

ONE  
Minute Brief

4 October 2018

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## Economic and political news

The World Bank has downgraded South Africa's (SA) growth forecasts to 1.0% in 2018 from 1.4%. Further, growth forecasts for 2019 was lowered to 1.3% from 1.8% and 1.7% from 1.9% in 2020. Additionally, the bank cut its economic growth forecast for sub-Saharan Africa this year to 2.7% from an earlier forecast of 3.1%.

Finance Minister, Nhlanhla Nene, in his testimony, stated that he believes he was fired in 2015 by former President, Jacob Zuma, for refusing to approve a USD100bn nuclear power deal with Russia and for rejecting a new route for the state airline to Sudan.

Harmony Gold has signed a three-year wage agreement with SA's National Union of Mineworkers (NUM), the United Association of South Africa (UASA) and Solidarity.

According to a news report, Goldman Sachs expects SA's economy to grow almost 3.0% next year, citing President, Cyril Ramaphosa's reforms and strong global growth.

## Key indices

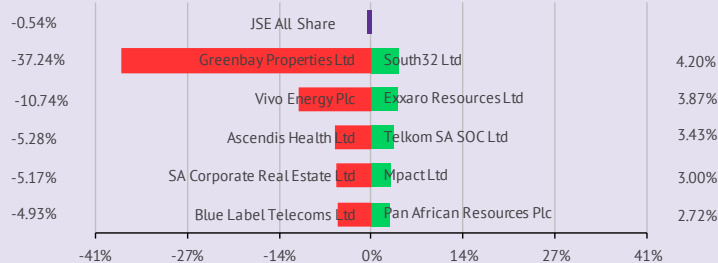
	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	55171.50	▼	-301.07	-0.54	-0.96	-0.96	-5.05	-7.28
JSE Top 40	48992.63	▼	-270.86	-0.55	-1.07	-1.07	-5.61	-6.74
FTSE 100	7510.28	▲	35.73	0.48	0.00	0.00	1.05	-2.31
DAX 30*	12287.58	▼	-51.45	-0.42	0.33	0.33	-0.95	-4.88
CAC 40	5491.40	▲	23.51	0.43	-0.04	-0.04	1.60	3.37
S&P 500	2925.51	▲	2.08	0.07	0.40	0.40	0.43	9.42
Nasdaq Composite	8025.09	▲	25.54	0.32	-0.26	-0.26	-0.78	16.25
DJIA	26828.39	▲	54.45	0.20	1.40	1.40	1.90	8.53
MSCI Emerging Markets	1035.04	▲	1.74	0.17	-1.23	-1.23	-0.76	-10.65
MSCI Developed World	2183.63	▲	0.01	0.00	-0.02	-0.02	0.39	3.81

\* Values as on 2 October 2018

## South Africa Market ▼

## South African markets closed lower

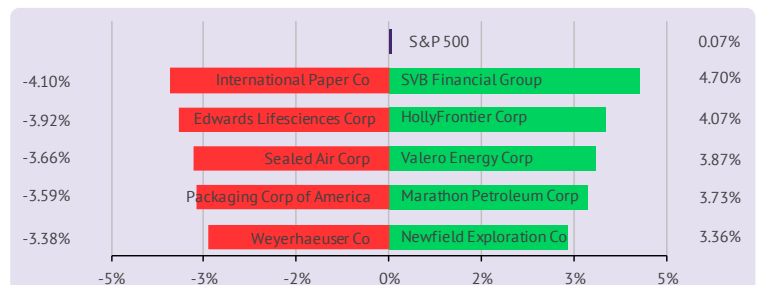
South African markets closed in the red yesterday, after the World Bank revised down SA's growth outlook and following hawkish comments from the Reserve Bank's Deputy Governor, Daniel Mminele. The JSE All Share Index fell 0.5% to close at 55,171.50.



