

# ONE Minute Brief

26 October 2018

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## Economic and political news

In South Africa (SA), the producer price index (PPI) advanced 6.2% YoY in September, as expected and compared to a rise of 6.3% in August.

Members of Solidarity union marched in a protest against Sasol's share scheme offered exclusively to black staff. Further, Solidarity's Chief Executive, Dirk Hermann, stated that the union had filed an unfair racial discrimination case at the labour court in an attempt to get white workers included in the scheme.

President, Cyril Ramaphosa, has suspended the Deputy National Director of Public Prosecutions, Nomgcobo Jiba and the Special Director of Public Prosecutions, Lawrence Mrwebi with immediate effect pending an inquiry into their fitness to hold office.

PIC's Chief Executive, Dan Matjila, has denied corruption allegations, after opposition parties accused him of misuse of funds and careless investment decisions.

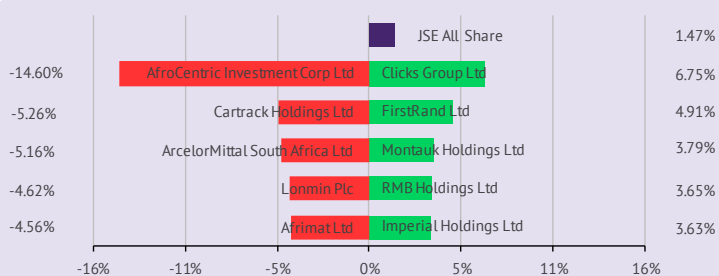
Transnet will sue its axed Chief Executive Officer, Siyabonga Gama, to recover ZAR166mn paid to Gupta-linked Regiments Capital.

According to a news report, President, Cyril Ramaphosa, will seek billions of dollars of new spending pledges from foreign investors and local firms at an investment summit today, in a bid to pull the economy out of recession.

## South Africa Market ▲

### South African markets closed higher

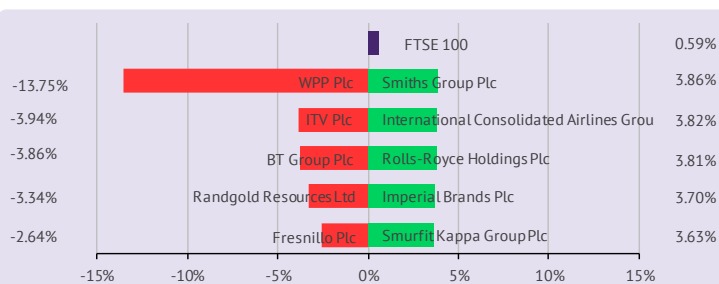
South African markets closed in the green yesterday, amid easing global tensions and boosted by gains in banking and retail sector stocks. Data showed that SA's annual PPI rose meeting market expectations in September. The JSE All Share Index rose 1.5% to close at 51,624.86.



## UK Market ▲

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

UK markets finished higher yesterday, amid weakness in the British Pound, following European Central Bank (ECB) President, Mario Draghi's comments on Brexit. The FTSE 100 Index rose 0.6% to close at 7,004.10.



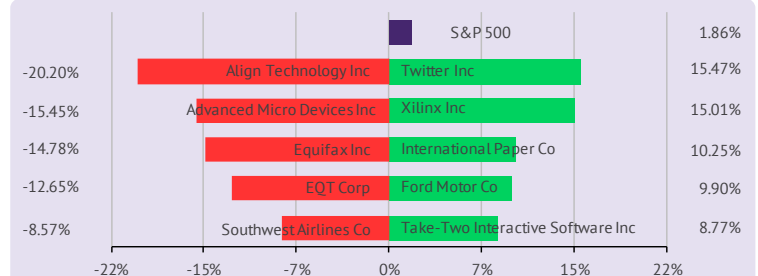
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	51624.86	▲	747.52	1.47	-0.90	-7.33	-5.05	-13.24
JSE Top 40	45416.62	▲	746.86	1.67	-1.04	-8.29	-5.61	-13.55
FTSE 100	7004.10	▲	41.12	0.59	-0.65	-6.74	1.05	-8.89
DAX 30	11307.12	▲	115.49	1.03	-2.14	-7.67	-0.95	-12.47
CAC 40	5032.30	▲	79.21	1.60	-1.03	-8.40	1.60	-5.28
S&P 500	2705.57	▲	49.47	1.86	-2.25	-7.15	0.43	1.20
Nasdaq Composite	7318.34	▲	209.94	2.95	-1.75	-9.05	-0.78	6.01
DJIA	24984.55	▲	401.13	1.63	-1.81	-5.57	1.90	1.07
MSCI Emerging Markets	948.96	▼	-4.09	-0.43	-2.32	-9.44	-0.76	-18.08
MSCI Developed World	2006.27	▲	17.65	0.89	-2.72	-8.14	0.39	-4.62

