

ONE Minute Brief

19 October 2018

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Economic and political news

In South Africa (SA), mining production fell more-than-expected by 9.1% on a yearly basis in August, compared to a revised drop of 5.2% in the prior month. Annual gold production dropped 15.5% in August, compared to a revised drop of 14.9% in July. Platinum production fell 7.0% on an annual basis in August, compared to a drop of 6.2% in July.

Trade and Industry Minister, Rob Davies, has indicated that the nation is likely to adopt new plans for the car industry in December, in order to raise local content of assembled cars.

The Democratic Alliance has received confirmation that Parliament's joint ethics committee would investigate Economic Freedom Fighter's deputy president, Floyd Shivambu over payments he received from his brother, Brian Shivambu, as part of the VBS scandal.

Retired Judge Robert Nugent has defended his recommendation that suspended Commissioner, Tom Moyane, should be permanently removed from his position.

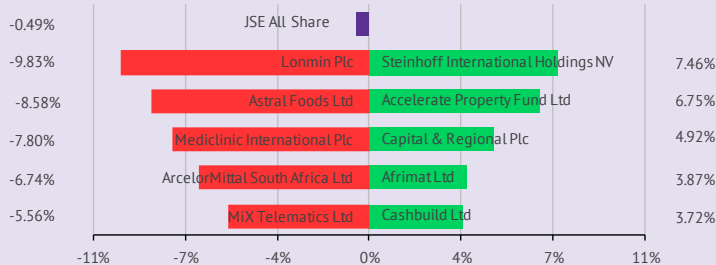
The SA Revenue Service's (SARS) head of legal, Refiloe Mokoena, has been suspended.

Eskom has stopped power cuts in the Masilonyana local municipality in the Free State after being given an assurance on payments.

South Africa Market ▼

South African markets closed lower

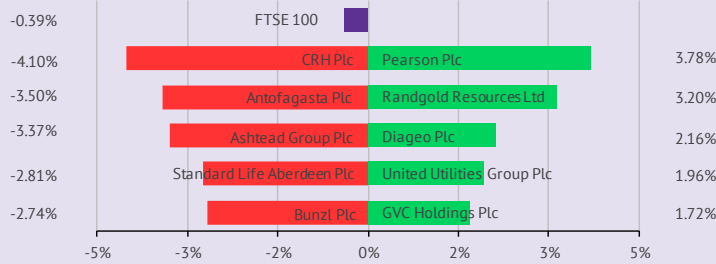
South African markets closed in the red yesterday, weighed down by losses in retail and industrial sector stocks. Data indicated that SA's annual mining production fell more-than-expected in August. The JSE All Share Index fell 0.5% to close at 52,132.60.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, on reports that the transition period for the UK's exit from the EU may be extended and amid disappointing corporate earnings. The FTSE 100 Index declined 0.4% to close at 7,026.99.



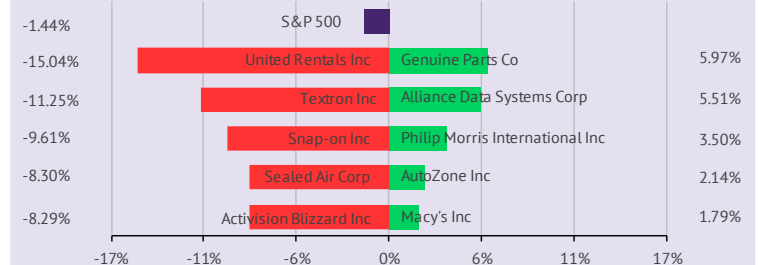
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	52132.60	▼ -258.42	-0.49	-2.51	-6.42	-5.05	-12.39
JSE Top 40	45935.95	▼ -227.92	-0.49	-2.83	-7.24	-5.61	-12.56
FTSE 100	7026.99	▼ -27.61	-0.39	0.44	-6.43	1.05	-8.60
DAX 30	11589.21	▼ -125.82	-1.07	0.57	-5.37	-0.95	-10.28
CAC 40	5116.79	▼ -28.16	-0.55	0.41	-6.86	1.60	-3.69
S&P 500	2768.78	▼ -40.43	-1.44	0.06	-4.98	0.43	3.56
Nasdaq Composite	7485.14	▼ -157.56	-2.06	-0.16	-6.97	-0.78	8.43
DJIA	25379.45	▼ -327.23	-1.27	0.16	-4.08	1.90	2.67
MSCI Emerging Markets	970.90	▼ -12.81	-1.30	-0.94	-7.35	-0.76	-16.19
MSCI Developed World	2064.48	▼ -25.03	-1.20	0.05	-5.47	0.39	-1.85

