

# ONE Minute Brief

7 February 2018

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## Economic and Political News

In South Africa, the business confidence index climbed to 99.70 in January, to a two and a half year high, and compared to a level of 96.40 in the previous month.

Some news reports indicate that President Jacob Zuma is ready to quit if certain conditions were met. The ANC's national executive committee (NEC) meeting, earlier scheduled to be held today, has been postponed to 17 and 18 February. ANC's secretary-general, Ace Magashule, stated that discussions between President Zuma and Deputy President, Ramaphosa, had been fruitful and the Wednesday meeting had been put back to allow them to keep talking constructively on a transition. The State of the Nation Address (SONA), scheduled on Thursday, has also been postponed. Meanwhile, the Presidency denied claims that President Jacob Zuma plans to fire Cyril Ramaphosa as the country's Deputy President.

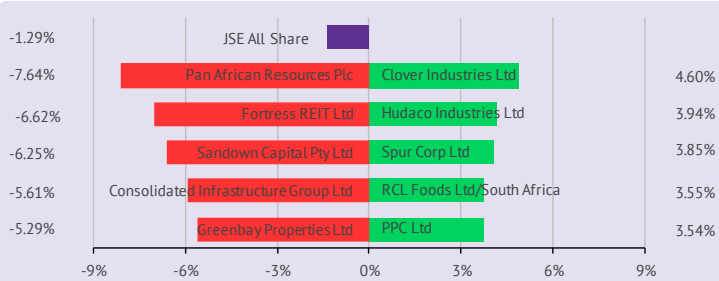
Democratic Alliance leader, Mmusi Maimane, has demanded the impeachment of President Jacob Zuma.

The Competition Commission stated that it would prosecute four companies for alleged price fixing and collusion in a tender for a contract awarded by Eskom worth ZAR4.5bn, after an investigation found evidence of price fixing and collusive tendering, generation, Matshela Koko, in the interest of the South African economy.

## South Africa Market ▼

### South African markets closed lower

South African markets closed lower for the eighth successive session yesterday, led by losses in retail, industrial and property sector stocks. On the macro front, South Africa's business confidence index jumped in January. The JSE All Share Index fell 1.3% to close at 56,377.21.



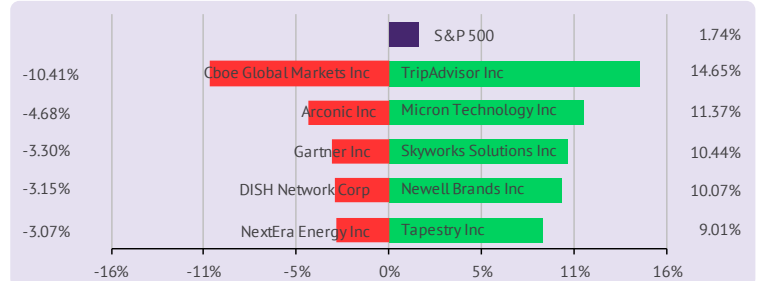
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56377.21	▼ -736.53	-1.29%	-3.89%	-5.26%	0.00%	-5.26%
JSE Top 40	49855.83	▼ -640.47	-1.27%	-3.95%	-5.24%	0.16%	-5.10%
FTSE 100	7141.40	▼ -193.58	-2.64%	-4.06%	-5.21%	-2.01%	-7.11%
DAX 30	12392.66	▼ -294.83	-2.32%	-3.07%	-6.04%	2.10%	-4.06%
CAC 40	5161.81	▼ -124.02	-2.35%	-3.79%	-5.84%	3.19%	-2.84%
S&P 500	2695.14	▲ 46.20	1.74%	-2.43%	-4.56%	5.62%	0.81%
Nasdaq Composite	7115.88	▲ 148.36	2.13%	-1.73%	-3.99%	7.36%	3.08%
DJIA	24912.77	▲ 567.02	2.33%	-2.38%	-4.73%	5.79%	0.78%

