

ONE Minute Brief

5 December 2017

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Economic and Political News

The Energy Department indicated that petrol price will increase by 71c to ZAR14.49 per litre from Wednesday, while diesel price will increase by 60c to ZAR12.95 per litre.

The African National Congress (ANC) in KwaZulu-Natal has recommended Nkosazana Dlamini Zuma as its preferred party president while ANC in Limpopo has named Cyril Ramaphosa as the preferred candidate.

The head of the ANC's economic transformation committee, Enoch Godongwana, has stated that the implementation of structural reforms at state-owned enterprises (SOEs) would be addressed at the ANC conference later in December.

The National Energy Regulator of South Africa (Nersa) indicated that a decision on Eskom's proposed tariff hike request will be made public on Wednesday next week.

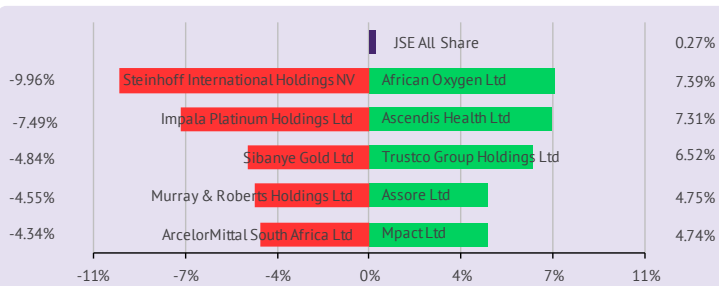
The Democratic Alliance (DA) has given President, Jacob Zuma and 17 members of his Cabinet the lowest rating of "F", in its 2017 report card on government performance.

The African National Congress (ANC) stated that it plans to file a complaint with the electoral commission over the logo used by former ANC MP, Makhosi Khoza's new political party, African Democratic Change (ADeC). A spokesperson for ADeC said that the ANC is being "petty" by raising issues with their party logo.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, boosted by gains in retail, industrial and property sector stocks. The JSE All Share Index rose 0.3% to close at 59,607.34.



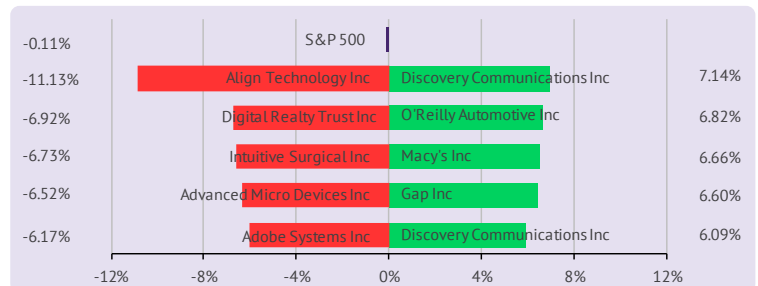
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59607.34	▲	157.96	0.27%	0.27%	-0.28%	1.34%	17.68%
JSE Top 40	53076.58	▲	188.22	0.36%	0.36%	-0.36%	1.33%	20.90%
FTSE 100	7338.97	▲	38.48	0.53%	0.53%	0.17%	-2.22%	2.75%
DAX 30	13058.55	▲	197.06	1.53%	1.53%	0.27%	-1.55%	13.74%
CAC 40	5389.29	▲	72.40	1.36%	1.36%	0.31%	-2.37%	10.84%
S&P 500	2639.44	▼	-2.78	-0.11%	-0.11%	-0.31%	2.81%	17.89%
Nasdaq Composite	6775.37	▼	-72.22	-1.05%	-1.05%	-1.43%	2.17%	25.86%
DJIA	24290.05	▲	58.46	0.24%	0.24%	0.07%	3.83%	22.91%

