

# ONE Minute Brief

14 December 2016

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## Economic and Political News

Ratings agency, Fitch, has retained its negative outlook on South African utilities, considering the slow economic growth and moderate electricity demand in 2017.

The International Monetary Fund indicated that the key factors that are expected to affect South Africa's economic growth next year would be uncertainty regarding policy direction and perceptions of weakening governance.

The Department of Energy stated that Eskom will be the procurement agency for the planned nuclear program in the country. Further, Eskom's Acting Chief Executive Officer, Matshela Koko, announced that the power utility group will invite bids to build six nuclear reactors in the Government's push to expand South Africa's nuclear capacity.

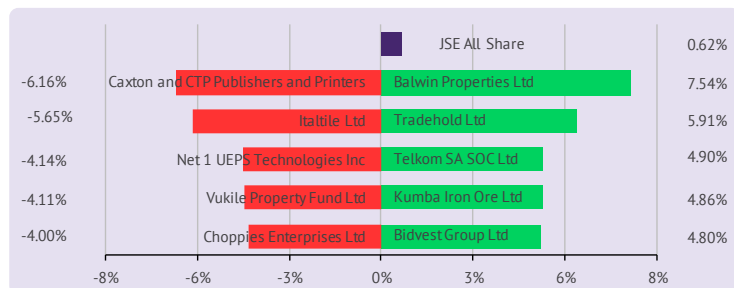
The Treasury announced that its Chief Procurement Officer, Kenneth Brown, will leave at the end of December.

Parliament's Standing Committee on Public Accounts (SCOPA) announced that it will explore the possibility of state employees and their families conducting business with Government.

## South Africa Market ▲

### South African markets closed higher

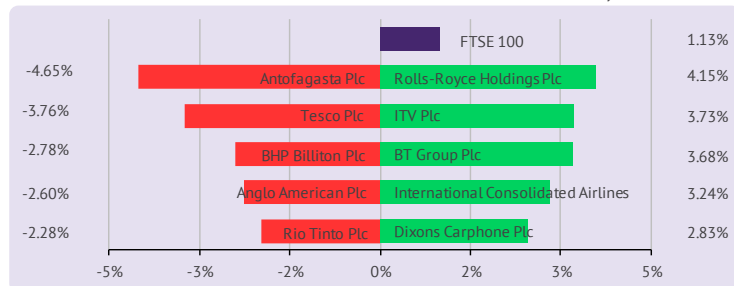
South African markets closed in the green yesterday, amid gains in banking and property sector stocks. The JSE All Share Index rose 0.6% to close at 50,839.25.



## UK Market ▲

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

UK markets finished higher yesterday, led by gains in consumer discretionary and banking sector stocks. Data revealed that UK's consumer price index rose more-than-expected on a yearly basis in November. The FTSE 100 Index advanced 1.1% to close at 6,968.57.



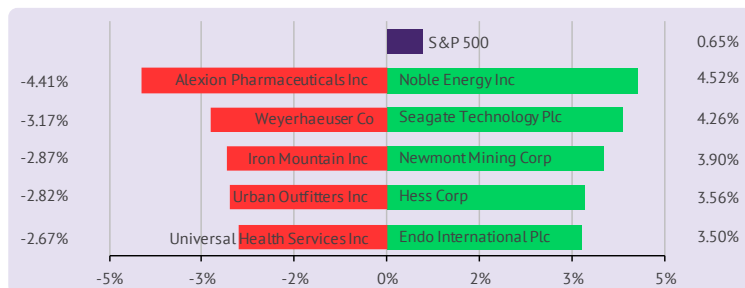
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50839.25	▲ 311.39	0.62%	-0.12%	1.25%	-0.75%	0.29%
JSE Top 40	44170.66	▲ 278.15	0.63%	-0.11%	1.10%	-0.75%	-3.55%
FTSE 100	6968.57	▲ 78.15	1.13%	0.21%	2.72%	-2.45%	11.63%
DAX 30	11284.65	▲ 94.44	0.84%	0.72%	6.06%	-0.23%	5.04%
CAC 40	4803.87	▲ 43.10	0.91%	0.84%	4.93%	1.53%	3.60%
S&P 500	2271.72	▲ 14.76	0.65%	0.54%	3.32%	3.42%	11.14%
Nasdaq Composite	5463.83	▲ 51.29	0.95%	0.36%	2.63%	2.59%	9.11%
DJIA	19911.21	▲ 114.78	0.58%	0.78%	4.12%	5.41%	14.27%