## US Market ▲

### The S&P 500 futures are trading in the red

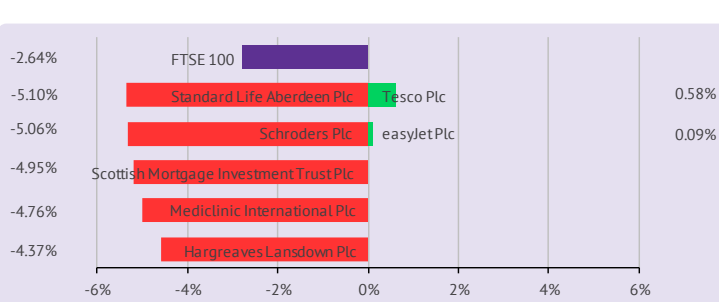
US markets closed higher yesterday, as risk appetite returned among investors and supported by gains in technology, material and consumer staple sector stocks. Data revealed that US trade deficit widened more-than-expected in December. The S&P 500 Index rose 1.7% to 2,695.14.



## UK Market ▼

### The FTSE 100 futures are trading in negative territory

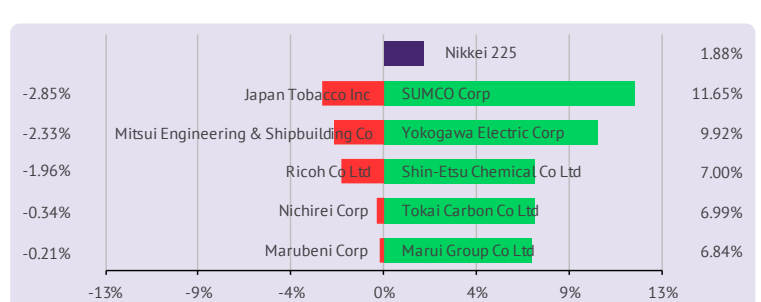
UK markets finished lower yesterday, with the FTSE 100 index reaching its lowest level since April 2017, amid turmoil in global equity markets. The FTSE 100 Index declined 2.6% to close at 7,141.40.



## Asian Market ◀▶

### Trading mostly mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 1.9% higher at 22016.73.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.3% against the South African Rand to trade at R11.9553. Later today, traders will keep a close watch on the US MBA mortgage applications and consumer credit data for further direction.

The US Dollar fell against the South African Rand yesterday, after data indicated that the US trade deficit widened more than market forecast to a nine-year high in December. Separately, in South Africa, the business confidence index climbed for a third straight month in January, reaching its highest level since late 2015.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.4% against the South African Rand to trade at R16.6880. Later today, traders will keep an eye on UK's Halifax house price index for further indication.

The British Pound declined against the South African Rand yesterday.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.4% higher against the South African Rand at R14.8051. Going forward, market participants will keep a tab on German industrial production for further cues.

The Euro weakened against the South African Rand yesterday. Data revealed that Germany's factory orders rebounded on a monthly basis in December, marking its fastest growth in four months.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand to trade at R9.4233. Earlier in the session, Australia's AiG performance of construction index advanced in January.

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	11.9553	▲	-1.73%	-1.39%	0.57%	-4.29%	-3.74%
GBPZAR	16.6880	▲	-1.82%	-2.62%	-1.08%	0.50%	-0.59%
EURZAR	14.8051	▲	-1.67%	-2.11%	0.28%	-0.98%	-0.70%
AUDZAR	9.4233	▼	-1.39%	-1.62%	-1.25%	-1.24%	-2.47%
EURUSD	1.2384	▲	0.08%	-0.69%	-0.30%	3.41%	3.10%
GBPUSD	1.3960	▲	-0.07%	-1.20%	-1.71%	5.02%	3.23%
Brent (\$/barrel)	67.4	▲	-1.12%	-2.51%	-2.95%	3.02%	-0.01%
Gold (\$/oz)	1331.9	▲	-0.52%	-0.57%	-0.96%	2.27%	1.28%
Platinum (\$/oz)	996.0	▲	-0.12%	-0.51%	-1.00%	7.50%	6.43%
Copper (\$/MT)*	7032.3	▼	-1.35%	0.41%	-0.66%	-1.78%	-2.42%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.4% to trade at \$1,331.90/oz.

Yesterday, gold prices fell 0.5% to close at \$1,326.10/oz, as strength in the greenback weighed on the dollar denominated commodity.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$67.36/bl, after the American Petroleum Institute reported that crude oil inventories surprisingly declined 1.05mn bls to 418.40mn bls last week.

