

ONE Minute Brief

27 September 2018

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Economic and political news

In South Africa (SA), non-farm payrolls fell 0.7% on a quarterly basis in 2Q18, compared to a revised rise of 0.4% in the prior quarter.

Deputy Governor, Francois Groepe, stated that SA's central bank should stick to targeting inflation rather than trying to stimulate the economy, because a sudden change in policy would damage the country's credibility and increase prices.

Justice Minister, Michael Masutha and his UAE counterpart, Sultan Saeed Al Badi have signed extradition and mutual legal assistance treaties.

Chairperson of the Portfolio Committee on Home Affairs, Hlomani Chauke has welcomed the broad visa-related reforms announced by Home Affairs Minister, Malusi Gigaba.

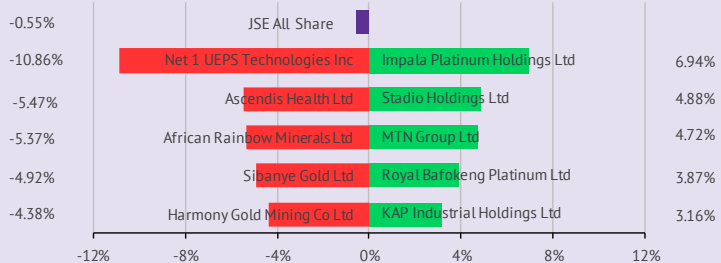
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56570.15	▼	-312.60	-0.55	-1.04	-3.58	2.15	-4.93
JSE Top 40	50361.86	▼	-297.60	-0.59	-1.23	-4.01	2.24	-4.13
FTSE 100	7511.49	▲	3.93	0.05	0.28	1.06	-4.08	-2.29
DAX 30	12385.89	▲	11.23	0.09	-0.36	0.18	-3.45	-4.12
CAC 40	5512.73	▲	33.63	0.61	0.34	1.96	-1.90	3.77
S&P 500	2905.97	▼	-9.59	-0.33	-0.81	0.15	3.03	8.69
Nasdaq Composite	7990.37	▼	-17.10	-0.21	0.04	-1.47	5.71	15.75
DJIA	26385.28	▼	-106.93	-0.40	-1.34	1.62	2.16	6.74
MSCI Emerging Markets	1046.02	▲	4.24	0.41	-0.51	-0.94	-2.90	-9.70
MSCI Developed World	2189.31	▼	-4.89	-0.22	-0.49	0.63	1.04	4.08

South Africa Market ▼

South African markets closed lower

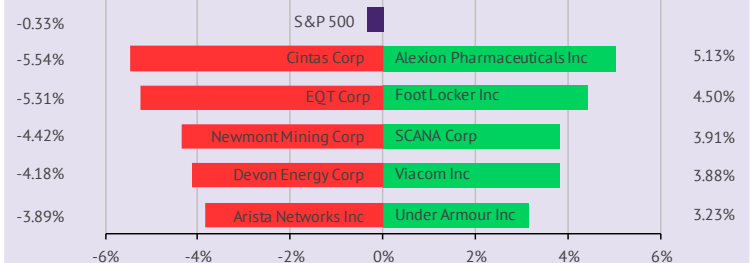
South African markets closed in the red yesterday, weighed down by losses in gold mining, resources and retail sector stocks. Data showed that SA's quarterly non-farm payrolls declined in 2Q18. The JSE All Share Index fell 0.6% to close at 56,570.15.



US Market ▼

The S&P 500 futures are trading in the green

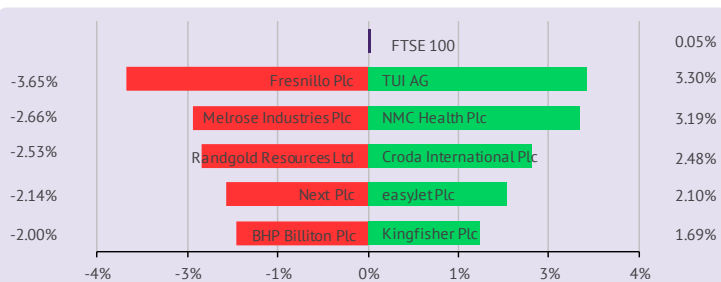
US markets closed lower yesterday, amid losses in financial and material sector stocks, after the Federal Reserve (Fed) raised its key interest rates. The S&P 500 Index dropped 0.3% to close at 2,905.97.



