

# ONE Minute Brief

7 December 2016

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## Economic and Political News

In South Africa, the annualized GDP rose less-than-expected 0.2% on quarterly basis in 3Q16, compared to a rise of 3.3% in the previous quarter, supported by growth in mining and quarrying, finance, real estate, business services and general government services.

Finance Minister, Pravin Gordhan, has warned that any further weakness in the financial position of Eskom would lead to increase in the contingent liabilities of government by about ZAR200bn.

The Democratic Alliance and Economic Freedom Fighters have opposed the Financial Sector Regulation Bill in the National Assembly.

Home Affairs Minister, Malusi Gigaba, stated that the proposed Border Management Authority (BMA) Bill will not shut doors for the citizens of neighbouring countries but will eliminate illegal immigration.

The Presidency indicated that President, Jacob Zuma, has accepted the recommendations by the Independent Commission for the Remuneration of Public Office Bearers, for no increase in the salaries of the National Executive, Members of Parliament (MPs), Provincial Executives, Mayors, and other top public office bearers, including the President.

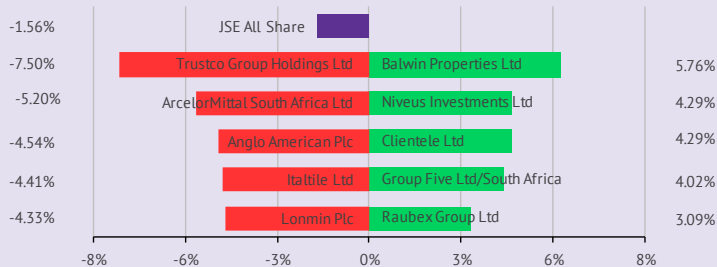
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	48935.90	▼	-777.66	-1.56%	-0.65%	-2.54%	-0.75%	-3.47%
JSE Top 40	42422.36	▼	-770.08	-1.78%	-0.93%	-2.90%	-0.75%	-7.37%
FTSE 100	6779.84	▲	33.01	0.49%	0.73%	-0.06%	-2.45%	8.61%
DAX 30	10775.32	▲	90.49	0.85%	2.49%	1.27%	-0.23%	0.30%
CAC 40	4631.94	▲	57.62	1.26%	2.28%	1.17%	1.53%	-0.11%
S&P 500	2212.23	▲	7.52	0.34%	0.93%	0.61%	3.42%	8.23%
Nasdaq Composite	5333.00	▲	24.11	0.45%	1.47%	0.18%	2.59%	6.50%
DJIA	19251.78	▲	35.54	0.18%	0.42%	0.67%	5.41%	10.48%

## South Africa Market ▼

### South African markets closed lower

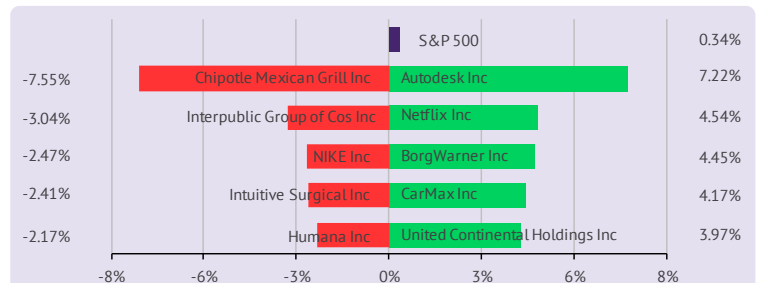
South African markets closed in the red yesterday, led by losses in resources and retail sector stocks. Data indicated that South Africa's economy rose less-than-expected in 3Q16, led by contraction in manufacturing sector. The JSE All Share Index fell 1.6% at 48,935.90.



## US Market ▲

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

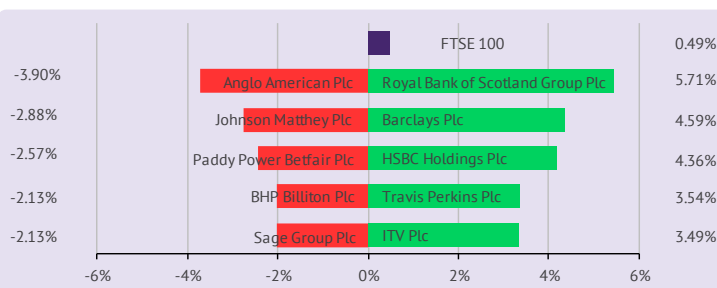
US markets closed higher yesterday, supported by gains in telecommunication sector stocks. Data revealed that US trade deficit expanded more-than-expected in October. The S&P 500 Index climbed 0.3% to close at 2,212.23.