Yesterday, Brent crude oil dropped 1.1% to settle at \$66.86/bl, amid recent chaos in the US stock market and expectations for rising US crude supplies and production. Adding to the negative sentiment, the Energy Information Administration, in its monthly report, raised its crude oil production forecasts for 2018 to 10.59mn bls per day and to 11.18mn bls per day for 2019.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.2% to trade at \$996.00/oz.

Yesterday, platinum prices declined 0.1% to close at \$994.30/oz.



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## Major South Africa Corporate News

### Anglo American Platinum Limited

In its FY17 trading update, the company stated that it expects HEPS to be at least 20.0% higher compared with the corresponding period of the previous year at 143.00c per share. Further, it also expects EPS to be at least 20.0% higher from the same period of the preceding year.

### Investec Limited

The company announced that its Chief Executive Officer (CEO), Stephen Koseff and Managing Director, Bernard Kantor would step down from their roles on October 1, 2018. Further, Fani Titi and Hendrik du Toit would be appointed as joint CEOs of the company, with effect from April 1, 2018.

### Hospitality Property Fund Limited

The company announced the resignation of independent Non-Executive Director, Ms Linda de Beer, who also served as the lead independent Director and the Chair of the Audit & Risk Committee.

## Major Global Economic News

### Eurozone

In Germany, the seasonally adjusted factory orders registered a more-than-expected rise of 3.8% on a monthly basis in December. Factory orders had recorded a revised drop of 0.1% in the prior month.

### Asia

In Australia, the AIG performance of construction index advanced to 54.30 in January. In the prior month, the AIG performance of construction index had registered a reading of 52.80.

### US

In the US, trade deficit widened more-than-expected to USD53.10bn in December, compared to a revised deficit of USD50.40bn in the prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Japan Foreign Reserves (Jan)	✓	USD1268.50bn*	USD1264.30bn	Monthly
Japan	07:00	Coincident Index (Dec) (P)	✓	120.50	117.90	Monthly
Japan	07:00	Leading Economic Index (Dec) (P)	✓✓✓	108.10	108.30	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Jan)	✓	-	USD50.72bn	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Jan)	✓	USD43.35bn	USD42.93bn	Monthly
Germany	09:00	Industrial Production (Dec)	✓	-	120.00	Monthly
Germany	09:00	Industrial Production n.s.a. and w.d.a. (YoY) (Dec)	✓✓✓	6.80%	5.60%	Monthly
Germany	09:00	Industrial Production s.a. (MoM) (Dec)	✓✓✓	-0.70%	3.40%	Monthly
UK	10:30	Halifax House Prices (3m/YoY) (Jan)	✓	2.40%	2.70%	Monthly
UK	10:30	Halifax House Prices (MoM) (Jan)	✓	0.20%	-0.60%	Monthly
Eurozone	11:00	ECB's Nouy and Lauentenschlaeger speak in Frankfurt	✓	-	-	As scheduled
US	13:00	Fed's Kaplan Speaks in Frankfurt	✓	-	-	As scheduled
US	14:00	MBA Mortgage Applications (02-Feb)	✓	-	-2.60%	Weekly
US	15:30	Fed's Dudley Speaks in Moderated Q&A	✓	-	-	As scheduled
US	17:15	Fed's Evans Speaks on Economic and Policy Outlook	✓	-	-	As scheduled
US	17:30	DOE Cushing OK Crude Inventory (Barrels) (02-Feb)	✓✓✓	-	-2224.00 K bls	Weekly
US	17:30	EIA Crude Oil Stocks Change (Barrels) (02-Feb)	✓✓✓	3.23mn bls	6.78mn bls	Weekly
US	17:30	DOE Gasoline Inventories (02-Feb)	✓✓✓	277.78K bls	-1980.00K bls	Weekly
US	17:30	DOE Distillate Inventory (02-Feb)	✓✓✓	-1511.11K bls	-1940.00K bls	Weekly
US	22:00	Consumer Credit Change (Dec)	✓✓	USD20.00bn	USD27.95bn	Monthly
Japan	-	Labour Cash Earnings (YoY) (Dec)	✓✓	0.70%*	0.90%	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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