

ONE Minute Brief

24 October 2018

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Economic and political news

In South Africa (SA), the leading index eased to 104.90 in August, compared to a reading of 105.40 in the prior month.

Siyabonga Gama has filed an urgent application in the Johannesburg labour court to have his removal as Transnet Chief Executive Officer declared unlawful.

Gartner has come under scrutiny at SA Revenue Service (Sars) probe, after it emerged that the US information technology research company secured an almost ZAR200mn contract without proper procurement procedures being followed.

The South African government stated that it would launch a lawsuit to recover almost ZAR2bn stolen from VBS Mutual Bank. Meanwhile, Co-operative Governance and Traditional Affairs Minister, Zweli Mkhize stated that there will be no bail-out for municipalities affected by VBS Bank collapse.

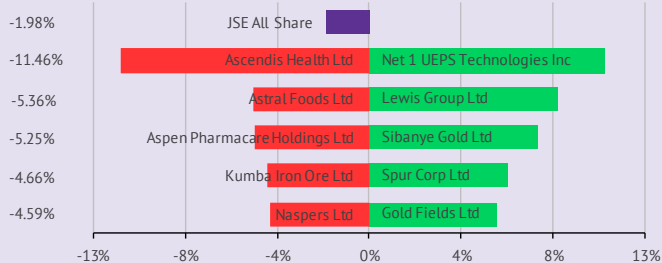
Eskom announced that it is planning its first major battery storage project in a bid to boost renewable energy usage and reduce the country's dependence on coal.

The National Assembly has adopted the controversial Competition Amendment Bill, despite objections by the opposition parties.

South Africa Market ▼

South African markets closed lower

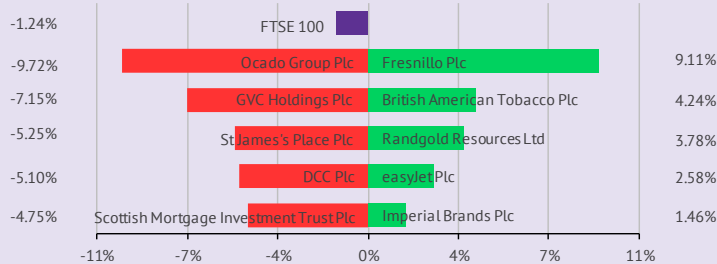
South African markets closed in the red yesterday, as investors remained cautious ahead of the medium-term budget policy statement and led by losses in banking and retail sector stocks. The JSE All Share Index fell 2.0% to close at 51,168.50.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, amid geopolitical tensions, after EU rejected Italy's budget. The FTSE 100 Index declined 1.2% to close at 6,955.21.



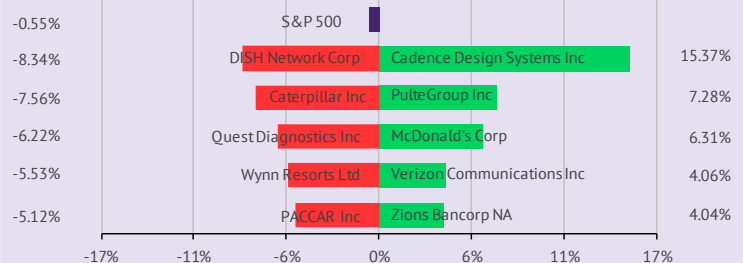
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	51168.50	▼ -1035.66	-1.98	-1.77	-8.15	-5.05	-14.01
JSE Top 40	45007.50	▼ -1026.99	-2.23	-1.93	-9.11	-5.61	-14.33
FTSE 100	6955.21	▼ -87.59	-1.24	-1.34	-7.39	1.05	-9.53
DAX 30	11274.28	▼ -250.06	-2.17	-2.42	-7.94	-0.95	-12.72
CAC 40	4967.69	▼ -85.62	-1.69	-2.30	-9.57	1.60	-6.49
S&P 500	2740.69	▼ -15.19	-0.55	-0.98	-5.95	0.43	2.51
Nasdaq Composite	7437.54	▼ -31.09	-0.42	-0.15	-7.57	-0.78	7.74
DJIA	25191.43	▼ -125.98	-0.50	-0.99	-4.79	1.90	1.91
MSCI Emerging Markets	960.54	▼ -22.33	-2.27	-1.13	-8.34	-0.76	-17.08
MSCI Developed World	2033.89	▼ -19.55	-0.95	-1.38	-6.87	0.39	-3.31

