

# ONE Minute Brief

11 October 2018

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## Economic and political news

In South Africa (SA), the business confidence index unexpectedly rose to a level of 93.30 in September, compared to a reading of 90.50 in August.

The National Education, Health and Allied Workers' Union (NEHAWU) General Secretary, Zola Saphetha announced that workers at the South African Social Security Agency (SASSA) went on a strike from Wednesday.

Deputy Chief Justice, Raymond Zondo, has granted approval to postpone the testimony of former Public Enterprises Minister, Barbara Hogan and current Minister, Pravin Gordhan, until mid-November.

In his testimony, Home Affairs Minister, Malusi Gigaba, denied accusations that he had a corrupt relationship with the Gupta family and that he was a key player in the state capture project.

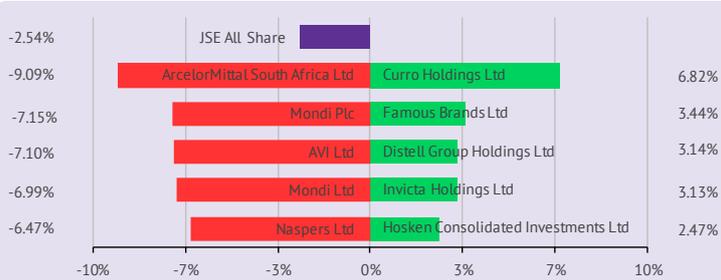
Democratic Alliance leader, Mmusi Maimane, has urged President, Cyril Ramaphosa to present himself before the state capture commission.

President, Cyril Ramaphosa's Economic Adviser, Trudi Makhaya, stated that SA has investment commitments of USD35bn as part of plans by the President to attract USD100bn over the next five years to revive the country's economy.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in industrial, resources and retail sector stocks. Data revealed that SA's business confidence index unexpectedly advanced in September. The JSE All Share Index fell 2.5% to close at 52,813.37.



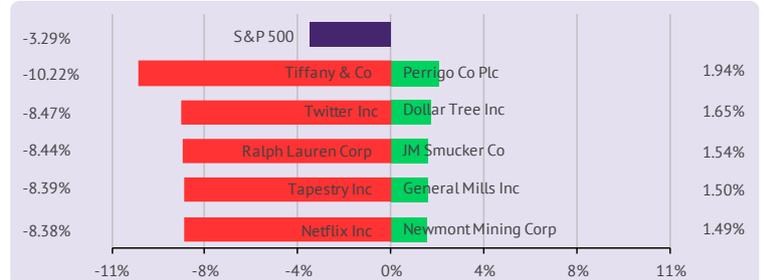
## Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	52813.37	▼ -1374.45	-2.54	-2.93	-5.20	-5.05	-11.24
JSE Top 40	46625.60	▼ -1345.08	-2.80	-3.38	-5.85	-5.61	-11.25
FTSE 100	7145.74	▼ -91.85	-1.27	-2.36	-4.85	1.05	-7.05
DAX 30	11712.50	▼ -264.72	-2.21	-3.30	-4.36	-0.95	-9.33
CAC 40	5206.22	▼ -112.33	-2.11	-2.86	-5.23	1.60	-2.00
S&P 500	2785.68	▼ -94.66	-3.29	-3.46	-4.40	0.43	4.19
Nasdaq Composite	7422.05	▼ -315.97	-4.08	-4.70	-7.76	-0.78	7.51
DJIA	25598.74	▼ -831.83	-3.15	-3.21	-3.25	1.90	3.56
MSCI Emerging Markets	985.67	▼ -8.31	-0.84	-1.51	-5.94	-0.76	-14.91
MSCI Developed World	2089.10	▼ -49.37	-2.31	-2.90	-4.35	0.39	-0.68

## US Market ▼

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

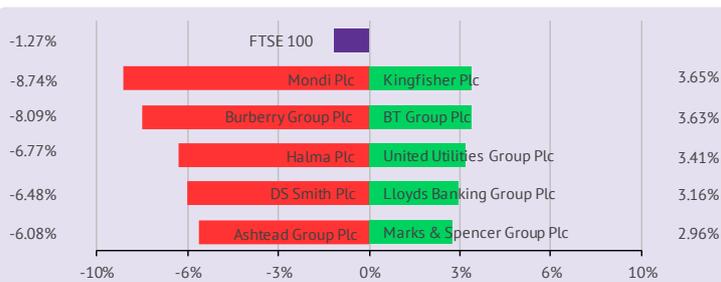
US markets closed sharply lower yesterday, amid losses in technology and industrial stocks and amid rise in US bond yields. Data showed that the US annual producer price index (PPI) rose less-than-expected in September. The S&P 500 Index dropped 3.3% to close at 2,785.68.



