

ONE Minute Brief

18 September 2018

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Economic and political news

President, Cyril Ramaphosa assured that there would be no mass layoffs of public sector workers to fight recession.

The Association of Mineworkers and Construction Union (AMCU), UASA (formerly the United Association of SA) and Solidarity Union have signed a three-year wage deal with AngloGold Ashanti. The deal covers a pay rise of 6.5% for the first year and an increase at the same rate or inflation whichever is higher for each of the following two years.

Finance Minister, Nhlanhla Nene has extended Mark Kingon's term as acting Commissioner of the South African Revenue Service (SARS) for another 90 days with effect from 14 September.

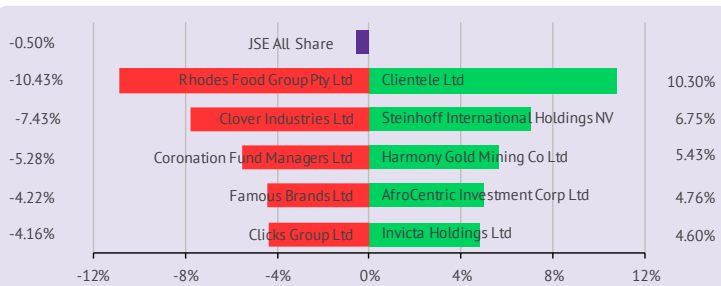
Eskom revealed that it had less than 20 days of coal supplies at 10 of its 15 coal-fired power stations, posing a threat to national power supplies.

Standard Bank's legal representative at the state capture inquiry revealed that a number of suspicious transactions and media reports about the Guptas led to the institution's decision to close the accounts of the family's various entities.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid renewed global trade tensions and led by losses in banking, retail and industrial sector stocks. The JSE All Share Index fell 0.5% to close at 56,298.65.



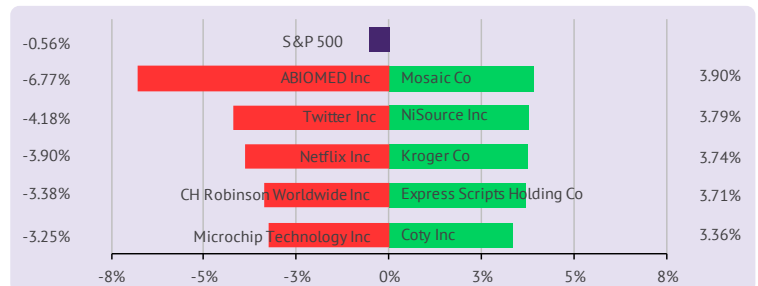
Key indices

	Last close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. month % Chg	YTD % Chg
JSE All Share	56298.65	▼ -283.23	-0.50	-0.50	-4.04	2.15	-5.39
JSE Top 40	50196.92	▼ -244.06	-0.48	-0.48	-4.32	2.24	-4.45
FTSE 100	7302.10	▼ -1.94	-0.03	-0.03	-1.75	-4.08	-5.02
DAX 30	12096.41	▼ -27.92	-0.23	-0.23	-2.16	-3.45	-6.36
CAC 40	5348.87	▼ -3.70	-0.07	-0.07	-1.07	-1.90	0.68
S&P 500	2888.80	▼ -16.18	-0.56	-0.56	-0.44	3.03	8.05
Nasdaq Composite	7895.79	▼ -114.25	-1.43	-1.43	-2.64	5.71	14.38
DJIA	26062.12	▼ -92.55	-0.35	-0.35	0.37	2.16	5.43
MSCI Emerging	1016.43	▼ -12.10	-1.18	-1.18	-3.74	-2.90	-12.26
MSCI Developed	2160.53	▼ -6.06	-0.28	-0.28	-0.69	1.04	2.71