US Market ▼

The S&P 500 futures are trading in the green

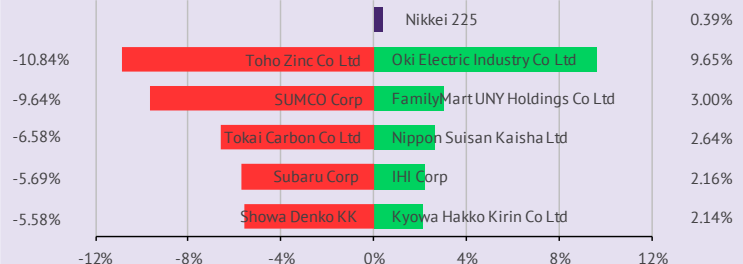
US markets closed lower yesterday, on global growth concerns. Data revealed that the US Richmond Fed manufacturing index fell more-than-expected in October. The S&P 500 Index dropped 0.6% to close at 2,740.69.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data indicated that Japan's Nikkei manufacturing PMI advanced in October. The Nikkei 225 Index is trading 0.4% higher at 22,096.26.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.1% against the South African Rand to trade at R14.2415. Later today, traders will keep a close watch on the US Federal Reserve Beige Book release, the MBA mortgage applications, house price index, new home sales, the Markit manufacturing and services PMIs for further direction.

The US Dollar fell against the South African Rand yesterday, amid ongoing geopolitical tensions. Data indicated that the US Richmond Fed manufacturing index registered a decline in October. Separately, in SA, the leading economic index registered a decline for a consecutive second month in August.

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 R18.4902. Ahead in the day, traders will keep an eye on UK's BBA loans for house purchase for further cues.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's CBI total trends orders unexpectedly dropped in October.

EUR ZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand to trade at R16.3342. Going forward, market participants will keep a tab on the Markit manufacturing and services PMIs across the Eurozone for further indication.

The Euro weakened against the South African Rand yesterday. On the data front, the Eurozone's consumer confidence index unexpectedly climbed in October. Separately, Germany's producer price index (PPI) climbed more than market forecast on an annual basis in September.

AUD ZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.1153.

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	14.2415	▼	-0.44	-1.09	0.82	-3.73	15.14
GBPZAR	18.4902	▼	-0.32	-1.82	0.43	-3.17	10.69
EURZAR	16.3342	▼	-0.41	-1.58	-0.37	-3.68	10.08
AUDZAR	10.1153	▲	-0.39	-1.56	-1.15	-3.25	4.53
EURUSD	1.1469	▼	0.06	-0.37	-1.15	0.02	-4.45
GBPUSD	1.2985	▲	0.15	-0.71	-0.37	0.55	-3.92
Brent (\$/barrel)	76.7	▲	-4.25	-4.19	-7.60	6.56	14.31
Gold (\$/oz)	1234.5	▲	1.00	0.66	3.52	-0.84	-5.80
Platinum (\$/oz)	832.4	-	1.64	0.01	1.67	4.01	-10.90
Copper (\$/MT)*	6194.5	▼	-0.77	-0.54	-1.10	4.95	-14.05

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,234.50/oz.

Yesterday, gold prices rose 1.0% to close at \$1,233.40/oz, amid losses in global equities and a drop in the US Treasury yields.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.4% to trade at \$76.74/bl.

Yesterday, Brent crude oil dropped 4.3% to settle at \$76.44/bl, following comments from Saudi Arabia's Energy Minister, Khalid al-Falih, that eased concerns over a potential supply shortage. Additionally, the American Petroleum Institute reported that the US crude supplies rose by 9.9mn bls in the week ended 19 October 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices are trading marginally lower at \$832.40/oz.

Yesterday, platinum prices climbed 1.6% to close at \$835.4/oz.

