

ONE Minute Brief

16 November 2017

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Economic and Political News

In South Africa (SA), retail sales advanced 5.4% on an annual basis in September, higher than market expectations for a rise of 4.5%. In the prior month, retail sales had registered a rise of 5.5%.

The Grant Thornton International Business Report for the third quarter of 2017 has indicated that South African businesses are holding off on further investment and expansion plans as they await more certainty and economic stability.

The South African government has denied reports that special envoys sent by President Jacob Zuma to meet with Zimbabwean President Robert Mugabe and the Zimbabwean Defence Force were turned away by the military. The Presidency has expressed hope that developments in Zimbabwe would not lead to unconstitutional changes of government and urged for an amicable resolution of the political impasse.

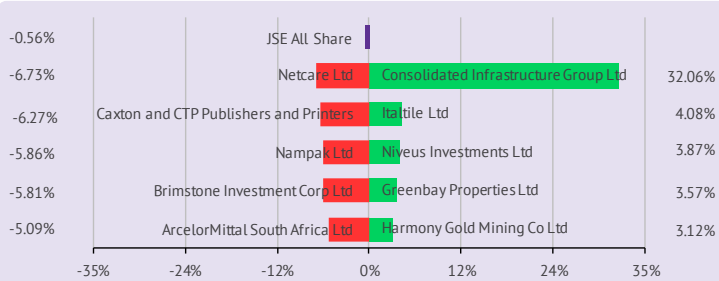
McKinsey has informed Parliament's Public Enterprises portfolio committee that it will repay ZAR1.0bn to Eskom even if a court finds the contract with the power utility was valid.

A Reuters poll of economists indicated that they expect the South African Reserve Bank to keep interest rates steady next week.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid losses in platinum mining and resources sector stocks. Data revealed that South Africa's retail sales advanced more-than-expected on an annual basis in September. The JSE All Share Index fell 0.6% to close at 59,185.21.



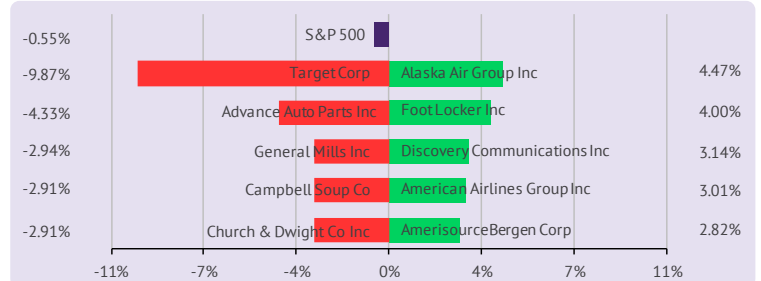
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	59185.21	▼ -333.69	-0.56%	-0.99%	0.35%	6.12%	16.84%
JSE Top 40	53004.17	▼ -269.57	-0.51%	-0.79%	0.83%	6.47%	20.73%
FTSE 100	7372.61	▼ -41.81	-0.56%	-0.81%	-1.61%	1.63%	3.22%
DAX 30	12976.37	▼ -57.11	-0.44%	-1.15%	-1.91%	3.12%	13.02%
CAC 40	5301.25	▼ -14.33	-0.27%	-1.48%	-3.67%	3.25%	9.03%
S&P 500	2564.62	▼ -14.25	-0.55%	-0.68%	-0.41%	2.22%	14.55%
Nasdaq Composite	6706.21	▼ -31.66	-0.47%	-0.66%	-0.32%	3.57%	24.58%
DJIA	23271.28	▼ -138.19	-0.59%	-0.64%	-0.45%	4.34%	17.75%

US Market ▼

The S&P 500 futures are trading in the green

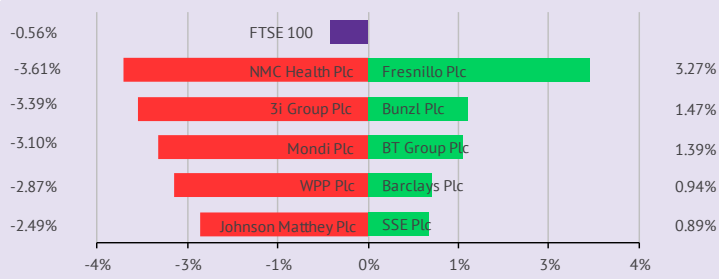
US markets closed lower yesterday, led by losses in energy sector stocks. Data indicated that the US consumer price index (CPI) rose in line with market expectations on a yearly basis in October. The S&P 500 Index dropped 0.6% to close at 2,564.62.



