

ONE Minute Brief

12 January 2018

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Economic and Political News

In South Africa (SA), the seasonally adjusted manufacturing production index registered a rise of 0.9% on a monthly basis in November, compared to a revised rise of 0.8% in October. The nation's bulk export volumes increased by 4.9% to 171.3mn tonnes in 2017, following a 2.8% drop to 163.3mn tonnes in 2016.

African National Congress (ANC) President, Cyril Ramaphosa, stated that the party's new leadership will restore the party to what it was under the late President, Nelson Mandela. Further, Ramaphosa called on ANC members to believe, support and trust the ANC.

Former Public Protector, Thuli Madonsela, has urged that the state capture commission should stick to the allegations of state capture against President Jacob Zuma, his family and the Guptas, after Public Protector Busisiwe Mkhwebane earlier called upon the President to ensure that the terms of reference for the commission of inquiry are not limited to the issues investigated or identified in the State of Capture report.

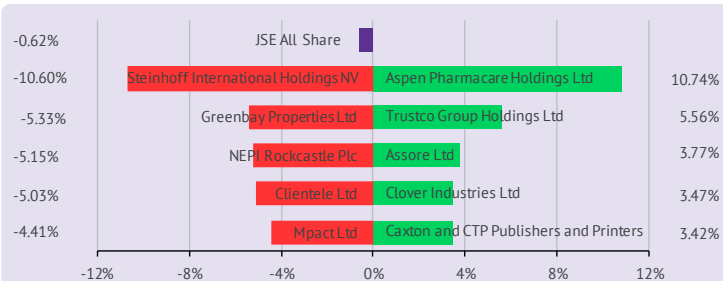
Finance Minister, Malusi Gigaba, stated that SA's economy could grow by 2.0% or more in 2018, if the government takes the right policy decisions.

The South African Social Security Agency (SASSA) revealed that meetings between the SASSA and Cash Paymaster Services to discuss disputes over grant payment service contracts, will be held in July.

South Africa Market ▼

South African markets closed lower

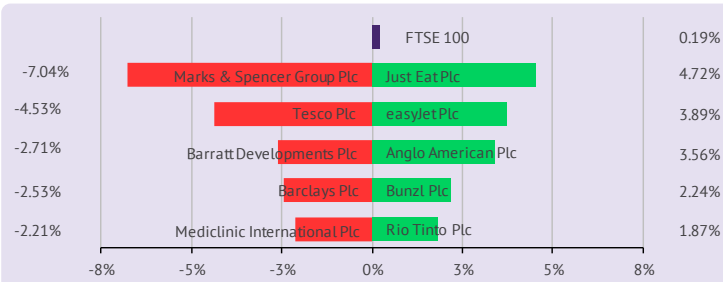
South African markets closed in the red yesterday, led by losses in property, banking and retail sector stocks. Data revealed that South Africa's manufacturing production advanced on a monthly basis in November. The JSE All Share Index fell 0.6% to close at 59,606.02.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, amid weakness in the British Pound and supported by gains in mining and energy sector stocks, on the back of higher metal and oil prices. The FTSE 100 Index advanced 0.2% to close at 7,762.94.



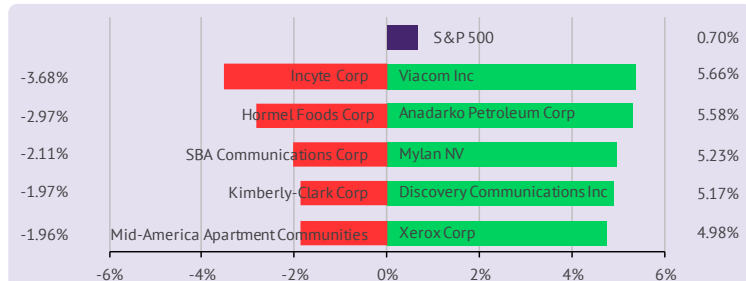
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59606.02	▼	-373.61	-0.62%	-0.19%	0.17%	-0.45%
JSE Top 40	52824.80	▼	-343.16	-0.65%	-0.03%	0.56%	-1.38%
FTSE 100	7762.94	▲	14.43	0.19%	0.50%	0.98%	4.93%
DAX 30	13202.90	▼	-78.44	-0.59%	-0.88%	2.21%	-0.82%
CAC 40	5488.55	▼	-16.13	-0.29%	0.33%	3.31%	-1.12%
S&P 500	2767.56	▲	19.33	0.70%	0.89%	3.51%	0.98%
Nasdaq Composite	7211.78	▲	58.20	0.81%	1.05%	4.47%	0.43%
DJIA	25574.73	▲	205.60	0.81%	1.10%	3.46%	1.84%

