

ONE Minute Brief

8 February 2018

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Economic and Political News

In South Africa, net gold & forex reserves rose to USD43.59bn in January, higher than market expectations of an advance to USD43.35bn, and compared to a level of USD42.93bn in December.

African National Congress (ANC) party leader, Cyril Ramaphosa, stated that he is holding direct talks with President, Jacob Zuma, and would be able to communicate further once all pertinent matters are finalised.

Arguing that Eskom had been downgraded several times in the last few months, the Democratic Alliance (DA) stated that the Public Investment Corporation's (PIC's) ZAR5.00bn bailout to power utility Eskom may have violated the PIC investment mandate, which bars it from investing in non-investment grade assets.

DA leader, Mmusi Maimane, stated that the Department of Water and Sanitation must stick to the amount of water being allocated to farmers in the Western Cape to protect the available dam water for Cape Town.

The DA in the Free State has accused authorities in the provincial legislature of stalling its request for an urgent sitting so that its motion of no confidence in premier Ace Magashule could be debated and voted on.

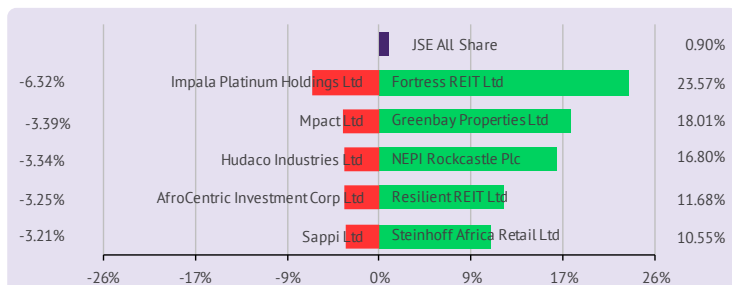
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56886.45	▲	509.24	0.90%	-3.02%	-4.40%	0.00%	-4.40%
JSE Top 40	50182.35	▲	326.52	0.65%	-3.32%	-4.62%	0.16%	-4.47%
FTSE 100	7279.42	▲	138.02	1.93%	-2.20%	-3.37%	-2.01%	-5.31%
DAX 30	12590.43	▲	197.77	1.60%	-1.52%	-4.54%	2.10%	-2.53%
CAC 40	5255.90	▲	94.09	1.82%	-2.03%	-4.12%	3.19%	-1.07%
S&P 500	2681.66	▼	-13.48	-0.50%	-2.91%	-5.03%	5.62%	0.30%
Nasdaq Composite	7051.98	▼	-63.90	-0.90%	-2.61%	-4.85%	7.36%	2.15%
DJIA	24893.35	▼	-19.42	-0.08%	-2.46%	-4.80%	5.79%	0.70%

South Africa Market ▲

South African markets closed higher

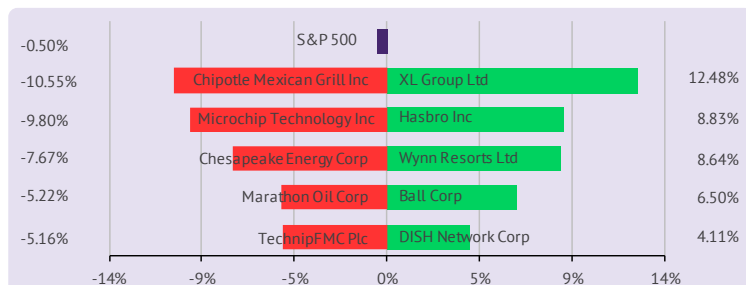
South African markets closed in the green yesterday, amid gains in property, retail and financial sector stocks. On the macro front, South Africa's net gold & forex reserves climbed more than market expectations in January. The JSE All Share Index rose 0.9% to 56,886.45.



US Market ▼

The S&P 500 futures are trading in the red

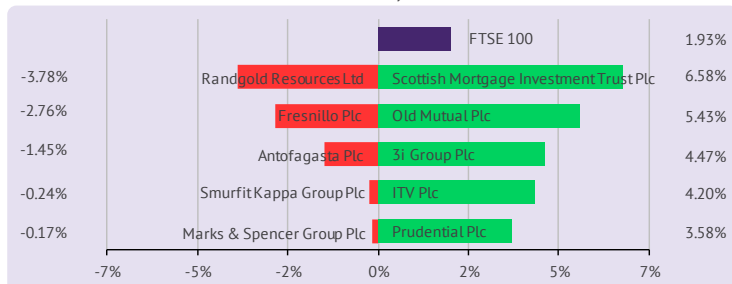
US markets closed lower yesterday, amid renewed concerns over rising bond yields and interest rates. Data indicated that US MBA mortgage applications rebounded in the week ended 2 February 2018. The S&P 500 Index dropped 0.5% to close at 2,681.66.