US Market ▼

The S&P 500 futures are trading in the red

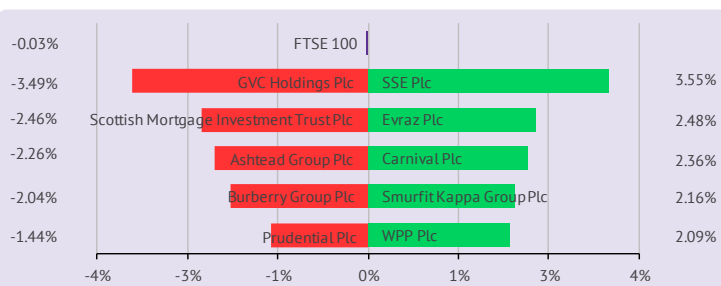
US markets closed lower yesterday, after the US President, Donald Trump, indicated that he would impose tariffs on an additional USD200bn worth of Chinese imports. The S&P 500 Index dropped 0.6% to close at 2,888.80.



UK Market ▼

The FTSE 100 futures are trading in negative territory

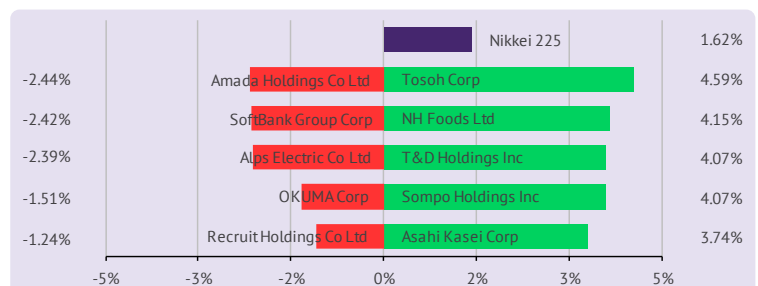
UK markets finished lower yesterday, weighed down by losses in mining sector stocks, amid rising trade tensions between the US and China. The FTSE 100 Index marginally declined to close at 7,302.10.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 1.6% higher at 23,468.12.



USD ZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.1% against the South African Rand to trade at R14.9037. Later today, traders will keep a close watch on the US NAHB housing market index for further indication.

The US Dollar fell against the South African Rand yesterday, amid renewed US-China trade war fears and a rise in the US treasury yields. On the data front, the US Empire manufacturing index declined more than market forecast in September.

GBP ZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R19.6133. 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.

EUR ZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro marginally advanced against the South African Rand to trade at R17.4303. Amid lack of economic news in the Eurozone today, investor sentiment will be governed by global macroeconomic factors.

The Euro strengthened against the South African Rand yesterday. On the macro front, the Eurozone's consumer price index (CPI) advanced in line with market expectations on an annual basis in August.

AUD ZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R10.7215. Earlier in the session, Australia's ANZ Roy Morgan weekly consumer confidence index registered an advance in the week ended 16 September 2018. Meanwhile, the nation's house price index fell in line with market anticipations on a quarterly basis in 2Q18.

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	14.9037	▼	-0.11	-0.11	1.55	10.65	20.47
GBPZAR	19.6133	▼	0.58	0.58	3.13	9.25	17.39
EURZAR	17.4303	▲	0.38	0.38	2.28	9.80	17.33
AUDZAR	10.7215	▲	0.26	0.26	1.42	7.15	10.85
EURUSD	1.1695	▲	0.50	0.50	0.70	-0.76	-2.68
GBPUSD	1.3160	▲	0.68	0.68	1.52	-1.25	-2.63
Brent (\$/barrel)	77.6	▼	-0.05	-0.05	0.53	4.62	16.72
Gold (\$/oz)	1203.3	▲	0.42	0.42	-0.03	-1.81	-8.26
Platinum (\$/oz)	799.8	▼	0.29	0.29	1.75	-6.94	-14.27
Copper (\$/MT)*	5920.0	▼	-0.52	-0.52	-0.80	-4.96	-17.86

*As of previous close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.2% to trade at \$1,203.30/oz.

Yesterday, gold prices rose 0.4% to close at \$1201.2/oz, as weakness in the US Dollar increased demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.6% to trade at \$77.59/bl.