US Market ▼

The S&P 500 futures are trading in the green

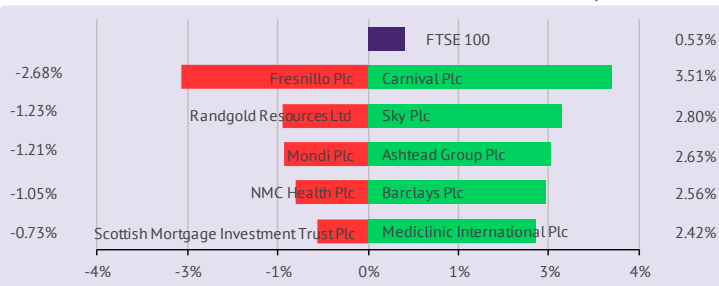
US markets closed lower yesterday, weighed down by losses in technology sector stocks. Data revealed that US monthly factory orders painted a negative picture for October. The S&P 500 Index dropped 0.1% to close at 2,639.44.



UK Market ▲

The FTSE 100 futures are trading in positive territory

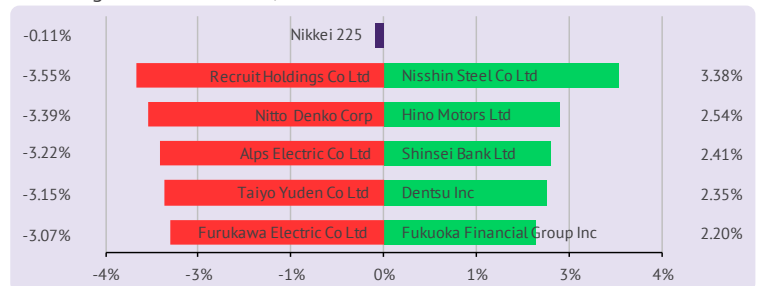
UK markets finished higher yesterday, amid gains in the banking sector stocks. Data showed that UK's Markit construction PMI advanced at a faster-than-expected pace to its highest level in five months in November. The FTSE 100 Index advanced 0.5% to close at 7,338.97.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data indicated that Japan's Nikkei services PMI dropped in November while China's Caixin services PMI advanced in the same month. The Nikkei 225 Index is trading 0.1% lower at 22,682.71.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally gained against the South African Rand to trade at R13.5218. Later today, traders will keep a close watch on the US ISM and Markit services PMI data along with the trade balance figures for further direction. Separately, South Africa's gross domestic product will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. On the data front, the US factory orders dropped less than market expectations on a monthly basis in October, led by a decline in demand for civilian and defense aircraft. Further, final durable goods orders recorded a less-than-anticipated drop on a monthly basis in the same month.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound marginally climbed against the South African Rand to trade at R18.2163. Data indicated that UK's BRC like-for-like retail sales rebounded on an annual basis in November. Later today, traders will keep an eye on UK's Markit services PMI for further cues.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's Markit construction PMI rose more than market anticipations in November, notching its highest level in five months.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R16.0566. Going forward, market participants will keep a tab on Eurozone's retail sales along with the Markit services PMI data across the region for further indication.

The Euro weakened against the South African Rand yesterday, after Eurozone's Sentix investor confidence index fell more-than-expected in December. However, the producer price index (PPI) grew at a slower pace on a yearly basis in October.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.7% higher against the South African Rand at R10.3364, after Australia's retail sales rebounded in October, notching its highest level in 5 months. Earlier in the session, Australia's AiG performance of service index recorded a rise in November, compared to its prior reading. Meanwhile, in China, Australia's largest trading partner, Caixin services PMI expanded in November. In major news, the Reserve Bank of Australia (RBA), at its December monetary policy meeting, maintained its key interest rate steady at 1.5%, in line with market expectations, citing soft wage growth and a lack of inflationary pressure. In a post meeting statement, Governor Philip Lowe, stated that the economy likely grew at around its "trend rate" over the year to the third quarter and expressed optimism about future growth prospects.

