

ONE  
Minute Brief

31 October 2018

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## Economic and political news

In South Africa (SA), unemployment rate rose to a 15-year high level of 27.5% in 3Q18, more than market expectations and compared to a rate of 27.2% in the previous quarter.

The South African Reserve Bank stated that it had started the process of liquidation of VBS Mutual Bank and termed the bank as “hopelessly insolvent”.

A Lagos judge has adjourned hearing in the dispute between South African telecom firm, MTN Group and Nigeria's central bank until 4 December 2018.

A senior analyst at S&P's Global Ratings warned that SA's sovereign rating is at the risk of being downgraded due to concerns about the postponement of fiscal consolidation and uncertainty surrounding land expropriation.

German Chancellor, Angela Merkel, has pledged a new EUR1bn development fund for investments in Africa.

The Democratic Alliance's lawyers expect Cape Town Mayor, Patricia de Lille, to resign from her position today, as previously agreed.

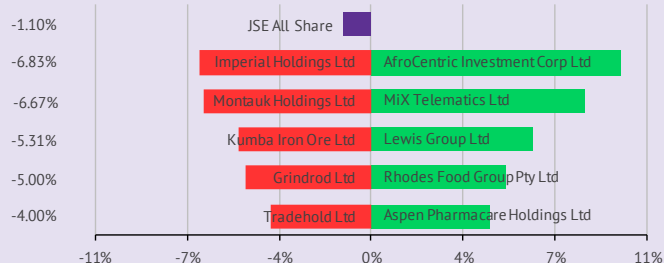
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	50756.59	▼	-563.93	-1.10	-0.16	-8.89	-5.05	-14.70
JSE Top 40	44534.57	▼	-575.20	-1.28	-0.26	-10.07	-5.61	-15.23
FTSE 100	7035.85	▲	9.53	0.14	1.39	-6.32	1.05	-8.48
DAX 30	11287.39	▼	-48.09	-0.42	0.77	-7.83	-0.95	-12.62
CAC 40	4978.53	▼	-10.82	-0.22	0.22	-9.37	1.60	-6.29
S&P 500	2682.63	▲	41.38	1.57	0.90	-7.94	0.43	0.34
Nasdaq Composite	7161.65	▲	111.36	1.58	-0.08	-11.00	-0.78	3.74
DJIA	24874.64	▲	431.72	1.77	0.75	-5.99	1.90	0.63
MSCI Emerging Markets	936.30	▲	1.51	0.16	-0.35	-10.65	-0.76	-19.18
MSCI Developed World	1997.19	▲	21.49	1.09	0.77	-8.55	0.39	-5.05

## South Africa Market ▼

## South African markets closed lower

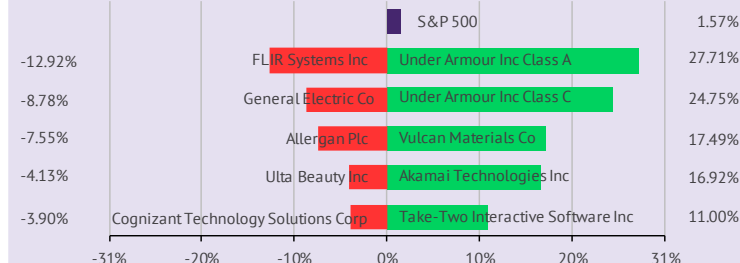
South African markets closed in the red yesterday, as shares of Naspers plunged and weighed down by losses in resources and industrial sector stocks. Data indicated that SA's unemployment rate advanced in 3Q18. The JSE All Share Index fell 1.1% to close at 50,756.59.



## US Market ▲

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

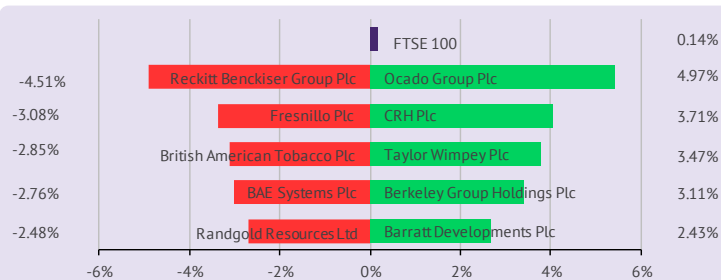
US markets closed higher yesterday, boosted by gains in communications, energy and materials sector stocks. Data revealed that the US consumer confidence index rose more-than-expected in October. The S&P 500 Index climbed 1.6% to close at 2,682.63.



