

ONE Minute Brief

30 October 2018

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Economic and political news

In South Africa (SA), annual private sector credit growth slowed to 6.26% in September, compared to an advance of 6.74% in August. M3 money supply growth rose more-than-expected to 7.0% on a yearly basis in September, compared to a rise of 6.95% in the previous month.

The South African Reserve Bank (SARB) Governor, Lesetja Kganyago, in its biannual policy review, stated that the bank might raise interest rates marginally as inflation remains "uncomfortably" near the upper end of its target range while economic growth has disappointed.

Democratic Alliance Leader, Mmusi Maimane, announced plans to break Eskom's monopoly in the energy sector, through the introduction of a private member's bill named Independent System and Market Operator (ISMO) Bill.

News reports indicated that the African National Congress's integrity commission has urged members implicated in the VBS Mutual Bank scandal to step aside from leadership positions and activities.

South African lender, Nedbank announced that it has proposed to replace KPMG with EY as its auditor at its next annual general meeting.

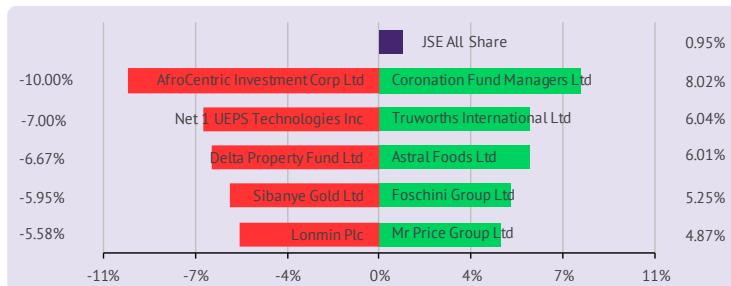
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	51320.52	▲	482.95	0.95	0.95	-7.88	-5.05	-13.75
JSE Top 40	45109.77	▲	458.32	1.03	1.03	-8.91	-5.61	-14.13
FTSE 100	7026.32	▲	86.76	1.25	1.25	-6.44	1.05	-8.60
DAX 30	11335.48	▲	134.86	1.20	1.20	-7.44	-0.95	-12.25
CAC 40	4989.35	▲	21.98	0.44	0.44	-9.18	1.60	-6.08
S&P 500	2641.25	▼	-17.44	-0.66	-0.66	-9.36	0.43	-1.21
Nasdaq Composite	7050.29	▼	-116.92	-1.63	-1.63	-12.38	-0.78	2.13
DJIA	24442.92	▼	-245.39	-0.99	-0.99	-7.62	1.90	-1.12
MSCI Emerging Markets	934.80	▼	-4.76	-0.51	-0.51	-10.79	-0.76	-19.31
MSCI Developed World	1975.70	▼	-6.19	-0.31	-0.31	-9.54	0.39	-6.07

South Africa Market ▲

South African markets closed higher

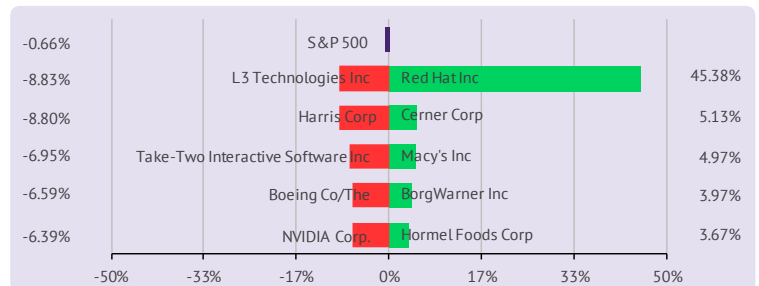
South African markets closed in the green yesterday, supported by gains in retail and banking sector stocks. Data showed that SA's M3 money supply rose more-than-anticipated in September. The JSE All Share Index rose 1.0% to close at 51,320.52.



