

ONE Minute Brief

13 December 2017

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Economic and Political News

In South Africa (SA), manufacturing production rose more-than-expected by 2.2% on an annual basis in October, compared to a revised fall of 1.7% in September. Non-farm payrolls dropped 0.3% on a quarterly basis in 3Q17, compared to a revised similar fall in the previous quarter.

The Presidency has dismissed media reports claiming that it is drafting regulations for a state of emergency that would allow security forces to use as much force as necessary.

The 2017 South African Reconciliation Barometer revealed that South African Broadcasting Corporation was the only public institution in which more than half the respondents had confidence.

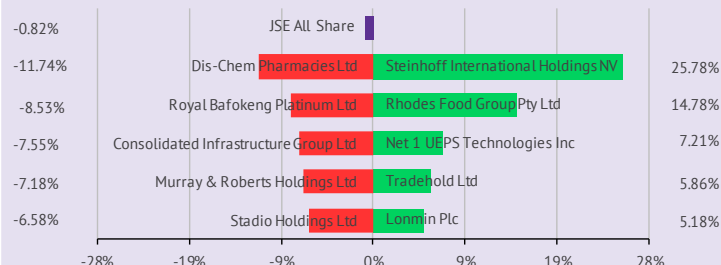
Parliament's Standing Committee on Finance has asked the Financial Services Board (FSB), the South African Reserve Bank (SARB), the Independent Regulatory Board for Auditors (IRBA) and the Johannesburg Stock Exchange (JSE), to complete their probe into Steinhoff quickly and reveal the results to the public. Meanwhile South Africa's Department of Trade and Industry and the Companies and Intellectual Property Commission indicated that they would investigate whether Steinhoff had breached domestic company laws.

The South African Revenue Service (SARS) has expressed concern about falling tax compliance, stating that some taxpayers unhappy with the government had stopped paying taxes.

South Africa Market ▼

South African markets closed lower

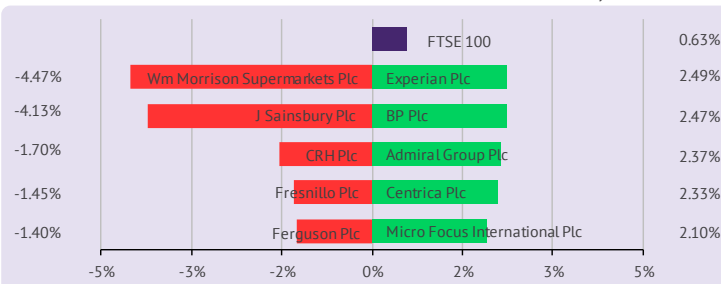
South African markets closed in the red yesterday, amid losses in gold and platinum mining sector stocks. Data showed that South Africa's annual manufacturing production rebounded more-than-expected in October. The JSE All Share Index fell 0.8% to close at 57,523.62.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, supported by sharp gains in energy sector stocks and weakness in the British Pound. Data revealed that UK's annual consumer price index (CPI) rose at a faster pace in November. The FTSE 100 Index advanced 0.6% to close at 7,500.41.



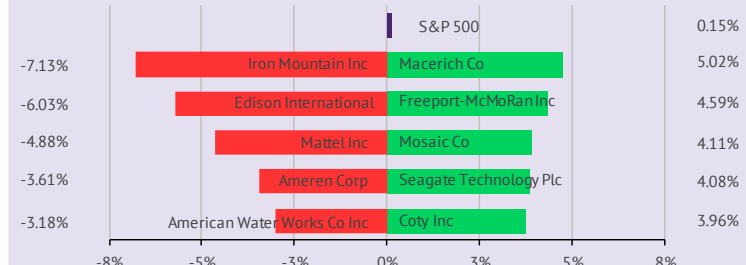
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	57523.62	▼ -473.71	-0.82%	-0.84%	-3.76%	1.34%	13.56%
JSE Top 40	51312.31	▼ -398.91	-0.77%	-0.69%	-3.67%	1.33%	16.88%
FTSE 100	7500.41	▲ 46.93	0.63%	1.44%	2.37%	-2.22%	5.01%
DAX 30	13183.53	▲ 59.88	0.46%	0.23%	1.23%	-1.55%	14.83%
CAC 40	5427.19	▲ 40.36	0.75%	0.52%	1.01%	-2.37%	11.62%
S&P 500	2664.11	▲ 4.12	0.15%	0.48%	0.62%	2.81%	19.00%
Nasdaq Composite	6862.32	▼ -12.76	-0.19%	0.33%	-0.17%	2.17%	27.48%
DJIA	24504.80	▲ 118.77	0.49%	0.72%	0.96%	3.83%	24.00%

