

ONE Minute Brief

20 January 2017

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Economic and Political News

In South Africa, the consumer confidence index registered an unexpected drop to -10.00 in 4Q16, compared to a level of -3.00 in the prior quarter.

Finance Minister, Pravin Gordhan, stated that he wants an explanation from the Public Protector, Advocate Busisiwe Mkhwebane, on leaking of her provisional report on Amalgamated Banks of South Africa (ABSA). Separately, Gordhan indicated that political noise is expected to increase in 2017 in South Africa as concerns about the succession leader to be selected in the ANC are increasing, but that is to be expected from a strong democracy.

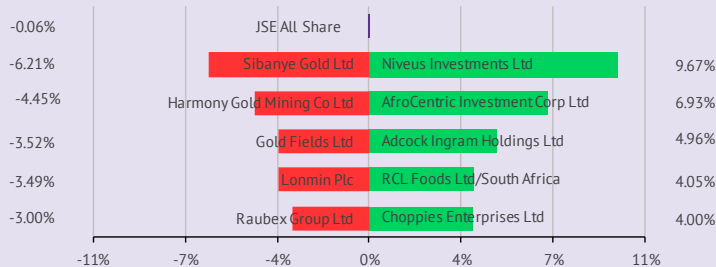
Public Enterprise Minister, Lynne Brown, has asked Eskom to give municipalities until the end of this month to clear their bills before cutting off power supply.

The South Africa Renewable Energy Council (SAREC), Chairperson, Brenda Martin, stated that a total of 37 renewable independent power producers (IPPs) are still dedicated to the bids they had submitted to government, but are in need of resolution with Eskom. She indicated that Eskom's refusal to sign the power purchase agreements is stalling financial closure on the projects.

South Africa Market

South African markets closed lower

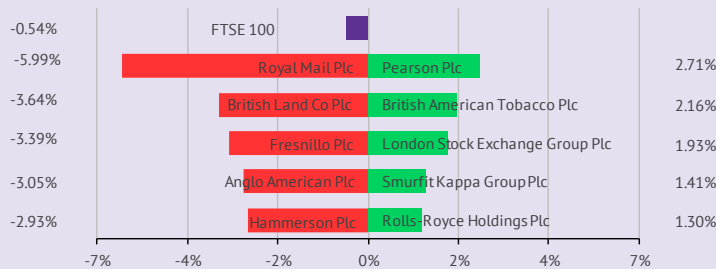
South African markets closed in the red yesterday, led by losses in gold mining sector stocks. Data showed that South Africa's BER consumer confidence index surprisingly eased in 4Q16. The JSE All Share Index fell 0.1% to close at 52,900.77.



UK Market

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, amid losses in real estate sector stocks. The FTSE 100 Index declined 0.5% to close at 7,208.44.



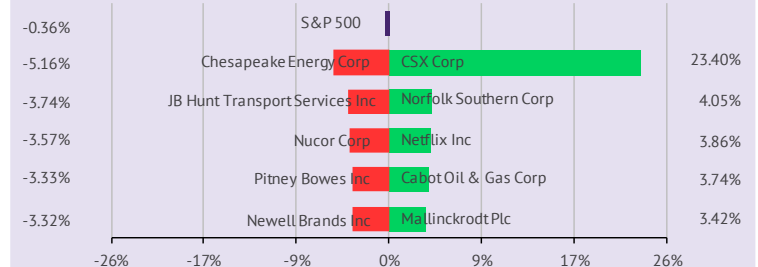
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52900.77	▼	-32.51	-0.06%	0.20%	4.44%	4.44%
JSE Top 40	46102.45	▼	-11.10	-0.02%	0.08%	5.01%	5.01%
FTSE 100	7208.44	▼	-39.17	-0.54%	-1.76%	0.92%	0.92%
DAX 30	11596.89	▼	-2.50	-0.02%	-0.28%	1.01%	1.01%
CAC 40	4841.14	▼	-12.26	-0.25%	-1.65%	-0.44%	-0.44%
S&P 500	2263.69	▼	-8.20	-0.36%	-0.48%	1.11%	1.11%
Nasdaq Composite	5540.08	▼	-15.57	-0.28%	-0.61%	1.12%	2.92%
DJIA	19732.40	▼	-72.32	-0.37%	-0.77%	-0.15%	-0.15%