## UK Market ▲

## The FTSE 100 futures are trading in positive territory

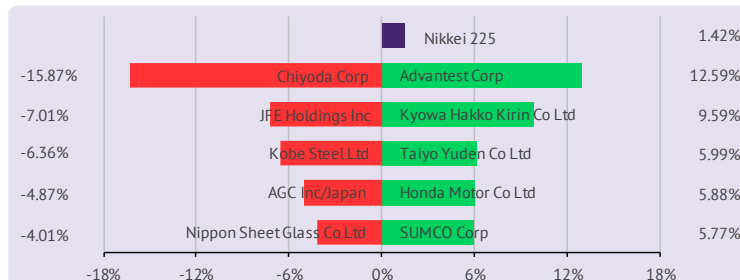
UK markets finished higher yesterday, amid strong results from BP and led by weakness in the British Pound. The FTSE 100 Index advanced 0.1% to close at 7,035.85.



## Asian Market ▲

## Trading mostly higher

Asian markets are trading mostly higher this morning. Data showed that Japan's monthly industrial production fell more-than-anticipated in September. The Nikkei 225 Index is trading 1.4% higher at 21,762.91.



## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% firmer against the South African Rand at R14.6389. Later today, traders will keep a close watch on the US ADP employment change, the MBA mortgage applications and the Chicago purchasing manager index for further indication.

The US Dollar fell against the South African Rand yesterday. On the data front, the US consumer confidence index registered a less-than-expected drop in October. Separately, SA's unemployment rate advanced in the third quarter of 2018, notching its highest level in 15 years.

## GBP ZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.3% against the South African Rand to trade at R18.5984. Data indicated that UK's GfK consumer confidence index declined at par with market forecast in October. Additionally, the BRC shop price index recorded a drop on a yearly basis in October.

The British Pound declined against the South African Rand yesterday.

## EUR ZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.3% firmer against the South African Rand at R16.6006. Going forward, market participants will keep a tab on the Eurozone's consumer price index (CPI) and unemployment rate along with Germany's retail sales for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, the Eurozone's gross domestic product (GDP) recorded a less-than-expected rise on a quarterly basis in 3Q18, marking its slowest rate in four years. Moreover, the economic confidence index dropped more than market anticipations in October. Additionally, the region's business climate indicator declined more than market forecast in October. Additionally, the consumer confidence index climbed in the same month. Separately, Germany's CPI jumped more-than-anticipated on an annual basis in October, notching its highest level since September 2008. Further, unemployment rate recorded a steady reading in October.

## AUD ZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar marginally advanced against the South African Rand to trade at R10.3720. Earlier in the session, Australia's annual CPI advanced meeting market expectations in the third quarter of 2018. Additionally, private sector credit climbed in line with market forecast on a monthly basis in September. Meanwhile, in China, Australia's largest trading partner, the manufacturing PMI fell more than market anticipations in October, marking its lowest level since July 2016.

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	14.6389	▲	-0.85	-0.03	3.21	-3.73	17.87
GBPZAR	18.5984	▲	-1.51	-0.98	0.65	-3.17	10.94
EURZAR	16.6006	▲	-1.10	-0.54	0.88	-3.68	11.47
AUDZAR	10.3720	▲	-0.17	0.19	1.50	-3.25	7.33
EURUSD	1.1340	▼	-0.25	-0.51	-2.23	0.02	-5.50
GBPUSD	1.2705	▼	-0.68	-0.95	-2.49	0.55	-5.97
Brent (\$/barrel)	76.3	▲	-1.85	-2.20	-8.24	6.56	13.52
Gold (\$/oz)	1218.1	▼	-0.19	-0.58	2.84	-0.84	-6.42
Platinum (\$/oz)	836.7	▼	0.25	1.15	2.48	4.01	-10.19
Copper (\$/MT)*	6076.5	▼	-1.65	-2.10	-2.99	4.95	-15.69

\*As of previous close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.6% lower to trade at \$1,218.10/oz.

Yesterday, gold prices fell 0.2% to close at \$1,225.30/oz, as the US Dollar strengthened, amid renewed fears of rising US-China trade war and worries over slowing global economic growth.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.6% higher to trade at \$76.33/bl. Meanwhile, the American Petroleum Institute reported that crude oil inventories advanced by 5.7mn bls in the week ended 26 October 2018.

Yesterday, Brent crude oil dropped 1.9% to settle at \$75.91/bl, amid increasing worries over rising global production.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices fell 0.3% to trade at \$836.70/oz.

Yesterday, platinum prices climbed 0.3% to close at \$839.00/oz.