US Market ▲

The S&P 500 futures are trading in the red

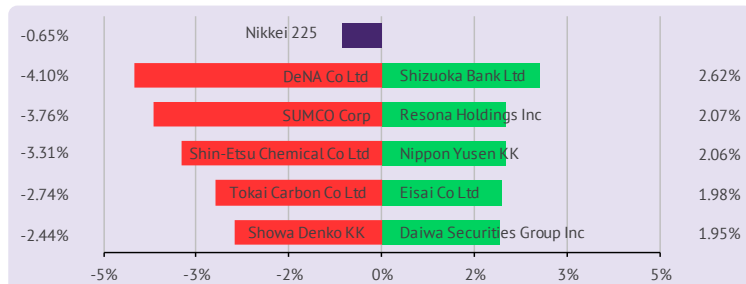
US markets closed higher yesterday, boosted by gains in financial and banking sector stocks. Data indicated that US monthly budget deficit unexpectedly rose in November. The S&P 500 Index climbed 0.2% to close at 2,664.11.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.7% lower at 22,717.46.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R13.6655. Later today, traders will keep a close watch on the US CPI and real average earnings data for further direction. Separately, South Africa's CPI and retail sales will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, ahead of a likely US interest rate hike. On the macro front, US monthly budget deficit widened in November. However, the NFIB small business optimism index jumped more-than-expected in the same month. Separately, South Africa's manufacturing production painted a positive picture for October. In contrast, non-farm payrolls recorded a drop on a quarterly basis in the third quarter of 2017.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R18.2052. Later today, traders will keep an eye on UK's Claimant count rate, ILO unemployment rate and average weekly earnings for further cues.

The British Pound advanced against the South African Rand yesterday, after UK's CPI surprisingly advanced on a yearly basis in November, notching its highest level in six years. However, the retail price index rose less-than-expected on an annual basis in the same month. Further, the house price index grew at a slower-than-anticipated pace on a yearly basis in October.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading marginally higher against the South African Rand at R16.0653. Going forward, market participants will keep a tab on Eurozone's industrial production and employment change for further indication. Meanwhile, Germany's CPI and wholesale price index will be on investors radar.

The Euro strengthened against the South African Rand yesterday. In economic news, Eurozone's ZEW economic sentiment index recorded a more-than-expected drop in December. Furthermore, Germany's ZEW expectation index eased higher than market anticipations in the same month. However, the current situation index unexpectedly soared in December.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R10.3524. Earlier in the session, Australia's Westpac consumer confidence index entered the positive territory in December.

The Australian Dollar rose against the South African Rand yesterday. On the data front, Australia's NAB business confidence index dropped in November. Further, the NAB business conditions index fell in the same month. In contrast, the house price index surprised with a drop on a quarterly basis in 3Q17.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.6655	▼	0.54%	0.06%	-0.16%	-3.04%	-0.40%
GBPZAR	18.2052	▼	0.42%	-0.26%	-1.77%	-1.19%	7.62%
EURZAR	16.0653	▲	0.29%	-0.20%	-1.58%	-0.84%	11.20%
AUDZAR	10.3524	▲	1.00%	0.83%	-0.35%	-4.09%	4.35%
EURUSD	1.1756	▲	-0.23%	-0.26%	-1.36%	2.22%	11.69%
GBPUSD	1.3322	▲	-0.17%	-0.54%	-1.53%	1.82%	7.96%
Brent (\$/barrel)	64.0	▲	-2.09%	-0.09%	1.13%	2.77%	11.47%
Gold (\$/oz)	1246.1	▲	-0.42%	-0.54%	-2.73%	0.21%	7.54%
Platinum (\$/oz)	878.5	▲	-1.92%	-0.91%	-7.09%	2.49%	-2.87%
Copper (\$/MT)*	6626.5	▼	-0.12%	1.37%	-1.61%	-1.20%	19.98%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,246.10/oz.

Yesterday, gold prices fell 0.4% to close at \$1,238.50/oz, extending its previous session losses.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 1% to trade at \$63.95/bl, after data showed a larger-than-expected drawdown in US crude stockpiles.

Yesterday, Brent crude oil dropped 2.1% to settle at \$63.34/bl, after the Energy Information Administration (EIA) raised its 2018 annual average US crude production forecast to 10.0mn bls a day. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories declined 7.4mn bls during the week ended 8 December 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$878.50/oz.

Yesterday, platinum prices declined 1.9% to close at \$875.70/oz.

