

ONE  
Minute Brief

7 November 2018

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## Economic and political news

Ratings agency, Moody's has warned that while the outlook for global sovereign creditworthiness in 2019 is stable, weak emerging markets such as South Africa (SA) could face greater risks.

President, Cyril Ramaphosa, has warned that closing down South African Airways (SAA) could hurt the country's public finances.

President, Cyril Ramaphosa, has confirmed that his son, Andile Ramaphosa, received payments from controversial government service provider, Bosasa, but that he had questioned his son, and was satisfied that it was an above board transaction. However, Andile Ramaphosa, denied that a ZAR5,00,000 payment by Bosasa was for his benefit.

Dan Plato has been elected as Cape Town's new Executive Mayor.

The Democratic Alliance's (DA) application in the Pretoria High Court to review and set aside the agreement between the Presidency and former President, Jacob Zuma to cover his legal costs, has been adjourned till Wednesday. Meanwhile, news reports revealed that the Economic Freedom Fighters (EFF) has united with the DA against Jacob Zuma over legal fees.

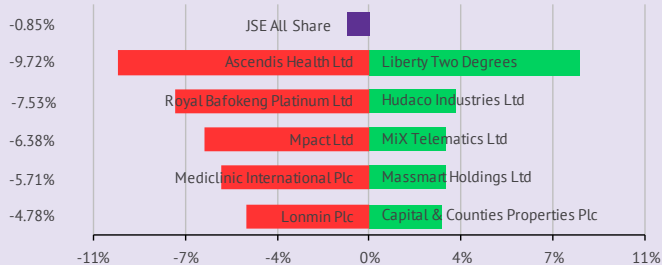
## Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	54450.55	▼ -465.11	-0.85	0.33	3.94	-5.96	-8.49
JSE Top 40	48124.03	▼ -413.22	-0.85	0.38	4.30	-6.82	-8.39
FTSE 100	7040.68	▼ -63.16	-0.89	-0.75	-1.23	-5.09	-8.42
DAX 30	11484.34	▼ -10.62	-0.09	-0.30	0.32	-6.53	-11.10
CAC 40	5075.19	▼ -26.20	-0.51	-0.53	-0.36	-7.28	-4.47
S&P 500	2755.45	▲ 17.14	0.63	1.19	1.61	-6.94	3.06
Nasdaq Composite	7375.96	▲ 47.11	0.64	0.26	0.96	-9.20	6.85
DJIA	25635.01	▲ 173.31	0.68	1.44	2.07	-5.07	3.70
MSCI Emerging Markets	992.27	▼ -0.11	-0.01	-0.45	3.80	-8.78	-14.35
MSCI Developed World	2050.65	▲ 9.96	0.49	0.68	1.42	-7.42	-2.51

## South Africa Market ▼

## South African markets closed lower

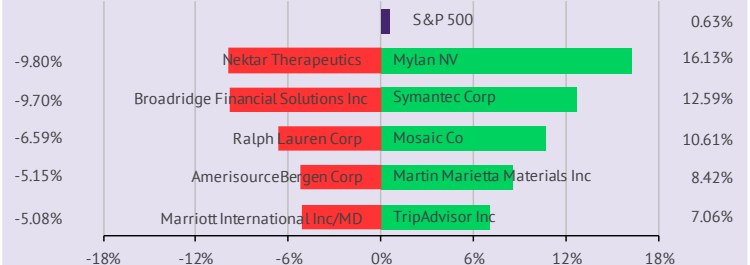
South African markets closed in the red yesterday, led by losses in banking, retail and industrial sector stocks. The JSE All Share Index fell 0.9% to close at 54,450.55.