US Market ▲

The S&P 500 futures are trading in the red

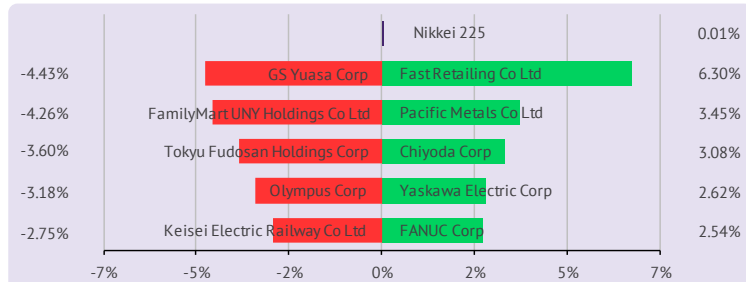
US markets closed higher yesterday, boosted by gains in energy sector stocks and amid optimism about corporate earnings. Data showed that US initial jobless claims surprisingly rose during the week ended 6 January 2018. The S&P 500 Index climbed 0.7% to close at 2,767.56.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly firmer this morning. Data indicated that Japan's trade surplus narrowed more-than-expected in November. The Nikkei 225 Index is trading marginally higher at 23,712.96.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R12.3868. Later today, traders will keep a close watch on the US consumer price index, advance retail sales, business inventories and real average weekly earnings for further cues.

The US Dollar fell against the South African Rand yesterday, after the number of Americans applying for the first time unemployment benefits unexpectedly climbed during the week ended 6 January 2018, notching its strongest level in three months. Further, the producer price index grew at a slower-than-expected pace on an annual basis in December. However, the nation's monthly budget deficit narrowed more than the market forecast in the same month. Separately, South Africa's manufacturing production recorded a rise on a monthly basis in November.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound marginally advanced against the South African Rand to trade at R16.7794. 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.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R14.9240. Amid lack of major economic releases in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday, after the European Central Bank's (ECB) December policy meeting minutes revealed that the officials were mulling over broader revision of its policy guidance early this year, as members broadly shared the view that the Eurozone's economy continued its robust and increasingly self-sustaining economic expansion. On the data front, Eurozone's industrial production climbed more-than-expected on a monthly basis in November, marking its highest level since August 2017. Adding to the positive sentiment, the German economy expanded at a faster pace to its highest level in six years in 2017.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.2% against the South African Rand to trade at R9.7619. Earlier in the session, in China, Australia's largest trading partner, trade surplus unexpectedly widened in December.

The Australian Dollar rose against the South African Rand yesterday, after Australia's retail sales advanced more-than-expected on a monthly basis in November, its highest rise since 2013.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.3868	▼	-0.36%	0.64%	0.07%	-9.60%	0.07%
GBPZAR	16.7794	▲	-0.13%	0.41%	0.34%	-9.84%	0.34%
EURZAR	14.9240	▲	0.33%	0.63%	0.36%	-8.96%	0.36%
AUDZAR	9.7619	▼	0.28%	1.06%	1.21%	-6.85%	1.21%
EURUSD	1.2049	▲	0.70%	0.02%	0.22%	0.85%	0.22%
GBPUUSD	1.3548	▲	0.23%	-0.24%	0.19%	-0.09%	0.19%
Brent (\$/barrel)	69.3	=	0.09%	2.43%	3.57%	6.77%	3.57%
Gold (\$/oz)	1327.9	▲	0.24%	0.02%	1.01%	2.84%	1.01%
Platinum (\$/oz)	986.9	=	1.28%	1.62%	5.64%	-0.88%	5.64%
Copper (\$/MT)*	7102.8	▼	-0.14%	0.34%	-1.45%	7.01%	-1.45%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,327.90/oz.

Yesterday, gold prices rose 0.2% to close at \$1,322.50/oz, amid weakness in the US Dollar.

Brent Crude Oil ◀▶

Trading flat

At 06:00 SAST, Brent crude oil traded flat at \$69.26/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$69.26/bl, as investors awaited the US President, Donald Trump's decision on whether to extend temporary waivers on sanctions against Iran. Further, a downfall in US crude output and declines in domestic crude stockpiles supported the commodity prices.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices traded flat at \$986.90/oz.

Yesterday, platinum prices climbed 1.3% to close at \$986.90/oz.

