

ONE
Minute Brief

5 October 2018

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Economic and political news

In South Africa (SA), electricity production slid 0.4% YoY in August, compared to a rise of 2.2% in July. Annual electricity consumption rose 1.2% in August, compared to an advance of 2.7% in July.

While addressing at the Jobs Summit, President, Cyril Ramaphosa announced a package of measures that would create an additional 275,000 jobs a year, in a bid to reduce unemployment and boost growth. Further, he added that the financial sector will invest ZAR100bn over the next five years to support black businesses.

Fitch Solutions Macro Research, a subsidiary of the Fitch Group, has revised down SA's growth forecast to 0.7% from 1.3% for 2018, in line with the Reserve Bank's forecasts. Further, growth forecast for 2019 has also been downgraded to 1.7% from 2.1%. Moreover, the agency forecasted that the economy will have a slow rebound in 2019 and policy uncertainty will persist till the 2019 election.

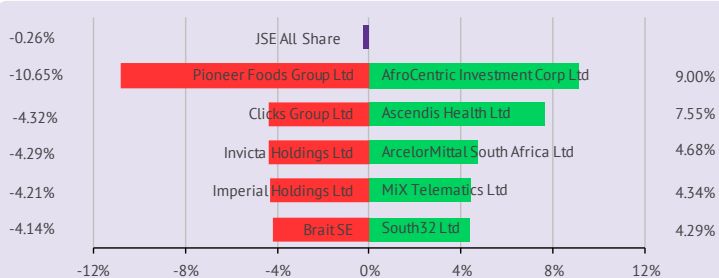
Eskom has placed its senior General Manager of Assurance and Forensics, Molefi Nkhabu, on a precautionary suspension, amid internal audit investigations.

Parliament has denied allegations that it had paid its suspended Secretary, Gengezi Mgidlana and other senior officials performance bonuses.

South Africa Market ▼

South African markets closed lower

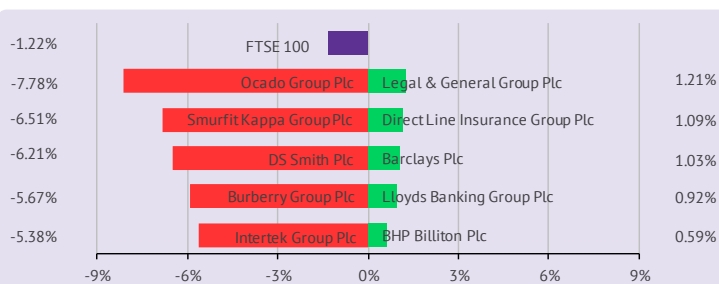
South African markets closed in the red yesterday, weighed down by losses in industrial and retail sector stocks. Data revealed that SA's electricity production dropped in August. The JSE All Share Index fell 0.3% to close at 55,030.60.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, amid rising US Treasury yields. The FTSE 100 Index declined 1.2% to close at 7,418.34.



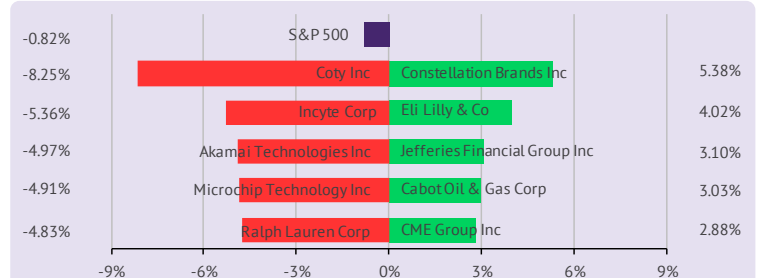
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55030.60	▼ -140.90	-0.26	-1.22	-1.22	-5.05	-7.52
JSE Top 40	48908.52	▼ -84.11	-0.17	-1.24	-1.24	-5.61	-6.90
FTSE 100	7418.34	▼ -91.94	-1.22	-1.22	-1.22	1.05	-3.50
DAX 30	12244.14	▼ -43.44	-0.35	-0.02	-0.02	-0.95	-5.21
CAC 40	5410.85	▼ -80.55	-1.47	-1.50	-1.50	1.60	1.85
S&P 500	2901.61	▼ -23.90	-0.82	-0.42	-0.42	0.43	8.53
Nasdaq Composite	7879.51	▼ -145.58	-1.81	-2.07	-2.07	-0.78	14.14
DJIA	26627.48	▼ -200.91	-0.75	0.64	0.64	1.90	7.72
MSCI Emerging Markets	1010.38	▼ -24.66	-2.38	-3.58	-3.58	-0.76	-12.78
MSCI Developed World	2165.43	▼ -18.20	-0.83	-0.85	-0.85	0.39	2.95

