.30/oz.

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Major South Africa Corporate News

Brait SE

In its trading statement, the company stated that its Net Asset Value per share is expected to be in the range of ZAR65.50 and ZAR67.50 as on September 30, 2017.

Foschini Group Limited

The company announced that through its United Kingdom subsidiary, TFG Brands Limited, the company has entered into an agreement to acquire the entire issued share capital of a contemporary British womenswear brand, Hobbs.

Harmony Gold Mining Company Limited

In its 1Q18 operational update, the company stated that gold production from its South African underground operations increased by 14.0%, due to a 10.0% increase in ore milled and a 4.0% increase in recovered grade to 5.35g/t. Further, production profit increased to ZAR1.40bn from ZAR1.37bn posted in the corresponding period of the previous year.

Mr Price Group Limited

In its 1H18 trading statement, the company stated that its basic HEPS is expected to be in the range of 434.20c to 452.30c, reflecting an increase of 20.0% to 25.0%, compared with the same period of the prior year and diluted HEPS is expected to be in the range of 421.40c to 439.00c.

Pan African Resources Plc

The company announced that all the conditions related to the disposal of 100.0% of the shares and loan accounts in platinum mining proprietary limited to Sylvania Platinum Limited have been fulfilled for a total consideration of ZAR89.00mn.

PPC Limited

In its 1H18 trading statement, the company announced that its basic EPS is expected to be in the range of 19.00c to 21.00c, reflecting an increase of 45.0% to 60.0% compared with the same period of the prior year and basic HEPS is expected to be in the range of 18.00c to 20.00c, an increase of 30.0% to 40.0%, compared with the same period of the prior year.

Major Global Economic News

Eurozone

The ECB President, Mario Draghi, stated that most of the financial stability issues that were related to low interest rates did not materialize and there are hardly any evidence that current negative interest rates in the Eurozone are hurting profitability of banks in the region. Draghi also indicated that various reforms undertaken by European banks has strengthened the EU banking sector.

In the Eurozone, the seasonally adjusted retail sales rose 0.7% on a monthly basis in September, compared to a revised fall of 0.1% in the previous month. Market anticipation was for retail sales to advance 0.6%.

In Germany, the seasonally adjusted industrial production recorded a drop of 1.6% on a monthly basis in September, higher than market expectations for a drop of 0.9%. In the prior month, industrial production had risen 2.6%.

In October, the Markit construction PMI dropped to 53.30 in Germany, compared to a reading of 53.40 in the prior month.

UK

In the UK, the Halifax house price index climbed 4.5% on a yearly basis in the August-October 2017 period, meeting market expectations. The index had registered a rise of 4.0% in the July-September 2017 period.

US

In the US, JOLTs job openings unexpectedly rose to a level of 6093.00K in September, compared to market expectations of a drop to 6075.00K. JOLTs job openings had recorded a revised reading of 6090.00K in the prior month.

In September, consumer credit recorded a rise of USD20.83bn in the US, compared to a revised advance of USD13.14bn in the prior month. Market anticipation was for consumer credit to advance USD17.50bn.

Asia

China trade balance

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	05:40	Imports (YoY) (Oct)	✓✓	17.20%*	18.70%	Monthly
China	05:40	Exports (YoY) (Oct)	✓✓	6.90%*	8.10%	Monthly
China	05:40	Trade Balance (Oct)	✓✓	USD38.20bn*	USD28.47bn	Monthly
Japan	07:00	Coincident Index (Sep) (P)	✓	115.90	117.70	Monthly
Japan	07:00	Leading Economic Index (Sep) (P)	✓✓✓	106.60	107.20	Monthly
South Africa	11:30	SACCI Business Confidence Index (Oct)	✓✓✓	-	93.00	Monthly
UK	13:50	Bank of England's Kohn Speaks in London	✓	-	-	As scheduled
US	14:00	MBA Mortgage Applications (03-Nov)	✓	-	-2.60%	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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