## US Market ▲

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

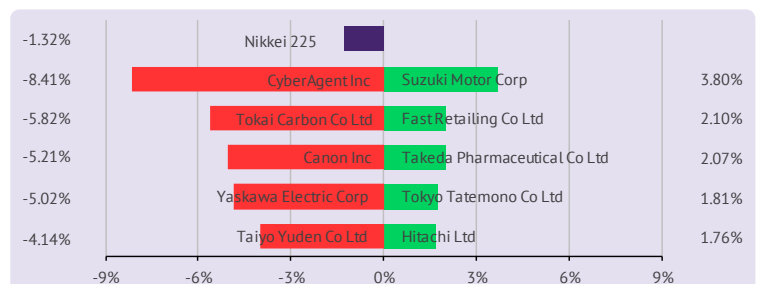
US markets closed higher yesterday, amid upbeat corporate earnings report and amid gains in consumer discretionary and technology sector stocks. Data revealed that the US advance goods trade deficit widened in September. The S&P 500 Index climbed 1.9% to close at 2,705.57.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning. Data showed that Japan's annual Tokyo consumer price index (CPI) rose in line with market forecast in October. The Nikkei 225 Index is trading 1.3% lower at 20,987.90.



## USD ZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% higher against the South African Rand at R14.6749. Later today, traders will keep a close watch on the US gross domestic product, personal consumption and the Michigan consumer sentiment index for further indication.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US durable goods orders surprised with a rise in September. Additionally, pending home sales recorded an unexpected advance on a monthly basis in September. In contrast, the nation's advance goods trade deficit unexpectedly widened in September. Additionally, initial jobless claims climbed in line with market anticipations in the week ended 2 October 2018. Separately, in SA, the PPI climbed in line with market forecast on a yearly basis in September.

## GBP ZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound advanced 0.4% against the South African Rand to trade at R18.8079. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound declined against the South African Rand yesterday, amid ongoing Brexit uncertainty.

## EUR ZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.3% firmer against the South African Rand at R16.6790. Going forward, market participants will keep a tab on the ECB President, Mario Draghi's speech and Germany's GfK consumer confidence index for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Germany's Ifo business climate survey index fell more than market forecast in October. Additionally, the Ifo expectations survey index recorded a more-than-expected decline in October. Moreover, the Ifo current assessment survey index dropped more than market anticipations in the same month.

## AUD ZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% weaker against the South African Rand at R10.3187.

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	14.6749	▲	0.39	1.45	3.40	-3.73	18.09
GBPZAR	18.8079	▲	-0.10	-0.58	1.69	-3.17	12.09
EURZAR	16.6790	▲	0.25	0.12	1.35	-3.68	11.98
AUDZAR	10.3187	▼	0.61	0.87	1.29	-3.25	7.11
EURUSD	1.1366	▼	-0.15	-1.21	-1.97	0.02	-5.25
GBPUSD	1.2816	▼	-0.50	-1.98	-1.64	0.55	-5.15
Brent (\$/barrel)	76.4	▼	0.95	-3.62	-7.06	6.56	14.98
Gold (\$/oz)	1235.0	▲	0.11	0.31	3.16	-0.84	-6.13
Platinum (\$/oz)	828.7	-	0.00	-0.43	1.22	4.01	-11.29
Copper (\$/MT)*	6253.0	▲	1.05	0.40	-0.17	4.95	-13.24

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,235.00/oz.

Yesterday, gold prices rose 0.1% to close at \$1,229.10/oz.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$76.42/bl, after Saudi Arabia's OPEC Governor, Adeeb Al-Aama, stated that the market could face oversupply in the fourth quarter.