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Major South Africa Corporate News

Compagnie Financiere Richemont SA

In its 3Q18 trading update, the company stated that its sales increased by 7.0% at constant exchange rates and by 1.0% at actual rates compared to the prior year. Further, the company indicated that the increase in retail sales was driven by the Jewellery Maisons and Specialist Watchmakers, whereas a moderate decline was witnessed in wholesale sales.

Major Global Economic News

Eurozone

As per the minutes of the ECB's December policy meeting, officials were mulling over broader revision of its policy guidance early this year, as members broadly shared the view that the Eurozone's economy continued its robust and increasingly self-sustaining economic expansion.

In the Eurozone, the seasonally adjusted industrial production advanced 1.0% on a monthly basis in November, more than market expectations for an advance of 0.8%. Industrial production had advanced by a revised 0.4% in the prior month.

In Germany, the non-seasonally adjusted gross domestic product (GDP) registered a rise of 2.2% on a yearly basis in year 2017, compared to an advance of 1.9% in the prior year. Markets were anticipating GDP to climb 2.3%.

Asia

In China, trade surplus expanded to USD54.69bn in December, compared to a revised surplus of USD38.98bn in the previous month. Market anticipation was for the country's trade surplus to fall to USD37.00bn.

In Japan, (BOP basis) trade surplus fell to JPY181.00bn in November, following a surplus of JPY430.20bn in the prior month. Market expectation was for the nation to record a trade surplus of JPY310.60bn.

US

In the US, the seasonally adjusted initial jobless claims registered an unexpected rise to 261.00K in the week ended 6 January 2018, compared to market expectations of a drop to 245.00K. Initial jobless claims had registered a reading of 250.00K in the previous week.

In December, budget deficit fell to USD23.20bn in the US, following a deficit of USD138.50bn in the prior month. Markets were anticipating the nation to record a budget deficit of USD26.00bn.

In the US, the PPI rose 2.6% on an annual basis in December, compared to an advance of 3.1% in the previous month. Market anticipation was for the PPI to climb 3.0%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Adjusted Current Account Total (Nov)	✓	JPY1700.50bn*	JPY2441.50bn	Monthly
Japan	01:50	Current Account n.s.a. (Nov)	✓	JPY1347.30bn*	JPY2176.40bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Nov)	✓✓✓	JPY181.00bn*	JPY430.20bn	Monthly
China	05:00	Imports (YoY) (Dec)	✓✓	4.50%*	17.60%	Monthly
China	05:00	Trade Balance (Dec)	✓✓	USD54.69bn*	USD38.98bn	Monthly
China	05:00	Exports (YoY) (Dec)	✓✓	10.90%*	11.50%	Monthly
Japan	07:00	Eco Watchers Survey: Outlook (Dec)	✓✓	53.50	53.80	Monthly
Japan	07:00	Eco Watchers Survey: Current (Dec)	✓✓	55.10	55.10	Monthly
South Africa	11:00	Manufacturing PMI (Dec)	✓✓✓	-	48.60	Monthly
US	15:30	Consumer Price Index Core s.a. (Dec)	✓	-	253.72	Monthly
US	15:30	Consumer Price Index n.s.a. (MoM) (Dec)	✓	-	0.00%	Monthly
US	15:30	Consumer Price Index (YoY) (Dec)	✓✓✓	2.10%	2.20%	Monthly
US	15:30	Consumer Price Index Ex Food & Energy (MoM) (Dec)	✓✓✓	0.20%	0.10%	Monthly
US	15:30	Consumer Price Index Ex Food & Energy (YoY) (Dec)	✓✓✓	1.70%	1.70%	Monthly
US	15:30	Advance Retail Sales (MoM) (Dec)	✓✓✓	0.50%	0.80%	Monthly
US	15:30	Consumer Price Index (MoM) (Dec)	✓✓✓	0.10%	0.40%	Monthly
US	15:30	Consumer Price Index n.s.a. (Dec)	✓	246.37	246.67	Monthly
US	17:00	Business Inventories (Nov)	✓	0.40%	-0.10%	Monthly
Germany	18:30	Bundesbank President Weidmann speaks in Rottach-Egern, Germany	✓	-	-	As scheduled
US	23:15	Fed's Rosengren Gives Keynote Address at UC San Diego Conference	✓	-	-	As scheduled
Eurozone	-	ECB Survey of Professional Forecasters	✓✓	-	-	As scheduled
US	-	IBD/TIPP Economic Optimism (MoM) (Jan)	✓	52.30	51.90	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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