## UK Market ▼

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

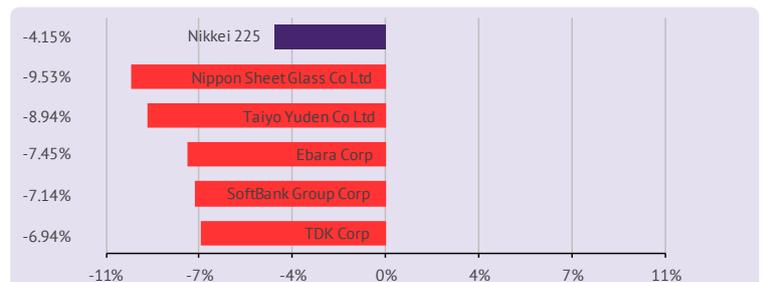
UK markets finished lower yesterday, as the British Pound strengthened, on hopes for a Brexit deal. The FTSE 100 Index declined 1.3% to close at 7,145.74.



## Asian Market ▼

### Trading lower

Asian markets are trading significantly lower this morning, mirroring overnight losses on Wall Street. The Nikkei 225 Index is trading 4.2% lower at 22,530.80.



## USD ZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% weaker against the South African Rand at R14.7116. Later today, traders will keep a close watch on the US consumer price index, initial jobless claims and average hourly earnings for further direction.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US PPI recorded a less-than-expected advance on an annual basis in September. Additionally, the MBA mortgage applications unexpectedly declined in the week ended 5 October 2018. Separately, in SA, business confidence index surprised with a rise in September.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R19.4586. Data revealed that the UK's RICS house price index recorded a drop in September, marking its lowest level since the initial Brexit referendum in 2016.

The British Pound advanced against the South African Rand yesterday, as Brexit negotiators hinted at progress on a Brexit deal. Data indicated that the UK's economy accelerated in the three months to August, marking its highest growth rate since February 2017. Moreover, monthly industrial production registered a more-than-anticipated advance in August. Additionally, manufacturing production recorded a rise on a yearly basis in August. In contrast, trade deficit widened more than market forecast in August.

## EUR ZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading marginally higher against the South African Rand at R17.0141. Amid no major economic news across the Eurozone, market sentiment will be determined by global macroeconomic news.

The Euro strengthened against the South African Rand yesterday.

## AUD ZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R10.4076. Earlier in the session, Australia's consumer inflation expectations recorded an unchanged reading in October.

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	14.7116	▼	1.40	-0.01	4.42	-3.73	19.25
GBPZAR	19.4586	▼	1.80	0.52	5.73	-3.17	16.54
EURZAR	17.0141	▲	1.67	-0.01	3.66	-3.68	14.54
AUDZAR	10.4076	▼	0.74	0.03	1.97	-3.25	7.83
EURUSD	1.1566	▲	0.25	-0.03	-0.72	0.02	-4.04
GBPUSD	1.3227	▲	0.40	0.58	1.27	0.55	-2.35
Brent (\$/barrel)	81.5	▼	-2.25	-1.27	0.44	6.56	24.26
Gold (\$/oz)	1196.9	▲	0.18	-0.99	-0.18	-0.84	-9.17
Platinum (\$/oz)	824.1	-	-0.18	0.37	0.66	4.01	-11.79
Copper (\$/MT)*	6251.0	▼	-0.78	1.36	-0.20	4.95	-13.26

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,196.90/oz.

Yesterday, gold prices rose 0.2% to close at \$1189.3/oz, amid weakness in the US Dollar.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil dropped 1.9% to trade at \$81.51/bl.

Yesterday, Brent crude oil dropped 2.3% to settle at \$83.09/bl, after the American Petroleum Institute reported that the US crude supplies rose by 9.7mn bls in the week ended 5 October 2018. Separately, the US Energy Information Administration (EIA) raised its average Brent forecast by 2.2% to USD74.43 in 2018, and by 1.9% to USD75.06 in 2019. Further, the EIA increased the domestic crude output forecast by 0.8% to 10.74mn bls a day this year, and lifted its 2019 view by 2.2% to 11.76mn bls a day.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$824.10/oz.

