

ONE
Minute Brief

23 January 2018



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Economic and Political News

The IMF has cut South Africa's economic growth forecast for 2018 to 0.9%, down from its October projection of 1.1%. Growth expectation for 2019 has been dropped to 0.9%, from 1.6% earlier.

African National Congress' (ANC), secretary general, Ace Magashule, stated the party had discussed the removal of President Jacob Zuma but no decision or date for his departure was agreed on. He added that the new party chief and the nation's Deputy President, Cyril Ramaphosa, will lead discussions with Zuma about his possible departure.

ANC secretary general, Ace Magashule, stated that the party had left it to the government to work out the process for implementing free higher education and land expropriation.

Eskom's chief financial officer (CFO), Anoj Singh, has resigned with immediate effect. Meanwhile, Eskom has indicated that it will ask local banks to reopen lending facilities that were suspended last year.

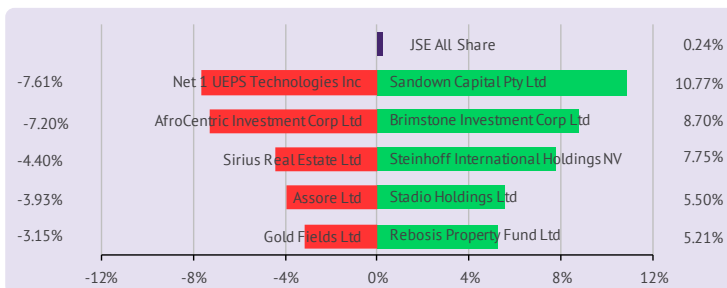
Key Indices

| | Last Close | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 61060.28 | ▲ | 147.40 | 0.24% | 0.24% | 2.61% | -0.45% | 2.61% |
| JSE Top 40 | 54165.85 | ▲ | 107.11 | 0.20% | 0.20% | 3.11% | -1.38% | 3.11% |
| FTSE 100 | 7715.44 | ▼ | -15.35 | -0.20% | -0.20% | 0.36% | 4.93% | 0.36% |
| DAX 30 | 13463.69 | ▲ | 29.24 | 0.22% | 0.22% | 4.23% | -0.82% | 4.23% |
| CAC 40 | 5541.99 | ▲ | 15.48 | 0.28% | 0.28% | 4.32% | -1.12% | 4.32% |
| S&P 500 | 2832.97 | ▲ | 22.67 | 0.81% | 0.81% | 5.96% | 0.98% | 5.96% |
| Nasdaq Composite | 7408.03 | ▲ | 71.65 | 0.98% | 0.98% | 7.31% | 0.43% | 7.31% |
| DJIA | 26214.60 | ▲ | 142.88 | 0.55% | 0.55% | 6.05% | 1.84% | 6.05% |

South Africa Market ▲

South African markets closed higher

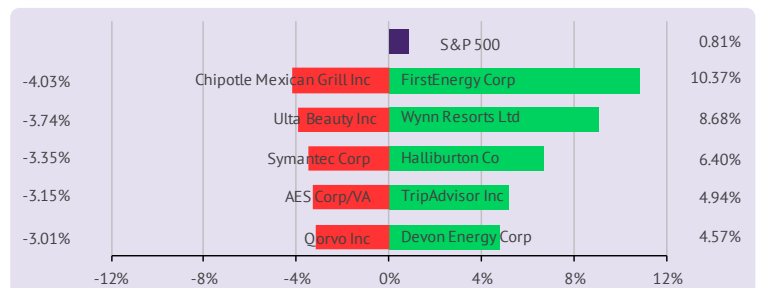
South African markets closed in the green yesterday, boosted by gains in banking, financial and retail sector stocks. The JSE All Share Index rose 0.2% to close at 61,060.28.