US Market ▼

The S&P 500 futures are trading in the green

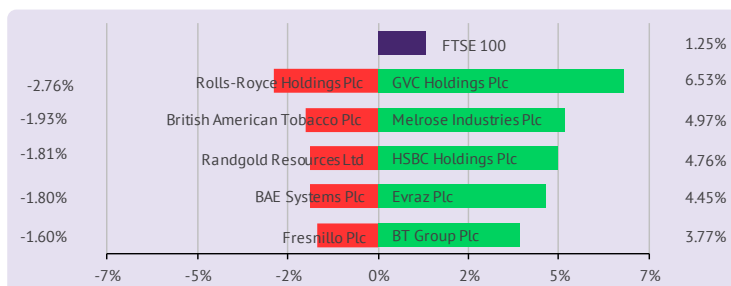
US markets closed lower yesterday, amid renewed fears over US-China trade conflict and concerns about global growth. Data showed that the US Dallas Fed manufacturing index unexpectedly rose in October. The S&P 500 Index dropped 0.7% to close at 2,641.25.



UK Market ▲

The FTSE 100 futures are trading in negative territory

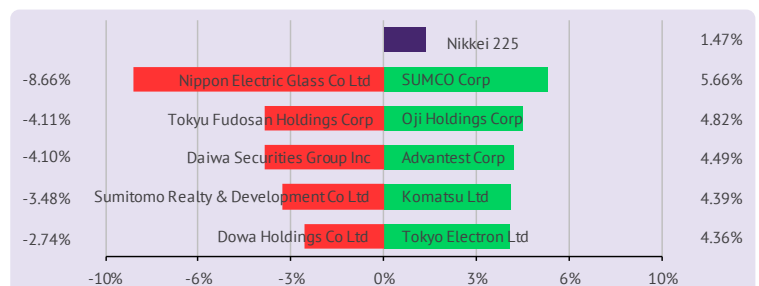
UK markets finished higher yesterday, boosted by gains in banking sector stocks, following strong quarterly results from HSBC. The FTSE 100 Index advanced 1.3% to close at 7,026.32.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that Japan's jobless rate dropped in September. The Nikkei 225 Index is trading 1.5% higher at 21,461.24.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% lower against the South African Rand at R14.6537. Later today, traders will keep a close watch on the US consumer confidence index for further direction.

The US Dollar rose against the South African Rand yesterday, amid reports that the US is planning to impose additional tariffs on China. Data indicated that the US Dallas Fed manufacturing index surprised with a rise in October. Additionally, personal spending climbed in line with market anticipations in September. Meanwhile, the nation's personal income advanced less than market forecast on a monthly basis in September, recoding its smallest increase since June 2017. Separately, in SA, annual private sector credit advanced less than market forecast in September. Meanwhile, M3 money supply climbed more than market expectations on a yearly basis in the same month.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.3% weaker against the South African Rand at R18.7709. Amid no major economic news in the UK today, market sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's net consumer credit grew at its lowest pace in three years in September. Further, mortgage approvals registered a decline in September.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.4% lower against the South African Rand at R16.6782. Going forward, market participants will keep a tab on the Eurozone's gross domestic product, business climate indicator, consumer and economic confidence index along with Germany's consumer price index and unemployment rate for further indication.

The Euro strengthened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar marginally declined against the South African Rand to trade at R10.3853. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index registered an advance in the week ended 28 October 2018. In contrast, the nation's monthly building approvals rose less than market expectations 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	14.6537	▼	0.83	0.83	4.10	-3.73	18.88
GBPZAR	18.7709	▼	0.54	0.54	2.19	-3.17	12.64
EURZAR	16.6782	▼	0.56	0.56	2.00	-3.68	12.71
AUDZAR	10.3853	▼	0.36	0.36	1.67	-3.25	7.51
EURUSD	1.1382	▲	-0.26	-0.26	-1.99	0.02	-5.26
GBPUSD	1.2809	▲	-0.27	-0.27	-1.83	0.55	-5.33
Brent (\$/barrel)	77.1	▼	-0.36	-0.36	-6.52	6.56	15.66
Gold (\$/oz)	1229.6	▲	-0.40	-0.40	3.03	-0.84	-6.24
Platinum (\$/oz)	838.9	▲	0.89	0.89	2.22	4.01	-10.42
Copper (\$/MT)*	6178.5	▼	-0.46	-0.46	-1.36	4.95	-14.27

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.2% to trade at \$1,229.60/oz.

Yesterday, gold prices fell 0.4% to close at \$1,227.60/oz, as strength in the US Dollar dampened demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$77.06/bl, amid signs of rising global supply.