## UK Market ▲

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

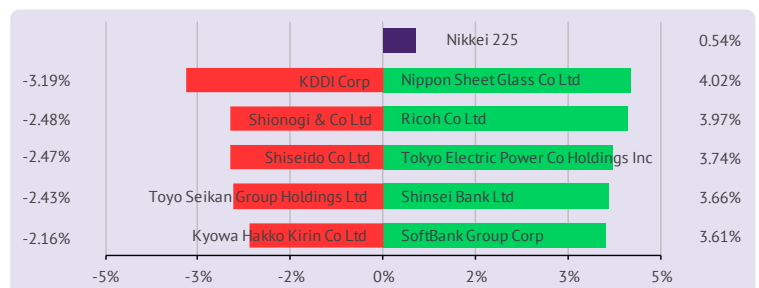
UK markets finished higher yesterday, amid gains in banking sector stocks. The FTSE 100 Index advanced 0.5% to close at 6,779.84.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.5% higher at 18,459.44.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.2% against the South African Rand to trade at R13.6668. Later today, traders will keep a close watch on US JOLTS job openings and MBA mortgage applications for further direction. Separately, South Africa's SACCI business confidence index will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. Data revealed that US goods and services trade deficit widened in October, to the highest level in four months, as overseas sales declined and import of equipment and consumer goods increased. Further, new orders in the US for manufactured goods increased more than market anticipations in October, recording the strongest increase in 16 months. Additionally, demand for durable goods advanced more-than-expected in the same month. In South Africa, gross domestic product expanded less than market expectations in 3Q16, led by decline in the manufacturing sector.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound marginally fell against the South African Rand to trade at R17.2950. Later today, traders will keep an eye on UK's NIESR gross domestic product estimate and industrial production along with manufacturing production and Halifax Plc house prices for further cues.

The British Pound declined against the South African Rand yesterday.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro advanced 0.2% against the South African Rand to trade at R14.6525. Going forward, market participants will keep a tab on Germany's industrial production scheduled in few hours.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone economy advanced in line with market expectations on a quarterly basis in 3Q16, led by household and public sector spending. Moreover, factory orders in Germany rebounded stronger than expected on a monthly basis in October, its quickest advance since mid-2014, supported by increased orders of cars and vehicle parts. Additionally, construction PMI expanded, compared to previous reading in November.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R10.1599. Earlier in the session, data showed that the Australian economy retreated more-than-expected on a quarterly basis in 3Q16. Moreover, AiG performance of construction index advanced at a slower pace in November, remaining in the contraction territory.

The Australian Dollar fell against the South African Rand yesterday. The Reserve Bank of Australia (RBA) kept its benchmark interest rate steady at 1.5% in its December monetary policy meeting. Further, data indicated that Australia's current account deficit narrowed more than market anticipations in 3Q16.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.6668	▲	-0.61%	-1.14%	-3.17%	4.61%	-11.89%
GBPZAR	17.2950	▼	-0.98%	-1.49%	-1.82%	6.86%	-24.12%
EURZAR	14.6525	▲	-1.02%	-0.63%	-2.03%	0.88%	-13.02%
AUDZAR	10.1599	▼	-0.77%	-1.15%	-2.15%	1.49%	-10.48%
EURUSD	1.0718	▲	-0.42%	0.44%	1.25%	-3.59%	-1.37%
GBPUSD	1.2656	▼	-0.45%	-0.35%	1.37%	2.14%	-14.02%
Brent (\$/barrel)	53.6	▼	-1.84%	-0.97%	4.03%	6.64%	44.66%
Gold (\$/oz)	1170.9	▲	-0.55%	-0.64%	-0.27%	-8.04%	10.13%
Platinum (\$/oz)	934.6	▼	-0.31%	0.32%	2.84%	-7.02%	4.93%
Copper (\$/MT)*	5875.8	▼	-1.16%	2.04%	1.08%	20.08%	24.86%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged higher 0.3% to trade at \$1,170.90/oz.

Yesterday, gold prices fell 0.6% to close at \$1,167.60/oz, amid strength in the greenback following expectations that the US Fed would raise interest rates next week.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 0.6% to trade at \$53.58/bl.

Yesterday, Brent crude oil dropped 1.8% to settle at \$53.93/bl, amid doubts whether OPEC members will adhere to the agreement to cut production, after OPEC's output came higher in November, at 34.2mn bls per day. Moreover, the American Petroleum Institute reported that crude oil inventories declined 2.2mn bls last week.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged lower 0.1% to trade at \$934.60/oz.