Yesterday, Brent crude oil dropped 0.1% to settle at \$78.05/bl, weighed down by the potential for lower global demand, amid escalating trade tensions between the US and China. Additionally, the Energy Information Administration reported that crude-oil production from seven major US shale plays is expected to see a monthly climb of 79,000 bls a day to 7.594mn bls a day in October.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$799.80/oz.

Yesterday, platinum prices climbed 0.3% to close at \$800.9/oz.

Major South African corporate news

Steinhoff International Holdings N.V.

The company announced that it has received a compliance notice from the CIPC confirming that the company should take steps to investigate the previously reported accounting irregularities in terms of the South African Companies Act No 71 of 2008 within a period of six months from the date of the compliance notice and to bring the necessary actions that may be required in terms of the Act.

Major global economic news

Asia

The minutes of the Reserve Bank of Australia's (RBA) September monetary policy meeting showed that the policymakers sounded optimistic on strong labour market and resilient domestic consumption. However, the officials expressed concerns over the impact of escalating US-China trade tensions and cautioned that it could pose a "material risk" to the economy. Further, the members maintained their cautiously optimistic forecasts and stated that the next interest rate move was likely to be up.

In Australia, the ANZ Roy Morgan weekly consumer confidence index recorded a rise to a level of 118.0 in the week ended 16 September 2018, compare to a reading of 116.2 in the prior week.

In Australia, the house price index registered a drop of 0.7% on a quarterly basis in 2Q18, meeting market expectations. In the previous quarter, the index had registered a similar fall.








US

In the US, the NY Empire State manufacturing index dropped to 19.00 in September, more than market expectations. The index had recorded a level of 25.60 in the previous month.

Eurozone

In the Eurozone, the final CPI climbed 2.0% on a yearly basis in August, meeting market forecast and compared to a rise of 2.1% in the prior month. The preliminary figures had also indicated a rise of 2.0%.

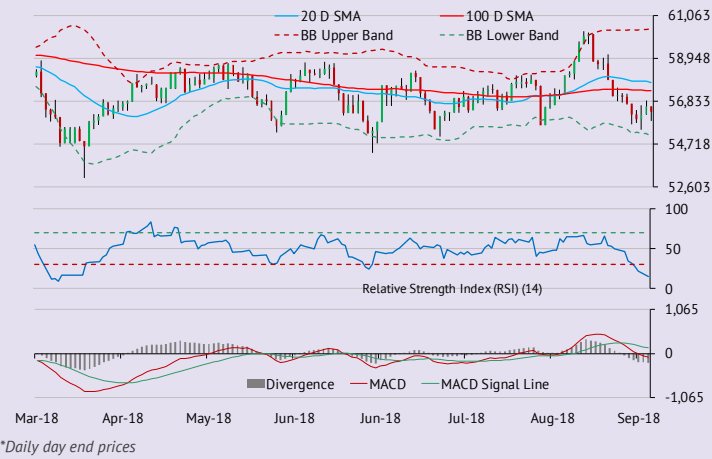
Economic calendar

Country	SAST	Economic indicator	Relevance	Consensus	Previous	Frequency
 Eurozone	09:15	ECB's Draghi Speaks in Paris	✓✓✓	-	-	As scheduled
 Canada	14:30	Manufacturing Shipments (MoM) (Jul)	✓✓	0.60%	1.10%	Monthly
 US	14:55	Redbook Index (YoY) (14-Sep)	✓	-	6.30%	Weekly
 US	14:55	Redbook Index s.a. (MoM) (14-Sep)	✓	-	0.80%	Weekly
 US	16:00	NAHB Housing Market Index (Sep)	✓	66.00	67.00	Monthly
 US	22:00	Net Long-Term TIC Flows (Jul)	✓✓	-	-USD36.50bn	Monthly
 US	22:00	Total Net TIC Flows (Jul)	✓	-	USD114.50bn	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

