

# ONE Minute Brief

2 November 2018

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## Economic and political news

In South Africa (SA), the manufacturing PMI unexpectedly declined to a level of 42.40 in October, compared to a revised level of 44.50 in September. Electricity production fell 0.8% on a yearly basis in September, compared to a drop of 0.4% in the prior month. However, annual electricity consumption advanced 0.3% in September, compared to a rise of 1.2% in the prior month.

President, Cyril Ramaphosa, has fired suspended SA Revenue Services (Sars) Commissioner, Tom Moyane, with immediate effect.

Finance Minister, Tito Mboweni, has suggested that South African Airways (SAA), which has not generated a profit since 2011, should be closed down.

According to a news report, President, Cyril Ramaphosa, intends to testify before the Zondo Commission of inquiry into state capture.

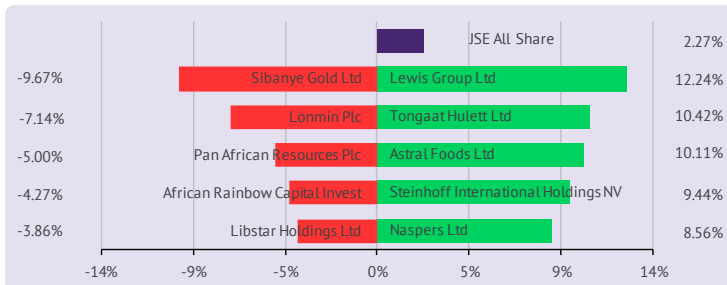
Commissioner and Vice Chairman, Terry Tselane announced his departure from the Independent Electoral Commission (IEC).

President, Cyril Ramaphosa, in a speech at the Discovery Summit 2018, stated that the government will not allow land reform to lead to the "degradation of the economy", and is committed to finding a suitable solution for the problem. Also, he added that there will be no land grabs in SA.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, supported by gains in industrial, banking and retail sector stocks. Data revealed that SA's Markit manufacturing PMI unexpectedly fell for a third consecutive month in October. The JSE All Share Index rose 2.3% to close at 53,578.76.



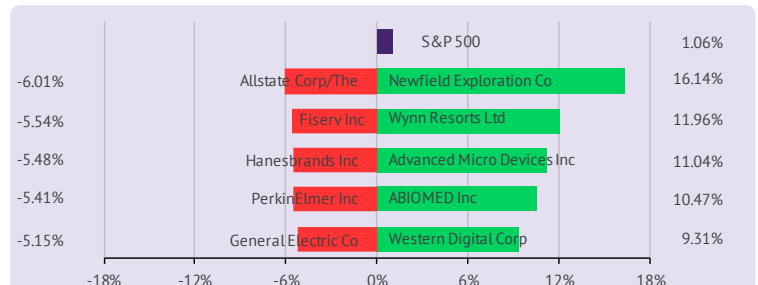
## Key indices

	Last close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	53578.76	▲	1189.89	2.27	5.39	2.27	-5.96	-9.96
JSE Top 40	47256.71	▲	1115.49	2.42	5.83	2.42	-6.82	-10.04
FTSE 100	7114.66	▼	-13.44	-0.19	2.52	-0.19	-5.09	-7.45
DAX 30	11468.54	▲	21.03	0.18	2.39	0.18	-6.53	-11.22
CAC 40	5085.78	▼	-7.66	-0.15	2.38	-0.15	-7.28	-4.27
S&P 500	2740.37	▲	28.63	1.06	3.07	1.06	-6.94	2.50
Nasdaq Composite	7434.06	▲	128.16	1.75	3.72	1.75	-9.20	7.69
DJIA	25380.74	▲	264.98	1.06	2.80	1.06	-5.07	2.68
MSCI Emerging Markets	971.44	▲	15.52	1.62	3.39	1.62	-8.78	-16.14
MSCI Developed World	2040.93	▲	18.95	0.94	2.98	0.94	-7.42	-2.97

## US Market ▲

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

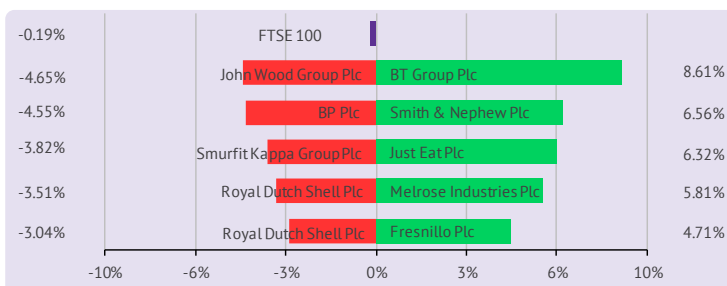
US markets closed higher yesterday, amid robust earnings results. Data indicated that the US ISM manufacturing PMI dropped more than expected in October. The S&P 500 Index climbed 1.1% to close at 2,740.37.