Yesterday, platinum prices declined 0.3% to close at \$935.70/oz.

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## Major South Africa Corporate News

### Assore Limited

The company revealed that Mr Chris Cory, the Chief Executive Officer (CEO) of the company, will retire on June 30, 2017 after serving for 28 successful years. The board further announced the appointment of Mr Charles Edwards Walters as the new CEO of the company with effect from July 1, 2017.

## Major Global Economic News

### US

In October, the US has reported trade deficit of USD42.60bn, from a revised trade deficit of USD36.20bn in the prior month. Markets were anticipating the nation to post a trade deficit of USD42.00bn.

In the US, factory orders registered a rise of 2.7% on a monthly basis in October, more than market expectations for an advance of 2.6%. Factory orders had recorded a revised rise of 0.6% in the prior month.

In October, the final durable goods orders advanced 4.6% on a monthly basis in the US, higher than market expectations for an advance of 3.4%. In the prior month, durable goods orders had climbed by a revised 0.4%. The preliminary figures had recorded an advance of 4.8%.

In the US, the final unit labour costs in non-farm businesses advanced 0.7% on a quarterly basis in 3Q16, compared to a revised rise of 3.9% in the previous quarter. Market anticipation was for the unit labour costs in non-farm businesses to rise 0.3%. The preliminary figures had indicated a rise of 0.3%.

### Asia

In Australia, the seasonally adjusted GDP recorded a drop of 0.5% on a quarterly basis in 3Q16, compared to a revised rise of 0.6% in the prior quarter. Market expectation was for GDP to drop 0.1%.

In November, the AIG performance of construction index rose to a level of 46.60 in Australia. In the previous month, the index had registered a level of 45.90.

### Eurozone

In the Eurozone, the seasonally adjusted final GDP registered a rise of 0.3% on a quarterly basis, in 3Q16, in line with market expectations. The preliminary figures had also recorded a rise of 0.3%. In the previous quarter, GDP had registered a similar rise.

In October, the seasonally adjusted factory orders rose 4.9% on a monthly basis in Germany, more than market expectations for a rise of 0.6%. Factory orders had fallen by a revised 0.3% in the prior month.

In Germany, the construction PMI rose to a level of 53.90 in November. The construction PMI had registered a reading of 52.90 in the previous month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Japan Foreign Reserves (Nov)	✓	USD1219.30bn*	USD1242.80bn	Monthly
Japan	03:30	BoJ Iwata makes a speech in Nagasaki	✓	-	-	As scheduled
Japan	07:00	Coincident Index (Oct) (P)	✓	114.10	112.70	Monthly
Japan	07:00	Leading Economic Index (Oct) (P)	✓✓	101.40	100.30	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Nov)	✓✓✓	USD41.61bn	USD41.80bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Nov)	✓✓✓	USD47.89bn	USD47.85bn	Monthly
Germany	09:00	Industrial Production (Oct)	✓✓✓	-	111.60	Monthly
Germany	09:00	Industrial Production s.a. (MoM) (Oct)	✓	0.80%	-1.80%	Monthly
UK	10:30	Halifax Plc House Prices Index s.a. (Nov)	✓	-	703.70	Monthly
UK	10:30	Halifax House Prices (3m/YoY) (Nov)	✓	5.90%	5.20%	Monthly
UK	10:30	Halifax House Prices (MoM) (Nov)	✓	0.20%	1.40%	Monthly
UK	11:30	Industrial Production (Oct)	✓	-	103.80	Monthly
UK	11:30	Manufacturing Production (Oct)	✓	-	103.50	Monthly
UK	11:30	Industrial Production (MoM) (Oct)	✓	0.20%	-0.40%	Monthly
UK	11:30	Manufacturing Production (MoM) (Oct)	✓	0.20%	0.60%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Nov)	✓✓✓	-	93.00	Monthly
UK	11:30	Industrial Production (YoY) (Oct)	✓✓	0.50%	0.30%	Monthly
UK	11:30	Manufacturing Production (YoY) (Oct)	✓✓	0.70%	0.20%	Monthly
US	14:00	MBA Mortgage Applications (02-Dec)	✓	-	-9.40%	Weekly
Canada	17:00	Bank of Canada Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
UK	17:00	NIESR GDP Estimate (3M) (Nov)	✓✓✓	0.40%	0.40%	Monthly
US	17:00	JOLTs Job Openings (Oct)	✓	5500.00K	5486.00K	Monthly
US	22:00	Consumer Credit Change (Oct)	✓✓	USD18.65bn	USD19.30bn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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