

# ONE Minute Brief

9 November 2018

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## Economic and political news

In South Africa (SA), annual manufacturing production rose 0.1% in September, compared to a revised advance of 1.5% in the previous month. Platinum production climbed 7.2% on an annual basis in September, compared to a drop of 7.0% in August. Mining production dropped 1.8% on a yearly basis in September, compared to a fall of 9.1% in the prior month. Annual gold production plunged 19.0% in September, compared to a drop of 15.5% in August. Former Finance Minister, Trevor Manuel is expected to implicate Atul Gupta at the state capture inquiry with testimony that suggests the middle Gupta brother played a role in the appointment of Fikile Mbalula as sports minister.

According to a news report, Nigeria's central bank has planned to meet four lenders of telecoms company, MTN to discuss a dispute over a USD8.1bn fund transfer.

Former Finance Minister, Pravin Gordhan, has directly implicated former President, Jacob Zuma in being part of a campaign to loot billions of rand in taxpayer funds and ruin state institutions during his tenure as president.

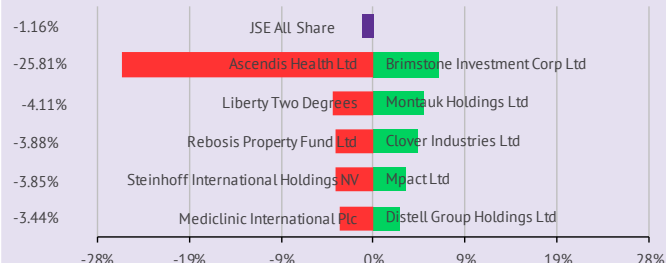
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	54064.82	▼	-635.82	-1.16	-0.38	3.20	-5.96	-9.14
JSE Top 40	47638.53	▼	-657.39	-1.36	-0.64	3.25	-6.82	-9.32
FTSE 100	7140.68	▲	23.40	0.33	0.66	0.18	-5.09	-7.12
DAX 30	11527.32	▼	-51.78	-0.45	0.07	0.70	-6.53	-10.76
CAC 40	5131.45	▼	-6.49	-0.13	0.57	0.75	-7.28	-3.41
S&P 500	2806.83	▼	-7.06	-0.25	3.08	3.51	-6.94	4.98
Nasdaq Composite	7530.89	▼	-39.87	-0.53	2.36	3.08	-9.20	9.09
DJIA	26191.22	▲	10.92	0.04	3.64	4.28	-5.07	5.95
MSCI Emerging Markets	993.53	▼	-4.40	-0.44	-0.32	3.93	-8.78	-14.24
MSCI Developed World	2082.47	▼	-1.98	-0.10	2.25	2.99	-7.42	-1.00

## South Africa Market ▼

### South African markets closed lower

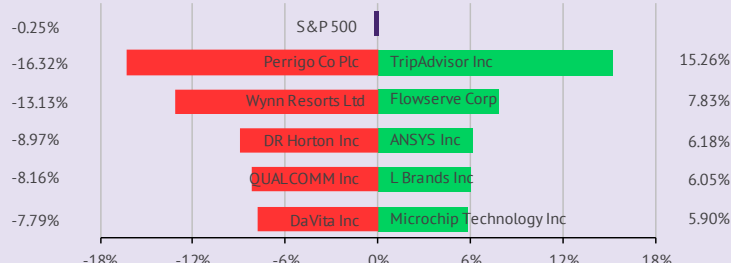
South African markets closed in the red yesterday, following dismal domestic economic data and weighed down by losses in banking, industrial and financial sector stocks. The JSE All Share Index fell 1.2% to close at 54,064.82.



## US Market ▼

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

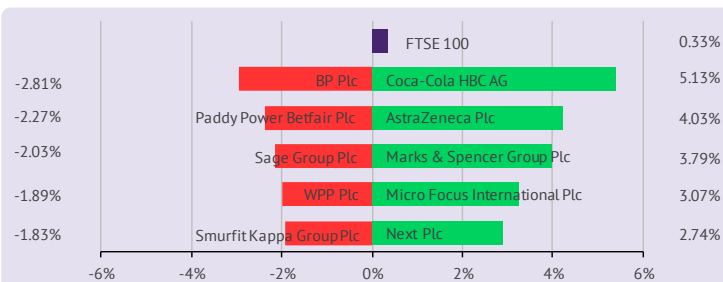
US markets closed mostly lower yesterday, following the Federal Reserve's (Fed) interest rate decision. Data showed that the US initial jobless claims fell as expected in the week ended 3 November 2018. The S&P 500 Index dropped 0.3% to close at 2,806.83.



