

ONE Minute Brief

11 January 2017

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Economic and Political News

While indicating that it remains committed to renewables at a pace and cost the country can afford, Eskom revealed that the net loss to the economy as a result of its renewable power purchases from independent power producers (IPPs) was ZAR9bn in 2016. Separately, Eskom's Chief Executive Officer (CEO), Matshela Koko, stated that to avoid debt, the power utility has had discussions with premiers and mayors on replacing existing meters with prepaid meters.

The ANC Women's League (ANCWL) has defended its decision to support Nkosazana Dlamini-Zuma to become ANC's president in December, terming it as not being a case of ill-discipline.

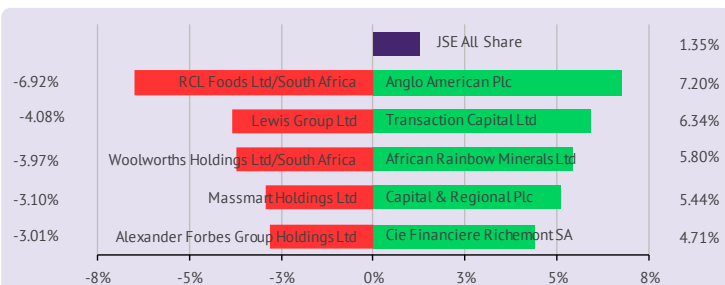
Public Enterprises Minister, Lynne Brown, has told Parliament that Bain and Company has been paid ZAR12.1mn for consultation on the merger of South African Airways (SAA), Mango and South African Express.

National Energy Regulator of South Africa (NERSA) announced that Minister of Energy Tina Joemat-Pettersson had appointed Christopher Forlee as CEO of the NERSA for a period of five years.

South Africa Market ▲

South African markets closed higher

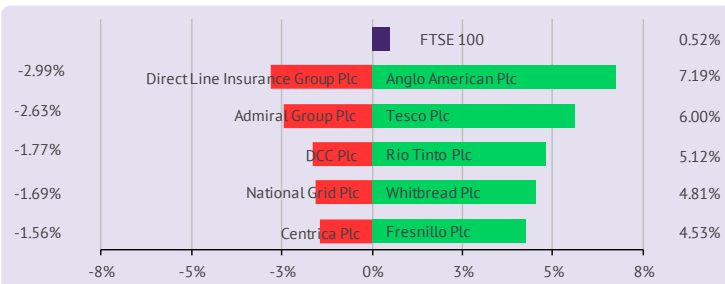
South African markets closed in the green yesterday, amid gains in resources sector stocks. The JSE All Share Index rose 1.4% to close at 51,740.17.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, led by gains in material and consumer discretionary sector stocks. The FTSE 100 Index advanced 0.5% to close at 7,275.47.



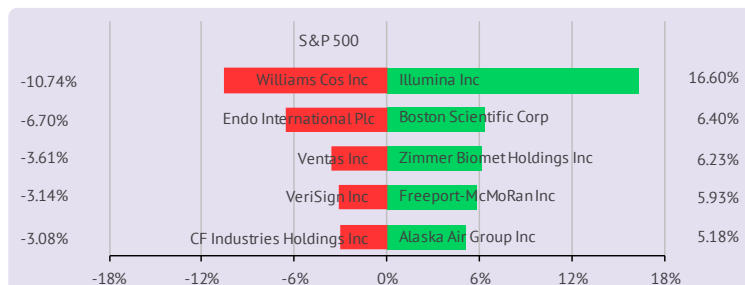
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51740.17	▲ 690.46	1.35%	1.02%	2.15%	0.88%	2.15%
JSE Top 40	45019.80	▲ 713.33	1.61%	1.27%	2.55%	0.48%	2.55%
FTSE 100	7275.47	▲ 37.70	0.52%	0.91%	1.86%	5.29%	1.86%
DAX 30	11583.30	▲ 19.31	0.17%	-0.14%	0.89%	7.90%	0.89%
CAC 40	4888.23	▲ 0.66	0.01%	-0.44%	0.53%	6.20%	0.53%
S&P 500	2268.90	- 0.00	0.00%	-0.35%	1.34%	1.82%	1.34%
Nasdaq Composite	5551.82	▲ 20.00	0.36%	0.56%	3.13%	1.12%	3.13%
DJIA	19855.53	▼ -31.85	-0.16%	-0.54%	0.47%	3.34%	0.47%

