

ONE
Minute Brief

25 October 2018

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Economic and political news

In South Africa (SA), the consumer price index (CPI) remained unchanged at 4.9% on an annual basis in September.

In the medium-term budget policy statement (MTBPS), the Treasury forecasted that the budget deficit would widen to 4.0% of gross domestic product (GDP) in the 2018/19 fiscal year from 3.6% previously estimated and a further rise to 4.2% in the next two years. Further, it has halved the country's 2018 growth forecast to 0.7%. Additionally, it expects tax revenue to underperform significantly in the three years to 2020/21.

The US Department of Commerce has granted tariff exemptions for imports of 161 aluminium and 36 steel products imposed by the US President, Donald Trump this year.

As per the MTBPS, South African Airways (SAA) would get ZAR5bn, SA Express ZAR1.2bn and the South African Post Office ZAR2.9bn in new funding from the government.

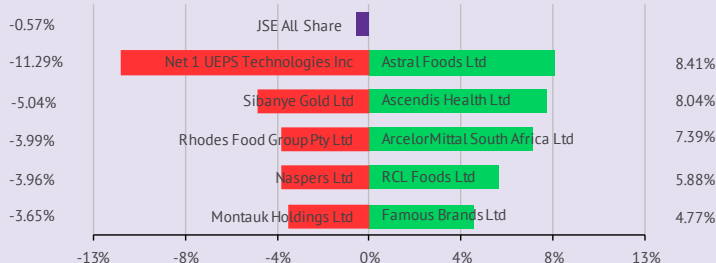
Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	50877.34	▼	-291.16	-0.57	-2.33	-8.67	-5.05	-14.50
JSE Top 40	44669.76	▼	-337.74	-0.75	-2.67	-9.80	-5.61	-14.97
FTSE 100	6962.98	▲	7.77	0.11	-1.23	-7.29	1.05	-9.43
DAX 30	11191.63	▼	-82.65	-0.73	-3.13	-8.62	-0.95	-13.36
CAC 40	4953.09	▼	-14.60	-0.29	-2.59	-9.84	1.60	-6.77
S&P 500	2656.10	▼	-84.59	-3.09	-4.04	-8.85	0.43	-0.65
Nasdaq Composite	7108.40	▼	-329.14	-4.43	-4.57	-11.66	-0.78	2.97
DJIA	24583.42	▼	-608.01	-2.41	-3.38	-7.09	1.90	-0.55
MSCI Emerging Markets	953.05	▼	-7.49	-0.78	-1.90	-9.05	-0.76	-17.73
MSCI Developed World	1988.62	▼	-45.27	-2.23	-3.57	-8.95	0.39	-5.46

South Africa Market ▼

South African markets closed lower

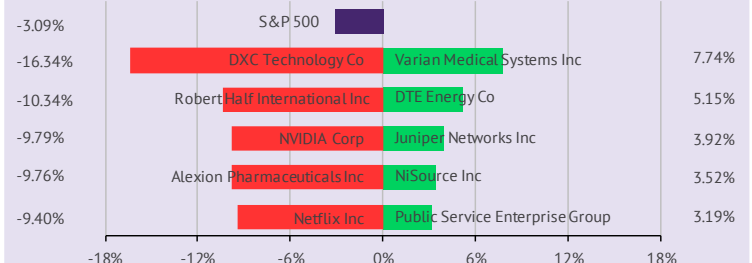
South African markets closed in the red yesterday, after Finance Minister, Tito Mboweni, in his first MTBPS, forecasted wider budget deficit and reduced SA's growth forecast. The JSE All Share Index fell 0.6% to close at 50,877.34.



US Market ▼

The S&P 500 futures are trading in the green

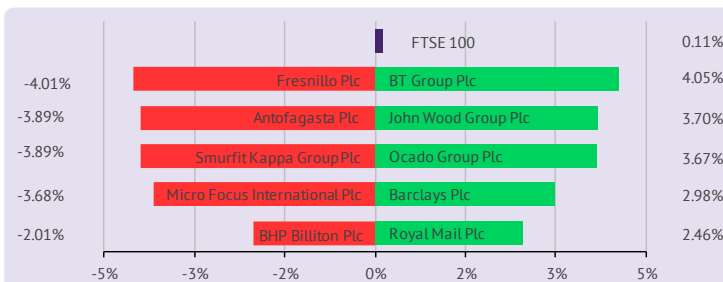
US markets closed significantly lower yesterday, weighed down by losses in technology and industrial sector stocks. Data indicated that the US Market manufacturing PMI unexpectedly rose in October. The S&P 500 Index dropped 3.1% to close at 2,656.10.