Yesterday, Brent crude oil dropped 0.4% to settle at \$77.34/bl, after Russia signalled that output will remain high and as ongoing weakness in global equity markets raised concerns over crude demand.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$838.90/oz.

Yesterday, platinum prices climbed 0.3% to close at \$836.9/oz.

Major South African corporate news

Famous Brands Limited

In its 1H18 results, the company announced that its revenues rose to ZAR3.58bn compared to ZAR3.40bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 570.00c compared to a profit of 171.00c recorded in the same period of the preceding year. The company has not declared an interim dividend for the period.

Raubex Group Limited

In its 1H18 results, the company announced that its revenues declined 4.0% to ZAR4.48bn compared to the same period of the preceding year. Its diluted EPS stood at 35.60c, compared to 134.00c recorded in the corresponding period of the previous year. The company has declared an interim dividend of 12.00c per share.

MTN Group Limited

In its quarterly update for the period ended 30 September 2018, the company stated that total subscribers increased quarter-on-quarter (QoQ) by 2.50mn to 2,254.00mn. The company reported that its data revenue advanced 23.9% and its service revenue rose 10.0%. Further, the EBITDA margin expanded to 43.2% in the first nine months of the year, up 4.7% from the same period of the preceding year, driven by the strong growth in revenue and cost optimisation efforts.

Shoprite Holdings Limited

In its operational update for the quarter ended September 2018, the company stated that its turnover increased by 0.4% and the number of customers served advanced by 1.6%. Supermarkets RSA, the company's primary business, grew sales by 1.7% during a period which saw continued low inflation with more than 11,607 items in September remaining cheaper than they were a year ago. The company opened 15 supermarkets in the quarter and would open a further 41 new supermarkets before the end of December 2018.

Major global economic news

Asia

In Australia, the ANZ Roy Morgan weekly consumer confidence index rose to a level of 114.6 in the week ended 28 October 2018, compared to a reading of 112.3 in the prior week.

In Australia, seasonally adjusted building approvals climbed 3.3% on a monthly basis in September, less-than-anticipated and compared to a revised fall of 8.1% in the prior month.

In Japan, unemployment rate unexpectedly dropped to 2.3% in September. Unemployment rate had registered a reading of 2.4% in the previous month.

US

In the US, the Dallas Fed manufacturing business index registered an unexpected rise to 29.40 in October, compared to a reading of 28.10 in the prior month.

In the US, personal income recorded a rise of 0.2% on a monthly basis in September, less-than-expected and compared to a revised advance of 0.4% in the prior month.

In the US, personal spending rose 0.4% on a monthly basis in September, meeting market expectations and compared to a revised rise of 0.5% in the previous month.

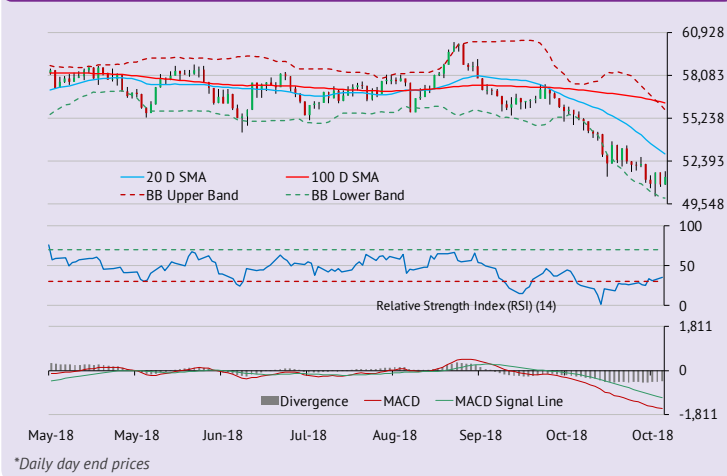
UK

In the UK, net consumer credit advanced GBP0.80bn in September, less-than-expected and compared to an advance of GBP1.10bn in the prior month.

In the UK, number of mortgage approvals for house purchases eased to 65.30K in September, compared to a revised reading of 66.10K in the prior month.