UK Market ▲

The FTSE 100 futures are trading in negative territory

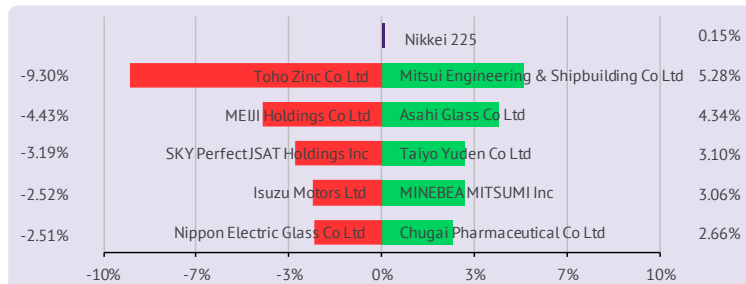
UK markets finished higher yesterday, boosted by gains in homebuilder and financial sector stocks. Data revealed that UK's Halifax house price index unexpectedly dropped on a monthly basis in January. The FTSE 100 Index advanced 1.9% to close at 7,279.42.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data showed that Japan's current account surplus narrowed more than expected in December. The Nikkei 225 Index is trading 0.2% higher at 21,677.94.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R12.0550. Later today, traders will keep a close watch on the US initial jobless claims for further indication.

The US Dollar rose against the South African Rand yesterday. Data indicated that US consumer credit advanced at a slower-than-expected pace in December. Further, the US MBA mortgage applications rebounded during the week ended 2 February 2018. Separately, in South Africa, the net gold & forex reserves rose more-than-expected in January.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R16.7432. Later today, traders will keep an eye on the Bank of England's interest rate decision and inflation report for further direction.

The British Pound advanced against the South African Rand yesterday. On the macro front, data revealed that UK's Halifax house price index surprisingly fell on a monthly basis in January. In contrast, RICS house price balance recorded a steady reading in January.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R14.7987. Going forward, market participants will keep a tab on German trade balance and current account figures for further cues.

The Euro strengthened against the South African Rand yesterday, after the European Commission raised its growth forecasts for the euro area, citing upbeat cyclical momentum in the region and growth in global economic activity and trade. On the economic front, data indicated that Germany's industrial production rose less than market forecast on a yearly basis in December.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.2% against the South African Rand to trade at R9.4237. Earlier in the session, Australia's NAB business confidence index dropped in 4Q17. In China, Australia's largest trading partner trade surplus narrowed more than anticipated in January.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.0550	▼	1.27%	-0.14%	1.85%	-4.29%	-2.53%
GBPZAR	16.7432	▼	0.80%	-1.85%	-0.30%	0.50%	0.21%
EURZAR	14.7987	▼	0.35%	-1.77%	0.63%	-0.98%	-0.35%
AUDZAR	9.4237	▼	0.18%	-1.45%	-1.07%	-1.24%	-2.30%
EURUSD	1.2276	▲	-0.91%	-1.60%	-1.21%	3.41%	2.16%
GBPU\$	1.3889	▲	-0.49%	-1.68%	-2.18%	5.02%	2.72%
Brent (\$/barrel)	65.4	▼	-2.02%	-4.48%	-4.91%	3.02%	-2.03%
Gold (\$/oz)	1315.6	▲	-1.09%	-1.66%	-2.05%	2.27%	0.18%
Platinum (\$/oz)	980.3	▼	-1.27%	-1.77%	-2.25%	7.50%	5.08%
Copper (\$/MT)*	6836.3	▼	-2.79%	-2.39%	-3.43%	-1.78%	-5.14%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.3% to trade at \$1,315.60/oz.

Yesterday, gold prices fell 1.1% to close at \$1,311.60/oz, as a rise in the US Dollar and treasury yields dented investor demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.2% to trade at \$65.35/bl.

Yesterday, Brent crude oil dropped 2.0% to settle at \$65.51/bl, after the US Energy Department reported that crude oil inventories rose by 1.90mn bls to 420.20mn bls for the week ended February 2, 2018. Also, data showed that US oil production surpassed the 10.00mn bls per day last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.1% to trade at \$980.30/oz.