US Market ▼

The S&P 500 futures are trading in the green

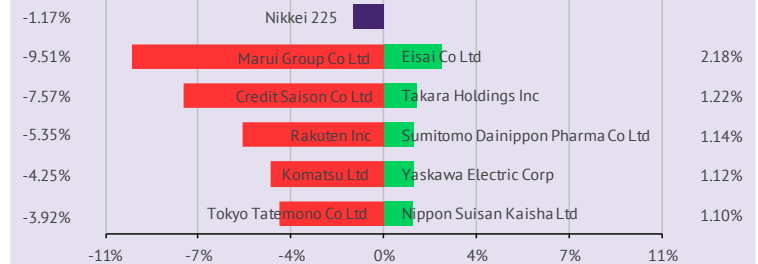
US markets closed lower yesterday, amid dismal earnings from major industrials and led by losses in technology sector stocks. Data revealed that leading index rose in line with market forecast in September. The S&P 500 Index dropped 1.4% to close at 2,768.78.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, mirroring overnight losses on Wall Street. Data showed that Japan's annual consumer price index (CPI) rose less-than-expected in September. The Nikkei 225 Index is trading 1.2% lower at 22,392.38.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R14.4322. Later today, traders will keep a close watch on the US existing home sales for further cues.

The US Dollar rose against the South African Rand yesterday, amid rise in the US bond yields, following the FOMC meeting minutes. On the macro front, the US initial jobless claims declined more than market anticipations in the week ended 13 October 2018. Additionally, the leading index recorded an advance in September. Also, the nation's Philadelphia Fed Business Outlook dropped less than market forecast in October. Separately, in SA, annual mining production registered a more-than-anticipated decline in August. Additionally, gold production recorded a drop on a yearly basis in August. Moreover, platinum production eased on an annual basis in the same month.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R18.7923. Ahead in the day, traders will keep an eye on the UK's public sector net borrowing for further indication.

The British Pound advanced against the South African Rand yesterday. On the data front, the UK's retail sales recorded a more-than-anticipated drop on a monthly basis in September.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R16.5347. Going forward, market participants will keep a tab on the Eurozone's current account balance for further direction.

The Euro strengthened against the South African Rand yesterday. Data indicated that Germany's wholesale price index registered an advance on a monthly basis in September.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R10.2602. Meanwhile, in China, Australia's largest trading partner, gross domestic product (GDP) advanced in line with market forecast on a quarterly basis in the third quarter of 2018. Additionally, retail sales climbed more-than-anticipated on a yearly basis in September. Meanwhile, annual industrial production recorded a less-than-expected rise 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	14.4322	▼	1.43	-0.47	2.19	-3.73	16.70
GBPZAR	18.7923	▼	0.67	-1.51	2.07	-3.17	12.50
EURZAR	16.5347	▼	1.01	-1.37	0.84	-3.68	11.42
AUDZAR	10.2602	▲	1.28	-0.71	0.40	-3.25	6.16
EURUSD	1.1457	▲	-0.42	-0.93	-1.30	0.02	-4.60
GBPUSD	1.3021	▲	-0.74	-1.03	-0.10	0.55	-3.66
Brent (\$/barrel)	79.5	▲	-0.95	-1.42	-4.16	6.56	18.57
Gold (\$/oz)	1230.2	▲	0.23	0.69	2.94	-0.84	-6.32
Platinum (\$/oz)	827.8	-	-1.09	-1.00	1.11	4.01	-11.39
Copper (\$/MT)*	6157.5	▼	-0.94	-2.56	-1.69	4.95	-14.56

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,230.20/oz.

Yesterday, gold prices rose 0.2% to close at \$1226.5/oz, as a fall in the US equities boosted demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.2% to trade at \$79.46/bl.

Yesterday, Brent crude oil dropped 1.0% to settle at \$79.29/bl, as a weekly rise in the US crude inventories helped ease concerns over tight global supplies.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$827.80/oz.

Yesterday, platinum prices declined 1.1% to close at \$831.7/oz.

Major South African corporate news

Allied Electronics Corporation Limited

The company announced that Mr Tim Jacobs has resigned as acting Chief Finance Officer (CFO) of the company with effect from 19 October 2018. Mr Andrew Holden, the current Chief Operating Officer (COO) will assume the joint role of COO and acting CFO.

DataTec Limited

In its 1H18 results, the company indicated that its revenues rose to ZAR2.00bn, compared to ZAR1.84bn posted in the corresponding period of the previous year. Its diluted EPS stood at 0.70c compared to a loss per share of 14.30c recorded in the same period of the prior year. The company has not declared an interim dividend for the period.