## UK Market ▲

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

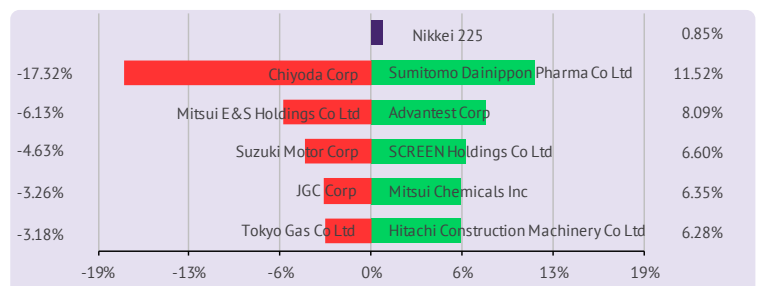
UK markets finished lower yesterday, as the British pound strengthened, on Brexit deal hopes and following comments from Bank of England (BoE) Governor, Mark Carney. The FTSE 100 Index fell 0.2% to 7,114.66.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 0.9% higher at 21,871.57.



## USD ZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.2% against the South African Rand to trade at R14.4366. Later today, traders will keep a close watch on the US trade balance, change in non-farm payrolls, unemployment rate, factory orders, durable goods orders and average hourly earnings for further direction.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US Markit manufacturing PMI rose in October. Meanwhile, seasonally adjusted initial jobless claims climbed more than market expectations in the week ended 27 October 2018. Further, the ISM manufacturing PMI declined more than expected in October. Construction spending recorded a flat reading on a monthly basis in September. Separately, in SA, the Markit manufacturing PMI recorded an unexpected drop in October, marking its lowest reading since July 2017. Additionally, annual electricity production declined in September. Meanwhile, the nation's electricity consumption recorded a rise on a yearly basis in the same month.

## GBP ZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R18.7513. Ahead in the day, traders will keep an eye on UK's construction PMI for further cues.

The British Pound declined against the South African Rand yesterday. Data revealed that UK's manufacturing PMI registered a more-than-anticipated decline in October. Further, the Nationwide house price index recorded a flat reading on a monthly basis in October.

## EUR ZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R16.4562. Going forward, market participants will keep a tab on the Markit manufacturing PMI across the Eurozone for further indication.

The Euro weakened against the South African Rand yesterday.

## AUD ZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.3911. Earlier in the session, Australia's producer price index (PPI) advanced on an annual basis in the third quarter of 2018. Meanwhile, monthly retail sales climbed less than market consensus in September.

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	14.4366	▲	-2.56	-1.31	-0.03	4.56	16.35
GBPZAR	18.7513	▲	-0.66	0.03	-0.01	2.35	12.07
EURZAR	16.4562	▲	-1.71	-1.27	-0.02	1.89	10.65
AUDZAR	10.3911	▲	-0.65	0.29	-0.01	2.26	7.44
EURUSD	1.1399	▼	0.85	0.04	0.01	-2.52	-4.97
GBPUSD	1.2988	▼	1.93	1.43	0.02	-2.03	-3.71
Brent (\$/barrel)	72.6	▼	-2.87	-6.09	-0.03	-9.30	9.00
Gold (\$/oz)	1234.4	▼	1.94	0.49	0.02	1.97	-5.40
Platinum (\$/oz)	868.8	▲	2.35	4.01	0.02	2.97	-7.64
Copper (\$/MT)*	6102.5	▲	1.09	-1.68	0.01	-3.62	-15.33

\*As of previous close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,234.40/oz.

Yesterday, gold prices rose 1.9% to close at \$1,238.60/oz, as weakness in the US Dollar increased demand for the safe haven asset.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.5% to trade at \$72.55/bl, on fears of surging output by the world's three largest producers.

Yesterday, Brent crude oil dropped 2.9% to settle at \$72.89/bl, amid concerns that global demand is weakening.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.7% higher to trade at \$868.80/oz.

Yesterday, platinum prices climbed 2.4% to close at \$862.80/oz.

## Major South African corporate news

### Afrimat Limited

The company, in its 1H18 results, announced that its revenue increased to ZAR1.52bn from ZAR1.18bn posted in the corresponding period of the previous year. Its diluted EPS fell 6.6% from the same period of the prior year to 94.80c. The company has declared an interim dividend of 19.00c per share.

### Sibanye Gold Limited

The company, in its operating update for the quarter ended 30 September 2018, indicated that South African (SA) operations achieved over 2.70mn fatality free shifts as at end October 2018. The South Africa and United States (US) Platinum Group Metal (PGM) operations maintained solid production results during the quarter, with adjusted EBITDA from the SA PGM operations, 30.0% higher compared with the same period of the previous year.

### ArcelorMittal South Africa Limited

The company, in its operational information for the quarter ended 30 September 2018, stated that liquid steel production was 4.8% higher, mainly due to higher production at Long Products after the production cutback in 3Q17. Local sales were 2.8% higher. Apparent steel consumption increased by 2.0% compared to the corresponding period of the previous year. Further, total imports of primary steel products decreased by 7.0% in 3Q18. Lost time injury frequency rate (LTIFR) improved from 0.27 to 0.18 at the end of 3Q18.