US Market ◀▶

The S&P 500 futures are trading in the red

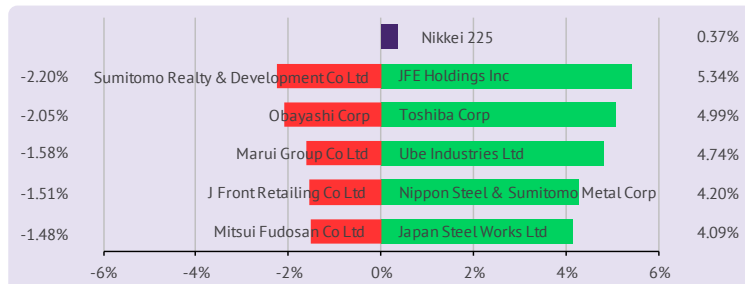
US markets closed flat yesterday, amid gains in consumer discretionary sector stocks. Data indicated that US final wholesale inventories increased more-than-expected in November, its highest rise in 2 years. The S&P 500 Index closed at 2,268.90.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.4% higher at 19,372.70.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.2% against the South African Rand to trade at R13.7600. Later today, traders will keep a close watch on US MBA mortgage applications for further cues. Separately, South Africa's SACCI business confidence index will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. Data revealed that US wholesale inventories advanced more than market expectations in November, its strongest increase since November 2014. Further, NFIB small business optimism index registered a higher-than-expected rise in December, its highest rise since 1980.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound marginally climbed against the South African Rand to trade at R16.7310. Later today, traders will keep an eye on UK's NIESR gross domestic product estimate, manufacturing production and industrial production along with trade balance and construction output for further direction.

The British Pound advanced against the South African Rand yesterday.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped marginally against the South African Rand to trade at R14.4986.

The Euro strengthened against the South African Rand yesterday.

AUDZAR ▲

AUD trading xx against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% firmer against the South African Rand at R10.1521.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's retail sales advanced less than market expectations on a monthly basis in November. Meanwhile, in China, Australia's largest trading partner, consumer price index registered a less-than-expected rise on an annual basis in December. Whereas, producer price index advanced more-than-forecast on a yearly basis in the same month, its highest rise in 5 years.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.7600	▲	0.49%	-0.03%	-0.03%	-2.48%	-0.03%
GBPZAR	16.7310	▲	0.58%	-0.85%	-1.20%	-3.94%	-1.20%
EURZAR	14.4986	▼	0.34%	0.26%	0.40%	-3.21%	0.40%
AUDZAR	10.1521	▲	0.73%	1.04%	2.10%	-4.68%	2.10%
EURUSD	1.0545	▼	-0.18%	0.22%	0.38%	-0.68%	0.38%
GBPUSD	1.2167	▼	0.13%	-0.85%	-1.30%	-1.34%	-1.30%
Brent (\$/barrel)	53.8	▲	-2.37%	-6.06%	-5.60%	9.61%	-5.60%
Gold (\$/oz)	1187.6	▲	0.05%	1.03%	2.93%	-1.63%	2.93%
Platinum (\$/oz)	969.5	▼	-0.01%	1.23%	8.52%	-0.91%	8.52%
Copper (\$/MT)*	5736.0	▲	2.98%	2.99%	3.86%	-4.99%	3.86%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.2% higher to trade at \$1,187.60/oz.

Yesterday, gold prices rose 0.1% to close at \$1,185.50/oz, extending its previous session gains.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.2% higher to trade at \$53.75/bl.