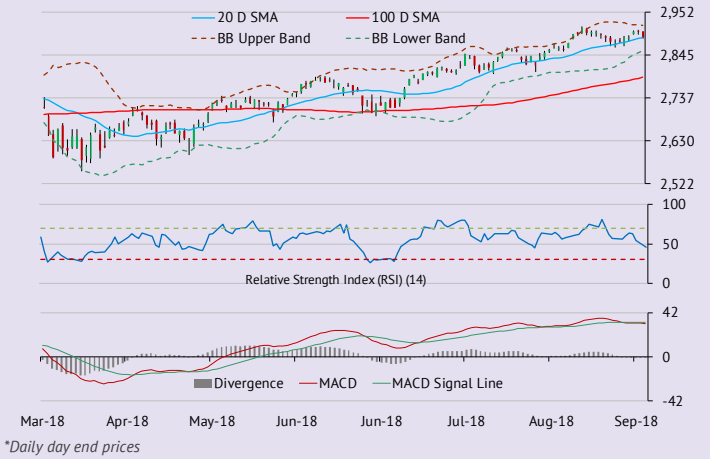
Technical snapshot

JSE All Share



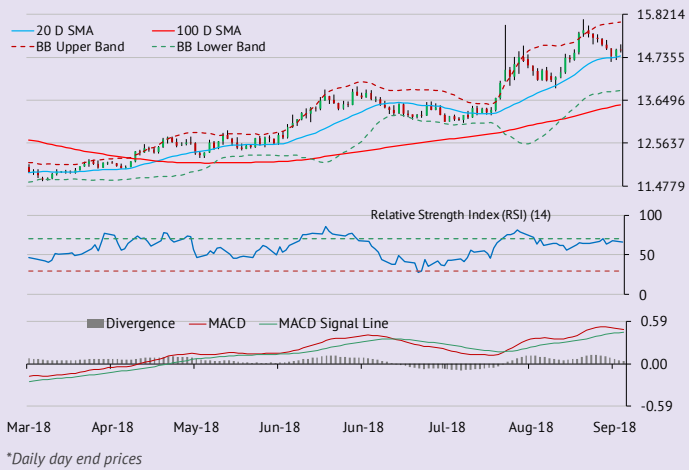
The JSE All Share index is expected to find support at 55,511.95, and a fall through could take it to the next support level of 54,725.24. The index is expected to find its first resistance at 56,980.39, and a rise through could take it to the next resistance level of 57,662.12.

S&P 500



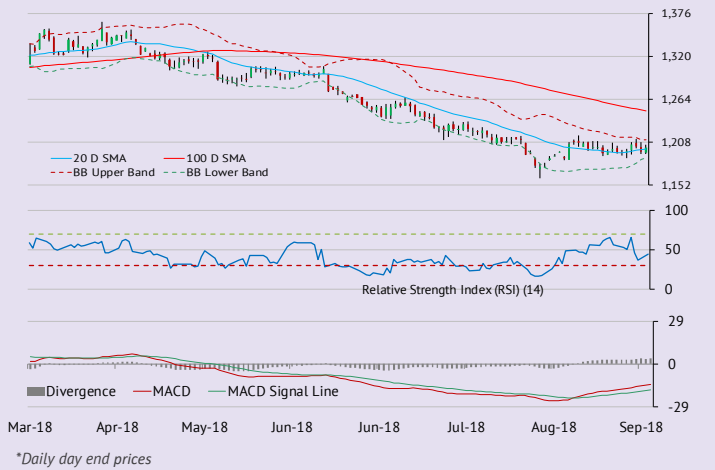
The S&P 500 index is expected to find support at 2,867.62, and a fall through could take it to the next support level of 2,846.44. The index is expected to find its first resistance at 2,909.14, and a rise through could take it to the next resistance level of 2,929.48.

USD ZAR



Gold is expected to find support at \$1,188.27/oz, and a fall through could take it to the next support level of \$1,175.33/oz. The precious metal is expected to find its first resistance at \$1,213.27/oz, and a rise through could take it to the next resistance level of \$1,225.33/oz.

XAU USD



The pair is expected to find support at 14.6162, and a fall through could take it to the next support level of 14.3153. The pair is expected to find its first resistance at 15.2217, and a rise through could take it to the next resistance level of 15.5263.

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