

ONE Minute Brief

24 January 2018

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Economic and Political News

In South Africa (SA), the leading indicator remained unchanged at a level of 105.40 for November 2017.

Deputy President, Cyril Ramaphosa, met IMF chief, Christine Lagarde, on the sidelines of the World Economic Forum in Davos. The IMF chief stated that they agreed that structural challenges continued to weigh on growth in SA and that bold and timely reforms were needed to create an environment conducive to job creation and equality.

Eskom's acting head of group capital, Prish Govender, has resigned with immediate effect.

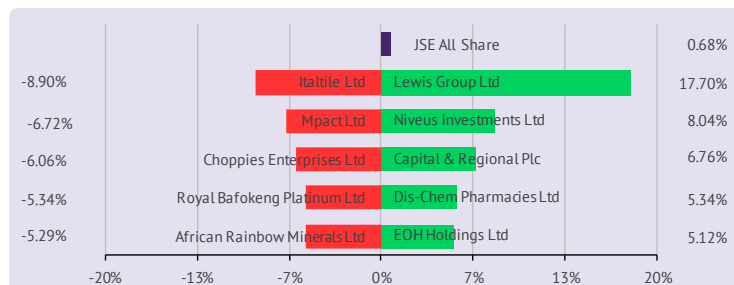
The Presidency stated that the Department of Justice will release the terms of reference for the commission of inquiry into state capture. Earlier, Deputy Chief Justice, Raymond Zondo, who is heading the commission of inquiry, had stated that the commission was awaiting the terms of reference from the Presidency.

In his testimony at the Eskom inquiry, the company's former CFO, Anoj Singh, rejected claims that Eskom had provided Public Enterprises Minister, Lynne Brown, with inaccurate information for her reply to a question in Parliament.

South Africa Market ▲

South African markets closed higher

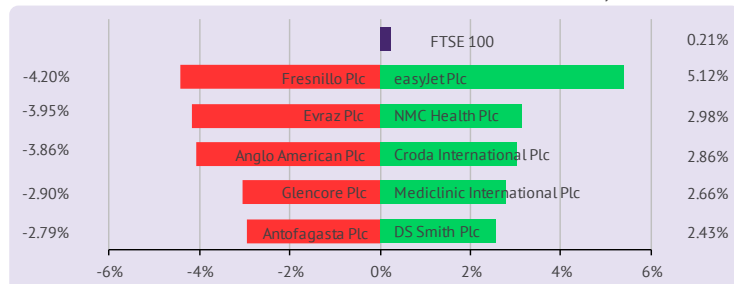
South African markets closed in the green yesterday, supported by gains in banking, retail and financial sector stocks. Data revealed that South Africa's leading indicator recorded an unchanged reading for November. The JSE All Share Index rose 0.7% to close at 61,475.44.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, as shares in easyJet jumped, following an upbeat trading statement. Data indicated that UK's public-sector net borrowing recorded a less-than-anticipated deficit in December. The FTSE 100 Index advanced 0.2% to close at 7,731.83.



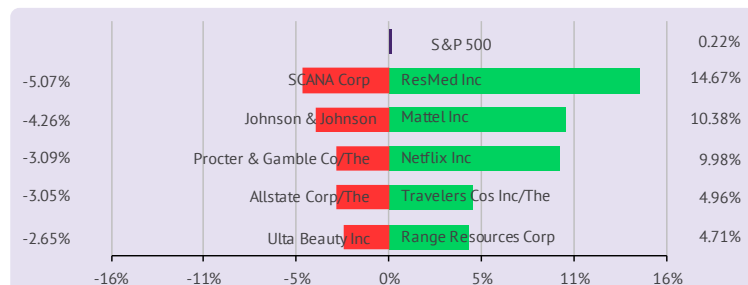
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	61475.44	▲	415.16	0.68%	0.92%	3.31%	-0.45%	3.31%
JSE Top 40	54521.81	▲	355.96	0.66%	0.86%	3.79%	-1.38%	3.79%
FTSE 100	7731.83	▲	16.39	0.21%	0.01%	0.57%	4.93%	0.57%
DAX 30	13559.60	▲	95.91	0.71%	0.93%	4.97%	-0.82%	4.97%
CAC 40	5535.26	▼	-6.73	-0.12%	0.16%	4.19%	-1.12%	4.19%
S&P 500	2839.13	▲	6.16	0.22%	1.03%	6.19%	0.98%	6.19%
Nasdaq Composite	7460.29	▲	52.26	0.71%	1.69%	8.07%	0.43%	8.07%
DJIA	26210.81	▼	-3.79	-0.01%	0.53%	6.03%	1.84%	6.03%