US Market ▼

The S&P 500 futures are trading in the green

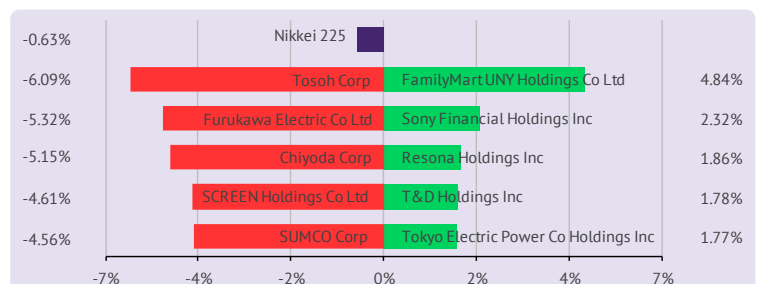
US markets closed lower yesterday, as US bond yields surged to its highest level since 2011, on robust economic data and upbeat comments from the Federal Reserve Chairman, Jerome Powell. The S&P 500 Index dropped 0.8% to close at 2,901.61.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 0.6% lower at 23,824.61.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R14.8646. Later today, traders will keep a close watch on the US trade balance, change in non-farm payrolls, unemployment rate, average hourly earnings and consumer credit data for further indication.

The US Dollar rose against the South African Rand yesterday, following upbeat economic data. On the data front, the US initial jobless claims recorded an unexpected drop to a 49-year low level in the week ended 29 September 2018. Additionally, factory orders climbed more than market expectations on a monthly basis in August, notching its highest level since September 2017. Meanwhile, the nation's durable goods orders rose less than market anticipations in the same month. Separately, in SA, annual electricity production dropped in August. Meanwhile, electricity consumption rose on a yearly basis in August.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.2% against the South African Rand to trade at R19.3311. Ahead in the day, traders will keep an eye on the UK's Halifax house price index for further direction.

The British Pound advanced against the South African Rand yesterday.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R17.0951. Going forward, market participants will keep a tab on Germany's producer price index and factory orders for further cues.

The Euro strengthened against the South African Rand yesterday. On the macroeconomic front, Germany's construction PMI registered a decline in September.

AUD ZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R10.4948. Earlier in the session, Australia's retail sales advanced more than market forecast on a monthly basis in August. In contrast, the nation's AiG performance of construction index registered a decline in September.

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	14.8646	▼	1.48	5.14	5.14	-3.73	20.07
GBPZAR	19.3311	▼	2.11	5.05	5.05	-3.17	15.79
EURZAR	17.0951	▼	1.81	4.31	4.31	-3.68	15.25
AUDZAR	10.4948	▼	1.09	2.97	2.97	-3.25	8.88
EURUSD	1.1506	▼	0.31	-0.78	-0.78	0.02	-4.09
GBPUSD	1.3010	▼	0.63	-0.08	-0.08	0.55	-3.64
Brent (\$/barrel)	84.9	▲	-1.98	2.24	2.24	6.56	26.48
Gold (\$/oz)	1202.5	▲	-0.09	0.48	0.48	-0.84	-8.56
Platinum (\$/oz)	821.0	-	-1.35	0.28	0.28	4.01	-12.12
Copper (\$/MT)*	6288.3	▲	0.41	0.40	0.40	4.95	-12.75

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.4% to trade at \$1,202.50/oz.

Yesterday, gold prices fell 0.1% to close at \$1197.2/oz, amid strength in the US bond yields.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.4% to trade at \$84.88/bl, amid looming US sanctions against Iran's crude exports.

Yesterday, Brent crude oil dropped 2.0% to settle at \$84.58/bl, amid rise in the US crude stockpiles and following reports that Russia and Saudi Arabia have reached a private agreement to increase oil output.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$821.00/oz.

Yesterday, platinum prices declined 1.3% to close at \$824.5/oz.