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	13.5218	▲	-1.61%	-1.61%	-1.32%	-3.04%	-1.56%
GBPZAR	18.2163	▲	-1.59%	-1.59%	-1.79%	-1.19%	7.60%
EURZAR	16.0566	▲	-1.85%	-1.85%	-1.69%	-0.84%	11.08%
AUDZAR	10.3364	▲	-1.87%	-1.87%	-1.02%	-4.09%	3.65%
EURUSD	1.1874	▲	-0.25%	-0.25%	-0.32%	2.22%	12.87%
GBPUSD	1.3468	▼	0.02%	0.02%	-0.33%	1.82%	9.27%
Brent (\$/barrel)	62.5	▲	-2.01%	-2.01%	-0.29%	2.77%	9.91%
Gold (\$/oz)	1277.9	▲	-0.35%	-0.35%	0.09%	0.21%	10.65%
Platinum (\$/oz)	928.7	▲	-1.55%	-1.55%	-1.75%	2.49%	2.71%
Copper (\$/MT)*	6800.8	▼	-0.11%	-0.11%	0.98%	-1.20%	23.14%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,277.90/oz.

Yesterday, gold prices fell 0.4% to close at \$1,274.30/oz, as strength in the US Dollar, dented demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.1% to trade at \$62.53/bl, amid expectations of a drop in US crude oil inventories and optimism following last week's extended output cut deal between OPEC and other crude producers.

Yesterday, Brent crude oil dropped 2.0% to settle at \$62.45/bl, amid concerns over increasing US crude production, after the US drillers added more oil rigs last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$928.70/oz.

Yesterday, platinum prices declined 1.6% to close at \$926.00/oz.

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Major South Africa Corporate News

Steinhoff International Holdings Limited

The company stated that the FY17 consolidated financial statement would be released on December 6, 2017, but it would be in the unaudited form. Further, Steinhoff added that the supervisory board and the statutory auditors have not yet finalised their review of certain matters and circumstances in connection with the audit of the company's consolidated financial statements, most of which were raised by the criminal and tax investigation in Germany.

Major Global Economic News

Asia

In China, the Caixin/Markit services PMI index climbed to 51.90 in November, compared to a level of 51.20 in the prior month.

The RBA at its December monetary policy meeting, maintained its key interest rate steady at 1.5%, in line with market expectations, citing soft wage growth and a lack of inflationary pressure. In a post meeting statement, Governor Philip Lowe, stated that the economy likely grew at around its "trend rate" over the year to the third quarter and expressed optimism about future growth prospects. Further, the central bank stuck to its forecast for inflation to "pick up gradually as the economy strengthens".

In Australia, the seasonally adjusted current account deficit fell to AUD9.10bn in 3Q17, following a revised current account deficit of AUD9.70bn in the prior quarter. Markets were anticipating the nation to register a current account deficit of AUD8.70bn.

In October, the seasonally adjusted retail sales rose 0.5% on a monthly basis in Australia, more than market expectations for an advance of 0.3%. In the prior month, retail sales had climbed by a revised 0.1%.

In Australia, the AIG performance of services index recorded a rise to 51.70 in November, compared to a reading of 51.40 in the prior month.

In Japan, the Markit services PMI registered a drop to 51.20 in November. In the prior month, Markit composite PMI had recorded a level of 53.40.

US

In the US, factory orders dropped 0.1% on a monthly basis in October, lower than market expectations for a drop of 0.4%. Factory orders had climbed by a revised 1.7% in the previous month.

In October, the final durable goods orders recorded a drop of 0.8% on a monthly basis in the US, lower than market expectations for a drop of 1.1%. Durable goods orders had climbed by a revised 2.2% in the previous month. The preliminary figures had indicated a fall of 1.2%.

UK

In the UK, BRC retail sales across all sectors registered a rise of 0.6% on an annual basis in November, compared to a drop of 1.0% in the prior month.

In November, the UK construction PMI rose to a reading of 53.10, compared to market expectations for an advance to 51.00. The construction PMI had recorded a reading of 50.80 in the prior month.

Eurozone

In the Eurozone, the Sentix investor confidence index fell to a level of 31.10 in December, compared to a level of 34.00 in the prior month. Market anticipation was for the index to fall to a level of 33.40.

In October, the PPI climbed 2.5% on a yearly basis in the Eurozone, compared to a revised rise of 2.8% in the prior month. Markets were expecting the PPI to climb 2.6%.