## Major global economic news

### US

In the US, the final Markit manufacturing PMI registered a rise to 55.70 in October, compared to a level of 55.60 in the prior month. The preliminary figures had indicated a rise to 55.90.

In the US, seasonally adjusted initial jobless claims recorded a drop to a level of 214.00K in the week ended 27 October, higher than market forecasts. Initial jobless claims had recorded a revised reading of 216.00K in the previous week.

In October, the ISM manufacturing activity index dropped more than expected to 57.70 in the US, compared to a level of 59.80 in the previous month.

US construction spending recorded a flat reading on a monthly basis in September, meeting market expectations. In the prior month, construction spending had climbed by a revised 0.80%.

### Asia

In Australia, the producer price index rose 2.1% on a yearly basis in 3Q 2018. The producer price index had risen 1.50% in the previous quarter.

Australia's seasonally adjusted retail sales climbed 0.2% on a monthly basis in September, less than market expectations. In the prior month, retail sales had climbed 0.30%.

### UK

The BoE, in its October monetary policy meeting, voted unanimously to keep its key interest rate unchanged at 0.75% and decided to maintain the quantitative easing through asset purchases at GBP435.00bn. Additionally, the central bank reiterated that any future rate hikes will be at a gradual pace and to a limited extent. However, officials cautioned that economic outlook of the country remains sensitive to the effects of Brexit.

In the UK, the manufacturing PMI registered a decline to 51.10 in October, more than market expectations. In the previous month, the manufacturing PMI had registered a revised level of 53.60.

In October, seasonally adjusted house prices remained flat on a monthly basis in the UK. House prices had recorded a rise of 0.3% in the prior month.

## Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus/ *Actual	Previous/ **Previous est.	Frequency
Japan	01:50	Monetary Base (YoY) (Oct)	✓	5.90%*	5.90%	Monthly
Japan	01:50	Monetary Base (Oct)	✓✓✓	JPY506.90 tn*	JPY505.00 tn	Monthly
Germany	09:00	Import Price Index (Sep)	✓	-	104.80	Monthly
Switzerland	09:00	UBS Real Estate Bubble Index (Q3)	✓✓	-	1.00	Quarterly
Germany	09:00	Import Price Index s.a. (MoM) (Sep)	✓✓	0.40%	0.00%	Monthly
Germany	09:00	Import Price Index n.s.a. (YoY) (Sep)	✓✓	4.50%	4.80%	Monthly
Switzerland	10:15	Real Retail Sales (YoY) (Sep)	✓✓	-0.10%	0.40%	Monthly
Italy	10:45	Markit Manufacturing PMI (Oct)	✓✓✓	49.70	50.00	Monthly
France	10:50	Markit Manufacturing PMI (Oct) (F)	✓✓✓	51.20	51.20**	Monthly
Germany	10:55	Markit Manufacturing PMI (Oct) (F)	✓✓✓	52.30	52.30**	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Oct) (F)	✓✓✓	52.10	52.10**	Monthly
UK	11:30	Markit Construction PMI (Oct)	✓✓✓	52.20	52.10	Monthly
US	14:30	Change in Household Employment (Oct)	✓	-	420.00 K	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Oct)	✓✓	0.20%	0.30%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (Oct)	✓✓	3.10%	2.80%	Monthly
US	14:30	Average Weekly Hours All Employees (Oct)	✓	34.50	34.50	Monthly
US	14:30	Unemployment Rate (Oct)	✓✓✓	3.70%	3.70%	Monthly
Canada	14:30	Net Change in Employment (Oct)	✓✓	15.00 K	63.30 K	Monthly
Canada	14:30	Unemployment Rate (Oct)	✓✓	5.90%	5.90%	Monthly
US	14:30	Change in Manufacturing Payrolls (Oct)	✓	16.00 K	18.00 K	Monthly
Canada	14:30	International Merchandise Trade (Sep)	✓✓✓	CAD0.20 bn	CAD0.53 bn	Monthly
US	14:30	Change in Non-farm Payrolls (Oct)	✓✓✓	200.00 K	134.00 K	Monthly
US	14:30	Change in Private Payrolls (Oct)	✓✓	195.00 K	121.00 K	Monthly
US	14:30	Trade Balance (Sep)	✓✓✓	-USD53.60 bn	-USD53.20 bn	Monthly
US	16:00	Cap Goods Orders Nondef Ex Air (Sep) (F)	✓	-	-0.10%**	Monthly
US	16:00	Durable Goods Orders (Sep) (F)	✓✓✓	-	0.80%**	Monthly
US	16:00	Durable Goods Orders ex Transportation (Sep) (F)	✓✓	-	0.10%**	Monthly
US	16:00	Factory Orders (MoM) (Sep)	✓✓✓	0.50%	2.30%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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