US Market ▲

The S&P 500 futures are trading in the green

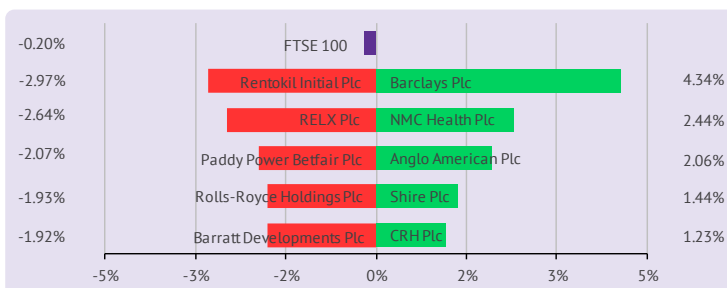
US markets closed higher yesterday, after the US Senate reached a deal to resume the US government operations. Further, gains in energy and telecommunication sector stocks supported the markets. The S&P 500 Index climbed 0.8% to close at 2,832.97.



UK Market ▼

The FTSE 100 futures are trading in positive territory

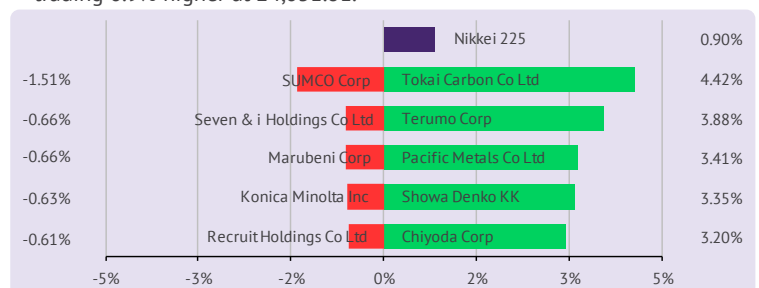
UK markets finished lower yesterday, amid strength in the British Pound. The FTSE 100 Index declined 0.2% to close at 7,715.44.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on the Wall street. The Bank of Japan (BoJ) kept the key interest rate steady at -0.10%, meeting market expectations. The Nikkei 225 Index is trading 0.9% higher at 24,031.81.



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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 R12.0709. Later today, traders will keep a close watch on the US Richmond Fed manufacturing index for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the US Chicago Fed National activity index advanced more than market forecast in December.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R16.8739. Later today, traders will keep an eye on UK's public-sector net borrowing and CBI industrial trends total orders data for further cues.

The British Pound declined against the South African Rand yesterday.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R14.7957. Going forward, market participants will keep a tab on Eurozone's consumer confidence and ZEW economic sentiment index for further cues. Meanwhile Germany's ZEW current situation and expectation index will be on investors' radar.

The Euro weakened against the South African Rand yesterday, despite progress in German Coalition talks, after delegates of Social Democrats voted in favour of formal coalition talks with Chancellor Angela Merkel's Christian Democratic Union and Christian Social Union.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R9.6423. Earlier in the session, Australia's ANZ Roy Morgan consumer confidence index recorded a drop for the week ended 21 January 2018.

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 | 12.0709 | ▲ | -1.19% | -1.19% | -2.68% | -9.60% | -2.68% |
| GBPZAR | 16.8739 | ▲ | -0.03% | -0.03% | 0.81% | -9.84% | 0.81% |
| EURZAR | 14.7957 | ▲ | -0.85% | -0.85% | -0.53% | -8.96% | -0.53% |
| AUDZAR | 9.6423 | ▼ | -0.66% | -0.66% | -0.01% | -6.85% | -0.01% |
| EURUSD | 1.2259 | ▼ | 0.33% | 0.33% | 2.14% | 0.85% | 2.14% |
| GBPUSD | 1.3983 | ▼ | 0.93% | 0.93% | 3.51% | -0.09% | 3.51% |
| Brent (\$/barrel) | 69.4 | ▲ | 0.61% | 0.61% | 3.23% | 6.77% | 3.23% |
| Gold (\$/oz) | 1335.7 | ▲ | -0.09% | -0.09% | 1.73% | 2.84% | 1.73% |
| Platinum (\$/oz) | 994.3 | = | -2.16% | -2.16% | 6.43% | -0.88% | 6.43% |
| Copper (\$/MT)* | 7025.0 | ▲ | 0.37% | 0.37% | -2.53% | 7.01% | -2.53% |

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,335.70/oz.

Yesterday, gold prices fell 0.1% to close at \$1,331.90/oz, amid strength in the US equities, as the US Senate reached a deal to end the US government shutdown.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.5% to trade at \$69.36/bl.