## UK Market ▲

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

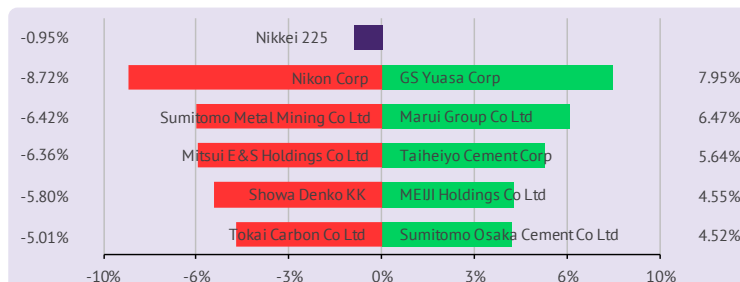
UK markets finished higher yesterday, boosted by gains in banking and resources sector stocks. The FTSE 100 Index advanced 0.3% to close at 7,140.68.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 1.0% lower at 22,273.45.



## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R14.1535. Later today, traders will keep a close watch on the US producer price index (PPI) and the Michigan consumer sentiment index for further indication.

The US Dollar rose against the South African Rand yesterday, after the Fed gave an upbeat assessment on the US economy and hinted at further rate hike in December. On the macro front, the US initial jobless claims dropped in line with market forecast in the week ended 3 November 2018, recording its lowest level in 45 years. Separately, in SA, manufacturing production advanced at the slowest pace in six months on a yearly basis in September. Further, the nation's annual platinum production climbed in August. Meanwhile, gold production declined to a four-year low level on a yearly basis in September. Additionally, annual mining production dropped in September.

## GBP ZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R18.4684. Ahead in the day, traders will keep an eye on UK's gross domestic product, trade balance, construction output, industrial and manufacturing production for further direction.

The British Pound advanced against the South African Rand yesterday.

## EUR ZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading slightly weaker against the South African Rand at R16.0580. 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. On the data front, Germany's trade surplus widened less than market forecast in September. Meanwhile, the nation's current account surplus widened more than market expectations in the same month.

## AUD ZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R10.2440. Earlier in the session, Australia's home loans approvals fell meeting market forecast on a monthly basis in September. Meanwhile, in China, Australia's largest trading partner, the yearly consumer price index (CPI) climbed in line with market anticipations in October. Additionally, the PPI rose at par with market expectations on an annual basis 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	14.1535	▲	1.66	-1.14	-4.40	4.56	14.15
GBPZAR	18.4684	▲	1.16	-0.49	-2.12	2.35	10.42
EURZAR	16.0580	▼	1.09	-1.36	-3.96	1.89	8.13
AUDZAR	10.2440	▼	1.39	-0.29	-1.83	2.26	6.15
EURUSD	1.1346	▼	-0.55	-0.22	0.45	-2.52	-5.35
GBPUSD	1.3049	▼	-0.49	0.71	2.32	-2.03	-3.34
Brent (\$/barrel)	70.7	▲	-1.97	-2.99	-5.85	-9.30	5.65
Gold (\$/oz)	1220.1	▼	-0.29	-0.66	0.83	1.97	-6.43
Platinum (\$/oz)	861.8	▼	-0.97	-0.62	3.24	2.97	-6.84
Copper (\$/MT)*	6172.5	▲	0.02	-2.32	2.25	-3.62	-14.35

\*As of previous close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.4% lower to trade at \$1,220.10/oz.

Yesterday, gold prices fell 0.3% to close at \$1,225.10/oz, as the US Dollar strengthened, after the Fed's interest rate decision.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$70.72/bl.

Yesterday, Brent crude oil dropped 2.0% to settle at \$70.65/bl, as increases in crude output from major producers raised concerns of an oversupply in the market.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 1.0% lower to trade at \$861.80/oz.

Yesterday, platinum prices declined 1.0% to close at \$870.3/oz.

## Major South African corporate news

### Barloworld Limited

In its FY18 trading statement, the company announced that it expects HEPS to be between 1,101.20c and 1,198.60c, which is 13.0% to 23.0% higher compared to the same period of the previous year. Further, the company expects EPS to be in the range of 997.90c to 1,088.60c, which is 10.0% to 20.0% higher compared to the corresponding period of the preceding year.

### Foschini Group Ltd

In its 1H18 results, the company announced that its revenues rose to ZAR17.47bn, compared to ZAR13.88bn posted in the same period of the previous year. Its diluted EPS stood at 496.80c compared to 456.90c recorded in the corresponding period of the preceding year. The company has declared an interim dividend of 330.00c per share.