UK Market ▲

The FTSE 100 futures are trading in negative territory

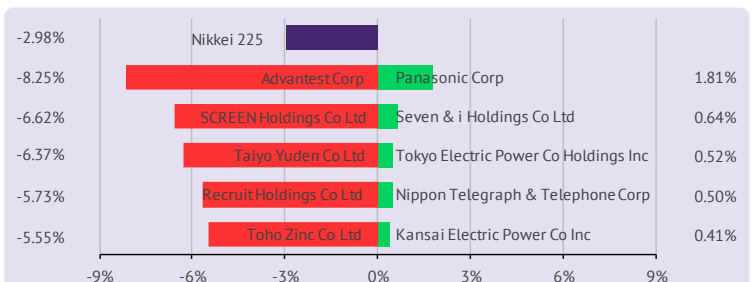
UK markets finished higher yesterday, supported by weakness in the British Pound and led by gains in shares of Barclays, following upbeat results. The FTSE 100 Index advanced 0.1% to close at 6,962.98.



Asian Market ▼

Trading lower

Asian markets are trading sharply lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 3.0% lower at 21,431.94.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R14.5519. Later today, traders will keep a close watch on the US advance goods trade balance, initial jobless claims, durable goods orders and pending home sales for further direction.

The US Dollar rose against the South African Rand yesterday. Data indicated that the US Markit manufacturing PMI surprised with an advance in October. Additionally, the Markit services PMI recorded a more-than-anticipated rise in the same month. Moreover, the MBA mortgage applications rebounded in the week ended 19 October 2018. Further, monthly house price index climbed August. In contrast the nation's new home sales dropped on a monthly basis in September, marking its lowest level since December 2016. Separately, the South Africa's Rand fell against the US Dollar, after Finance Minister, Tito Mboweni, delivered a medium-term budget statement with wider budget deficit estimates and slashed the country's growth forecasts. On the data front, SA's CPI recorded a steady growth on a yearly basis in September.

GBP ZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R18.7569. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

The British Pound advanced against the South African Rand yesterday. On the macro economic front, UK's BBA loans for house purchase dropped more than market anticipations in September.

EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro marginally rose against the South African Rand to trade at R16.5979. Going forward, market participants will keep a tab on the European Central Bank's interest rate decision along with Germany's GfK consumer confidence index and Ifo survey indices for further indication.

The Euro strengthened against the South African Rand yesterday. On the data front, the Eurozone's Markit manufacturing PMI fell more than market forecast to 26-month low level in October. Additionally, the Markit services PMI recorded a more-than-anticipated drop in the same month. Separately, Germany's Markit manufacturing PMI eased more than market expectations in October, marking its lowest level in 29 months. Moreover, the Markit services PMI registered a more-than-expected decline to a five month low level in October.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R10.3067.

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	14.5519	▼	2.16	1.05	3.00	-3.73	17.63
GBPZAR	18.7569	▼	1.37	-0.47	1.80	-3.17	12.20
EURZAR	16.5979	▲	1.47	-0.13	1.09	-3.68	11.70
AUDZAR	10.3067	▲	1.85	0.26	0.68	-3.25	6.46
EURUSD	1.1410	▲	-0.69	-1.06	-1.83	0.02	-5.11
GBPUSD	1.2888	▲	-0.79	-1.49	-1.15	0.55	-4.68
Brent (\$/barrel)	75.7	▼	-0.35	-4.52	-7.93	6.56	13.91
Gold (\$/oz)	1240.1	▲	-0.45	0.20	3.05	-0.84	-6.22
Platinum (\$/oz)	828.7	-	-0.44	-0.43	1.22	4.01	-11.29
Copper (\$/MT)*	6188.0	▼	-0.10	-0.64	-1.21	4.95	-14.14

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 1.0% to trade at \$1,240.10/oz.

Yesterday, gold prices fell 0.5% to close at \$1,227.80/oz, as strength in the US Dollar dented demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.7% lower to trade at \$75.67/bl, amid broad selloffs in global stock markets.

Yesterday, Brent crude oil dropped 0.4% to settle at \$76.17/bl, after the Energy Information Administration reported that domestic crude supplies rose by 6.3mn bls in the week ended 19 October 2018.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally fell to trade at \$828.70/oz.

Yesterday, platinum prices declined 0.5% to close at \$831.50/oz.

Major South African corporate news

Astral Foods Limited

In its FY18 trading statement, the company announced that it expects HEPS to be between 3,608.00c and 3,798.00c, which is 90.0% to 100.0% higher compared to the same period of the previous year. Further, the company expects EPS to be in the range of 3,604.00c to 3,799.00c, which is 85.0% to 95.0% higher compared to the corresponding period of the preceding year.