Mr Price Group Limited

The company announced that Stuart Bird, Chief Executive Officer (CEO) and Executive Director of the company, will be retiring from his role as CEO on 31 December 2018 and as an Executive Director at the end of March 2019. Further, the Board has appointed Mark Blair, currently the CFO of the company, as the incoming CEO, effective 1 January 2019.

Sasol Limited

In its production and sales metrics for the three months ended 30 September 2018, the company stated that it has seen higher productivity across most of its operations with an increased focus on safety, margins and cost control. The mining operations are building momentum with increased productivity over the past quarter and have fully restored the stock piles to above target levels. External purchases have significantly reduced, and current indications show that mining will achieve the targeted production levels of 40.00mn tons for the full year.

Major global economic news

Asia

In Japan, the national CPI advanced 1.2% on a yearly basis in September, less than market expectations. The national CPI had risen 1.3% in the previous month.

In China, GDP rose 1.6% on a quarterly basis in 3Q18, at par with market expectations. GDP had recorded a rise of 1.8% in the previous quarter.

In China, retail sales recorded a rise of 9.2% on an annual basis in September, more-than-expected and compared to a rise of 9.0% in the prior month.

In September, industrial production in China registered a rise of 5.8% on a yearly basis, less than market expectations. In the previous month, industrial production had climbed 6.1%.

Eurozone

In Germany, the wholesale price index climbed 0.4% on a monthly basis in September. In the prior month, the index had recorded a rise of 0.3%.

US

In the US, the Philadelphia Fed manufacturing index fell to a level of 22.20 in October, less than market expectations. In the prior month, the index had registered a reading of 22.90.


















In the US, seasonally adjusted initial jobless claims registered a more-than-expected drop to 210.00K in the week ended 13 October 2018, compared to a revised level of 215.00K in the prior week.

In the US, leading indicator climbed 0.50% in September on a monthly basis, at par with market expectations. In the prior month, leading indicator had advanced 0.40%.

UK

In the UK, retail sales ex-fuel fell 0.8% on a monthly basis in September, more than market expectations. Retail sales ex-fuel had registered a revised rise of 0.4% in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Japan	01:30	National Consumer Price Index (YoY) (Sep)	✓✓✓	1.20%*	1.30%	Monthly
 Japan	01:30	National CPI Ex-Fresh Food (YoY) (Sep)	✓✓✓	1.00%*	0.90%	Monthly
 Japan	01:30	National CPI Ex Food, Energy (YoY) (Sep)	✓✓	0.40%*	0.40%	Monthly
 China	04:00	Gross Domestic Product (QoQ) (Q3)	✓✓✓	1.60%*	1.80%	Quarterly
 China	04:00	Gross Domestic Product (YoY) (Q3)	✓✓✓	6.50%*	6.70%	Quarterly
 China	04:00	Industrial Production (YoY) (Sep)	✓✓	5.80%*	6.10%	Monthly
 China	04:00	Industrial Production YTD (YoY) (Sep)	✓✓	6.40%*	6.50%	Monthly
 China	04:00	Retail Sales (YoY) (Sep)	✓✓✓	9.20%*	9.00%	Monthly
 China	04:00	Retail Sales YTD (YoY) (Sep)	✓	9.30%*	9.30%	Monthly
 China	04:00	NBS Press Conference	✓✓	-	-	As scheduled
 China	04:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Sep)	✓	5.40%*	5.30%	Monthly
 Japan	08:35	BoJ Kuroda speaks in Tokyo	✓✓✓	-	-	As scheduled
 Eurozone	10:00	Current Account s.a (Aug)	✓✓✓	-	EUR21.30bn	Monthly
 Italy	10:00	Current Account (Aug)	✓	-	EUR8.61bn	Monthly
 UK	10:30	Public Sector Net Cash Requirement (Sep)	✓✓	-	GBP3.10bn	Monthly
 UK	10:30	PSNB ex Interventions (Sep)	✓	GBP4.50bn	GBP6.80bn	Monthly
 UK	10:30	Public Sector Net Borrowing (Sep)	✓✓	GBP4.60bn	GBP5.90bn	Monthly
 Canada	14:30	Consumer Price Index (YoY) (Sep)	✓✓✓	2.70%	2.80%	Monthly
 US	15:00	Fed's Kaplan Speaks in New York	✓✓	-	-	As scheduled
 US	16:00	Existing Home Sales (Sep)	✓✓✓	5.29mn	5.34mn	Monthly
 US	16:00	Existing Home Sales (MoM) (Sep)	✓✓✓	-0.90%	0.00%	Monthly
 UK	17:30	BoE Governor Carney Speaks in New York	✓✓✓	-	-	As scheduled
 US	18:00	Fed's Bostic Speaks on Economic Outlook	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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