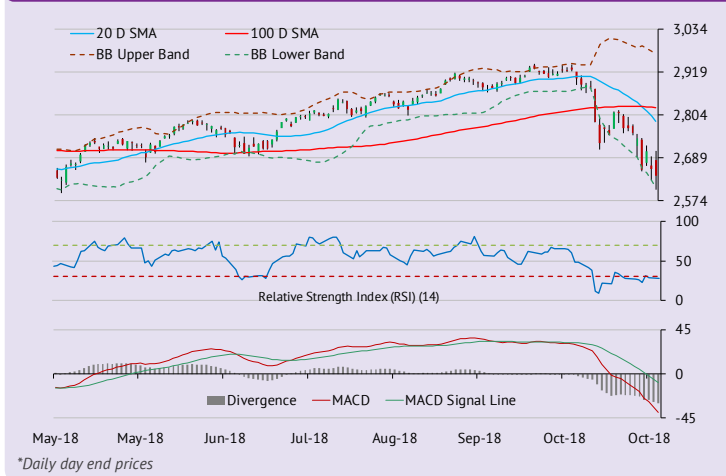
Technical snapshot

JSE All Share



The JSE All Share index is expected to find support at 50,167.45, and a fall through could take it to the next support level of 49,014.39. The index is expected to find its first resistance at 52,338.87, and a rise through could take it to the next resistance level of 53,357.23.

S&P 500



The S&P 500 index is expected to find support at 2,578.66, and a fall through could take it to the next support level of 2,516.08. The index is expected to find its first resistance at 2,728.71, and a rise through could take it to the next resistance level of 2,816.18.

USD ZAR



The pair is expected to find support at 14,326.5, and a fall through could take it to the next support level of 13,932.3. The pair is expected to find its first resistance at 14,934.7, and a rise through could take it to the next resistance level of 15,148.7.

XAU USD



Gold is expected to find support at \$1,222.07/oz, and a fall through could take it to the next support level of \$1,216.53/oz. The precious metal is expected to find its first resistance at \$1,235.87/oz, and a rise through could take it to the next resistance level of \$1,244.13/oz.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:30	Job-To-Applicant Ratio (Sep)	✓	1.64*	1.63	Monthly
Japan	01:30	Unemployment Rate (Sep)	✓✓	2.30%*	2.40%	Monthly
Spain	10:00	Consumer Price Index (MoM) (Oct) (P)	✓✓✓	0.90%	0.20%	Monthly
Spain	10:00	Consumer Price Index (YoY) (Oct) (P)	✓✓✓	2.20%	2.30%	Monthly
Germany	10:55	Unemployment Rate s.a. (Oct)	✓✓✓	5.10%	5.10%	Monthly
Germany	10:55	Unemployment Change (Oct)	✓✓✓	-11.00K	-23.00K	Monthly
Italy	11:00	Gross Domestic Product s.a. (QoQ) (Q3) (P)	✓✓✓	0.20%	0.20%	Quarterly
Italy	11:00	Gross Domestic Product s.a. (YoY) (Q3) (P)	✓✓	1.00%	1.20%	Quarterly
South Africa	11:30	Unemployment Rate (Q3)	✓✓	27.40%	27.20%	Quarterly
Eurozone	12:00	Consumer Confidence (Oct) (F)	✓✓✓	-2.70	-2.70**	Monthly
Eurozone	12:00	Economic Sentiment Indicator (Oct)	✓	110.10	110.90	Monthly
Eurozone	12:00	Business Climate Indicator (Oct)	✓✓	1.16	1.21	Monthly
Eurozone	12:00	Industrial Confidence (Oct)	✓	3.90	4.70	Monthly
Eurozone	12:00	Services Sentiment Indicator (Oct)	✓	14.00	14.60	Monthly
Germany	15:00	Consumer Price Index (MoM) (Oct) (P)	✓✓✓	0.10%	0.40%	Monthly
Germany	15:00	Consumer Price Index (YoY) (Oct) (P)	✓✓✓	2.40%	2.30%	Monthly
Eurozone	15:30	ECB's Praet Speaks in Frankfurt	✓	-	-	As scheduled
US	16:00	Consumer Confidence (Oct)	✓✓✓	136.00	138.40	Monthly
Eurozone	16:10	ECB's Lautenschlaeger Speaks in Bahamas	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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