UK Market ▼

The FTSE 100 futures are trading in positive territory

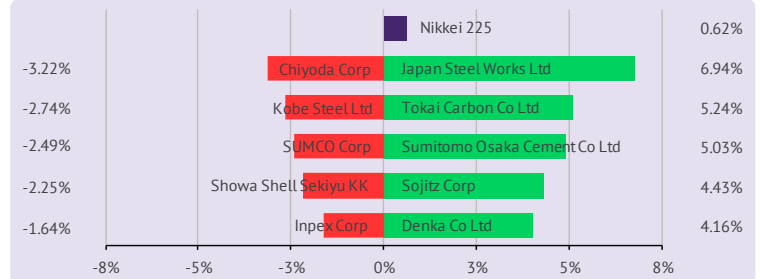
UK markets finished lower yesterday, weighed down by losses in mining and energy sector stocks. Data showed that UK's ILO unemployment rate recorded a steady reading in the July-September 2017 period. The FTSE 100 Index declined 0.6% to close at 7,372.61.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.6% higher at 22,164.49.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading marginally higher against the South African Rand at R14.3870. Later today, traders will keep a close watch on the US initial jobless claims, industrial production, manufacturing production and the NAHB housing market index data for further cues.

The US Dollar rose against the South African Rand yesterday, supported by positive US economic releases. On the data front, the US CPI advanced at par with market forecast on an annual basis in October. Additionally, the US advance retail sales unexpectedly rose on a monthly basis in October. Meanwhile, business inventories recorded a flat reading in line with market expectations in September. However, the NY Empire State manufacturing index dropped more-than-expected in November. Separately, South Africa's retail sales grew higher than market forecast on a yearly basis in September.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R18.9506. Later today, traders will keep an eye on the Bank of England Governor, Mark Carney's speech along with UK's retail sales data for further direction.

The British Pound advanced against the South African Rand yesterday. In economic news, UK's ILO unemployment rate recorded an unchanged reading in the July-September 2017 period. Further, claimant count rate recorded a steady reading in October. In contrast, average earnings including bonus rose more-than-expected on a yearly basis in the three months to September.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R16.9440. Going forward, market participants will keep a tab on Eurozone's consumer price index for further indication.

The Euro strengthened against the South African Rand yesterday, after Eurozone's trade surplus widened more-than-expected in September.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R10.9293. Earlier in the session, Australia's unemployment rate registered an unexpected decline in October. Whereas, the consumer inflation expectations dropped in November.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's Westpac consumer confidence index retreated in November.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.3870	▲	0.10%	0.05%	1.82%	4.19%	4.76%
GBPZAR	18.9506	▼	0.21%	-0.32%	0.99%	3.32%	11.98%
EURZAR	16.9440	▼	0.08%	1.17%	3.09%	2.73%	17.47%
AUDZAR	10.9293	▲	-0.40%	-0.83%	0.99%	1.82%	10.26%
EURUSD	1.1777	▼	-0.06%	1.08%	1.25%	-1.42%	12.16%
GBPUSD	1.3170	▼	0.05%	-0.19%	-0.84%	-0.86%	6.77%
Brent (\$/barrel)	62.0	▲	-0.55%	-2.60%	1.53%	7.31%	8.89%
Gold (\$/oz)	1278.4	▲	-0.41%	0.27%	0.57%	-0.86%	10.94%
Platinum (\$/oz)	933.9	▲	0.63%	0.11%	1.47%	1.02%	3.49%
Copper (\$/MT)*	6736.3	▲	0.24%	-0.26%	-1.18%	5.98%	21.97%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices added 0.1% to trade at \$1,278.40/oz.

Yesterday, gold prices fell 0.4% to close at \$1,277.70/oz, reversing its previous session gains.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$61.97/bl.

Yesterday, Brent crude oil dropped 0.6% to settle at \$61.87/bl, after the Energy Information Administration reported that crude oil inventories unexpectedly advanced by 1.9mn bls during the week ended 10 November 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$933.90/oz.

Yesterday, platinum prices climbed 0.6% to close at \$933.10/oz.



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Major South Africa Corporate News

Brait SE

In its 1H18 unaudited results, the company revealed that its investment losses rose to ZAR7.96bn from ZAR3.92bn posted in the corresponding period of the previous year. Its diluted HEPS stood at 1,421.00c, compared with 785.00c recorded in the corresponding period of the previous year.

Life Healthcare Group Holdings Limited

The company announced the appointment of Dr Shrey Viranna as its Chief Executive Officer and Executive Director with effect from 1 February 2018.

