

ONE Minute Brief

12 October 2018

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Economic and political news

In South Africa (SA), manufacturing production rose by 1.3% on an annual basis in August, surpassing market expectations and compared to a revised advance of 2.8% in the prior month.

Telecommunications Minister, Siyabonga Cwele announced that SA will hold a long-delayed auction of 4G mobile spectrum by April 2019 in order to extend high-speed internet.

According to a news report, Parliament is expected to debate between 26 and 28 November on the amendment of land expropriation without compensation.

The Economic Freedom Fighters (EFF) party has denied receiving corrupt funds from VBS Mutual Bank, after Brian Shivambu, brother of EFF Deputy President, Floyd Shivambu, was accused in a central bank investigation of benefiting from fraud at the VBS.

Saudi Arabia has approached SA about acquiring a stake in the state-owned defence firm, Denel.

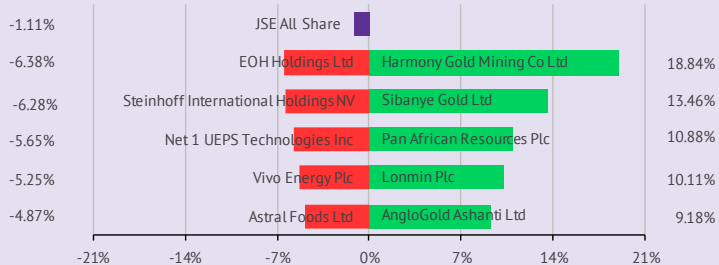
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	52229.33	▼	-584.04	-1.11	-4.01	-6.25	-5.05	-12.23
JSE Top 40	46050.35	▼	-575.25	-1.23	-4.57	-7.01	-5.61	-12.34
FTSE 100	7006.93	▼	-138.81	-1.94	-4.26	-6.70	1.05	-8.86
DAX 30	11539.35	▼	-173.15	-1.48	-4.73	-5.78	-0.95	-10.67
CAC 40	5106.37	▼	-99.85	-1.92	-4.72	-7.05	1.60	-3.88
S&P 500	2728.37	▼	-57.31	-2.06	-5.45	-6.37	0.43	2.05
Nasdaq Composite	7329.06	▼	-92.99	-1.25	-5.90	-8.91	-0.78	6.17
DJIA	25052.83	▼	-545.91	-2.13	-5.27	-5.31	1.90	1.35
MSCI Emerging Markets	954.66	▼	-31.02	-3.15	-4.61	-8.90	-0.76	-17.59
MSCI Developed World	2044.95	▼	-44.14	-2.11	-4.95	-6.37	0.39	-2.78

South Africa Market ▼

South African markets closed lower

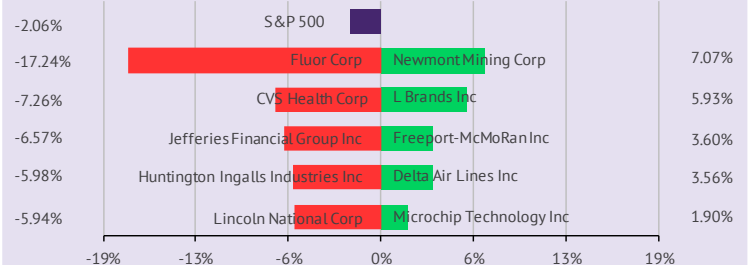
South African markets closed in the red yesterday, led by losses in banking and financial sector stocks. Data revealed that SA's annual manufacturing production advanced in August. The JSE All Share Index fell 1.1% to close at 52,229.33.



US Market ▼

The S&P 500 futures are trading in the green

US markets closed sharply lower yesterday, amid fears over rising bond yields and prospects of higher interest rates. The S&P 500 Index dropped 2.1% to close at 2,728.37.



UK Market ▼

The FTSE 100 futures are trading in positive territory

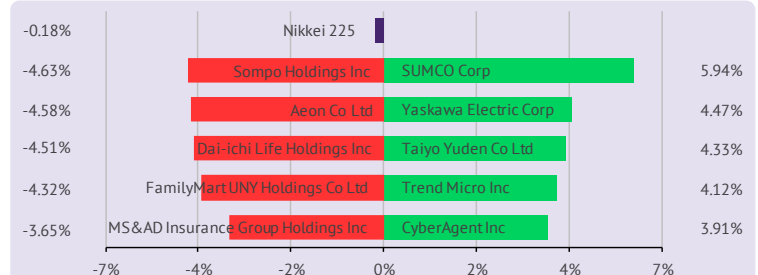
UK markets finished lower yesterday, amid sell-off in global financial markets. The FTSE 100 Index declined 1.9% to close at 7,006.93.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.2% lower at 22,550.04.



USD ZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined 0.4% against the South African Rand to trade at R14.5754. Amid no major economic news in the US, market sentiment will be determined by global macroeconomic news.

The US Dollar fell against the South African Rand yesterday, after the US consumer price index (CPI) advanced less than market forecast on an annual basis in September. Additionally, initial jobless claims registered an unexpected rise in the week ended 5 October 2018. Meanwhile, the nation's yearly average hourly earnings climbed in September. Separately, in SA, manufacturing production recorded a rise on an annual basis in August.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.4% weaker against the South African Rand at R19.2893. 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.