Yesterday, Brent crude oil advanced 0.6% to settle at \$69.03/bl, after Saudi Arabia and Russia signalled that production cuts may be extended into 2019, after the expiration of the agreement in 2018.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices traded flat at \$994.30/oz.

Yesterday, platinum prices declined 2.2% to close at \$994.30/oz.



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Major South Africa Corporate News

Clicks Group Limited

In its 20 weeks trading update for the period ended January 14, 2018, the company stated that sales rose by 14.2%. Additionally, the company reported comparable store sales growth of 7.5% and real volume growth of 4.8%. Further, its total turnover for the period advanced 11.3% to ZAR11.10bn.

Lonmin Plc

In its FY17 results, the company indicated that its revenue increased to ZAR1.17bn from ZAR1.12bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 352.70c, compared to 137.00c recorded in the corresponding period of the previous year.

Pallinghurst Resources Limited

The company announced that it stands to receive approximately USD8.00mn in March 2018 as Jupiter Mines Limited, in which the company holds 18.4% stake, stated that the indicative terms of an off-market share buy-back pursuant to which it intends to return USD42.00mn to its shareholders.

Major Global Economic News

Asia

The BoJ, at its January monetary policy meeting, opted to keep the benchmark interest rate steady at -0.10% and held the yield target for 10-year Japanese government bonds around 0%. In its quarterly economic outlook report, the central bank indicated that it would continue with “quantitative and qualitative monetary easing with yield curve control” in a bid to achieve its 2.0% inflation target. BoJ indicated that it is likely to achieve its inflation target by fiscal 2019.

In Japan, the all industry activity index registered a rise of 1.0% on a monthly basis in November, compared to an advance of 0.3% in the prior month. Market anticipation was for the index to climb 0.8%.

In Australia, the ANZ Roy Morgan consumer confidence index dropped to 119.40 for the week ended 21 January 2018, compared to a reading of 123.50 in the prior week.

US

In the US, the Chicago Fed national activity index rose to a level of 0.27 in December, compared to a revised reading of 0.11 in the previous month. Market anticipation for the index was to rise to 0.22.

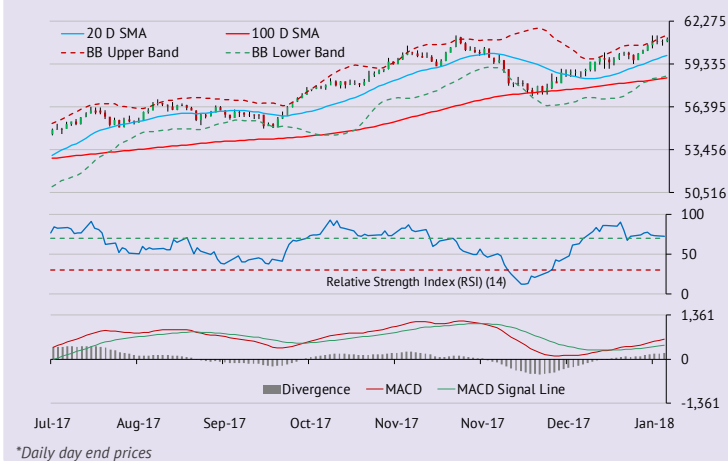
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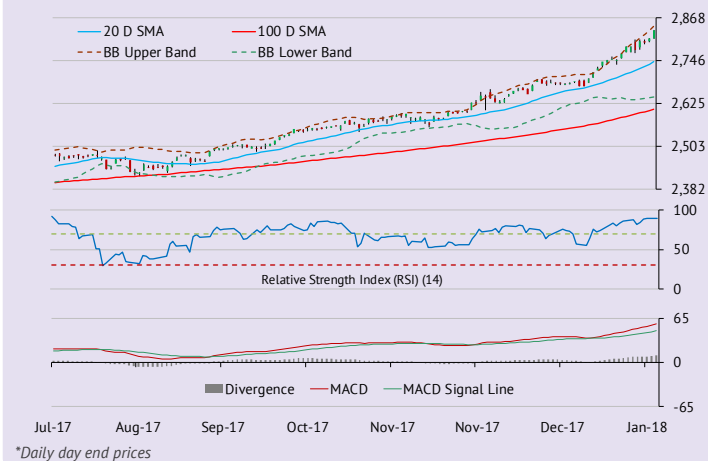
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 60,431.10, and a fall through could take it to the next support level of 59,801.92. The index is expected to find its first resistance at 61,499.32, and a rise through could take it to the next resistance level of 61,938.36.

