

# ONE Minute Brief

26 January 2017

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## Economic and Political News

The head of the sub-Saharan region of S&P Global Ratings, Konrad Reuss, stated that if there is no improvement in South Africa's gross domestic product and fiscal performance it may bring the nation's sovereign credit rating under pressure.

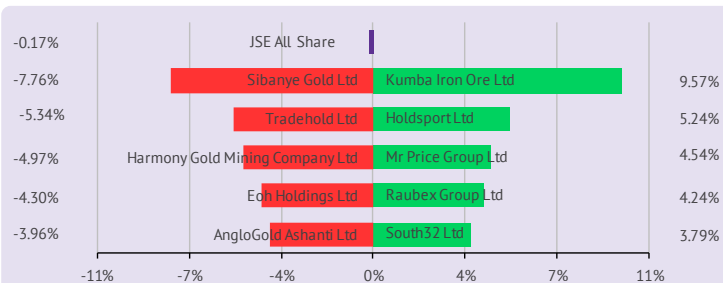
The Banking Association of South Africa stated that it has approached President, Jacob Zuma, to urgently sign the Financial Intelligence Centre Amendment (FICA) Bill. He indicated that fears that the bill gives banks power to carry out searches or act on behalf of the Financial Intelligence Centre, are misplaced.

Democratic Alliance leader, Mmusi Maimane, stated that he will request the Independent Electoral Commission for the investigation into violations of the Electoral Act following charges that the African National Congress had planned to spend ZAR50mn on a secret campaign targeting opposition parties during last year's municipal elections. Meanwhile, the Electoral Commission of South Africa indicated that the claims against ANC are contained in sworn affidavits which are part of an active civil court case and the legal process should be allowed to reach a conclusion, and that it would be premature to comment on such claims.

## South Africa Market ▼

### South African markets closed lower

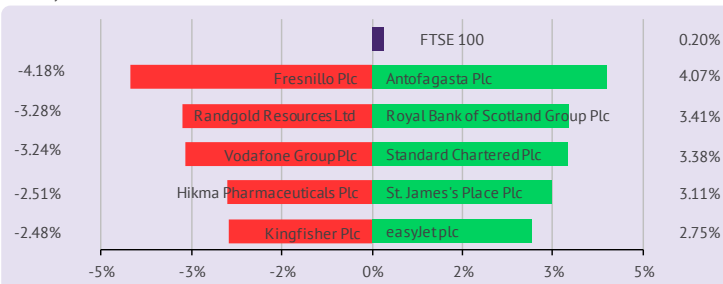
South African markets closed in the red yesterday, weighed down by losses in gold mining sector stocks. The JSE All Share Index fell 0.2% to close at 53,250.79.



## UK Market ▲

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

UK markets finished higher yesterday, led by gains in financial sector stocks. Data indicated that UK's CBI trends total orders advanced more-than-expected in January. The FTSE 100 Index advanced 0.2% to close at 7,164.43.



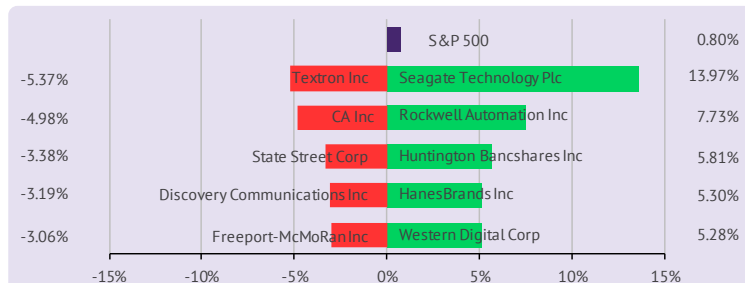
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53250.79	▼	-91.25	-0.17%	1.37%	5.13%	0.88%	5.13%
JSE Top 40	46365.74	▼	-96.17	-0.21%	1.28%	5.61%	0.48%	5.61%
FTSE 100	7164.43	▲	14.09	0.20%	-0.47%	0.30%	5.29%	0.30%
DAX 30	11806.05	▲	211.11	1.82%	1.51%	2.83%	7.90%	2.83%
CAC 40	4877.67	▲	47.64	0.99%	0.56%	0.32%	6.20%	0.32%
S&P 500	2298.37	▲	18.30	0.80%	1.19%	2.66%	1.82%	2.66%
Nasdaq Composite	5656.34	▲	55.38	0.99%	1.82%	5.08%	1.12%	5.08%
DJIA	20068.51	▲	155.80	0.78%	1.22%	1.55%	3.34%	1.55%