Nampak Limited

In its FY17 trading update, the company announced that it expects HEPS to be in the range between 119.40c and 125.90c, representing an increase of 11.0% and 17.0% compared to the previous year.

Netcare Limited

In its FY17 trading update, the company stated that it expects its HEPS to be in the range of 5.90c to 11.90c which is 5.0% to 10.0% lower compared with the same period of the preceding year.

Sun International Limited

The company announced that the Superintendencia De Casinos De Juego, the Casino Regulator in Chile has approved the proposed acquisition of 50.0% of the equity interest held by Entretenimientos Del Sur Limitada in Sun Dreams Sociedad Anonima. Therefore, all the conditions related to the acquisition have been fulfilled and transaction is unconditional.

The SPAR Group Limited

In its FY17 results, the company stated that its revenue increased to ZAR97.17bn from ZAR92.23bn reported in the corresponding period of the previous year. Its diluted EPS fell 6.0% to 939.10c compared to the same period of the prior year.

Major Global Economic News

US

In the US, the CPI registered a rise of 2.0% on an annual basis in October, compared to an advance of 2.2% in the prior month. Markets were expecting the CPI to climb 2.0%.

In October, advance retail sales registered an unexpected rise of 0.2% on a monthly basis in the US, compared to market expectations for a steady reading. In the prior month, advance retail sales had climbed by a revised 1.9%.

In the US, business inventories remained steady on a monthly basis in September, at par with market expectations. In the prior month, business inventories had registered a revised rise of 0.6%.

In November, the NY Empire State manufacturing index fell to a level of 19.40 in the US, lower than market expectations of a drop to 25.10. The index had registered a reading of 30.20 in the prior month.

Asia

In Australia, the seasonally adjusted unemployment rate unexpectedly dropped to 5.4% in October, compared to a level of 5.5% in the previous month. Markets were expecting unemployment rate to record a flat reading.

In November, the consumer inflation expectations recorded a drop to 3.7% in Australia, compared to a level of 4.3% in the previous month.

UK

In the UK, ILO unemployment rate remained steady at 4.3% in the July-September 2017 period. Market expectation was for the ILO unemployment rate to remain unchanged.

In October, claimant count rate remained flat at 2.3% in the UK.

In the UK, the average earnings including bonus advanced 2.2% on an annual basis in the July-September 2017 period, compared to a revised gain of 2.3% in the June-August 2017 period. Markets were expecting the average earnings including bonus to rise 2.1%.

Eurozone

In the Eurozone, the seasonally adjusted trade surplus rose to EUR25.00bn in September, compared to market expectations of a trade surplus of EUR21.00bn. The Eurozone had reported a revised trade surplus of EUR21.00bn in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Japan	08:00	Machine Tool Orders (YoY) (Oct) (F)	✓✓✓	-	49.90%**	Monthly
UK	11:30	Retail Sales (MoM) (Oct)	✓✓✓	0.10%	-0.70%	Monthly
UK	11:30	Retail Sales (YoY) (Oct)	✓✓✓	-0.50%	1.20%	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Oct) (F)	✓✓✓	0.90%	0.90%**	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Oct)	✓✓✓	0.10%	0.40%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Oct) (F)	✓✓✓	1.40%	1.40%**	Monthly
US	15:30	Export Price Index (YoY) (Oct)	✓	-	2.90%	Monthly
US	15:30	Export Price Index (Oct)	✓	-	124.00	Monthly
US	15:30	Import Price Index (Oct)	✓	-	123.80	Monthly
US	15:30	Export Price Index (MoM) (Oct)	✓	0.40%	0.80%	Monthly
US	15:30	Continuing Jobless Claims (04-Nov)	✓✓✓	1900.00K	1901.00K	Weekly
US	15:30	Initial Jobless Claims (11-Nov)	✓✓✓	235.00K	239.00K	Weekly
US	15:30	Philadelphia Fed Manufacturing Survey (Nov)	✓✓	24.60	27.90	Monthly
US	15:30	Import Price Index (YoY) (Oct)	✓	2.50%	2.70%	Monthly
US	15:30	Import Price Index (MoM) (Oct)	✓	0.40%	0.70%	Monthly
UK	16:00	BoE's Carney, Broadbent, Cunliffe, Haldane Speak in Liverpool	✓✓✓	-	-	As scheduled
US	16:15	Industrial Production (MoM) (Oct)	✓✓✓	0.50%	0.30%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Oct)	✓✓✓	0.60%	0.10%	Monthly
US	17:00	NAHB Housing Market Index (Nov)	✓	67.00	68.00	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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