

ONE Minute Brief

18 January 2018

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Economic and Political News

In South Africa (SA), retail sales rose higher-than-expected by 8.2% YoY in November, compared to an advance of 3.2% in October, notching its highest level since 2012.

Global consultancy, McKinsey, has strongly rejected allegations of its involvement in corruption regarding Eskom and Trillian. Meanwhile, South Africa's Companies and Intellectual Property Commission has laid criminal charges against the local units of KPMG, McKinsey and SAP.

The South African Reserve Bank's Monetary Policy Committee is set to meet today, with most analysts expecting it to keep interest rates on hold.

Police Minister Fikile Mbalula has stated that criminal cases have been opened in relation to state capture and that the police were out to rid the country of corruption.

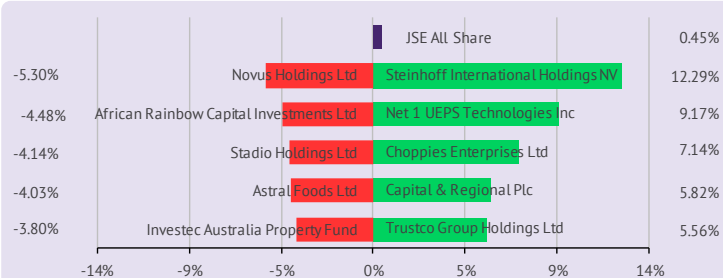
The African National Congress (ANC) wants Parliament's ethics committee to probe the Democratic Alliance (DA) leader, Mmusi Maimane, and the Federal Legal Commission Chairman, Glynnis Breytenbach, following allegations that they were in possession of confidential city council forensic reports.

The ANC in the Western Cape has called for the immediate removal of Cape Town Mayor, Patricia de Lille, and her Deputy, Ian Neilson.

South Africa Market ▲

South African markets closed higher

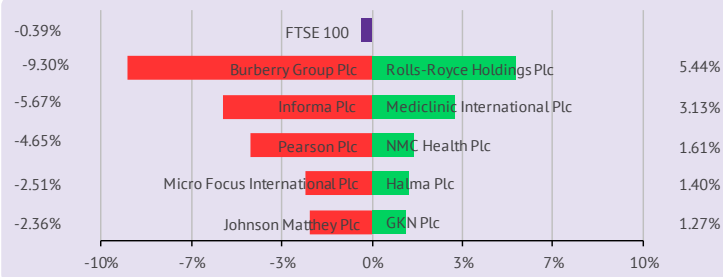
South African markets closed in the green yesterday, boosted by gains in retail and banking sector stocks. Data revealed that South Africa's annual retail sales advanced at a faster pace to its highest level in five years in November. The JSE All Share Index rose 0.5% to 60,924.46.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, led by losses in shares of Burberry Group and Pearson Plc, following downbeat corporate news. Data showed that UK's RICS house price balance unexpectedly rose in December. The FTSE 100 Index declined 0.4% to close at 7,725.43.



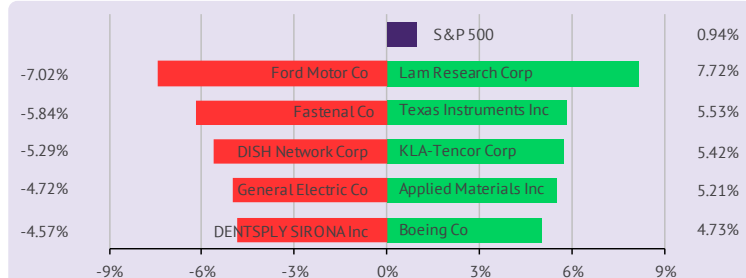
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	60924.46	▲ 274.86	0.45%	1.40%	2.39%	-0.45%	2.39%
JSE Top 40	54068.84	▲ 291.16	0.54%	1.45%	2.92%	-1.38%	2.92%
FTSE 100	7725.43	▼ -30.50	-0.39%	-0.68%	0.49%	4.93%	0.49%
DAX 30	13183.96	▼ -62.37	-0.47%	-0.46%	2.06%	-0.82%	2.06%
CAC 40	5493.99	▼ -19.83	-0.36%	-0.42%	3.42%	-1.12%	3.42%
S&P 500	2802.56	▲ 26.14	0.94%	0.59%	4.82%	0.98%	4.82%
Nasdaq Composite	7298.28	▲ 74.59	1.03%	0.51%	5.72%	0.43%	5.72%
DJIA	26115.65	▲ 322.79	1.25%	1.21%	5.65%	1.84%	5.65%