## US Market ▲

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

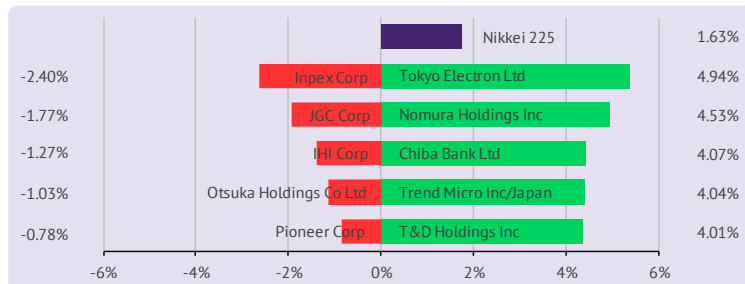
US markets closed higher yesterday, amid gains in financial sector stocks. Data revealed that US housing price index registered a higher-than-expected rise on a monthly basis in November. The S&P 500 Index climbed 0.8% to close at 2,298.37.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. Data showed that China's industrial profits grew at a slower pace on a yearly basis in December. The Nikkei 225 Index is trading 1.6% higher at 19,368.23.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% firmer against the South African Rand at R13.2400. Later today, traders will keep a close watch on US advance goods trade balance, initial jobless claims, the Markit services PMI and wholesale inventories along with new home sales and CB leading indicator data for further cues. Separately, South Africa's producer price index will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. Data indicated that US housing price index advanced more than market anticipations in November from October. Further, MBA mortgage applications grew to its strongest level since June for the week ended January 20, 2017.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound marginally advanced against the South African Rand to trade at R16.7330. Later today, traders will keep an eye on UK's gross domestic product, BBA loans for house purchase and CBI retailing reported sales for further direction.

The British Pound declined against the South African Rand yesterday. Data showed that UK's CBI trends total orders rose more than market forecast in January. Further, CBI business optimism index rebounded in 1Q17 to its highest level in two years.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R14.2398. Going forward, market participants will keep a tab on Germany's GfK consumer confidence survey scheduled in few hours.

The Euro weakened against the South African Rand yesterday. Meanwhile, data showed that Germany's Ifo business climate index surprisingly dropped in January, notching its lowest level since September. Further, business expectations unexpectedly declined in the same month.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R10.0227. Earlier in the session, data indicated that in China, Australia's largest trading partner industrial profits advanced at a slower pace on an annual basis in December.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's consumer prices rose less than market forecast on a yearly basis in 4Q16. Further, Westpac leading index grew on a monthly basis in December, compared to previous reading.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.2400	▲	-1.12%	-2.65%	-3.65%	-2.48%	-3.65%
GBPZAR	16.7330	▲	-0.15%	-0.33%	-1.17%	-3.94%	-1.17%
EURZAR	14.2398	▲	-0.92%	-1.98%	-1.48%	-3.21%	-1.48%
AUDZAR	10.0227	▲	-1.15%	-2.43%	1.09%	-4.68%	1.09%
EURUSD	1.0756	▲	0.13%	0.42%	2.20%	-0.68%	2.20%
GBPUSD	1.2647	▲	0.88%	2.07%	2.38%	-1.34%	2.38%
Brent (\$/barrel)	55.5	▲	-0.65%	-0.74%	-3.06%	9.61%	-3.06%
Gold (\$/oz)	1201.3	▲	-1.07%	-0.59%	4.00%	-1.63%	4.00%
Platinum (\$/oz)	993.0	▲	-2.57%	0.60%	8.47%	-0.91%	8.47%
Copper (\$/MT)*	5922.3	▼	-0.06%	3.36%	7.23%	-4.99%	7.23%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,201.30/oz.

Yesterday, gold prices fell 1.1% to close at \$1,197.80/oz, amid a broad strength in global equities.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.8% to trade at \$55.52/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$55.08/bl, after the US Energy Department reported that crude oil inventories rose by 2.8mn bls for the week ended January 20, 2017.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices advanced 1.5% to trade at \$993.00/oz.

Yesterday, platinum prices declined 2.6% to close at \$978.00/oz.



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## Major South Africa Corporate News

### Bhp Billiton Plc

In its operational review for the half year ended December 31, 2016, the company announced that it has achieved record production at Western Australia Iron Ore. It has maintained its full year production guidance for Petroleum, Iron Ore and Coal. LeClerc and Caicos, \$820.00mn exploration program is now planned for the current financial year. Separately, underlying attributable profit for the period is expected to include gains related to asset divestments in a range of approximately \$150.00mn to \$200.00mn.

