

ONE Minute Brief

25 January 2017

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Economic and Political News

The South African Reserve Bank (SARB) held its interest rate at 7.0%, in line with market anticipation. The SARB revised the country's growth outlook to 1.1%, marginally down from its earlier projection of 1.2%. Growth expectation for 2018 was maintained at 1.6%. Further, the leading indicator climbed to 95.60 in November up from 94.6 in October.

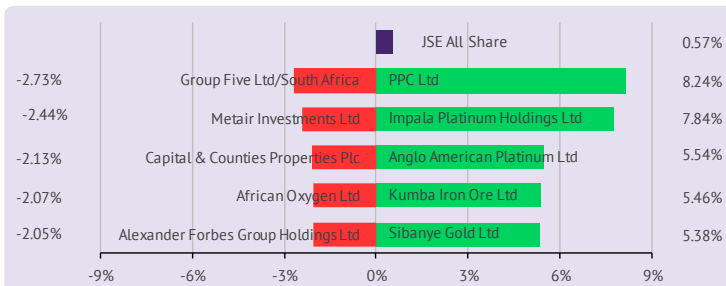
Eskom stated that it is now producing more power than the nation needs and can meet any increase in the demand for electricity until 2021. Further, Eskom's Chairperson, Ben Ngubane, has asked industries to invest and run business in South Africa to effectively utilize this surplus capacity. Separately, Public Enterprises Minister, Lynne Brown, stated that she does not agree with the Public Protector's findings against Eskom in its dealings with Gupta-owned coal company, Tegeta and that she welcomes a commission of inquiry into the matter. Further, she added that the power utility will appoint a permanent CEO in the first quarter of 2017.

Parliament's communications portfolio committee, in its meeting on Tuesday, discussed the appointment process of a new SABC interim board. It indicated that the committee is looking for five qualified candidates as part of the interim board to run SABC for the next six months.

South Africa Market ▲

South African markets closed higher

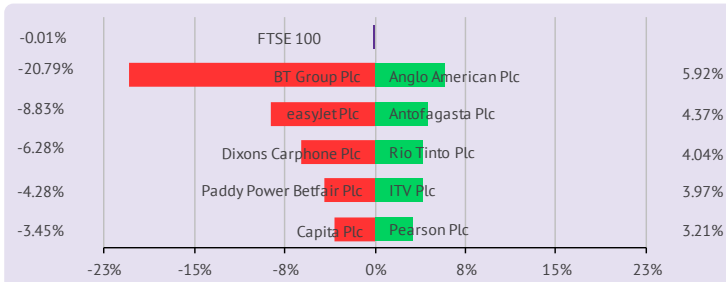
South African markets closed in the green yesterday, amid gains in platinum sector stocks. The SARB kept the benchmark interest rate steady at 7.0%, in line with market expectations. The JSE All Share Index rose 0.6% to close at 53,342.04.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, weighed down by losses in industrial sector stocks. Data showed that UK's public sector net borrowing posted a deficit in December. The FTSE 100 Index marginally declined to close at 7,150.34.



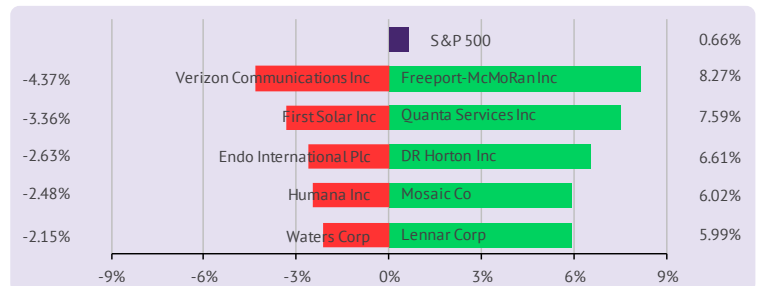
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53342.04	▲	301.56	0.57%	1.54%	5.31%	0.88%	5.31%
JSE Top 40	46461.91	▲	224.73	0.49%	1.49%	5.83%	0.48%	5.83%
FTSE 100	7150.34	▼	-0.84	-0.01%	-0.67%	0.11%	5.29%	0.11%
DAX 30	11594.94	▲	49.19	0.43%	-0.30%	0.99%	7.90%	0.99%
CAC 40	4830.03	▲	8.62	0.18%	-0.43%	-0.66%	6.20%	-0.66%
S&P 500	2280.07	▲	14.87	0.66%	0.39%	1.84%	1.82%	1.84%
Nasdaq Composite	5600.96	▲	48.01	0.86%	0.82%	4.05%	1.12%	4.05%
DJIA	19912.71	▲	112.86	0.57%	0.43%	0.76%	3.34%	0.76%