US Market

The S&P 500 futures are trading in the green

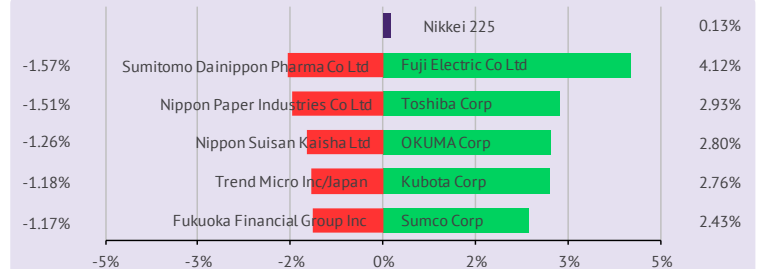
US markets closed lower yesterday, weighed down by losses in real estate sector stocks. Data revealed that US initial jobless claims unexpectedly dropped in the week ended January 14, 2017. The S&P 500 Index dropped 0.4% to close at 2,263.69.



Asian Market

Trading mixed

Asian markets are trading mixed this morning. Data indicated that China's economy rose more than market expectations on a yearly basis in 4Q16. The Nikkei 225 Index is trading 0.1% higher at 19,096.95.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R13.5200.

The US Dollar fell against the South African Rand yesterday, despite data indicating that the number of Americans filing for fresh unemployment benefits surprisingly eased for the week ended January 14, 2017. Further, housing starts bounced back into positive territory in December from November, more than market anticipations. Moreover, building permits unexpectedly dropped on a monthly basis in December. Separately, South Africa's BER consumer confidence index unexpectedly declined in the fourth quarter of 2016.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R16.7060. Later today, traders will keep an eye on UK's retail sales for further cues.

The British Pound advanced against the South African Rand yesterday.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R14.4471. Going forward, market participants will keep a tab on Germany's producer price index scheduled in few hours.

The Euro weakened against the South African Rand yesterday. The European Central Bank (ECB) held its benchmark interest rate at 0.0% and bond-buying program steady, as widely expected. The ECB President, Mario Draghi, indicated that underlying inflation pressures in the Eurozone remain subdued and that a very substantial degree of monetary policy accommodation is needed for Euro area inflation pressures to build up and support headline inflation in the medium term. He also added that the central bank's governing body stands ready to intervene further, if conditions worsen. Further, data indicated that Eurozone's current account surplus expanded in November.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.2509. Earlier in the session, data showed that Australia's HIA new home sales rebounded on a monthly basis in November, compared to a prior reading. Separately, in China, Australia's largest trading partner, gross domestic product advanced more-than-anticipated on an annual basis in 4Q16. Further, industrial production rose less-than-expected on a yearly basis in December. Additionally, retail sales recorded a higher-than-expected rise on an annual basis in the same month.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's unemployment rate grew more-than-expected in December.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5200	▼	-0.59%	0.33%	-1.36%	-2.48%	-1.36%
GBPZAR	16.7060	▼	0.15%	1.67%	-1.17%	-3.94%	-1.17%
EURZAR	14.4471	▼	-0.27%	0.55%	0.06%	-3.21%	0.06%
AUDZAR	10.2509	▲	0.12%	1.12%	3.33%	-4.68%	3.33%
EURUSD	1.0684	▲	0.31%	0.21%	1.43%	-0.68%	1.43%
GBPU\$	1.2366	▲	0.69%	1.36%	0.04%	-1.34%	0.04%
Brent (\$/barrel)	54.4	▲	0.45%	-2.33%	-4.68%	9.61%	-4.68%
Gold (\$/oz)	1207.8	▲	-0.87%	0.44%	4.32%	-1.63%	4.32%
Platinum (\$/oz)	963.3	▲	-1.57%	-3.01%	5.68%	-0.91%	5.68%
Copper (\$/MT)*	5713.5	▼	-0.47%	-2.89%	3.45%	-4.99%	3.45%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,207.80/oz.

Yesterday, gold prices fell 0.9% to close at \$1,201.50/oz, as strength in the greenback decreased demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil rose 0.4% to trade at \$54.36/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$54.16/bl, after the International Energy Agency guaranteed a drop in the crude output by OPEC members. Meanwhile, the US Energy Department reported that crude oil inventories rose by 2.3mn bls for the week ended January 13, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.1% higher to trade at \$963.30/oz.

Yesterday, platinum prices declined 1.6% to close at \$952.80/oz.

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Major South Africa Corporate News

Adcock Ingram Holdings Limited

In its trading statement for the six months ended December 31, 2016, the company announced that it expects its EPS for the period to be not less than 60.0% higher, relative to the previous corresponding reporting period. It is further stated that its HEPS for the period will be not less than 40% higher than the previous corresponding reporting period.