Northam Platinum Limited

The company announced that Ms Aletta Helena Coetzee has been appointed as its Chief Financial Officer with effect from 15 November 2018.

Major global economic news

US

The Federal Reserve's latest Beige Book survey revealed that the US economic activity expanded at a "modest to moderate" pace, despite continuous uncertainties over trade and labour shortages. Meanwhile, the officials expressed concerns over rising costs from tariffs and resultant price increases.

In the US, the flash Markit manufacturing PMI registered an unexpected rise to 55.90 in October, compared to a level of 55.60 in the prior month.

In the US, the preliminary Markit services PMI recorded a rise to 54.70 in October, more-than-expected and compared to a level of 53.50 in the prior month.

In the US, the MBA mortgage applications rebounded 4.9% on a weekly basis in the week ended 19 October 2018. The MBA mortgage applications had recorded a drop of 7.1% in the previous week.

In the US, the house price index rose 0.3% on a monthly basis in August, in line with market forecast and compared to a rise of 0.4% in the prior month.

In the US, new home sales fell by 5.5% to a level of 553.00K on a monthly basis in September, compared to a revised level of 585.00K in the prior month.

UK

In the UK, the BBA loans for house purchase dropped more than market forecast to a level of 38.50K in September, compared to a reading of 39.24K in the prior month.

Eurozone

In the Eurozone, the flash manufacturing PMI declined to 52.10 in October, more than market expectations. In the previous month, the manufacturing PMI had registered a level of 53.20.

In the Eurozone, the flash services PMI slid more-than-anticipated to 53.30 in October. In the previous month, services PMI had registered a reading of 54.70.

In Germany, the preliminary manufacturing PMI fell to a level of 52.30 in October, more-than-expected and compared to a level of 53.70 in the previous month.

In Germany, the flash services PMI dropped to 53.60 in October, more than market forecast and compared to a level of 55.90 in the prior month.

Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
US	01:00	Fed's Brainard Speaks at Event on Economic/Financial Literacy	✓	-	-	As scheduled
Japan	01:50	Corporate Service Price (YoY) (Sep)	✓	1.20%*	1.30%	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Nov)	✓✓✓	10.50	10.60	Monthly
Spain	09:00	Producer Price Index (MoM) (Sep)	✓	-	0.50%	Monthly
Spain	09:00	Producer Price Index (YoY) (Sep)	✓	-	5.20%	Monthly
Spain	09:00	Unemployment Rate (Survey) (Q3)	✓	14.85%	15.28%	Quarterly
Germany	10:00	Ifo - Current Assessment (Oct)	✓✓	106.00	106.40	Monthly
Germany	10:00	Ifo - Expectations (Oct)	✓✓	100.40	101.00	Monthly
Germany	10:00	Ifo - Business Climate (Oct)	✓✓✓	103.20	103.70	Monthly
South Africa	11:30	Producer Price Index (MoM) (Sep)	✓✓	0.50%	0.60%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Sep)	✓✓	6.20%	6.30%	Monthly
Eurozone	13:45	ECB Interest Rate Decision	✓✓✓	0.00%	0.00%	As scheduled
Eurozone	14:30	ECB Monetary policy statement and press conference	✓✓✓	-	-	As scheduled
US	14:30	Cap Goods Orders Nondef Ex Air (Sep) (P)	✓	0.50%	-0.90%	Monthly
US	14:30	Cap Goods Ship Nondef Ex Air (Sep) (P)	✓	0.40%	-0.20%	Monthly
US	14:30	Durable Goods Orders (Sep) (P)	✓✓✓	-1.50%	4.40%	Monthly
US	14:30	Durable Goods Orders ex Transportation (Sep) (P)	✓✓	0.40%	0.00%	Monthly
US	14:30	Wholesale Inventories (MoM) (Sep) (P)	✓✓✓	0.50%	1.00%	Monthly
US	14:30	Continuing Jobless Claims (13-Oct)	✓✓✓	1644.00K	1640.00K	Weekly
US	14:30	Initial Jobless Claims (20-Oct)	✓✓✓	215.00K	210.00K	Weekly
US	16:00	Pending Home Sales (MoM) (Sep)	✓✓	0.00%	-1.80%	Monthly
US	16:00	Pending Home Sales (YoY) (Sep)	✓	-2.60%	-2.50%	Monthly
US	17:00	Kansas City Fed Manufacturing Activity (Oct)	✓✓✓	14.00	13.00	Monthly
US	18:15	Fed Vice Chairman Clarida Speaks on Economic Outlook	✓	-	-	As scheduled
US	23:30	FOMC Member Mester speech	✓✓	-	-	As scheduled
Eurozone	-	European Commission Updates Its Economic Forecasts	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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