S&P 500



The S&P 500 index is expected to find support at 2,790.06, and a fall through could take it to the next support level of 2,747.16. The index is expected to find its first resistance at 2,854.45, and a rise through could take it to the next resistance level of 2,875.94.

USDZAR



The pair is expected to find support at 11.9222, and a fall through could take it to the next support level of 11.7938. The pair is expected to find its first resistance at 12.2709, and a rise through could take it to the next resistance level of 12.4912.

XAU/USD



Gold is expected to find support at \$1,322.47/oz, and a fall through could take it to the next support level of \$1,313.03/oz. The precious metal is expected to find its first resistance at \$1,343.17/oz, and a rise through could take it to the next resistance level of \$1,354.43/oz.

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Economic Calendar

| Country | SAST | Economic Indicator | Relevance | Consensus/ *Actual | Previous/ **Previous Est. | Frequency |
|--------------|-------|---|-----------|-----------------------|------------------------------|--------------|
| Japan | 06:00 | Bank of Japan Interest Rate Decision | ✓✓✓ | -0.10%* | -0.10% | As scheduled |
| Japan | 06:00 | BoJ Monetary Policy Statement | ✓✓✓ | - | - | As scheduled |
| Japan | 06:30 | All Industry Activity Index (MoM) (Nov) | ✓✓✓ | 1.00%* | 0.30% | Monthly |
| Japan | 07:30 | Nationwide Department Store Sales (YoY) (Dec) | ✓ | -0.60%* | 2.20% | Monthly |
| Japan | 07:30 | Tokyo Department Store Sales (YoY) (Dec) | ✓ | 0.90%* | 3.80% | Monthly |
| Japan | 08:00 | Machine Tool Orders (YoY) (Dec) (F) | ✓✓✓ | - | 48.30%** | Monthly |
| South Africa | 09:00 | Leading Indicator (Nov) | ✓ | - | 105.40 | Monthly |
| UK | 11:30 | Central Government: Other Receipts (Dec) | ✓✓ | - | GBP1155.00mn | Monthly |
| UK | 11:30 | Total Government Receipts (Dec) | ✓✓ | - | GBP42019.00mn | Monthly |
| UK | 11:30 | Total Outlays (Dec) | ✓✓ | - | GBP54963.00mn | Monthly |
| UK | 11:30 | Public Sector Net Cash Requirement (Dec) | ✓✓ | - | GBP12.90bn | Monthly |
| UK | 11:30 | PSNB ex Interventions (Dec) | ✓ | GBP5.00bn | GBP8.70bn | Monthly |
| UK | 11:30 | Public Sector Net Borrowing (Dec) | ✓✓ | GBP4.30bn | GBP8.10bn | Monthly |
| Eurozone | 12:00 | ZEW Survey - Economic Sentiment (Jan) | ✓✓ | - | 29.00 | Monthly |
| Germany | 12:00 | ZEW Survey - Economic Sentiment (Jan) | ✓✓✓ | 17.70 | 17.40 | Monthly |
| Germany | 12:00 | ZEW Survey - Current Situation (Jan) | ✓✓ | 89.60 | 89.30 | Monthly |
| UK | 13:00 | CBI Trends Selling Prices (Jan) | ✓✓ | - | 23.00 | Monthly |
| UK | 13:00 | CBI Business Optimism (Jan) | ✓ | - | -11.00 | Quarterly |
| UK | 13:00 | CBI Distributive Trades Survey - Realised (Jan) | ✓✓ | - | 20.00% | Monthly |
| UK | 13:00 | CBI Industrial Trends Survey - Orders (Jan) | ✓ | 12.00 | 17.00 | Monthly |
| Eurozone | 17:00 | Consumer Confidence (Jan) (P) | ✓✓✓ | 0.60 | 0.50 | Monthly |
| US | 17:00 | Richmond Fed Manufacturing Index (Jan) | ✓ | 19.00 | 20.00 | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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