## US Market ▲

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

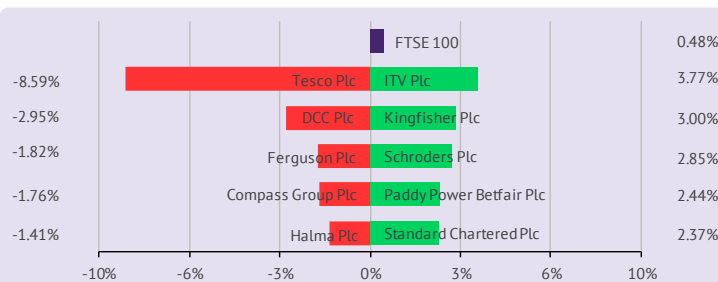
US markets closed higher yesterday, boosted by gains in financial and technology sector stocks. The S&P 500 Index climbed 0.1% to close at 2,925.51.



## UK Market ▲

## The FTSE 100 futures are trading in negative territory

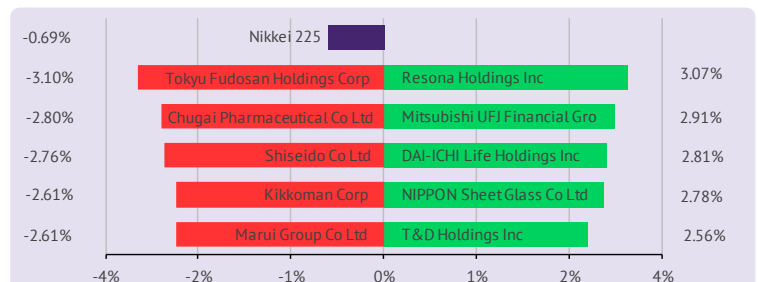
UK markets finished higher yesterday, tracking gains in their European counterparts, as Italian concerns ease. The FTSE 100 Index advanced 0.5% to close at 7,510.28.



## Asian Market ▼

## Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.7% lower at 23,945.34.



## USD ZAR ▲

### USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading marginally higher against the South African Rand at R14.6547. Later today, traders will keep a close watch on the US initial jobless claims, factory orders and durable goods orders for further direction.

The US Dollar rose against the South African Rand yesterday, after the US ADP employment change registered a more-than-expected advance to a seven-month high level in September. Further, the Markit services PMI fell less than market forecast in September. Meanwhile, the nation's MBA mortgage applications recorded a flat reading in the week ended 28 September 2018.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading slightly lower against the South African Rand at R18.9537. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's Markit services PMI dropped more than market forecast in September.

## EUR ZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally dropped against the South African Rand to trade at R16.8114. Going forward, market participants will keep a tab on Germany's construction PMI for further indication.

The Euro strengthened against the South African Rand yesterday, amid reports that Italy is planning to cut its budget deficit over the next three years. On the macro front, Eurozone's Markit services PMI advanced at par with market anticipations in September. Meanwhile, the region's monthly retail sales registered an unexpected decline for a second consecutive month in August. Separately, Germany's Markit services PMI rose less than market expectations in September.

## AUD ZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R10.3872. Earlier in the session, Australia's CBA services PMI recorded a rise in September. Additionally, trade surplus unexpectedly widened in August.

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	14.6547	▲	2.04	3.60	3.60	-3.73	18.32
GBPZAR	18.9537	▼	1.75	2.88	2.88	-3.17	13.39
EURZAR	16.8114	▼	1.42	2.45	2.45	-3.68	13.20
AUDZAR	10.3872	▼	0.84	1.85	1.85	-3.25	7.70
EURUSD	1.1471	▼	-0.61	-1.09	-1.09	0.02	-4.39
GBPUSD	1.2932	▼	-0.30	-0.70	-0.70	0.55	-4.24
Brent (\$/barrel)	86.2	▼	1.76	4.30	4.30	6.56	29.04
Gold (\$/oz)	1200.2	▲	-0.34	0.57	0.57	-0.84	-8.48
Platinum (\$/oz)	832.2	-	0.25	1.65	1.65	4.01	-10.92
Copper (\$/MT)*	6262.5	▼	-0.41	-0.02	-0.02	4.95	-13.11

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,200.20/oz.