## US Market ▲

### The S&P 500 futures are trading flat

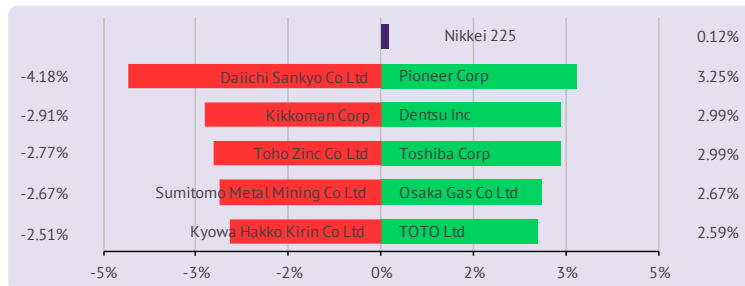
US markets closed higher yesterday, supported by gains in energy sector stocks. Data showed that import price index in the US retreated less-than-expected in November from October. The S&P 500 Index climbed 0.7% to close at 2,271.72.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that Japan's industrial production remained steady on a monthly basis in October. The Nikkei 225 Index is trading 0.1% higher at 19,272.96.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R13.5982. Later today, traders will keep a close watch on US advance retail sales, MBA mortgage applications, producer price index and business inventories along with industrial production and manufacturing production for further direction. Separately, South Africa's consumer price index and retail sales will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. Data indicated that import price index in the US dropped less-than-expected on a monthly basis in November, amid a decline in the petroleum cost. Moreover, NFIB small business optimism index rose more-than-expected in November, its strongest rise since 2009.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R17.2050. Later today, traders will keep an eye on UK's claimant count rate and ILO unemployment rate along with employment change and average weekly earnings for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's consumer price index advanced more than market anticipations on an annual basis in November, its highest level since October 2014.

## EURZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R14.4660. Going forward, market participants will keep a tab on Eurozone's industrial production data scheduled in few hours.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's ZEW survey of economic sentiment index rose more-than-expected in December. Further, employment change advanced less than market forecast on a quarterly basis in 3Q16. Moreover, Germany's final consumer price index grew at par with market expectations on a monthly basis in November. Further, Germany's ZEW survey of economic sentiment remained steady in December.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R10.1878. Earlier in the session, data showed that Australia's Westpac consumer confidence declined more than the previous reading in December from November, to an eight month low, due to uneven labour market.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's NAB business confidence rose more than the previous reading in November. Moreover, house price index advanced less-than-expected on a quarterly basis in 3Q16. Separately, in China, Australia's largest trading partner, industrial production rose more than market anticipations on an annual basis in November. Further, retail sales increased higher than the market forecast on a yearly basis in the same month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5982	▼	0.07%	-1.48%	-3.33%	4.61%	-12.04%
GBPZAR	17.2050	▼	-0.12%	-0.87%	-2.20%	6.86%	-24.41%
EURZAR	14.4660	▲	-0.12%	-0.93%	-3.12%	0.88%	-13.98%
AUDZAR	10.1878	▼	0.08%	-0.86%	-1.82%	1.49%	-10.17%
EURUSD	1.0635	▲	-0.08%	0.63%	0.38%	-3.59%	-2.22%
GBPUUSD	1.2653	▼	-0.15%	0.65%	1.22%	2.14%	-14.15%
Brent (\$/barrel)	55.1	▼	0.05%	2.56%	7.48%	6.64%	49.46%
Gold (\$/oz)	1162.3	▲	-0.58%	-0.23%	-1.20%	-8.04%	9.10%
Platinum (\$/oz)	935.0	▼	0.32%	2.37%	2.95%	-7.02%	5.05%
Copper (\$/MT)*	5677.5	▼	-1.28%	-2.48%	-2.34%	20.08%	20.65%

\*As of Previous Close

## Gold ▲

### Trading in the red

At 06:00 SAST, gold prices advanced 0.5% to trade at \$1,162.30/oz.

Yesterday, gold prices fell 0.6% to close at \$1,156.70/oz, amid strength in the US Dollar, as expectations increased for an interest rate hike by Federal Reserve at its ongoing monetary policy meeting.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil dropped 1.1% to trade at \$55.12/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$55.72/bl, as rising hopes of traders that OPEC's plan to slash output will bring crude supply and demand into balance. Separately, the American Petroleum Institute (API) reported that crude oil inventories rose 4.7mn bls last week.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$935.00/oz.

Yesterday, platinum prices climbed 0.3% to close at \$936.70/oz.

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## Major South Africa Corporate News

### Anglo American Plc

The company's share price fell as much as 2.3% to a low of ZAR207.51, following announcement that its subsidiary, De Beers sold USD418mn worth of diamonds at its tenth auction this year, 12.0% down from USD476mn at its ninth auction.