Yesterday, platinum prices declined 0.2% to close at \$827.3/oz.

## Major South African corporate news

### British American Tobacco Plc

The company announced that Chief Marketing Officer, Andrew Gray will step down from the Management Board at the end of December 2018 and will leave the company on 31 March 2019. He would be succeeded by Kingsley Wheaton, currently Regional Director, Americas and Sub Saharan Africa (AMSSA) with effect from 1 January 2019.

## Major global economic news

### UK

In the UK, GDP recorded a more-than-anticipated advance of 0.7% on a quarterly basis in the three months to August, compared to a similar rise in the prior quarter.

In the UK, total trade deficit widened more-than-expected to GBP1.27bn in August, compared to a revised total deficit of GBP0.57bn in the previous month.

In the UK, industrial production recorded a rise of 0.2% on a monthly basis in August, more than market expectations. Industrial production had recorded a revised rise of 0.4% in the previous month.

In the UK, manufacturing production rose 1.3% on a yearly basis in August, more than market expectations. Manufacturing production had recorded a revised rise of 1.4% in the prior month.

In the UK, the RICS house price balance registered a drop to 2.0% in September. House price balance had registered a level of 2.0% in the previous month.

### US

In the US, the PPI advanced 2.6% on a yearly basis in September, less than market expectations. The PPI had risen 2.8% in the previous month.

In the US, mortgage applications slid 1.7% on a weekly basis in the week ended 05 October 2018. In the previous week, mortgage applications had registered a flat reading.

### Asia

In Australia, consumer inflation expectations remained unchanged at a level of 4.0% in October.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
US	00:00	Fed's Bostic Speaks on Economic Outlook	✓	-	-	As scheduled
UK	01:01	RICS Housing Price Balance (Sep)	✓✓✓	-2.00%*	2.00%	Monthly
Japan	01:50	Bank Lending including Trusts (YoY) (Sep)	✓	2.30%*	2.20%	Monthly
Japan	01:50	Bank Lending ex-Trust (YoY) (Sep)	✓	2.30%*	2.20%	Monthly
Japan	01:50	Domestic Corporate Goods Price Index (MoM) (Sep)	✓	0.30%*	0.00%	Monthly
Japan	01:50	Domestic Corporate Goods Price Index (YoY) (Sep)	✓	3.00%*	3.00%	Monthly
Japan	04:00	Tokyo Average Office Vacancies (Sep)	✓	2.33%*	2.45%	Monthly
UK	10:30	Bank of England Credit Conditions & Bank Liabilities Surveys	✓✓✓	-	-	As scheduled
UK	11:00	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
South Africa	11:30	Gold Production (YoY) (Aug)	✓	-	-15.00%	Monthly
South Africa	11:30	Mining Production (YoY) (Aug)	✓✓	-3.90%	-5.20%	Monthly
UK	12:45	MPC Member Vlieghe speech	✓✓	-	-	As scheduled
South Africa	13:00	Manufacturing Production s.a. (MoM) (Aug)	✓✓	-0.30%	1.60%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (Aug)	✓✓	1.20%	2.90%	Monthly
Eurozone	13:30	ECB Monetary Policy Meeting Accounts	✓✓✓	-	-	As scheduled
US	14:30	Consumer Price Index (MoM) (Sep)	✓✓✓	0.20%	0.20%	Monthly
US	14:30	Consumer Price Index Ex Food & Energy (MoM) (Sep)	✓✓✓	0.20%	0.10%	Monthly
US	14:30	Consumer Price Index (YoY) (Sep)	✓✓✓	2.40%	2.70%	Monthly
US	14:30	Consumer Price Index Ex Food & Energy (YoY) (Sep)	✓✓✓	2.30%	2.20%	Monthly
US	14:30	Consumer Price Index n.s.a. (Sep)	✓	252.70	252.15	Monthly
US	14:30	Continuing Jobless Claims (29-Sep)	✓✓✓	1660.00K	1650.00K	Weekly
US	14:30	Consumer Price Index Core s.a. (Sep)	✓	258.63	258.14	Monthly
US	14:30	Initial Jobless Claims (06-Oct)	✓✓✓	207.00K	207.00K	Weekly
US	-	Monthly Budget Statement (Sep)	✓✓✓	USD75.00bn	-USD214.15bn	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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