US Market ▲

The S&P 500 futures are trading in the green

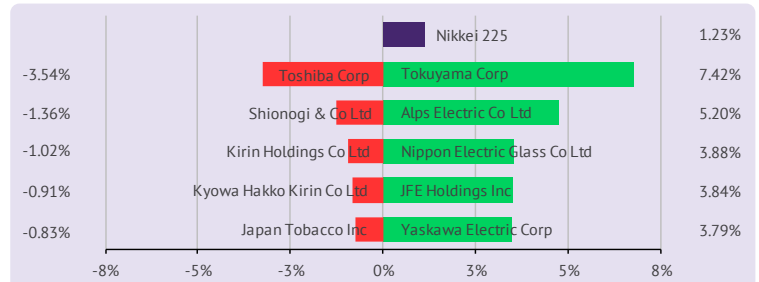
US markets closed higher yesterday, led by gains in material sector stocks. Data indicated that US preliminary Markit manufacturing PMI expanded more-than-expected in January. The S&P 500 Index climbed 0.7% to close at 2,280.07.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data revealed that Japan's adjusted merchandise trade surplus dropped less-than-expected in December. The Nikkei 225 Index is trading 1.2% higher at 19,018.39.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose marginally against the South African Rand to trade at R13.3811. Later today, traders will keep a close watch on US house price index and MBA mortgage applications for further directions.

The US Dollar fell against the South African Rand yesterday. Data showed that US Markit manufacturing PMI advanced more than expected in January, its highest level since March 2015. Further, existing home sales retreated more-than-expected on a monthly basis in December, as the number of houses for sale dropped to its lowest level since 1999. Separately, the SARB kept the key interest rate unchanged at 7.0%, at par with market anticipations. Further, leading indicator advanced in November, compared to the prior reading of October.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading marginally firmer against the South African Rand at R16.7590. Later today, traders will keep an eye on UK's CBI trends total orders and business optimism for further direction.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's public sector net borrowing registered a deficit in December.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced marginally against the South African Rand to trade at R14.3591. Going forward, market participants will keep a tab on Germany's Ifo business climate and expectations scheduled in few hours.

The Euro weakened against the South African Rand yesterday. Data revealed that Eurozone's preliminary Markit manufacturing PMI unexpectedly rose in January, to its highest level in 5 years. Further, services PMI unexpectedly declined in the same month, continuing in expansion territory. Moreover, Germany's preliminary Markit manufacturing PMI expanded at a faster-than-expected pace in January. Additionally, services PMI recorded an unexpected drop but still remaining in expansion territory in the same month.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.4% against the South African Rand to trade at R10.0947. Earlier in the session, data showed that Australia's consumer prices index advanced less-than-expected on an annual basis in 4Q16. Further, Westpac leading index registered a rise on a monthly basis in December, compared to prior reading.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's ANZ Roy Morgan Weekly consumer confidence index advanced less than the prior reading in the last week.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.3811	▲	-0.67%	-1.55%	-2.56%	-2.48%	-2.56%
GBPZAR	16.7590	▲	-0.89%	-0.18%	-1.02%	-3.94%	-1.02%
EURZAR	14.3591	▲	-1.07%	-1.07%	-0.57%	-3.21%	-0.57%
AUDZAR	10.0947	▼	-0.76%	-1.30%	2.27%	-4.68%	2.27%
EURUSD	1.0731	▲	-0.29%	0.29%	2.06%	-0.68%	2.06%
GBPUSD	1.2527	▲	-0.09%	1.18%	1.49%	-1.34%	1.49%
Brent (\$/barrel)	55.3	▼	0.38%	-0.09%	-2.43%	9.61%	-2.43%
Gold (\$/oz)	1207.9	▼	-0.39%	0.49%	5.13%	-1.63%	5.13%
Platinum (\$/oz)	991.9	▼	2.84%	3.25%	11.34%	-0.91%	11.34%
Copper (\$/MT)*	5926.0	▲	2.64%	3.42%	7.30%	-4.99%	7.30%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.2% to trade at \$1,207.90/oz.

Yesterday, gold prices fell 0.4% to close at \$1,210.80/oz, as strength in the US Dollar decreased demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.2% to trade at \$55.34/bbl.

Yesterday, Brent crude oil advanced 0.4% to settle at \$55.44/bbl. Moreover, the American Petroleum Institute (API) reported that crude oil inventories increased 2.9mn bls for the week ended January 20, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged lower 1.2% to trade at \$991.90/oz.

Yesterday, platinum prices climbed 2.8% to close at \$1003.80/oz.



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Major South Africa Corporate News

Anglo American Plc

The company announced the value of rough diamond sales for De Beers' first sales cycle of 2017, amounting to \$720.00mn.

AVI Limited

In its trading update for the six months ended December 31, 2016, the company stated that group revenue for the period was 11.6% higher than for the same period in the prior financial year. This growth reflects a combination of price increases in response to a weaker Rand and higher raw material costs, and contextually pleasing volume growth in most of our grocery categories.

Imperial Holdings Limited

In its trading statement for the six months to December 31, 2016, the company reported that it anticipates that there will be single digit growth in revenue and operating profit from group operations. Its headline EPS will be adversely affected due to foreign exchange losses compared to gains in the prior period on various monetary items including working capital, intergroup loan funding and hedging instruments.

Net 1 UEPS Technologies Inc.