Major South African corporate news

Pioneer Foods Group Limited

In its FY18 trading statement, the company indicated that it expects HEPS to be between 541.30c and 582.30c, a 32.0% to 42.0% increase compared to the same period of the previous year. Further, the company expects EPS to be in the range of 573.70c to 612.80c, 47.0% to 57.0% higher compared to the corresponding period of the preceding year.

Major global economic news

US

In the US, seasonally adjusted initial jobless claims unexpectedly eased to a level of 207.00K in the week ended 29 September 2018, compared to a revised level of 215.00K in the prior week.

In the US, factory orders recorded a rise of 2.3% on a monthly basis in August, higher than market expectations. Factory orders had fallen by a revised 0.5% in the previous month.

In the US, final durable goods orders advanced 4.4% on a monthly basis in August, less-than-expected and compared to a fall of 1.2% in the previous month. The preliminary figures had recorded an advance of 4.5%.

Eurozone

In Germany, the construction PMI dropped to a level of 50.2 in September. In the previous month, the construction PMI had recorded a level of 51.5.

Asia

In Australia, seasonally adjusted retail sales registered a more-than-anticipated rise of 0.3% on a monthly basis in August. Retail sales had recorded a flat reading in the previous month.

In Australia, the AiG performance of construction index eased to 49.30 in September. The AIG index had registered a reading of 51.80 in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Eurozone	01:00	ECB Vice President Luis de Guindos Speaks in Madrid	✓✓	-	-	As scheduled
 Japan	01:30	Household Spending (YoY) (Aug)	✓✓	2.80%*	0.10%	Monthly
 Japan	07:00	Leading Economic Index (Aug) (P)	✓✓✓	104.20	103.90	Monthly
 Japan	07:00	Coincident Index (Aug) (P)	✓	117.40	116.10	Monthly
 Germany	08:00	Producer Price Index (MoM) (Aug)	✓✓✓	0.20%	0.20%	Monthly
 South Africa	08:00	Gross Gold & Forex Reserve (Sep)	✓	-	USD49.80bn	Monthly
 Germany	08:00	Factory Orders n.s.a. (YoY) (Aug)	✓✓✓	-3.00%	-0.90%	Monthly
 Germany	08:00	Factory Orders s.a. (MoM) (Aug)	✓✓	0.80%	-0.90%	Monthly
 South Africa	08:00	Net Gold & Forex Reserve (Sep)	✓	USD42.30bn	USD42.40bn	Monthly
 Germany	08:00	Producer Price Index (YoY) (Aug)	✓✓✓	2.90%	3.00%	Monthly
 UK	09:30	Halifax House Prices (3m/YoY) (Sep)	✓	3.40%	3.70%	Monthly
 UK	09:30	Halifax House Prices (MoM) (Sep)	✓	0.20%	0.10%	Monthly
 Eurozone	11:35	ECB's Klaas Knot Speaks at Student Conference in Groningen	✓	-	-	As scheduled
 US	14:30	Average Hourly Earnings All Employees (MoM) (Sep)	✓✓	0.30%	0.40%	Monthly
 US	14:30	Average Hourly Earnings All Employees (YoY) (Sep)	✓✓	2.80%	2.90%	Monthly
 US	14:30	Average Weekly Hours All Employees (Sep)	✓	34.50	34.50	Monthly
 US	14:30	Unemployment Rate (Sep)	✓✓✓	3.80%	3.90%	Monthly
 US	14:30	Underemployment Rate (Sep)	✓✓	-	7.40%	Monthly
 US	14:30	Change in Manufacturing Payrolls (Sep)	✓	15.00K	-3.00K	Monthly
 US	14:30	Change in Private Payrolls (Sep)	✓✓	180.00K	204.00K	Monthly
 US	14:30	Trade Balance (Aug)	✓✓✓	-USD53.60bn	-USD50.10bn	Monthly
 US	14:30	Change in Non-farm Payrolls (Sep)	✓✓✓	185.00K	201.00K	Monthly
 US	18:30	Fed's Kaplan Speaks in Waco	✓	-	-	As scheduled
 US	18:30	Fed's Bostic Speaks at Financial Literacy Conference	✓	-	-	As scheduled
 US	21:00	Consumer Credit Change (Aug)	✓✓	USD15.00bn	USD16.64bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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