US Market ▲

The S&P 500 futures are trading in the green

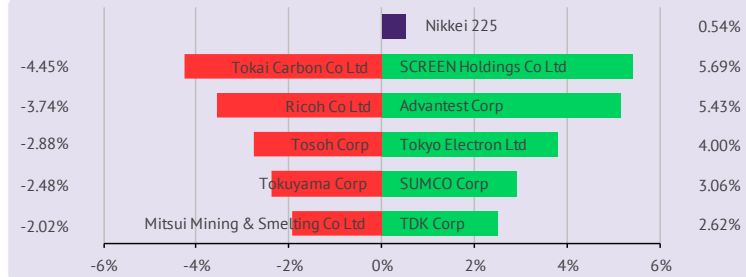
US markets closed higher yesterday, amid optimism over quarterly earnings. Data indicated that the US industrial production rebounded more-than-expected on a monthly basis in December. The S&P 500 Index climbed 0.9% to close at 2,802.56.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on the Wall Street. Data showed that Japan's final industrial production recorded a rise on a monthly basis in November, less than its prior reading. The Nikkei 225 Index is trading 0.5% higher at 23,997.12.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R12.3246. Later today, traders will keep a close watch on the US housing starts, building permits and initial jobless claims for further cues.

The US Dollar rose against the South African Rand yesterday, after the US industrial production surged more-than-expected on a monthly basis in December, driven by an increase in utility production. However, manufacturing production rose less than market anticipations on a monthly basis in December. Further, the NAHB housing market index dropped at par with market forecast in January. Separately, South Africa's retail sales accelerated to its strongest level since 2012 on an annual basis in November, boosted by a rise in sale of clothing, footwear and furniture. According to the Federal Reserve's (Fed) Beige Book report, the US economy and inflation expanded at a modest-to-moderate pace from late November through the end of 2017, while most districts reported modest increase in wages and tighter labour market conditions. Further, it revealed that the outlook for 2018 remains optimistic for a majority of contacts across the country.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.1% against the South African Rand to trade at R17.0167. On the data front, UK's RICS house price balance surprised with a rise in December. 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.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro advanced 0.2% against the South African Rand to trade at R15.0130. Amid lack of major economic releases in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand yesterday, after Eurozone's final consumer price index (CPI) grew at a slower pace, in line with market expectations on an annual basis in December. Meanwhile, the region's monthly construction output painted a positive picture for November.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R9.8046. Earlier in the session, Australia's seasonally adjusted unemployment rate unexpectedly advanced in December. However, consumer inflation expectation recorded a steady reading in January.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's Westpac consumer confidence index rose on a monthly basis in January.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.3246	▲	0.14%	-0.55%	-0.68%	-9.60%	-0.68%
GBPZAR	17.0167	▲	0.39%	0.12%	1.65%	-9.84%	1.65%
EURZAR	15.0130	▲	-0.45%	-0.69%	0.88%	-8.96%	0.88%
AUDZAR	9.8046	▲	0.16%	-0.04%	1.26%	-6.85%	1.26%
EURUSD	1.2181	▼	-0.60%	-0.13%	1.51%	0.85%	1.51%
GBPUUSD	1.3807	▼	0.28%	0.75%	2.35%	-0.09%	2.35%
Brent (\$/barrel)	69.6	▲	0.33%	-0.70%	3.75%	6.77%	3.75%
Gold (\$/oz)	1325.5	▼	0.16%	0.32%	2.28%	2.84%	2.28%
Platinum (\$/oz)	1006.2	=	0.60%	1.51%	7.71%	-0.88%	7.71%
Copper (\$/MT)*	6994.3	▼	-0.59%	-1.13%	-2.95%	7.01%	-2.95%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 1% lower to trade at \$1,325.50/oz, amid strength in the US Dollar.

Yesterday, gold prices rose 0.2% to close at \$1,339.20/oz, extending its previous session gains.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.3% to trade at \$69.58/bl, after reports emerged that Nigeria's militant group Niger Delta Avengers threatened to attack the nation's petroleum infrastructure.

Yesterday, Brent crude oil advanced 0.3% to settle at \$69.38/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 5.1mn bls during the week ended 12 January 2018.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices traded flat at \$1,006.20/oz.

Yesterday, platinum prices climbed 0.6% to close at \$1006.20/oz.

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Major South Africa Corporate News

Lewis Group Limited

The company announced that the competition authorities have granted approval for the previously announced acquisition of United Furniture Outlets Proprietary Limited. Further, the acquisition will be accounted for by the company with effect from February 1, 2018.

Mr Price Group Limited

In its 3Q18 trading update, the company announced that retail sales and other income increased by 8.3% to ZAR6.90bn compared to the corresponding period of the previous year. Further, the store sales grew by 8.8% and online sales advanced 12.2% from the same period of the previous year.