BHP Billiton Plc

The company announced that it has entered into a preliminary agreement with the federal prosecutors' office in Brazil in relation to the Samarco tailings dam failure, to settle a claim worth USD47.50bn.

Sibanye Gold Limited

The company reported that it and Stillwater Mining Company has received early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended with respect to the proposed acquisition of Stillwater by the company, which was announced earlier. The effect of the early termination is that the antitrust condition required for the transaction has now been satisfied. Furthermore, the transaction is expected to close in 2Q17.

Major Global Economic News

Asia

In China, real gross domestic product (YTD) rose 6.8% on an annual basis in 4Q16. In the previous quarter, real GDP had registered a rise of 6.7%.

In China, industrial production rose 6.0% on a yearly basis, in December, lower than market expectations for an advance of 6.1%. Industrial production had climbed 6.2% in the prior month.

In December, retail sales registered a rise of 10.9% on an annual basis in China, compared to a rise of 10.8% in the prior month. Market anticipation was for retail sales to advance 10.7%.

In Australia, new home sales advanced 6.1% on a monthly basis in November. New home sales had recorded a drop of 8.5% in the prior month.

US

In the US, the seasonally adjusted initial jobless claims registered an unexpected drop to 234.00K in the week ended January 14, 2017, compared to a revised reading of 249.00K in the previous week. Market expectation was for initial jobless claims to advance to a level of 252.00K.

In the US, Housing starts climbed 11.3%, on monthly basis, to an annual rate of 1226.00 K in December, compared to market expectations of 1188.00K. In the previous month, housing starts had recorded a revised level of 1102.00K.

In December, building permits unexpectedly eased by 0.2%, on monthly basis, to an annual rate of 1210.00K in the US, compared to a revised level of 1212.00K in the previous month. Market anticipation was for building permits to rise to 1225.00K.

Eurozone

The ECB held its key interest rate at 0.0% and bond-buying program steady, as widely expected. The ECB President, Mario Draghi, indicated that underlying inflation pressures in the Eurozone remain subdued and that a very substantial degree of monetary policy accommodation is needed for Euro area inflation pressures to build up and support headline inflation in the medium term. He also added that the central bank's governing body stands ready to intervene further, if conditions worsen.

In the Eurozone, the seasonally adjusted current account surplus widened to EUR36.10bn in November, from a revised current account surplus of EUR28.30bn in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
 Eurozone	01:00	ECB's Coeure attends World Economic Forum in Davos (DEC)	✓	-	-	As scheduled
 US	03:00	Fed's Yellen Speaks at Stanford	✓✓	-	-	As scheduled
 China	04:00	Real Gross Domestic Product YTD (YoY) (Q4)	✓✓✓	6.80%*	6.70%	Quarterly
 China	04:00	Gross Domestic Product (QoQ) (Q4)	✓✓	1.70%*	1.80%	Quarterly
 China	04:00	Gross Domestic Product (YoY) (Q4)	✓✓✓	6.80%*	6.70%	Quarterly
 China	04:00	Industrial Production (YoY) (Dec)	✓✓	6.00%*	6.20%	Monthly
 China	04:00	Industrial Production YTD (YoY) (Dec)	✓✓	6.00%*	6.00%	Monthly
 China	04:00	Retail Sales YTD (YoY) (Dec)	✓✓	10.40%*	10.40%	Monthly
 China	04:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Dec)	✓✓	8.10%*	8.30%	Monthly
 China	04:00	Retail Sales (YoY) (Dec)	✓✓	10.90%*	10.80%	Monthly
 Japan	07:30	Nationwide Department Store Sales (YoY) (Dec)	✓	-	-2.40%	Monthly
 Japan	07:30	Tokyo Department Store Sales (YoY) (Dec)	✓	-	-1.40%	Monthly
 Japan	09:00	Convenience Store Sales (YoY) (Dec)	✓	-	0.50%	Monthly
 Germany	09:00	Producer Price Index (MoM) (Dec)	✓✓	0.40%	0.30%	Monthly
 Germany	09:00	Producer Price Index (YoY) (Dec)	✓✓	1.00%	0.10%	Monthly
 US	10:30	United States Presidential Inauguration	✓✓✓	-	-	As scheduled
 Eurozone	11:00	ECB Survey of Professional Forecasters	✓	-	-	As scheduled
 UK	11:30	Retail Sales (MoM) (Dec)	✓	-0.10%	0.20%	Monthly
 UK	11:30	Retail Sales (YoY) (Dec)	✓✓	7.20%	5.90%	Monthly
 US	16:00	Fed's Harker Speaks in New Jersey on Economic Outlook	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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