

ONE Minute Brief

6 December 2017

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Economic and Political News

In South Africa, the annualized gross domestic product (GDP) rose 2.0% on a quarterly basis in 3Q17, higher than market expectations for an advance of 1.7%. Growth was led by agriculture, mining, and manufacturing sectors. The annualized GDP had risen by a revised 2.8% in the prior quarter. In 3Q17, household expenditure rose 2.6%, government expenditure dropped 0.5%, gross fixed capital increased 4.3%, while exports and imports were down 10.3% and 13.7%, respectively.

President, Jacob Zuma, stated that Africa should reverse the trend of exporting raw materials and importing finished goods by developing its manufacturing capabilities, achieving industrialisation and driving intra-African trade.

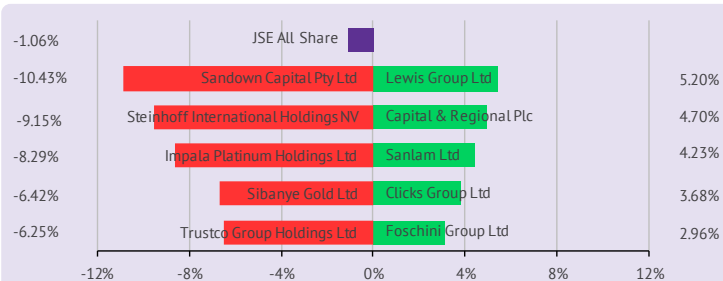
Parliament's public enterprises' portfolio committee asked Eskom's suspended Chief Financial Officer, Anoj Singh, to leave yesterday and criticised him for undermining the investigation, as he had filed his submissions late, thereby not providing MPs enough time to study them.

South African Minister of water and sanitation, Nomvula Mokonyane, has asked the business community to invest in the nation's water security, highlighting its importance for the economy.

South Africa Market ▼

South African markets closed lower

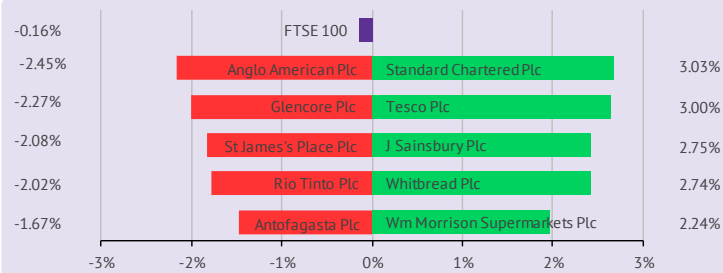
South African markets closed in the red yesterday, led by sharp losses in platinum and gold mining sector stocks. Data revealed that South Africa's GDP advanced more-than-expected on a quarterly basis in 3Q17. The JSE All Share Index fell 1.1% to close at 58,977.23.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, led by losses in mining sector stocks, following dismal British services data. Data showed that UK's Markit services PMI fell more-than-expected in November. The FTSE 100 Index declined 0.2% to close at 7,327.50.



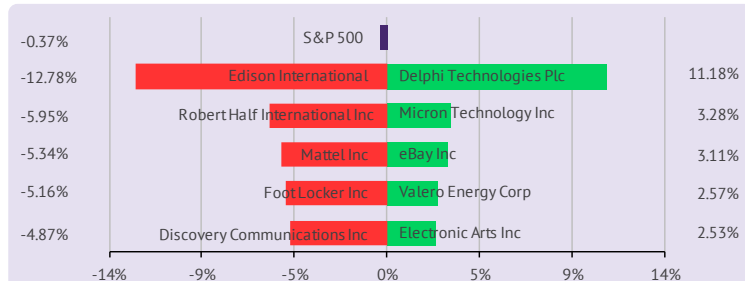
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	58977.23	▼ -630.11	-1.06%	-0.79%	-1.33%	1.34%	16.43%
JSE Top 40	52412.51	▼ -664.07	-1.25%	-0.90%	-1.61%	1.33%	19.39%
FTSE 100	7327.50	▼ -11.47	-0.16%	0.37%	0.01%	-2.22%	2.59%
DAX 30	13048.54	▼ -10.01	-0.08%	1.45%	0.19%	-1.55%	13.65%
CAC 40	5375.53	▼ -13.76	-0.26%	1.10%	0.05%	-2.37%	10.56%
S&P 500	2629.57	▼ -9.87	-0.37%	-0.48%	-0.68%	2.81%	17.45%
Nasdaq Composite	6762.21	▼ -13.15	-0.19%	-1.25%	-1.63%	2.17%	25.62%
DJIA	24180.64	▼ -109.41	-0.45%	-0.21%	-0.38%	3.83%	22.36%