Yesterday, Brent crude oil advanced 1.0% to settle at \$76.89/bl, as Saudi Arabia's Energy Minister, Khalid AL-Falih, signalled that major producers may have to intervene in crude markets to support prices.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$828.70/oz.

Yesterday, platinum prices climbed 0.1% to close at \$831.9/oz.

## Major South African corporate news

### Allied Electronics Corporation Limited

In its 1H18 results, the company announced that its revenues advanced 44.0% to ZAR9.78bn, compared to the same period of the preceding year. Its diluted EPS stood at 72.00c, compared to 44.00c recorded in the corresponding period of the previous year. The company has declared an interim cash dividend of 28.00c per share.

### Clicks Group Limited

In its FY18 results, the company announced that its revenues increased to ZAR30.98bn, compared to ZAR28.34bn posted in the corresponding period of the previous year. Its diluted EPS rose 14.2% to 577.60c, compared to the same period of the prior year. The company has declared a final dividend of 277.50c per share.

## Major global economic news

### Eurozone

The ECB, in its October monetary policy meeting, decided to keep its benchmark interest rate steady at 0.00%, for a third consecutive policy session. Further, the bank reiterated that its QE programme would cease in December. Additionally, officials signalled that the key interest rates will remain at their present levels at least through the summer of 2019.

In Germany, the Ifo business climate index fell more-than-expected to a level of 102.80 in October. In the previous month, the index had registered a level of 103.70.

In Germany, the Ifo business expectations index dropped to 99.80 in October, more than market forecast. In the previous month, the index had registered a level of 101.00.

In October, the Ifo current assessment index recorded a more-than-anticipated drop to 105.90 in Germany, compared to a reading of 106.40 in the prior month.

### US

In the US, advance goods trade deficit unexpectedly widened to USD76.00bn in September, compared to a deficit of USD75.80bn in the prior month.

In the US, seasonally adjusted initial jobless claims advanced to a level of 215.00 K in the week ended 2 October 2018, in line with market expectations and compared to a reading of 210.00k in the previous week.

In the US, preliminary durable goods orders unexpectedly rose 0.8% on a monthly basis in September, compared to a revised advance of 4.6% in the prior month.

In the US, pending home sales unexpectedly climbed 0.5% on a monthly basis in September, compared to a revised fall of 1.9% in the previous month.

### Asia

In Japan, Tokyo CPI recorded a rise of 1.5% on an annual basis in October, meeting market expectations and compared to an advance of 1.3% in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Tokyo Consumer Price Index (YoY) (Oct)	✓✓✓	1.50%*	1.30%	Monthly
Japan	01:30	Tokyo CPI ex Fresh Food (YoY) (Oct)	✓✓✓	1.00%*	1.00%	Monthly
Japan	01:30	Tokyo CPI ex Food, Energy (YoY) (Oct)	✓	0.60%*	0.70%	Monthly
US	03:00	Fed's Mester Speaks to Money Marketeers in New York	✓	-	-	As scheduled
Germany	08:00	GfK Consumer Confidence Survey (Nov)	✓✓✓	10.50	10.60	Monthly
France	08:45	Producer Price Index (MoM) (Sep)	✓✓	-	0.20%	Monthly
France	08:45	Consumer Confidence (Oct)	✓✓✓	95.00	94.00	Monthly
Italy	10:00	Wage Inflation (MoM) (Sep)	✓	-	0.90%	Monthly
Italy	10:00	Wage Inflation (YoY) (Sep)	✓	-	2.00%	Monthly
Eurozone	10:00	ECB Survey of Professional Forecasters	✓	-	-	As scheduled
US	14:30	Gross Domestic Purchases Price Index (QoQ) (Q3) (P)	✓✓✓	2.10%	3.00%	Quarterly
US	14:30	Personal Consumption (QoQ) (Q3) (P)	✓✓✓	3.30%	3.80%	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q3) (P)	✓✓✓	3.30%	4.20%	Quarterly
US	14:30	Personal Consumption Expenditure Core (QoQ) (Q3) (P)	✓✓✓	1.80%	2.10%	Quarterly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Oct) (F)	✓✓✓	99.00	99.00**	Monthly
Eurozone	16:00	ECB President Draghi Speaks in Brussels	✓✓✓	-	-	As scheduled
Eurozone	16:15	ECB Executive Board Member Coeure Speaks in Paris	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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