## Major South African corporate news

### Zeder Investments Limited

The company announced that Coronation Asset Management Proprietary Limited has acquired a beneficial interest in the securities of the company, such that the total of all beneficial interests held by it amounts to 5.9% of the total issued ordinary share capital.

## Major global economic news

### Eurozone

In the Eurozone, seasonally adjusted flash GDP climbed 0.2% on a quarterly basis in 3Q18, less than market expectations. In the prior quarter, GDP had climbed 0.4%.

In the Eurozone, business climate indicator registered a drop to 1.01 in October, more-than-expected and compared to a level of 1.21 in the prior month.

In the Eurozone, the final consumer confidence index advanced to -2.70 in October, compared to a reading of -2.90 in the prior month. The preliminary figures had also recorded an advance to -2.70.

In the Eurozone, the economic confidence index fell more-than-anticipated to a level of 109.80 in October, compared to a level of 110.90 in the previous month.

In Germany, the flash CPI climbed 2.5% on an annual basis in October, more than market expectations. The CPI had advanced 2.3% in the prior month.

In Germany, seasonally adjusted unemployment rate remained unchanged at 5.1% in October.

### Asia

In Australia, the CPI rose 1.9% on a yearly basis in 3Q18, in line with market expectations. The CPI had advanced 2.10% in the prior quarter.

In Australia, private sector credit climbed 0.4% on a monthly basis in September, meeting market expectations. In the prior month, private sector credit had registered a rise of 0.5%.

In China, the NBS manufacturing PMI recorded a drop to 50.20 in October, more than market expectations. The NBS manufacturing PMI had recorded a level of 50.80 in the prior month.

### UK

In the UK, the GfK consumer confidence eased to -10.00 in October, in line with market expectations. The index had recorded a level of -9.00 in the previous month.

In the UK, the BRC shop price index registered a drop of 0.2% on an annual basis in October. In the prior month, the index had registered a rise of 0.2%.

### US

In the US, the CB consumer confidence index recorded a less-than-expected drop to 137.90 in October. The CB consumer confidence index had recorded a level of 138.40 in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Industrial Production (MoM) (Sep) (P)	✓✓✓	-1.10%*	0.20%	Monthly
Japan	01:50	Industrial Production (YoY) (Sep) (P)	✓✓✓	-2.90%*	0.20%	Monthly
UK	02:01	BRC Shop Price Index (YoY) (Oct)	✓✓✓	-0.20%*	0.20%	Monthly
UK	02:01	Lloyds Business Barometer (Oct)	✓	19.00%*	29.00%	Monthly
UK	02:01	GfK Consumer Confidence (Oct)	✓✓✓	-10.00*	-9.00	Monthly
China	03:00	NBS Non-manufacturing PMI (Oct)	✓	53.90*	54.90	Monthly
China	03:00	NBS Manufacturing PMI (Oct)	✓✓	50.20*	50.80	Monthly
Japan	06:00	Vehicle Production (YoY) (Aug)	✓	-0.30%*	-2.00%	Monthly
Japan	07:00	Construction Orders (YoY) (Sep)	✓	-	0.50%	Monthly
Japan	07:00	Housing Starts (YoY) (Sep)	✓	-0.80%	1.60%	Monthly
Japan	07:00	Consumer Confidence Index (Oct)	✓✓	43.50	43.40	Monthly
Japan	07:00	Annualised Housing Starts (Sep)	✓✓	0.95mn units	0.96mn units	Monthly
Germany	09:00	Retail Sales (MoM) (Sep)	✓✓✓	0.50%	-0.10%	Monthly
Germany	09:00	Retail Sales (YoY) (Sep)	✓✓✓	1.00%	1.60%	Monthly
France	09:45	Consumer Price Index (EU norm) (YoY) (Oct) (P)	✓✓✓	2.60%	2.50%	Monthly
Italy	12:00	Consumer Price Index (YoY) (Oct) (P)	✓✓✓	-	1.40%	Monthly
Eurozone	12:00	Unemployment Rate (Sep)	✓✓✓	8.10%	8.10%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Oct) (P)	✓✓✓	2.20%	2.10%	Monthly
Italy	12:00	Consumer Price Index (EU Norm) (YoY) (Oct) (P)	✓✓✓	1.80%	1.50%	Monthly
US	13:00	MBA Mortgage Applications (26-Oct)	✓	-	4.90%	Weekly
South Africa	14:00	Trade Balance (Sep)	✓✓	ZAR4.20bn	ZAR8.80bn	Monthly
US	14:15	ADP Employment Change (Oct)	✓✓✓	187.00K	230.00K	Monthly
US	15:45	Chicago PMI (Oct)	✓✓✓	60.00	60.40	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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