Yesterday, gold prices fell 0.3% to close at \$1198.3/oz, as strength in the US Dollar and bond yields dented demand for the safe haven asset.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$86.20/bl, following reports that Russia and Saudi Arabia have agreed to raise crude output in September.

Yesterday, Brent crude oil advanced 1.8% to settle at \$86.29/bl, amid declines in Iranian exports due to pending US oil sanctions. Meanwhile, the US Energy Information Administration reported that crude oil inventories rose by 8.0mn bls in the week ended 28 September 2018.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices retreated marginally to trade at \$832.20/oz.

Yesterday, platinum prices climbed 0.3% to close at \$835.7/oz.

## Major South African corporate news

### EOH Holdings Limited

In its FY18 results, the company announced that its revenues increased to ZAR16.34mn, compared to ZAR15.13mn posted in the corresponding period of the previous year. Its diluted EPS fell to 196.00c, compared to 771.00c recorded in the same period of the prior year. Further, the company announced that it will not be declaring a dividend for FY18.

## Major global economic news

### Eurozone

In the Eurozone, the final services PMI registered a rise to 54.70 in September, in line with market expectations. In the previous month, services PMI had recorded a reading of 54.40. The preliminary figures had also recorded an advance to 54.70.

In the Eurozone, seasonally adjusted retail sales unexpectedly dropped 0.2% on a monthly basis in August. Retail sales had fallen by a revised 0.6% in the prior month.

In Germany, the final services PMI registered a less-than-anticipated rise to 55.90 in September, compared to a reading of 55.00 in the previous month.

### US

In the US, the final Markit services PMI recorded a drop to 53.50 in September, less-than-anticipated and compared to a reading of 54.80 in the previous month. The preliminary figures had indicated a fall to 52.90.

In the US, the non-manufacturing PMI recorded an unexpected rise to a level of 61.60 in September. The non-manufacturing PMI had registered a level of 58.50 in the prior month.

In the US, private sector employment registered a more-than-expected rise of 230.00K in September, compared to a revised advance of 168.00K in the previous month.

In the US, mortgage applications remained flat on a weekly basis in the week ended 28 September 2018. Mortgage applications had registered a rise of 2.9% in the prior week.

### Asia

In Australia, the CBA services PMI advanced to a level of 52.2 in September, compared to a reading of 51.8 in the previous month.

In Australia, seasonally adjusted trade surplus surprisingly widened to AUD1604.00mn in August, following a revised surplus of AUD1548.00mn in the previous month.

### UK

In the UK, the services PMI fell more-than-expected to a level of 53.90 in September, compared to a level of 54.30 in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous/ **Previous est.	Frequency
UK	10:00	New Car Registrations (YoY) (Sep)	✓	-	23.10%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Aug)	✓	-	2.70%	Monthly
South Africa	13:00	Electricity Production (YoY) (Aug)	✓	-	2.20%	Monthly
US	13:30	Challenger Job Cuts (YoY) (Sep)	✓	-	13.70%	Monthly
US	14:30	Continuing Jobless Claims (22-Sep)	✓✓✓	1665.00K	1661.00K	Weekly
US	14:30	Initial Jobless Claims (29-Sep)	✓✓✓	215.00K	214.00K	Weekly
US	15:15	Fed's Quarles Speaks at Community Banking Conference	✓	-	-	As scheduled
Canada	16:00	Ivey PMI s.a. (Sep)	✓✓✓	-	61.90	Monthly
US	16:00	Cap Goods Orders Nondef Ex Air (Aug) (F)	✓	-	-0.50%**	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Aug) (F)	✓	-	0.10%**	Monthly
US	16:00	Durable Goods Orders ex Transportation (Aug) (F)	✓✓	-	0.10%**	Monthly
US	16:00	Durable Goods Orders (Aug) (F)	✓✓✓	4.50%	4.50%**	Monthly
US	16:00	Factory Orders (MoM) (Aug)	✓✓✓	2.10%	-0.80%	Monthly
Eurozone	19:00	ECB Cœuré Speech	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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