US Market ▼

The S&P 500 futures are trading in the red

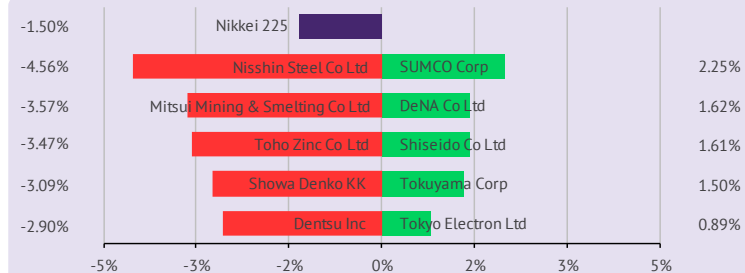
US markets closed lower yesterday, led by losses in telecommunication, industrial and utility sector stocks. Data indicated that the US ISM non-manufacturing PMI declined more-than-expected in November. The S&P 500 Index dropped 0.4% to close at 2,629.57.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 1.5% lower at 22,282.31.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar gained 0.2% against the South African Rand to trade at R13.4714. Later today, traders will keep a close watch on the US ADP employment change and unit labour cost data for further direction.

The US Dollar fell against the South African Rand yesterday, after the US ISM non-manufacturing PMI dropped more than market expectations in November, remaining in expansion territory. Furthermore, Markit services PMI unexpectedly fell in the same month. Additionally, the nation's trade deficit widened more-than-expected in October. Separately, South Africa's GDP rose more than market expectations on a quarterly basis in the third quarter of 2017, led by a recovery in the agriculture sector.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R18.0979. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, after UK's Markit services PMI registered a more-than-anticipated decline in November, led by rising prices.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.3% firmer against the South African Rand at R15.9519. Going forward, market participants will keep a tab on the European Central Bank's non-monetary policy meeting along with Germany's factory orders for further cues.

The Euro weakened against the South African Rand yesterday, after Eurozone's retail sales retreated more-than-expected on a monthly basis in October. However, Markit services PMI recorded a steady reading in November, at par with market expectations. Meanwhile, Germany's Markit services PMI unexpectedly fell in the same month.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.2% against the South African Rand to trade at R10.2115, after Australia reported weaker-than-expected 3Q17 GDP estimates. Data showed that the nation's GDP grew at a slower pace on a quarterly basis in 3Q17.

The Australian Dollar fell against the South African Rand yesterday. On the data front, Australia's retail sales rebounded in October, notching its highest level in 5 months. Further, AiG performance of service index recorded a rise in November, compared to its previous 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, kept its benchmark interest rate unchanged at 1.5%, as expected, citing soft wage growth and a lack of inflationary pressure.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4714	▲	-0.51%	-2.10%	-1.82%	-3.04%	-2.06%
GBPZAR	18.0979	▲	-0.74%	-2.32%	-2.52%	-1.19%	6.80%
EURZAR	15.9519	▲	-0.83%	-2.66%	-2.51%	-0.84%	10.15%
AUDZAR	10.2115	▼	-0.36%	-2.22%	-1.37%	-4.09%	3.28%
EURUSD	1.1841	▲	-0.34%	-0.59%	-0.66%	2.22%	12.49%
GBPUSD	1.3435	▼	-0.27%	-0.25%	-0.61%	1.82%	8.97%
Brent (\$/barrel)	62.6	▼	0.66%	-1.37%	0.37%	2.77%	10.63%
Gold (\$/oz)	1268.7	▲	-1.00%	-1.35%	-0.91%	0.21%	9.54%
Platinum (\$/oz)	916.8	▼	-0.92%	-2.46%	-2.65%	2.49%	1.76%
Copper (\$/MT)*	6513.0	▼	-4.23%	-4.34%	-3.30%	-1.20%	17.93%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged higher 0.6% to trade at \$1,268.70/oz, amid increased geopolitical concerns.