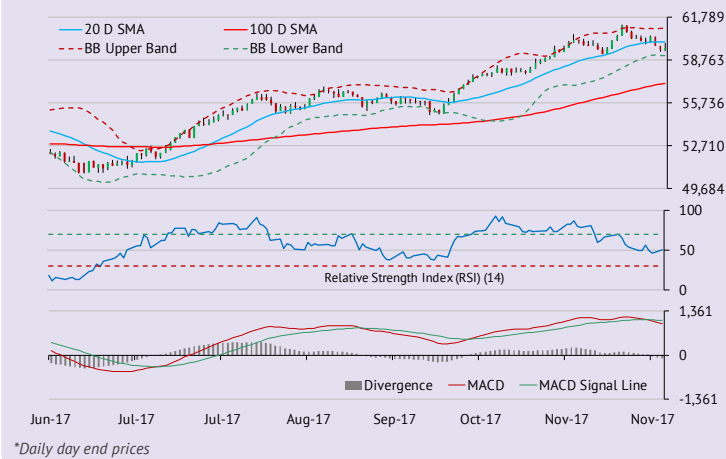
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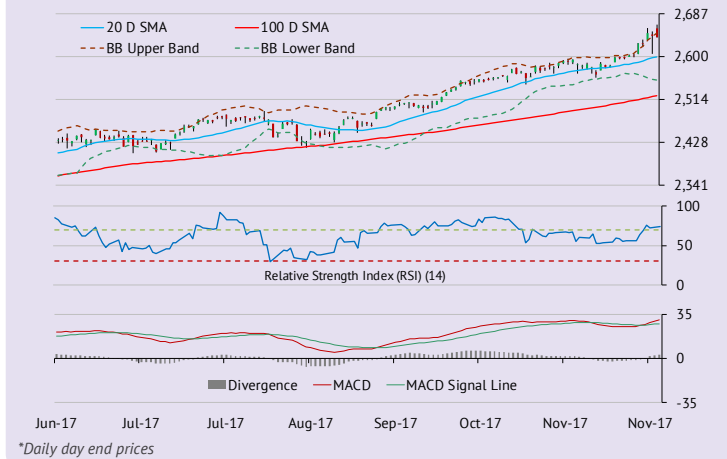
Technical Snapshot

JSE All Share



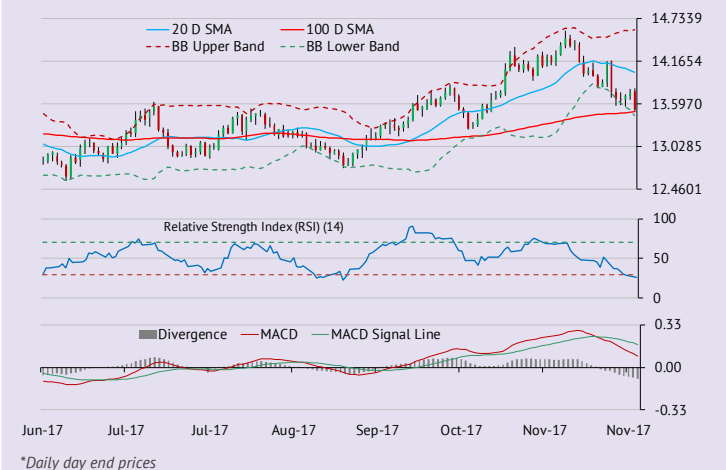
The JSE All Share index is expected to find support at 59,120.47, and a fall through could take it to the next support level of 58,633.60. The index is expected to find its first resistance at 60,311.32, and a rise through could take it to the next resistance level of 61,015.30.