## US Market ▲

## The S&amp;P 500 futures are trading in the green

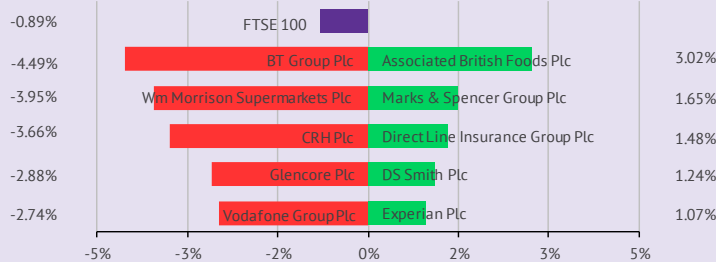
US markets closed higher yesterday, as investor awaited the outcome of US midterm elections and supported by gains in industrial and technology sector stocks. The S&P 500 Index climbed 0.6% to close at 2,755.45.



## UK Market ▼

## The FTSE 100 futures are trading in positive territory

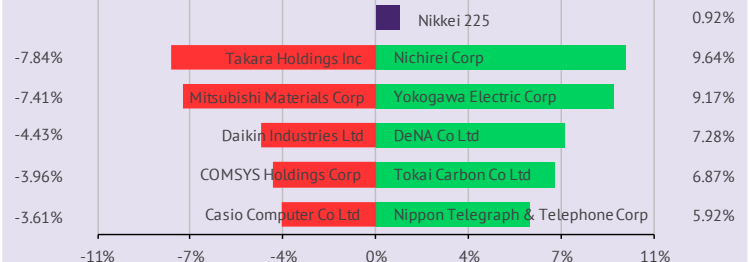
UK markets finished lower yesterday, as the British pound strengthened, amid renewed optimism over a Brexit deal. The FTSE 100 Index declined 0.9% to close at 7,040.68.



## Asian Market ▲

## Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.9% higher at 22,352.57.



## 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 R14.0599. Later today, traders will keep a close watch on the US MBA mortgage applications and consumer credit data for further cues.

The US Dollar fell against the South African Rand yesterday, amid uncertainty over the outcome of US midterm elections. On the data front, the US JOLTS job openings declined more than market expectations in September.

## GBP ZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R18.4754. Ahead in the day, traders will keep an eye on UK's Halifax house price index for further indication.

The British Pound advanced against the South African Rand yesterday, amid optimism over Brexit deal.

## EUR ZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R16.1229. Going forward, market participants will keep a tab on the Eurozone's retail sales along with Germany's construction PMI and industrial production for further direction.

The Euro weakened against the South African Rand yesterday. On the macro front, the Eurozone's producer price index (PPI) climbed more than market expectations on an annual basis in September. Additionally, the Markit services PMI fell less than market forecast in October. Separately, Germany's Markit services PMI dropped less than market anticipations in October. Further, factory orders registered a less-than-expected decline on a yearly basis in September.

## AUD ZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.2% against the South African Rand to trade at R10.2070. Earlier in the session, Australia's AiG performance of construction index recorded a drop 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	14.0599	▼	-0.32	-1.31	-4.57	4.56	13.96
GBPZAR	18.4754	▼	0.12	-0.37	-2.01	2.35	10.54
EURZAR	16.1229	▼	-0.14	-0.98	-3.58	1.89	8.55
AUDZAR	10.2070	▼	0.19	-0.60	-2.14	2.26	5.82
EURUSD	1.1469	▲	0.18	0.34	1.02	-2.52	-4.81
GBPUSD	1.3141	▲	0.44	0.99	2.61	-2.03	-3.06
Brent (\$/barrel)	72.0	▼	-1.42	-0.96	-3.88	-9.30	7.87
Gold (\$/oz)	1230.0	▲	-0.49	-0.57	0.93	1.97	-6.34
Platinum (\$/oz)	877.5	▲	0.24	-0.48	3.38	2.97	-6.71
Copper (\$/MT)*	6184.0	▼	-0.36	-2.14	2.44	-3.62	-14.19

\*As of previous close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,230.00/oz.

Yesterday, gold prices fell 0.5% to close at \$1,226.30/oz, continuing its previous session losses, ahead of the outcome of US congressional elections.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$72.00/bl, amid growing concerns over rising production and US sanction waivers.

Yesterday, Brent crude oil dropped 1.4% to settle at \$72.13/bl, after the American Petroleum Institute reported that the US crude supplies rose by 7.8mn bls in the week ended 2 November 2018.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.7% to trade at \$877.50/oz.