### SABMiller Plc

The company's Eastern European assets, including Pilsner Urquell are being purchased by Japan's Asahi from Anheuser-Busch InBev for EUR7.3bn.

### Old Mutual Plc

The company announced that it is selling up to 20.95 million shares in New York-listed OM Asset Management.

## Major Global Economic News

### Eurozone

In the Eurozone, the number of persons employed recorded a rise of 0.2% on a quarterly basis, in 3Q16. The number of persons employed had climbed 0.4% in the prior quarter.

In December, the economic sentiment index rose to a level of 18.10, in the Eurozone. In the prior month, the economic sentiment index had registered a reading of 15.80.

In Germany, the final CPI rose 0.1% on a monthly basis, in November, at par with market expectations. The CPI had recorded a rise of 0.2% in the prior month. The preliminary figures had also recorded an advance of 0.1%.

In December, the economic sentiment index remained flat at 13.80 in Germany, compared to market expectations of a rise to 14.00.

### UK

In the UK, the CPI advanced 1.2% on an annual basis, in November, higher than market expectations for a rise of 1.1%. The CPI had climbed 0.9% in the prior month.

In November, the retail price index recorded a rise of 2.2% on a yearly basis in the UK, higher than market expectations for an advance of 2.1%. In the previous month, the index had recorded a rise of 2.0%.

### US

In the US, the small business optimism index advanced to 98.40, in November, higher than market expectations of an advance to a level of 96.70. The index had recorded a reading of 94.90 in the previous month.

In November, the import price index slid 0.3% on a monthly basis in the US, compared to a revised rise of 0.4% in the prior month. Market expectation was for the import price index to drop 0.4%.

### Asia

In Australia, Westpac consumer confidence index eased 3.9%, on monthly basis in December, to a level of 97.30. In the previous month, the index had registered a level of 101.30.

In Japan, the final industrial production remained unchanged on a monthly basis, in October. Industrial production had advanced 0.6% in the prior month. The preliminary figures had indicated a rise of 0.1%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Tankan Large All Industry Capex (Q4)	✓✓	5.50%*	6.30%	Quarterly
Japan	01:50	Tankan Large Manufacturing Index (Q4)	✓✓	10.00*	6.00	Quarterly
Japan	01:50	Tankan Large Manufacturing Outlook (Q4)	✓✓	8.00*	6.00	Quarterly
Japan	01:50	Tankan Non - Manufacturing Index (Q4)	✓✓	18.00*	18.00	Quarterly
Japan	01:50	Tankan Non - Manufacturing Outlook (Q4)	✓✓	16.00*	16.00	Quarterly
Japan	06:30	Capacity Utilisation (MoM) (Oct)	✓	1.40%*	-2.00%	Monthly
Japan	06:30	Industrial Production (MoM) (Oct) (F)	✓	0.00%*	0.10%**	Monthly
UK	11:30	Average Earnings Including Bonus (3Mo/Yr) (Oct)	✓✓	2.30%	2.30%	Monthly
UK	11:30	Claimant Count Rate s.a. (Nov)	✓✓	2.30%	2.30%	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Oct)	✓✓✓	4.80%	4.80%	Monthly
UK	11:30	Claimant Count Change (Nov)	✓✓	6.50K	9.80K	Monthly
UK	11:30	Employment Change (3M/3M) (Oct)	✓✓	50.00K	49.00K	Monthly
Eurozone	12:00	Industrial Production s.a. (MoM) (Oct)	✓	0.10%	-0.80%	Monthly
South Africa	13:00	Retail Sales (MoM) (Oct)	✓✓	0.20%	0.60%	Monthly
South Africa	13:00	Retail Sales (YoY) (Oct)	✓✓	1.20%	1.40%	Monthly
US	14:00	MBA Mortgage Applications (09-Dec)	✓	-	-0.70%	Weekly
US	15:30	Advance Retail Sales (MoM) (Nov)	✓✓✓	0.30%	0.80%	Monthly
US	15:30	Producer Price Index (MoM) (Nov)	✓	0.10%	0.00%	Monthly
US	15:30	Retail Sales "Control Group" (MoM) (Nov)	✓✓	0.30%	0.80%	Monthly
US	16:15	Capacity Utilisation (Nov)	✓	75.10%	75.30%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Nov)	✓✓	-0.20%	0.20%	Monthly
US	16:15	Industrial Production (MoM) (Nov)	✓✓	-0.30%	0.00%	Monthly
US	17:00	Business Inventories (Oct)	✓	-0.10%	0.10%	Monthly
US	21:00	Fed Interest Rate Decision	✓✓✓	0.75%	0.50%	As scheduled
US	21:00	Fed Summary of Economic Projections	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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