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Major South Africa Corporate News

Glencore Plc

In its investor update, the company announced that outlook for Tier 1 commodities like copper, cobalt, nickel, zinc & thermal coal would be underpinned by persistent supply challenges and robust demand. Further, the marketing is highly cash generative across the cycle and the company expects 2017 Marketing EBIT to be approximately USD2.80bn.

Major Global Economic News

UK

In the UK, the CPI registered a rise of 3.1% on a yearly basis in November, compared to an advance of 3.0% in the prior month. Market expectation was for the CPI to advance 3.0%.

In November, the retail price index rose 3.9% on an annual basis in the UK, less than market expectations for a rise of 4.0%. The index had risen 4.0% in the prior month.

In the UK, the house price index climbed 4.5% on a yearly basis in October, lower than market expectations for an advance of 5.2%. The index had registered a revised rise of 4.8% in the prior month.

US

In the US, budget deficit widened to USD138.50bn in November, compared to a deficit of USD63.20bn in the prior month.

In November, the NFIB small business optimism index registered a rise to 107.50 in the US, compared to a level of 103.80 in the prior month. Markets were anticipating the index to climb to a level of 104.00.

Eurozone

In the Eurozone, the economic sentiment index dropped to 29.00 in December, compared to a reading of 30.90 in the prior month.

In Germany, the current situation index unexpectedly climbed to 89.30 in December, compared to a level of 88.80 in the previous month. Market expectation was for the index to ease to a level of 88.70.

In December, the economic sentiment index eased to 17.40 in Germany, compared to a reading of 18.70 in the previous month. Market expectation was for the index to ease to a level of 18.00.

Asia

In Australia, the Westpac consumer confidence index recorded a rise of 3.6% to a level of 103.30 on a monthly basis in December. In the previous month, the index had registered a reading of 99.70.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Machinery Orders (YoY) (Oct)	✓✓	2.30%*	-3.50%	Monthly
Germany	09:00	Wholesale Price Index (MoM) (Nov)	✓	-	0.00%	Monthly
Germany	09:00	Wholesale Price Index (YoY) (Nov)	✓	-	3.00%	Monthly
Germany	09:00	Consumer Price Index (MoM) (Nov) (F)	✓✓✓	0.30%	0.30%**	Monthly
Germany	09:00	Consumer Price Index (YoY) (Nov) (F)	✓✓✓	1.80%	1.80%**	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Nov)	✓✓✓	4.70%	4.80%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Nov)	✓✓✓	0.10%	0.30%	Monthly
Japan	11:00	BoJ Kuroda makes a brief speech at Economists' Gathering	✓✓	-	-	As scheduled
UK	11:30	Claimant Count Change (Nov)	✓✓✓	-	1.10K	Monthly
UK	11:30	Claimant Count Rate s.a. (Nov)	✓✓	-	2.30%	Monthly
UK	11:30	Claimant Count s.a. (Nov)	✓✓✓	-	806.10K	Monthly
UK	11:30	Average Earnings Excluding Bonus (3Mo/Yr) (Oct)	✓	2.20%	2.20%	Monthly
UK	11:30	Average Earnings Including Bonus (3Mo/Yr) (Oct)	✓✓	2.50%	2.20%	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Oct)	✓✓✓	4.20%	4.30%	Monthly
UK	11:30	Employment Change (3M/3M) (Oct)	✓✓✓	-40.00K	-14.00K	Monthly
Eurozone	12:00	Employment Change (QoQ) (Q3)	✓✓✓	-	0.40%	Quarterly
Eurozone	12:00	Employment Change (YoY) (Q3)	✓✓	-	1.60%	Quarterly
Eurozone	12:00	Industrial Production s.a. (MoM) (Oct)	✓✓✓	0.00%	-0.60%	Monthly
Eurozone	12:00	Industrial Production w.d.a. (YoY) (Oct)	✓✓✓	3.20%	3.30%	Monthly
South Africa	13:00	Retail Sales (MoM) (Oct)	✓✓✓	0.20%	-0.70%	Monthly
South Africa	13:00	Retail Sales (YoY) (Oct)	✓✓✓	5.30%	5.40%	Monthly
US	15:30	Consumer Price Index (MoM) (Nov)	✓✓✓	0.40%	0.10%	Monthly
US	15:30	Consumer Price Index (YoY) (Nov)	✓✓✓	2.20%	2.00%	Monthly
US	21:00	Fed Interest Rate Decision	✓✓✓	1.50%	1.25%	As scheduled
US	21:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
US	21:30	USD Yellen Holds Press Conference Following FOMC Meeting	✓✓✓	-	-	As scheduled
US	21:30	FOMC Press conference	✓✓✓	-	-	As scheduled
US	-	President Trump Speech	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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