Yesterday, gold prices fell 1.0% to close at \$1,261.60/oz, as strength in the US Dollar, lowered demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$62.64/bbl. Going ahead, investors will keep a tab on the US crude oil inventory data releases by the Energy Information Administration (EIA).

Yesterday, Brent crude oil advanced 0.7% to settle at \$62.86/bbl, after the American Petroleum Institute (API) reported that crude oil inventories declined 5.5mn bls during the week ended 1 December 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$916.80/oz.

Yesterday, platinum prices declined 0.9% to close at \$917.50/oz.

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Major South Africa Corporate News

Sappi Limited

The company announced that it has entered into an agreement with Cham Paper Group Holding AG, whereby Sappi would acquire the speciality paper business assets consisting of two mills in Italy and a digital imaging business in Switzerland for a consideration worth CHF146.50mn. The closing date for the transaction was expected during 1Q18.

Major Global Economic News

US

In the US, the non-manufacturing PMI dropped to 57.40 in November, compared to a level of 60.10 in the prior month. Markets expected the non-manufacturing PMI to drop to 59.00.

In November, the final Markit services PMI dropped to 54.50 in the US, compared to a level of 55.30 in the prior month. The preliminary figures had recorded a drop to 54.70. Markets were anticipating Markit services PMI to fall to a level of 55.20.

In the US, trade deficit rose to USD48.70bn in October, compared to market expectations for a deficit of USD47.50bn. The US had reported a revised trade deficit of USD44.90bn in the previous month.

UK

In the UK, the Markit services PMI recorded a drop to 53.80 in November, more than market expectations of a drop to a level of 55.00. In the previous month, the services PMI had registered a reading of 55.60.

Eurozone

In the Eurozone, the seasonally adjusted retail sales slid 1.1% on a monthly basis in October, compared to a revised advance of 0.8% in the previous month. Market expectation was for retail sales to fall 0.7%.

In November, the final Markit services PMI climbed to 56.20 in the Eurozone, compared to a reading of 55.00 in the previous month. The preliminary figures had also indicated a rise to 56.20. Markets were expecting services PMI to climb to a level of.

In Germany, the final Markit services PMI registered an unexpected drop to a level of 54.30 in November, compared to market expectations of an advance to 54.90. In the previous month, services PMI had registered a level of 54.70. The preliminary figures had indicated an advance to 54.90.

Asia

In Australia, the seasonally adjusted GDP advanced 0.6% on a quarterly basis in 3Q17, lower than market expectations for an advance of 0.7%. GDP had registered a rise of 0.8% in the prior quarter.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Japan	03:30	BoJ Masai makes a speech	✓	-	-	As scheduled
Germany	09:00	Germany- Foreign Export Orders (Oct)	✓	-	128.30	Monthly
Germany	09:00	Germany- Domestic Orders (Oct)	✓	-	112.50	Monthly
Germany	09:00	Germany- Manufacturing Order-Total (Oct)	✓	-	121.20	Monthly
Germany	09:00	Factory Orders n.s.a. (YoY) (Oct)	✓✓✓	7.00%	9.50%	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Oct)	✓✓	-0.20%	1.00%	Monthly
Eurozone	10:00	Non-monetary policy's ECB meeting	✓✓✓	-	-	As scheduled
Switzerland	10:15	Consumer Price Index (MoM) (Nov)	✓✓	0.00%	0.10%	Monthly
Switzerland	10:15	Consumer Price Index (YoY) (Nov)	✓✓	0.80%	0.70%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Nov)	✓	-	92.90	Monthly
Eurozone	12:30	ECB Executive Board member Yves Mersch speaks in Frankfurt	✓	-	-	As scheduled
US	14:00	MBA Mortgage Applications (01-Dec)	✓	-	-3.10%	Weekly
US	15:15	ADP Employment Change (Nov)	✓✓✓	190.00K	235.00K	Monthly
US	15:30	Non-Farm Productivity (Q3) (F)	✓	3.30%	3.00%**	Quarterly
US	15:30	Unit Labour Costs (Q3) (F)	✓	0.20%	0.50%**	Quarterly
Canada	17:00	Bank of Canada Interest Rate Decision	✓✓✓	1.00%	1.00%	As scheduled
US	17:00	IBD/TIPP Economic Optimism (MoM) (Dec)	✓	54.60	53.60	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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