## Major global economic news

### Asia

The Reserve Bank of Australia, in its monetary policy statement indicated that it would stick to its record-low cash rate setting of 1.5%, despite the economy's well performance. The central bank expressed confidence on the country's economic growth, lower unemployment and inflation pushing back towards the midpoint of its target over the coming years. However, the central bank stated that the outlook for household income "remains a key uncertainty."

In Australia, seasonally adjusted home loan approvals dropped 1.0% on a monthly basis in September, in line with market expectations. Home loan approvals had recorded a drop of 2.1% in the prior month.

In China, the CPI registered a rise of 2.5% on a yearly basis in October, at par with market expectations. In the previous month, the CPI had registered a similar rise.

In October, the PPI recorded a rise of 3.3% on an annual basis in China, meeting market forecasts and compared to an advance of 3.6% in the previous month.

### Eurozone

The European Commission, in its Autumn forecast, warned that economic growth in the euro area will decelerate over the next two years. As a result, in the near term, economic growth is expected to continue at about the same pace as in the first half of the year, resulting in a growth of 2.1%. Real GDP was projected to grow 1.9% in 2019, which was slower than the 2.0% forecasted earlier.

In Germany, seasonally adjusted trade surplus widened less-than-expected to EUR18.40bn in September, from a surplus of EUR17.20bn in the previous month.

In Germany, non-seasonally adjusted current account surplus widened more-than-anticipated to EUR21.10bn in September, from a surplus of EUR15.30bn in the prior month.

### US

The Fed, in its latest monetary policy meeting, decided to keep its benchmark interest rate unchanged at 2.25%, as widely expected. The central bank indicated that economic activity in the US has been rising at a strong rate and job gains have been robust. Moreover, the bank reiterated that it expects gradual increase in interest rates, with further interest rate hike in December. However, the Fed cautioned over the slowdown in business investment growth.

In the US, the seasonally adjusted initial jobless claims dropped to 214.00K in the week ended 3 November 2018, meeting market expectations and compared to a revised reading of 215.00K in the prior week.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Money Supply M3 (YoY) (Oct)	✓	2.30%*	2.50%	Monthly
Japan	01:50	Money Supply M2+CD (YoY) (Oct)	✓	2.70%*	2.80%	Monthly
China	03:30	Consumer Price Index (YoY) (Oct)	✓✓✓	2.50%*	2.50%	Monthly
China	03:30	Producer Price Index (YoY) (Oct)	✓✓✓	3.30%*	3.60%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Sep)	✓✓	-	0.50%	Monthly
UK	11:30	Index of Services (3M/3M) (Sep)	✓	0.50%	0.50%	Monthly
UK	11:30	Industrial Production (MoM) (Sep)	✓✓✓	-0.10%	0.20%	Monthly
UK	11:30	Government Spending (Q3) (P)	✓	0.40%	0.40%	Quarterly
UK	11:30	Gross Domestic Product s.a. (QoQ) (Q3) (P)	✓✓✓	0.60%	0.40%	Quarterly
UK	11:30	Gross Domestic Product s.a. (YoY) (Q3) (P)	✓✓✓	1.50%	1.20%	Quarterly
UK	11:30	Industrial Production (YoY) (Sep)	✓✓✓	0.40%	1.30%	Monthly
UK	11:30	Manufacturing Production (MoM) (Sep)	✓✓✓	0.10%	-0.20%	Monthly
UK	11:30	Manufacturing Production (YoY) (Sep)	✓✓✓	0.40%	1.30%	Monthly
UK	11:30	Construction Output s.a. (YoY) (Sep)	✓	1.30%	0.30%	Monthly
UK	11:30	Total Business Investment (QoQ) (Q3) (P)	✓	0.20%	-0.70%	Quarterly
UK	11:30	Total Business Investment (YoY) (Q3) (P)	✓	-0.10%	-0.20%	Quarterly
UK	11:30	Total Trade Balance (Sep)	✓✓✓	-GBP1.50bn	-GBP1.27bn	Monthly
UK	11:30	Trade Balance; non-EU (Sep)	✓✓✓	-GBP3.82bn	-GBP4.22bn	Monthly
US	15:15	Fed's Quarles speech	✓✓	-	-	As scheduled
US	15:30	Producer Price Index (MoM) (Oct)	✓✓✓	0.20%	0.20%	Monthly
US	15:30	Producer Price Index (YoY) (Oct)	✓✓✓	2.50%	2.60%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Nov) (P)	✓✓✓	98.00	98.60	Monthly
US	17:00	Wholesale Inventories (MoM) (Sep) (F)	✓✓✓	0.30%	0.30%**	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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