UK Market ▲

The FTSE 100 futures are trading in positive territory

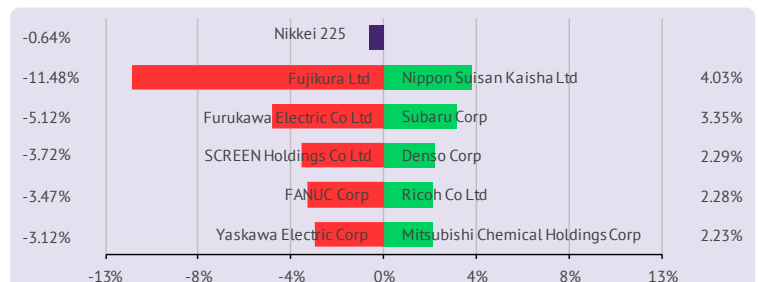
UK markets finished higher yesterday, amid gains in shares of Boohoo, following strong earnings report. The FTSE 100 Index advanced 0.1% to close at 7,511.49.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.6% lower at 23,879.68



USD ZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading slightly firmer against the South African Rand at R14.1397. Later today, traders will keep a close watch on the US gross domestic product, advance goods trade balance, durable goods orders, initial jobless claims and pending home sales data for further cues.

The US Dollar fell against the South African Rand yesterday. On the macroeconomic front, the US MBA mortgage applications recorded a rise in the week ended 21 September 2018. Additionally, new home sales advanced on a monthly basis in August, recording its fastest growth since February 2018. On the data front, non-farm payrolls dropped on a quarterly basis in the second quarter of 2018.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R18.5993. Ahead in the day, traders will keep an eye on the Bank of England, Governor, Mark Carney's speech for further direction.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's BBA loans for house purchases registered a decline in August.

EUR ZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R16.6164. Going forward, market participants will keep a tab on the Eurozone's business climate indicator, economic and consumer confidence index along with Germany's consumer price index and the GfK consumer confidence index for further indication.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.2686.

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	14.1397	▲	-1.51	-1.29	-3.76	10.65	14.16
GBPZAR	18.5993	▼	-1.63	-0.50	-2.20	9.25	11.33
EURZAR	16.6164	▲	-1.74	-1.35	-2.61	9.80	11.72
AUDZAR	10.2686	▲	-1.40	-1.74	-2.85	7.15	6.18
EURUSD	1.1752	▲	-0.24	-0.09	1.18	-0.76	-2.22
GBPUSD	1.3154	▼	-0.13	0.73	1.60	-1.25	-2.56
Brent (\$/barrel)	82.1	▲	-0.65	3.22	4.77	4.62	21.64
Gold (\$/oz)	1201.9	▲	-0.44	-0.18	-0.60	-1.81	-8.78
Platinum (\$/oz)	826.8	▲	0.33	-0.48	4.89	-6.94	-11.62
Copper (\$/MT)*	6270.0	▼	-0.71	-1.72	5.06	-4.96	-13.00

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,201.90/oz.

Yesterday, gold prices fell 0.4% to close at \$1194.4/oz, after the US Fed raised its key interest rate for the third time this year.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.9% to trade at \$82.09/bl, amid concerns over the US sanctions against major crude exporter, Iran which are set to be implemented in November.

Yesterday, Brent crude oil dropped 0.7% to settle at \$81.34/bl, after the Energy Information Administration reported that domestic crude supplies unexpectedly advanced by 1.9mn bls in the week ended 21 September 2018, recording its first rise in six weeks.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.1% to trade at \$826.80/oz.

Yesterday, platinum prices climbed 0.4% to close at \$829.1/oz.