Yesterday, Brent crude oil dropped 2.4% to settle at \$53.64/bl, after the American Petroleum Institute (API) reported that US crude oil inventories increased 1.5mn bls in the week ended January 6, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.9% to trade at \$969.50/oz.

Yesterday, platinum prices marginally declined to close at \$978.40/oz.



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Major South Africa Corporate News

KAP Industrial Holdings Limited

The company announced referring to the announcement published on August 10, 2016, in terms of which a nominated wholly-owned subsidiary of the company would acquire the entire issued ordinary share capital of Safripol Holdings Proprietary Limited, that all of the conditions precedent in relation to the transaction have been fulfilled and accordingly the effective date for the transaction is January 1, 2017. The entire issued ordinary share capital in Safripol was acquired for a cash consideration of ZAR4.10bn on a debt free, cash free basis, which was discharged on January 3, 2017.

Major Global Economic News

US

In December, the NFIB small business optimism index climbed to 105.80 in the US, compared to a level of 98.40 in the prior month. Market expectation was for the index to rise to 99.50.

In the US, the seasonally adjusted final wholesale inventories rose 1.0% on a monthly basis, in November, higher than market expectations for a rise of 0.9%. The preliminary figures had indicated a rise of 0.9%. In the prior month, the wholesale inventories had fallen by a revised 0.1%.

Asia

In Japan, foreign exchange reserves recorded a drop to USD1216.90bn in December, compared to a reading of USD1219.30bn in the previous month.

In October, industrial profits registered a rise of 9.8% on an annual basis, in China. In the previous month, industrial profits had registered a rise of 7.7%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Japan Foreign Reserves (Dec)	✓	USD1216.90bn*	USD1219.30bn	Monthly
Japan	07:00	Coincident Index (Nov) (P)	✓	115.00	113.50	Monthly
Japan	07:00	Leading Economic Index (Nov) (P)	✓✓	102.60	100.80	Monthly
Spain	10:00	Industrial Output n.s.a. (YoY) (Nov)	✓✓	-	-2.20%	Monthly
Spain	10:00	Industrial Output s.a. (YoY) (Nov)	✓✓	1.00%	0.50%	Monthly
UK	11:30	Industrial Production (Nov)	✓	-	102.40	Monthly
UK	11:30	Manufacturing Production (Nov)	✓	-	102.30	Monthly
UK	11:30	Manufacturing Production (YoY) (Nov)	✓✓	0.40%	-0.40%	Monthly
UK	11:30	Construction Output s.a. (YoY) (Nov)	✓	2.00%	0.70%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Dec)	✓	-	93.90	Monthly
UK	11:30	Industrial Production (MoM) (Nov)	✓	1.00%	-1.30%	Monthly
UK	11:30	Industrial Production (YoY) (Nov)	✓✓	0.70%	-1.10%	Monthly
UK	11:30	Manufacturing Production (MoM) (Nov)	✓	0.50%	-0.90%	Monthly
UK	11:30	Total Trade Balance (Nov)	✓✓	-GBP3.50bn	-GBP1.97bn	Monthly
UK	11:30	Trade Balance; non-EU (Nov)	✓	-GBP3.00bn	-GBP1.60bn	Monthly
UK	11:30	Visible Trade Balance (Nov)	✓✓	-GBP11.15bn	-GBP9.71bn	Monthly
Greece	12:00	Consumer Price Index (YoY) (Dec)	✓	-	-0.90%	Monthly
Greece	12:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Dec)	✓	0.30%	-0.20%	Monthly
US	12:30	Donald Trump's news conference	✓✓✓	-	-	As scheduled
Portugal	13:00	Consumer Price Index (YoY) (Dec)	✓	-	0.60%	Monthly
Portugal	13:00	Consumer Price Index (MoM) (Dec)	✓	-	-0.50%	Monthly
US	14:00	MBA Mortgage Applications (06-Jan)	✓	-	0.10%	Weekly
UK	17:00	NIESR GDP Estimate (3M) (Dec)	✓✓✓	0.50%	0.40%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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