Royal Bafokeng Platinum Limited

The company announced that it has received approval from the South African Competition Tribunal for the previously announced plant transaction, in which the concentrator plant and certain surface assets of Maseve Investments 11 Proprietary Limited will be acquired by the company for an aggregate consideration of USD58.00mn.

Truworths International Limited

In its 1H18 trading update, the company stated that retail sales increased to ZAR10.30bn compared to ZAR10.20bn in the corresponding period of the previous year. Further, it expects diluted HEPS to be in the range of 372.00c to 380.00c, which is a decline of 3.0% to 5.0% from the same period of the previous year.

Major Global Economic News

US

According to the Fed's Beige Book report, the US economy and inflation expanded at a modest-to-moderate pace from late November through the end of 2017, while most districts reported modest increase in wages and tighter labour market conditions. Further, it revealed that the outlook for 2018 remains optimistic for a majority of contacts across the country.

In the US, industrial production climbed 0.9% on a monthly basis in December, higher than market expectations for an advance of 0.5%. In the prior month, industrial production had recorded a revised drop of 0.1%.

In December, manufacturing production climbed 0.1% on a monthly basis in the US, less than market expectations for an advance of 0.3%. Manufacturing production had risen by a revised 0.3% in the prior month.

In the US, the housing market index eased to 72.00 in January, in line with market expectations. In the prior month, the index had registered a level of 74.00.

Asia

In Australia, the seasonally adjusted unemployment rate unexpectedly rose to 5.5% in December, compared to a rate of 5.4% in the prior month.

In January, the consumer inflation expectations remained unchanged at 3.7% in Australia.

Eurozone

In the Eurozone, the final CPI climbed 1.4% on a yearly basis in December, compared to a rise of 1.5% in the prior month. The preliminary figures had also indicated an advance of 1.4%. Market anticipation was for the CPI to climb 1.4%.

In the Eurozone, the seasonally adjusted construction output advanced 0.5% on a monthly basis in November. Construction output had fallen by a revised 0.3% in the prior month.

UK

In the UK, the house price balance registered an unexpected rise to a level of 8.0% in December, compared to a reading of 0.0% in the prior month. Market anticipation was for the house price balance to fall to 1.0%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	02:01	RICS Housing Price Balance (Dec)	✓✓✓	8.00%*	0.00%	Monthly
China	03:30	House Price Index (YoY) (Dec)	✓	5.30%*	5.10%	Monthly
Japan	06:30	Capacity Utilisation (MoM) (Nov)	✓	0.00%*	0.20%	Monthly
Japan	06:30	Industrial Production (MoM) (Nov) (F)	✓✓✓	0.50%*	0.60%**	Monthly
Japan	06:30	Industrial Production (YoY) (Nov) (F)	✓✓✓	3.60%*	3.70%**	Monthly
China	09:00	Gross Domestic Product (QoQ) (Q4)	✓✓✓	1.70%	1.70%	Quarterly
China	09:00	Gross Domestic Product (YoY) (Q4)	✓✓✓	6.70%	6.80%	Quarterly
China	09:00	Industrial Production (YoY) (Dec)	✓✓	6.10%	6.10%	Monthly
China	09:00	Industrial Production YTD (YoY) (Dec)	✓✓	6.60%	6.60%	Monthly
China	09:00	Retail Sales (YoY) (Dec)	✓✓✓	10.20%	10.20%	Monthly
China	09:00	Retail Sales YTD (YoY) (Dec)	✓	10.30%	10.30%	Monthly
China	09:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Dec)	✓	7.10%	7.20%	Monthly
Germany	10:15	Bundesbank President Weidmann speaks in Frankfurt	✓✓✓	-	-	As scheduled
US	15:30	Building Permits (MoM) (Dec)	✓✓✓	-0.60%	-1.40%	Monthly
US	15:30	Continuing Jobless Claims (06-Jan)	✓✓✓	1900.00K	1867.00K	Weekly
US	15:30	Initial Jobless Claims (13-Jan)	✓✓✓	249.00K	261.00 K	Weekly
US	15:30	Building Permits (Dec)	✓✓✓	1295.00K	1298.00K	Monthly
US	15:30	Housing Starts (Dec)	✓✓✓	1275.00K	1297.00K	Monthly
US	15:30	Housing Starts (MoM) (Dec)	✓✓✓	-1.70%	3.30%	Monthly
US	15:30	Philadelphia Fed Manufacturing Survey (Jan)	✓✓	25.00	26.20	Monthly
Eurozone	16:30	ECB's Coeure speaks on a panel in Frankfurt	✓	-	-	As scheduled
South Africa	-	SARB Interest Rate Decision	✓✓✓	6.75%	6.75%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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