Major South African corporate news

Capitec Bank Holdings Limited

In its 1H18 results, the company announced that its lending, investment and insurance income decreased to ZAR8.43bn, compared to ZAR8.63bn posted in the corresponding period of the previous year. Its diluted EPS rose 20.0% to 2,118.00c, compared to the same period of the prior year. The company has declared an interim dividend of 630.00c per share compared to 525.00c per share recorded in the corresponding period of the preceding year.

Major global economic news

US

The Fed, in its latest monetary policy meeting raised its key interest rate by 25 basis points to 2.25%, as widely expected. Further, the officials upgraded their outlook for the US economic growth. The policymakers now expect the US economy to grow by 3.1% in 2018, up from previously estimated 2.8% and 2.5% in 2019 from 2.4%. Moreover, the central bank dropped its previous assurances that policy was "accommodative". Further, the Fed indicated that it expects one more rate hike this year, three hikes in 2019 and one in 2020.

In the US, the MBA mortgage applications rose 2.9% on a weekly basis in the week ended 21 September 2018. The MBA mortgage applications had registered a rise of 1.6% in the previous week.

In the US, new home sales recorded a rise of 3.5% to a level of 629.00K on a monthly basis in August. In the previous month, new home sales had registered a revised level of 608.00K.

UK

In the UK, the BBA mortgage approvals eased to 39.40K in August, more than market expectations. The BBA mortgage approvals had registered a revised reading of 39.62K in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
Germany	08:00	GfK Consumer Confidence Survey (Oct)	✓✓✓	10.50	10.50	Monthly
Japan	08:35	BoJ Kuroda speaks in Tokyo	✓✓✓	-	-	As scheduled
Eurozone	11:00	Services Sentiment Indicator (Sep)	✓	14.60	14.70	Monthly
Eurozone	11:00	Business Climate Indicator (Sep)	✓✓	1.19	1.22	Monthly
Eurozone	11:00	Consumer Confidence (Sep) (F)	✓✓✓	-2.90	-2.90**	Monthly
Eurozone	11:00	Economic Sentiment Indicator (Sep)	✓	111.20	111.60	Monthly
Eurozone	11:00	Industrial Confidence (Sep)	✓	5.10	5.50	Monthly
South Africa	11:30	Producer Price Index (YoY) (Aug)	✓✓	5.90%	6.10%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Aug)	✓✓	0.30%	0.60%	Monthly
UK	13:45	BoE's Haldane speaks in London	✓	-	-	As scheduled
Germany	14:00	Consumer Price Index (MoM) (Sep) (P)	✓✓✓	0.10%	0.10%	Monthly
Germany	14:00	Consumer Price Index (YoY) (Sep) (P)	✓✓✓	2.00%	2.00%	Monthly
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q2) (F)	✓✓✓	3.00%	3.00%**	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q2) (F)	✓✓✓	4.20%	4.20%**	Quarterly
US	14:30	Continuing Jobless Claims (15-Sep)	✓✓✓	1678.00K	1645.00K	Weekly
US	14:30	Initial Jobless Claims (22-Sep)	✓✓✓	210.00K	201.00K	Weekly
US	14:30	Durable Goods Orders (Aug) (P)	✓✓✓	2.00%	-1.70%	Monthly
US	14:30	Wholesale Inventories (MoM) (Aug) (P)	✓✓✓	0.30%	0.60%	Monthly
US	14:30	Personal Consumption (QoQ) (Q2) (F)	✓✓✓	3.80%	3.80%**	Quarterly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q2) (F)	✓✓✓	2.00%	2.00%**	Quarterly
Eurozone	15:30	ECB President Draghi Addresses ESRB Conference in Frankfurt	✓✓✓	-	-	As scheduled
UK	16:00	BoE's Carney chairs panel in Frankfurt.	✓✓✓	-	-	As scheduled
US	16:00	Pending Home Sales (MoM) (Aug)	✓✓	-0.50%	-0.70%	Monthly
US	16:00	Pending Home Sales (YoY) (Aug)	✓	-1.00%	-0.50%	Monthly
US	17:00	Kansas City Fed Manufacturing Activity (Sep)	✓✓✓	16.00	14.00	Monthly
US	22:30	Fed's Powell Speech	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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