Major South African corporate news

Anglo American Plc

In its 3Q18 production report, the company announced that its total PGM production rose 3.0%, as improved operational performances across the majority of its portfolio offset unprofitable production from Bokoni. Platinum production increased 4.0% to 649,000.00oz and palladium production increased 1.0% to 410,800.00oz. The company reported zero fatalities during the period.

Intu Properties Plc

In its trading update for the period from 1 July 2018 to 23 October 2018, the company revealed that it has continued to deliver a strong and resilient operational performance through a period which has been particularly challenging for UK retailers. Rent reviews settled in the period on an average of 5.0% above the previous passing rent. The company expects a further growth in like-for-like net rental income, with anticipated FY18 growth to be in the range of 0.0% to 1.0%. Further, the company reported a property revaluation deficit of GBP298.00mn for the period.

Anglo American Platinum Limited

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Kumba Iron Ore Limited

In its 3Q18 production and sales report, the company stated that its total production volumes decreased by 9.0% compared with the same period of the preceding year to 10.50Mt. Production volumes were also impacted by slight decrease in processing plant yields as the company focused on producing high quality products to maximise the value of tonnes railed to port and benefit from the strong demand for high-grade ore. Further, export sales declined by 10.0% compared with the corresponding period of the previous year to 9.70Mt.

Major global economic news

Eurozone

In the Eurozone, the preliminary consumer confidence index registered an unexpected rise to a level of -2.70 in October. In the previous month, the index had registered a level of -2.90.

In Germany, the PPI recorded a rise of 3.2% on an annual basis in September, more than market expectations. The PPI had climbed 3.1% in the prior month.

Asia

In Japan, the flash manufacturing PMI climbed to 53.10 in October. The manufacturing PMI had registered a reading of 52.50 in the previous month.

UK

In the UK, balance of firms reporting total order book above normal unexpectedly eased to -6.00 in October. In the previous month, the balance of firms reporting total order book above normal had recorded a level of -1.00.

US

In the US, the Richmond Fed manufacturing index fell to a level of 15.00 in October. The index had recorded a reading of 29.00 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
US	00:15	Fed's Evans Speech	✓	-	-	As scheduled
Japan	01:30	Nomura/ JMMA Manufacturing PMI (Oct) (P)	✓✓✓	53.10*	52.50	Monthly
Japan	07:00	Coincident Index (Aug) (F)	✓	-	117.50**	Monthly
Japan	07:00	Leading Economic Index (Aug) (F)	✓✓✓	-	104.40**	Monthly
Germany	09:30	Markit Manufacturing PMI (Oct) (P)	✓✓✓	53.40	53.70	Monthly
Germany	09:30	Markit Services PMI (Oct) (P)	✓✓✓	55.50	55.90	Monthly
Eurozone	10:00	Private Loans (YoY) (Sep)	✓	-	3.10%	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Oct) (P)	✓✓✓	53.00	53.20	Monthly
Eurozone	10:00	Markit Services PMI (Oct) (P)	✓✓✓	54.50	54.70	Monthly
Eurozone	10:00	Markit Composite PMI (Oct) (P)	✓✓✓	53.90	54.10	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Sep)	✓✓	0.40%	-0.10%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Sep)	✓✓	4.90%	4.90%	Monthly
US	13:00	MBA Mortgage Applications (19-Oct)	✓	-	-7.10%	Weekly
US	15:00	Housing Price Index (MoM) (Aug)	✓	0.30%	0.20%	Monthly
US	15:45	Markit Composite PMI (Oct) (P)	✓✓✓	-	53.90	Monthly
US	15:45	Markit Services PMI (Oct) (P)	✓✓✓	54.00	53.50	Monthly
US	15:45	Markit Manufacturing PMI (Oct) (P)	✓✓✓	55.30	55.60	Monthly
US	16:00	New Home Sales (Sep)	✓✓✓	625.00K	629.00K	Monthly
US	16:00	New Home Sales (MoM) (Sep)	✓✓✓	-0.60%	3.50%	Monthly
US	17:30	Fed's Bullard speech	✓✓	-	-	As scheduled
US	19:00	Atlanta Fed's Bostic Speaks at Energy Summit in Baton Rouge	✓	-	-	As scheduled
US	19:10	Fed's Mester Speaks at Forecasters Club in New York	✓	-	-	As scheduled
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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