Yesterday, platinum prices declined 1.3% to close at \$981.70/oz.



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Major South Africa Corporate News

Sappi Limited

In its 1Q18 results, the company stated that its revenue increased to USD1.33bn from USD1.31bn posted in the corresponding period of the previous year. Its diluted EPS significantly fell from the same period of the prior year to 11c. For FY18, the firm expects capital expenditure of approximately USD500.00mn.

Spar Group Limited

In its trading update for 17 week ended January 27, 2018, the company stated that its sales increased by 7.0% from the same period of the preceding year to ZAR31.60bn. Further, the sales in South Africa increased by 7.9%, which were positively impacted by the newly acquired S.Buys pharmaceutical business.

Major Global Economic News

US

In the US, mortgage applications rebounded 0.7% on a weekly basis during the week ended 2 February 2018. In the prior week, mortgage applications had recorded a drop of 2.6%.

In the US, consumer credit climbed USD18.45bn in December, lower than market expectations for an advance of USD20.00bn. Consumer credit had climbed by a revised USD31.02bn in the previous month.

UK

In the UK, the Halifax house price index registered an unexpected drop of 0.6% on a monthly basis in January. The index had registered a revised fall of 0.8% in the prior month.

In the UK, RICS house price balance remained unchanged at 8.0% in January, compared to market expectations for a drop of 5.0%.

Asia

In Australia, the business confidence index dropped to 6.00 in 4Q 2017. The index had recorded a revised reading of 8.00 in the previous quarter.

In Japan, the non-seasonally adjusted current account surplus of Yen797.20bn in December, less than market expectations, compared to a current account surplus of Yen1347.30bn in the previous month.

Eurozone

In Germany, the seasonally adjusted industrial production fell by 0.6% on a monthly basis in December. In the prior month, industrial production had recorded a revised rise of 3.1%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
US	00:20	Fed's Williams Speaks in Hawaii	✓✓✓	-	-	As scheduled
Japan	01:50	Adjusted Current Account Total (Dec)	✓	Yen1479.60bn*	Yen1700.50bn	Monthly
Japan	01:50	Current Account n.s.a. (Dec)	✓	Yen797.20bn*	Yen1347.30bn	Monthly
Japan	01:50	Trade Balance - BOP Basis (Dec)	✓✓✓	Yen538.90bn*	Yen181.00bn	Monthly
UK	02:01	RICS Housing Price Balance (Jan)	✓✓✓	8.00%*	8.00%	Monthly
Japan	03:30	BoJ Suzuki makes a speech in Wakayama	✓	-	-	As scheduled
China	05:06	Exports (YoY) (Jan)	✓✓	11.10%*	10.90%	Monthly
China	05:06	Imports (YoY) (Jan)	✓✓	36.90%*	4.50%	Monthly
China	05:06	Trade Balance (Jan)	✓✓	USD20.34bn*	USD54.69bn	Monthly
Japan	06:30	Bankruptcies (YoY) (Jan)	✓✓	-	-1.97%	Monthly
Japan	07:00	Eco Watchers Survey: Outlook (Jan)	✓✓	53.60	52.70	Monthly
Japan	07:00	Eco Watchers Survey: Current (Jan)	✓✓	53.70	53.90	Monthly
Germany	09:00	Current Account n.s.a. (Dec)	✓	EUR28.00bn	EUR25.40bn	Monthly
Germany	09:00	Trade Balance n.s.a. (Dec)	✓✓✓	EUR21.00bn	EUR23.70bn	Monthly
Eurozone	10:45	ECB's Weidmann Speaks in Frankfurt	✓	-	-	As scheduled
South Africa	11:30	Gold Production (YoY) (Dec)	✓	-	-8.30%	Monthly
South Africa	11:30	Mining Production (YoY) (Dec)	✓✓	6.30%	6.50%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Dec)	✓✓	1.80%	1.70%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Dec)	✓✓	0.50%	0.90%	Monthly
UK	14:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
US	15:00	Fed's Harker Speaks on Economy: Outlook and Impact for College	✓	-	-	As scheduled
US	15:30	Continuing Jobless Claims (27-Jan)	✓✓✓	1940.00K	1953.00K	Weekly
US	15:30	Initial Jobless Claims (03-Feb)	✓✓✓	232.00K	230.00K	Weekly
US	16:00	Fed's Kashkari Speaks in Moderated Q&A	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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