Yesterday, platinum prices climbed 0.2% to close at \$871.5/oz.

## Major South African corporate news

### Harmony Gold Mining Co Limited

In its 1Q19 operational update, the company announced that its total gold production increased 30.0% compared to the same period of the preceding year. All-in sustaining unit costs for the company increased quarter on quarter by 8.0% to ZAR526.75/kg. The South African operations recorded a 19.0% increase in gold production compared with the corresponding period of the previous year, mainly due to the addition of gold produced by Moab Khotsoeng.

### Pan African Resources Plc

In its 1Q19 operational update, the company revealed that the company produced 37,729.00oz of gold during the quarter, and with Elikhulu now commissioned and running at its design capacity, the company is confident of achieving its production guidance of approximately 170,000.00oz for FY19. Further, the company has significantly improved its safety performance in the quarter with lost-time injury frequency rate improved significantly to 0.57 and reportable injury frequency rate improved significantly in this quarter to zero.

## Major global economic news

### Eurozone

In the Eurozone, the PPI advanced 4.5% on a yearly basis in September, more-than-expected and compared to a revised rise of 4.3% in the prior month.

In the Eurozone, the final services PMI recorded a drop to 53.70 in October, less than market expectations. In the previous month, the services PMI had registered a level of 54.70. The preliminary figures had indicated a fall to 53.30.

In Germany, the final services PMI fell less-than-expected to a level of 54.70 in October. The preliminary figures had recorded a drop to 53.60. In the previous month, the services PMI had registered a level of 55.90.

In Germany, non-seasonally adjusted factory orders dropped 2.2% on a yearly basis in September, less than market expectations. In the previous month, factory orders had registered a drop of 2.1%.

### Asia

In Australia, the AiG performance of construction index eased to 46.40 in October. The index had registered a level of 49.30 in the prior month.

### US

In the US, the JOLTs job openings fell more-than-expected to a level of 7009.00K in September. In the prior month, the JOLTs job openings had registered a revised reading of 7293.00K.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Japan Foreign Reserves (Oct)	✓	\$1,252.90bn*	\$1,259.70bn	Monthly
Japan	03:30	BoJ Funo speaks in Kochi	✓	-	-	As scheduled
Japan	07:00	Leading Economic Index (Sep) (P)	✓✓✓	103.70	104.50	Monthly
Japan	07:00	Coincident Index (Sep) (P)	✓	114.60	116.70	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Oct)	✓	-	USD42.23bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Oct)	✓	-	USD50.39bn	Monthly
Germany	09:00	Industrial Production s.a. and w.d.a. (YoY) (Sep)	✓✓	-	-	Monthly
Germany	09:00	Industrial Production (Sep)	✓	-	106.10	Monthly
Germany	09:00	Industrial Production n.s.a. and w.d.a. (YoY) (Sep)	✓✓✓	0.50%	-0.10%	Monthly
Germany	09:00	Industrial Production s.a. (MoM) (Sep)	✓✓✓	0.10%	-0.30%	Monthly
Switzerland	10:00	Foreign Currency Reserves (Oct)	✓✓✓	-	CHF739.70bn	Monthly
Eurozone	10:00	Non-monetary policy's ECB meeting	✓✓	-	-	As scheduled
UK	10:30	Halifax House Prices (3m/YoY) (Oct)	✓	1.30%	2.50%	Monthly
UK	10:30	Halifax House Prices (MoM) (Oct)	✓	0.80%	-1.40%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Oct)	✓	-	93.30	Monthly
Eurozone	12:00	Retail Sales (Sep)	✓✓	-	105.20	Monthly
Eurozone	12:00	Retail Sales (MoM) (Sep)	✓✓✓	0.10%	-0.20%	Monthly
Eurozone	12:00	Retail Sales (YoY) (Sep)	✓✓✓	0.90%	1.80%	Monthly
US	14:00	MBA Mortgage Applications (02-Nov)	✓	-	-2.50%	Weekly
US	22:00	Consumer Credit Change (Sep)	✓✓	USD15.00bn	USD20.08bn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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