US Market ▲

The S&P 500 futures are trading in the red

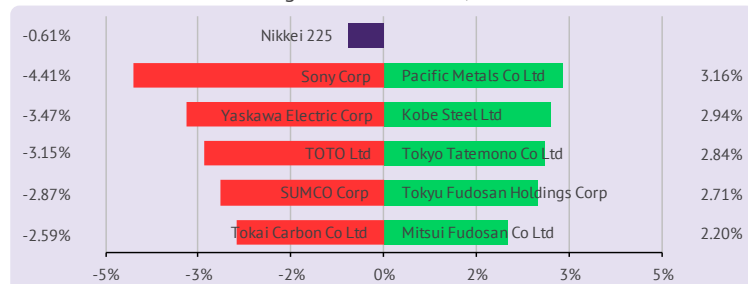
US markets closed higher yesterday, after Netflix shares surged, amid robust earnings report. Data revealed that the US Richmond Fed manufacturing index fell more-than-expected in January. The S&P 500 Index climbed 0.2% to close at 2,839.13.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. On the data front, Japan's preliminary Nikkei manufacturing PMI expanded in January while the nation's trade surplus widened less-than-expected in December. The Nikkei 225 Index is trading 0.6% lower at 23,976.71.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R12.0434. Later today, traders will keep a close watch on the US preliminary Markit manufacturing and services PMI along with existing home sales and house price index data for further direction.

The US Dollar fell against the South African Rand yesterday, after data revealed that the US Richmond Fed manufacturing index dropped more than market expectations in January. Separately, in South Africa, the leading indicator recorded a steady reading for November.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.3% against the South African Rand to trade at R16.9025. Later today, traders will keep an eye on UK's ILO unemployment rate, claimant count rate and average weekly earnings for further cues.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's public-sector net borrowing posted a less-than-expected deficit in December. However, CBI industrial trends total orders dropped less market anticipations in January.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro advanced 0.2% against the South African Rand to trade at R14.8309. Going forward, market participants will keep a tab on the preliminary Markit manufacturing and services PMI across the Eurozone for further direction.

The Euro strengthened against the South African Rand yesterday, after Eurozone's consumer confidence advanced more-than-anticipated in January, notching its highest level since August 2000. Additionally, the region's ZEW economic sentiment index climbed higher than market forecast in the same month. Meanwhile, Germany's ZEW current situation index surged to its highest level since the introduction of the survey in December 1991 in January. Further, the ZEW expectations index soared more-than-anticipated in January, notching its highest level in 8 months.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R9.6385. Earlier in the session, Australia's Westpac leading index recorded a rise on a monthly basis in December.

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	12.0434	▲	-0.15%	-1.34%	-2.83%	-9.60%	-2.83%
GBPZAR	16.9025	▲	-0.07%	-0.09%	0.74%	-9.84%	0.74%
EURZAR	14.8309	▲	0.15%	-0.70%	-0.38%	-8.96%	-0.38%
AUDZAR	9.6385	▲	-0.36%	-1.01%	-0.37%	-6.85%	-0.37%
EURUSD	1.2317	▲	0.30%	0.63%	2.45%	0.85%	2.45%
GBPUSD	1.4037	▲	0.09%	1.02%	3.60%	-0.09%	3.60%
Brent (\$/barrel)	69.9	▼	1.35%	1.97%	4.62%	6.77%	4.62%
Gold (\$/oz)	1345.9	▲	0.36%	0.27%	2.09%	2.84%	2.09%
Platinum (\$/oz)	1005.3	=	1.11%	-1.07%	7.61%	-0.88%	7.61%
Copper (\$/MT)*	6882.5	▼	-2.03%	-1.67%	-4.50%	7.01%	-4.50%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.7% to trade at \$1,345.90/oz.

Yesterday, gold prices rose 0.4% to close at \$1,336.70/oz, as weakness in the US Dollar underpinned demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$69.86/bl, after the American Petroleum Institute (API) reported a rise in US crude supplies by 4.8mn bls during the week ended 19 January 2018.

Yesterday, Brent crude oil advanced 1.4% to settle at \$69.96/bls, amid expectations that the API will report a weekly decline in domestic crude stockpiles.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices traded flat at \$1,005.30/oz.

Yesterday, platinum prices climbed 1.1% to close at \$1005.30/oz.



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Major South Africa Corporate News

Lewis Group Limited

In its 3Q18 trading update, the company stated that its revenue increased by 0.7% compared to the same period of the prior year. Further, the merchandise sales rose 9.8% and comparable stores sales grew by 13.3% compared to the corresponding period of the previous year.

Sasol Limited

In its 1H18 trading update, the company stated that it expects HEPS to be in the range of ZAR1.81 to ZAR2.57, representing an increase of 12.0% to 17.0% compared to the corresponding period of the previous year. Further, it expects to deliver strong FY18 results.