S&P 500



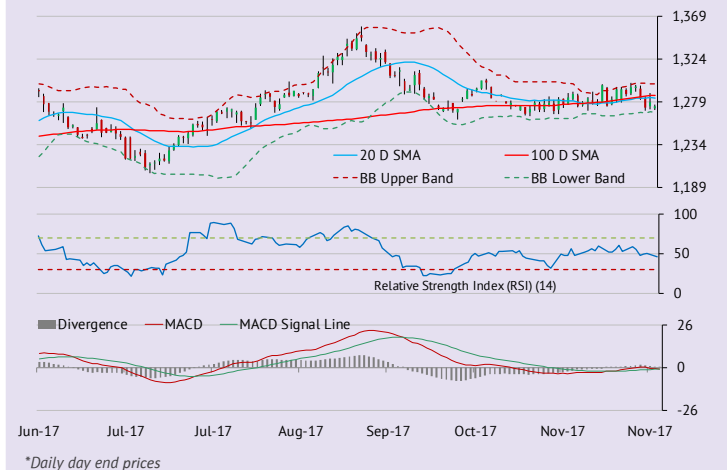
The S&P 500 index is expected to find support at 2,608.19, and a fall through could take it to the next support level of 2,576.94. The index is expected to find its first resistance at 2,667.94, and a rise through could take it to the next resistance level of 2,696.44.

USDZAR



The pair is expected to find support at 13.4027, and a fall through could take it to the next support level of 13.2880. The pair is expected to find its first resistance at 13.7200, and a rise through could take it to the next resistance level of 13.9226.

XAU/USD



Gold is expected to find support at \$1,263.67/oz, and a fall through could take it to the next support level of \$1,253.03/oz. The precious metal is expected to find its first resistance at \$1,290.97/oz, and a rise through could take it to the next resistance level of \$1,307.63/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	02:01	BRC Sales Like-For-Like (YoY) (Nov)	✓✓✓	0.60%*	-1.00%	Monthly
Japan	02:30	Markit Japan Services PMI (Nov)	✓✓	51.20*	53.40	Monthly
Japan	02:30	Markit/JMMA Composite PMI (Nov)	✓✓✓	52.20*	53.40	Monthly
China	03:45	Caixin/Markit Services PMI (Nov)	✓✓✓	51.90*	51.20	Monthly
China	03:45	HSBC China Composite PMI (Nov)	✓✓✓	51.60*	51.00	Monthly
Germany	10:55	Markit Services PMI (Nov) (F)	✓✓✓	54.90	54.90**	Monthly
Eurozone	11:00	Markit Composite PMI (Nov) (F)	✓✓✓	57.50	57.50**	Monthly
Eurozone	11:00	Markit Services PMI (Nov) (F)	✓✓✓	56.20	56.20**	Monthly
UK	11:30	Official Reserves (Changes) (Nov)	✓✓	-	USD30.00mn	Monthly
South Africa	11:30	Gross Domestic Product (QoQ) (Q3)	✓✓✓	1.70%	2.50%	Quarterly
UK	11:30	Markit Services PMI (Nov)	✓✓✓	55.00	55.60	Monthly
South Africa	11:30	Gross Domestic Product (YoY) (Q3)	✓✓✓	0.80%	1.10%	Quarterly
Eurozone	12:00	Gross Fixed Capital (QoQ) (Q3)	✓	-	0.90%	Quarterly
Eurozone	12:00	Household Consumption (QoQ) (Q3)	✓	-	0.50%	Quarterly
Eurozone	12:00	Government Expenditure (QoQ) (Q3)	✓	-	0.50%	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q3) (F)	✓✓✓	0.60%	0.60%**	Quarterly
Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q3) (F)	✓✓	2.50%	2.50%**	Quarterly
Eurozone	12:00	Retail Sales (MoM) (Oct)	✓✓✓	-0.70%	0.70%	Monthly
Eurozone	12:00	Retail Sales (YoY) (Oct)	✓✓✓	1.60%	3.70%	Monthly
US	15:30	Trade Balance (Oct)	✓✓✓	-USD47.50bn	-USD43.50bn	Monthly
US	16:00	IBD/TIPP Economic Optimism (MoM) (Dec)	✓✓✓	54.60	53.60	Monthly
US	16:45	Markit Composite PMI (Nov) (F)	✓✓✓	-	54.60**	Monthly
US	16:45	Markit Services PMI (Nov) (F)	✓✓✓	55.20	54.70**	Monthly
US	17:00	ISM Non-Manufacturing PMI (Nov)	✓✓✓	59.00	60.10	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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