EUR ZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.3% against the South African Rand to trade at R16.9104. Going forward, market participants will keep a tab on the Eurozone's industrial production along with Germany's consumer price index for further direction.

The Euro weakened against the South African Rand yesterday.

AUD ZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% weaker against the South African Rand at R10.3827. Earlier in the session, Australia's home loans dropped more than market expectations on a monthly basis in August. Meanwhile, in China, Australia's largest trading partner, trade surplus widened more-than-anticipated 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	14.5754	▼	-0.90	-0.92	3.48	-3.73	18.17
GBPZAR	19.2893	▼	-0.64	-0.13	5.05	-3.17	15.79
EURZAR	16.9104	▼	-0.29	-0.30	3.36	-3.68	14.21
AUDZAR	10.3827	▼	0.04	0.06	2.01	-3.25	7.87
EURUSD	1.1604	▲	0.63	0.60	-0.09	0.02	-3.43
GBPUSD	1.3235	▲	0.26	0.84	1.53	0.55	-2.09
Brent (\$/barrel)	80.7	▲	-3.41	-4.63	-2.99	6.56	20.02
Gold (\$/oz)	1224.2	▲	2.88	1.86	2.69	-0.84	-6.55
Platinum (\$/oz)	842.8	-	2.27	2.64	2.94	4.01	-9.78
Copper (\$/MT)*	6258.3	▲	0.12	1.48	-0.08	4.95	-13.16

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.1% to trade at \$1,224.20/oz.

Yesterday, gold prices rose 2.9% to close at \$1223.5/oz, amid broad sell-off in the US equities.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.6% higher to trade at \$80.73/bl.

Yesterday, Brent crude oil dropped 3.4% to settle at \$80.26/bl, after the Energy Information Administration reported that domestic crude supplies climbed by 6.0mn bls in the week ended 5 October 2018. Additionally, the Organisation of the Petroleum Exporting Countries stated that its crude production rose by 132,000 bls to average 32.76mn bls a day last month.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$842.80/oz.

Yesterday, platinum prices climbed 2.3% to close at \$846.6/oz.

Major South African corporate news

Mondi Limited

In its 3Q18 trading update, the company announced that it delivered a strong performance in the quarter, benefiting from higher average selling prices across Fibre Packaging and Uncoated Fine Paper, a very strong operational performance, good cost containment and contributions from recent acquisitions. Underlying EBITDA stood at EUR466.0mn compared with EUR359.0mn posted in the same period of the previous year. Like-for-like sales volumes for the quarter were higher due to good growth in the Fibre Packaging value chain.

Major global economic news

US

In the US, the CPI climbed 2.3% on an annual basis in September, less-than-expected and compared to an advance of 2.7% in the previous month.

In the US, seasonally adjusted initial jobless claims unexpectedly advanced to a level of 214.00K in the week ended 06 October 2018. Initial jobless claims had recorded a reading of 207.00K in the previous week.

In the US, average hourly earnings recorded a rise of 0.5% on an annual basis in September, compared to 0.2% in the previous month.

Asia

In Australia, seasonally adjusted home loan approvals eased 2.1% on a monthly basis in August, more-than-anticipated and compared to an advance of 0.4% in the previous month.

In China, trade surplus widened to USD31.69bn in September, more than market expectations and compared to a revised surplus of USD27.89bn in the previous month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Foreign Buying Japan Bonds (05-Oct)	✓	JPY633.30bn*	-JPY179.40bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (05-Oct)	✓	JPY1578.40bn*	JPY835.60bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (05-Oct)	✓	JPY200.50bn*	JPY380.80bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (05-Oct)	✓	JPY189.50bn*	JPY334.10bn	Weekly
Japan	01:50	Money Supply M3 (YoY) (Sep)	✓	2.50%*	2.50%	Monthly
Japan	01:50	Money Supply M2+CD (YoY) (Sep)	✓	2.80%*	2.90%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Aug)	✓✓	0.50%*	0.10%	Monthly
Germany	08:00	Consumer Price Index (MoM) (Sep) (F)	✓✓✓	0.40%	0.40%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (Sep) (F)	✓✓✓	2.30%	2.30%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Sep) (F)	✓✓✓	0.40%	0.40%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Sep) (F)	✓✓✓	2.20%	2.20%**	Monthly
Eurozone	11:00	Industrial Production (Aug)	✓	-	105.00	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (Aug)	✓✓✓	0.50%	-0.80%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Aug)	✓✓✓	-0.20%	-0.10%	Monthly
Eurozone	11:00	ECB's Lautenschläger Speech	✓✓	-	-	As scheduled
US	14:30	Export Price Index (Sep)	✓	-	127.30	Monthly
US	14:30	Import Price Index (Sep)	✓	-	127.40	Monthly
US	15:30	Fed's Evans Takes Part in Moderated Discussion on Economy	✓	-	-	As scheduled
US	16:00	Reuters/Michigan Consumer Sentiment Index (Oct) (P)	✓✓✓	100.50	100.10	Monthly
US	18:30	Fed's Bostic Discusses Recruitment, Economics & Public Policy	✓	-	-	As scheduled
Eurozone	-	ECB Survey of Professional Forecasters	✓✓	-	-	As scheduled
Eurozone	-	IMF Meeting	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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