Major Global Economic News

Eurozone

In the Eurozone, the flash consumer confidence index rose to a level of 1.30 in January, higher than market expectations of a rise to 0.60. In the previous month, the index had registered a level of 0.50.

In the Eurozone, the economic sentiment index climbed to 31.80 in January. In the prior month, the index had recorded a level of 29.00.

In Germany, the economic sentiment index recorded a rise to 20.40 in January, higher than market expectations of an advance to 17.70. In the previous month, the index had registered a level of 17.40.

In Germany, the current situation index registered a rise to 95.20 in January, compared to a level of 89.30 in the prior month. Market expectation was for the current situation index to climb to 89.60.

Asia

In Japan, the preliminary Nikkei manufacturing PMI climbed to 54.40 in January, compared to a reading of 54.00 in the previous month.

In December, total merchandise trade surplus expanded to JPY359.00bn in Japan, less than market expectations of a total merchandise trade surplus of JPY535.00bn. Japan had reported a total merchandise trade surplus of JPY113.40bn in the previous month.

In Australia, the Westpac leading index recorded a rise of 0.27% on a monthly basis, in December. The index had advanced by a revised 0.05% in the previous month.

UK

In the UK, the public-sector net borrowing has posted a deficit of GBP1.00bn in December, following a revised deficit of GBP6.60bn in the prior month. Markets were anticipating public sector net borrowing to report a deficit of GBP4.30bn.

In January, the balance of firms reporting total order book above normal recorded a drop to 14.00 in the UK, compared to a level of 17.00 in the prior month. Markets were anticipating the balance of firms reporting total order book above normal to ease to a level of 12.00.

US

In the US, the Richmond Fed manufacturing index registered a drop to 14.00 in January, compared to a reading of 20.00 in the prior month. Markets were expecting the index to drop to a level of 19.00.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Imports (YoY) (Dec)	✓✓	14.90%*	17.20%	Monthly
Japan	01:50	Adjusted Merchandise Trade Balance (Dec)	✓✓✓	JPY86.80bn*	JPY364.10bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Dec)	✓✓✓	JPY359.00bn*	JPY113.40bn	Monthly
Japan	01:50	Exports (YoY) (Dec)	✓✓	9.30%*	16.20%	Monthly
Japan	02:30	Nomura/ JMMA Manufacturing PMI (Jan) (P)	✓✓✓	54.40*	54.00	Monthly
Japan	07:00	Coincident Index (Nov) (F)	✓	-	118.10**	Monthly
Japan	07:00	Leading Economic Index (Nov) (F)	✓✓✓	-	108.60**	Monthly
Germany	09:00	Import Price Index s.a. (MoM) (Dec)	✓✓	0.20%	0.80%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Dec)	✓✓✓	0.50%	0.10%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Dec)	✓✓✓	4.70%	4.60%	Monthly
Germany	10:30	Markit Manufacturing PMI (Jan) (P)	✓✓✓	63.00	63.30	Monthly
Germany	10:30	Markit Services PMI (Jan) (P)	✓✓✓	55.50	55.80	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Jan) (P)	✓✓✓	60.30	60.60	Monthly
Eurozone	11:00	Markit Services PMI (Jan) (P)	✓✓✓	56.40	56.60	Monthly
UK	11:30	Claimant Count Change (Dec)	✓✓✓	-	5.90K	Monthly
UK	11:30	Claimant Count Rate s.a. (Dec)	✓✓	-	2.30%	Monthly
UK	11:30	Average Earnings Excluding Bonus (3Mo/Yr) (Nov)	✓	2.30%	2.30%	Monthly
UK	11:30	Average Earnings Including Bonus (3Mo/Yr) (Nov)	✓✓	2.50%	2.50%	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Nov)	✓✓✓	4.30%	4.30%	Monthly
US	14:00	MBA Mortgage Applications (19-Jan)	✓	-	4.10%	Weekly
US	16:00	Housing Price Index (MoM) (Nov)	✓	0.50%	0.50%	Monthly
US	16:45	Markit Manufacturing PMI (Jan) (P)	✓✓✓	55.00	55.10	Monthly
US	16:45	Markit Services PMI (Jan) (P)	✓✓✓	54.30	53.70	Monthly
US	17:00	Existing Home Sales (Dec)	✓✓✓	5.70mn	5.81mn	Monthly
US	17:00	Existing Home Sales (MoM) (Dec)	✓✓✓	-1.90%	5.60%	Monthly
Eurozone	-	Eurogroup meeting	✓	-	-	As scheduled
Switzerland	-	World Economic Forum	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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