### Kumba Iron Ore Limited

In its updated trading statement for FY16, the company stated that it expects its headline EPS to be between ZAR26.36 and ZAR27.72, an increase of between 123.0% and 135.0%. The increase in earnings is largely attributable to the increase in export iron ore prices.

### Lewis Group Limited

In its trading update for 3Q17 ended December 2016, the company announced that its revenue declined by 7.5% with merchandise sales 5.6% lower than the corresponding period. Revenue for the nine-month period till December 2016 reduced by 4.0% and merchandise sales by 2.0%.

## Major Global Economic News

### US

In November, the housing price index rose 0.5% on a monthly basis, in the US, compared to a revised rise of 0.3% in the prior month. Market expectation was for the housing price index to advance 0.4%.

In the US, mortgage applications rose 4.0% on a weekly basis, in the week ended January 20, 2017. Mortgage applications had recorded a rise of 0.8% in the previous week.

### UK

In January, the balance of firms reporting total order book above normal climbed to 5.00 in the UK, compared to market expectations of an advance to 2.00. In the previous month, the balance of firms reporting total order book above normal had recorded a reading of 0.00.

In the UK, optimism business index for the next six months has increased, with a net 15.0% of firms showing optimism about their business prospects in 1Q17, as compared to a net 8.0% of firms that showed pessimism in the previous quarter. Markets were anticipating a net 8.0% of firms to show pessimism about their future business prospects.

### Eurozone

In Germany, the Ifo business climate index recorded an unexpected drop to a level of 109.80 in January, lower than market expectations of an advance to 111.30. The index had registered a reading of 111.00 in the previous month.

In January, the Ifo business expectations index registered a surprising drop to 103.20 in Germany, lower than market expectations of a rise to 105.80. The index had registered a reading of 105.60 in the previous month.

### Asia

In China, industrial profits rose 2.3% on a yearly basis, in December. Industrial profits had advanced 14.5% in the prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (Dec)	✓	0.40%*	0.30%	Monthly
China	03:30	Industrial Profits (YoY) (Dec)	✓✓	2.30%*	14.50%	Monthly
Germany	09:00	GfK Consumer Confidence Survey (Feb)	✓✓	10.00	9.90	Monthly
Italy	11:00	Retail Sales s.a. (MoM) (Nov)	✓	0.00%	1.20%	Monthly
UK	11:30	Gross Domestic Product s.a. (QoQ) (Q4) (P)	✓✓	0.50%	0.60%	Quarterly
UK	11:30	Gross Domestic Product s.a. (YoY) (Q4) (P)	✓✓	2.10%	2.20%	Quarterly
South Africa	11:30	Producer Price Index (MoM) (Dec)	✓✓	0.30%	0.40%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Dec)	✓✓	6.90%	6.90%	Monthly
UK	11:30	Index of Services (3M/3M) (Nov)	✓	0.90%	1.00%	Monthly
UK	11:30	Index of Services (MoM) (Nov)	✓	0.30%	0.30%	Monthly
UK	11:30	BBA Mortgage Approvals (Dec)	✓✓	41.00K	40.66K	Monthly
Eurozone	13:00	ECB's Mersch Speaks in Luxembourg	✓	-	-	As scheduled
UK	13:00	CBI Distributive Trades Survey - Realised (Jan)	✓	27.00%	35.00%	Monthly
US	15:30	Continuing Jobless Claims (14-Jan)	✓	2040.00K	2046.00K	Weekly
US	15:30	Initial Jobless Claims (21-Jan)	✓✓	247.00K	234.00K	Weekly
US	15:30	Chicago Fed National Activity Index (Dec)	✓	-0.05	-0.27	Monthly
US	15:30	Wholesale Inventories (Dec) (P)	✓	0.10%	1.00%	Monthly
US	16:45	Markit Composite PMI (Jan) (P)	✓✓	-	54.10	Monthly
US	16:45	Markit Services PMI (Jan) (P)	✓✓	54.40	53.90	Monthly
US	17:00	Leading Indicator (MoM) (Dec)	✓✓	0.50%	0.00%	Monthly
US	17:00	New Home Sales Change (Dec)	✓✓	588.00K	592.00K	Monthly
US	17:00	New Home Sales (MoM) (Dec)	✓	-0.70%	5.20%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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