The company reported that it has entered into an agreement to acquire 30.0% interest in Bank Frick & Co AG. The completion of the investment is subject to approval from the Liechtenstein Financial Market Authority. Following the successful completion of this investment, the company will have a two-year option to acquire a further 35.0% in Bank Frick.

Reinet Investments SCA

In its 3Q17 management statement, the company announced that its net asset value at December 31, 2016 is EUR5.48bn, a decrease of EUR30.00mn from September 30, 2016. The decrease is largely a result of movements in the fair value of British American Tobacco Plc and increases in the estimated fair value of loans payable.

Major Global Economic News

Eurozone

In the Eurozone, the flash manufacturing PMI recorded an unexpected rise to 55.10 in January, higher than market expectations of a fall to 54.80. The manufacturing PMI had registered a level of 54.90 in the previous month.

In January, the flash services PMI unexpectedly dropped to 53.60 in the Eurozone, lower than market expectations of a rise to 53.80. In the prior month, services PMI had registered a level of 53.70.

Markit the preliminary manufacturing PMI in Germany unexpectedly climbed to 56.50 in January, compared to market expectations of a drop to a level of 55.40. Manufacturing PMI had registered a level of 55.60 in the previous month.

In Germany, the flash services PMI unexpectedly fell to 53.20 in January compared to a level of 54.30 in the previous month. Market expectation was for services PMI to advance to a level of 54.50.

US

In the US, the flash Markit manufacturing PMI climbed to 55.10 in January, compared to a reading of 54.30 in the prior month. Markets were expecting the Markit manufacturing PMI to advance to 54.50.

In December, existing home sales dropped 2.8%, on monthly basis, to a level of 5.49 million in the US, compared to a revised level of 5.65 million in the prior month. Markets were anticipating existing home sales to ease to a level of 5.52 million.

Asia

In Australia, the consumer price index rose 1.5% on a yearly basis, in 4Q16, less than market expectations for a rise of 1.6%. The CPI had risen 1.3% in the prior quarter.

In Australia, the Westpac leading index advanced 0.44% on a monthly basis, in December. In the prior month, the Westpac leading index had recorded a revised rise of 0.03%.

In December, adjusted merchandise trade surplus fell to JPY356.70bn in Japan. Japan had posted a revised adjusted merchandise trade surplus of JPY466.10bn in the prior month.

UK

In the UK, the public sector net borrowing has reported a deficit of GBP6.40bn in December, from a revised deficit of GBP10.80bn in the previous month. Market anticipation was for public sector net borrowing to report a deficit of GBP6.80bn.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Dec)	✓	JPY356.70 bn*	JPY466.10 bn	Monthly
Japan	01:50	Imports (YoY) (Dec)	✓	-2.60%*	-8.80%	Monthly
Japan	01:50	Exports (YoY) (Dec)	✓✓	5.40%*	-0.40%	Monthly
Japan	01:50	Merchandise Trade Balance Total (Dec)	✓✓	JPY641.40 bn*	JPY150.80 bn	Monthly
Switzerland	09:00	UBS Consumption Indicator (Dec)	✓✓	-	1.43	Monthly
Spain	10:00	Producer Price Index (MoM) (Dec)	✓	-	0.20%	Monthly
Italy	11:00	Industrial Sales s.a. (MoM) (Nov)	✓	-	0.80%	Monthly
Italy	11:00	Industrial Orders (Nov)	✓	-	100.30	Monthly
Germany	11:00	IFO - Business Climate (Jan)	✓✓	111.30	111.00	Monthly
Germany	11:00	IFO - Expectations (Jan)	✓✓	105.80	105.60	Monthly
Germany	11:00	IFO - Current Assessment (Jan)	✓✓	117.00	116.60	Monthly
Italy	11:00	Industrial Orders s.a. (MoM) (Nov)	✓	1.00%	0.90%	Monthly
UK	13:00	CBI Trends Selling Prices (Jan)	✓✓	30.00	26.00	Monthly
UK	13:00	CBI Business Optimism (Jan)	✓	-8.00	-8.00	Quarterly
UK	13:00	CBI Industrial Trends Survey - Orders (Jan)	✓	2.00	0.00	Monthly
US	14:00	MBA Mortgage Applications (20-Jan)	✓	-	0.80%	Weekly
Eurozone	15:15	ECB's Weidmann Speaks in Wiesbaden, Germany	✓	-	-	As scheduled
US	16:00	House Price Index s.a. (Nov)	✓✓	-	240.20	Monthly
US	16:00	Housing Price Index (MoM) (Nov)	✓	0.40%	0.40%	Monthly
US	17:30	DOE Cushing OK Crude Inventory (20-Jan)	✓	-	-1274.00 K barrels	Weekly
US	17:30	DOE Distillate Inventory (20-Jan)	✓	-	-968.00 K barrels	Weekly
US	17:30	DOE Gasoline Inventories (20-Jan)	✓	-	5951.00 K barrels	Weekly
US	17:30	EIA Crude Oil Stocks Change (20-Jan)	✓	-	2.35 mn barrels	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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