

ONE Minute Brief

31 January 2017

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Economic and Political News

South Africa recorded a budget surplus of ZAR22.7 billion in December, compared to a budget deficit of ZAR16.3 billion.

African National Congress (ANC) Secretary-General, Gwede Mantashe, has asked ratings agencies to concentrate on rating the nation and stop interfering in governance and party issues. Separately, he also indicated that the party has introduced a new way of selecting leaders for positions in order to stop slate politics.

Finance Minister, Pravin Gordhan, stated that his application for a declaratory order was in the interest of the country and the economy and not politically influenced, as alleged by the Gupta family.

Deputy President, Cyril Ramaphosa, indicated that South Africa's ruling party, ANC is working under pressure and is being demoralised by disunity, mistrust and weakness in the organisation.

Democratic Alliance's Western Cape leader, Patricia de Lille, has resigned from her position, effective from February 1, 2017, but will continue as Cape Town Mayor.

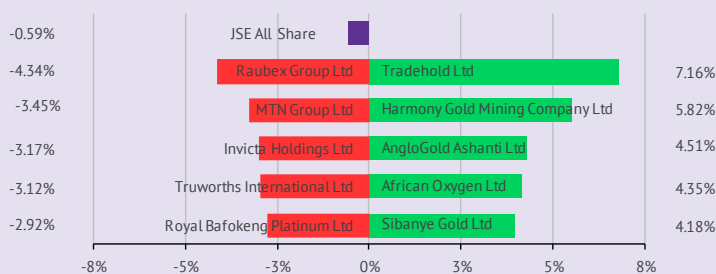
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52660.94	▼	-312.89	-0.59%	-0.59%	3.96%	0.88%	3.96%
JSE Top 40	45851.78	▼	-294.98	-0.64%	-0.64%	4.44%	0.48%	4.44%
FTSE 100	7118.48	▼	-66.01	-0.92%	-0.92%	-0.34%	5.29%	-0.34%
DAX 30	11681.89	▼	-132.38	-1.12%	-1.12%	1.75%	7.90%	1.75%
CAC 40	4784.64	▼	-55.34	-1.14%	-1.14%	-1.60%	6.20%	-1.60%
S&P 500	2280.90	▼	-13.79	-0.60%	-0.60%	1.88%	1.82%	1.88%
Nasdaq Composite	5613.71	▼	-47.07	-0.83%	-0.83%	4.28%	1.12%	4.28%
DJIA	19971.13	▼	-122.65	-0.61%	-0.61%	1.06%	3.34%	1.06%

South Africa Market ▼

South African markets closed lower

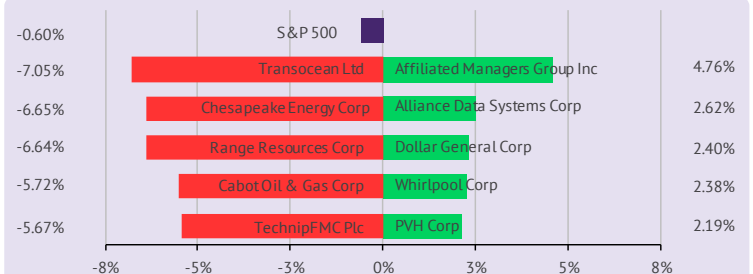
South African markets closed in the red yesterday, led by losses in banking and retail sector stocks. Data indicated that South Africa's budget recorded a surplus in December, compared to a deficit in prior reading. The JSE All Share Index fell 0.6% to close at 52,660.94.



US Market ▼

The S&P 500 futures are trading in the red

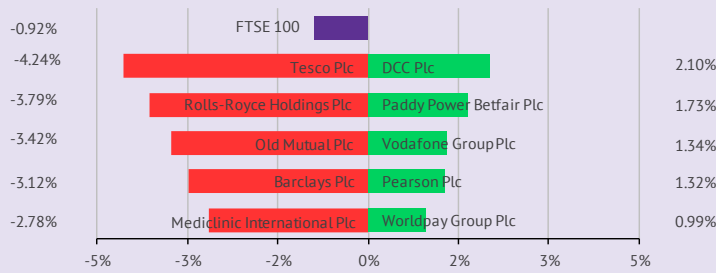
US markets closed lower yesterday, weighed down by losses in energy sector stocks. Data revealed that US personal consumption expenditure advanced at par with market expectations on a yearly basis in December. The S&P 500 Index dropped 0.6% to close at 2,280.90.



UK Market ▼

The FTSE 100 futures are trading in negative territory

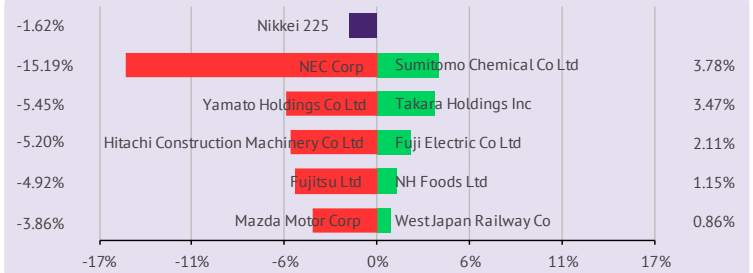
UK markets finished lower yesterday, amid losses in financials and industrial sector stocks. Even though UK's GfK consumer confidence index unexpectedly rose in January, it still remained in negative territory. The FTSE 100 Index declined 0.9% to close at 7,118.48.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Data showed that Japan's jobless rate registered a rise in line with market expectations in December. The Nikkei 225 Index is trading 1.6% lower at 19,054.73.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally climbed against the South African Rand to trade at R13.5000. Later today, traders will keep a close watch on US consumer confidence, Chicago purchasing managers index and employment cost index for further cues. Separately, South Africa's private sector credit and trade balance will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. Data indicated that US personal consumption expenditure recorded an expected rise on an annual basis in December. Further, pending home sales rebounded more-than-expected on a monthly basis in the same month. Additionally, personal spending advanced at par with market anticipations in December. Moreover, Dallas Fed manufacturing activity index unexpectedly advanced in January. Separately, South Africa's budget bounced back into positive territory in December.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R16.8830. Data revealed that UK's GfK consumer confidence index surprisingly advanced in January, continuing in negative territory. Later today, traders will keep an eye on UK's net consumer credit and mortgage approvals, scheduled in few hours.

The British Pound declined against the South African Rand yesterday.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R14.4342. Going forward, market participants will keep a tab on Eurozone's gross domestic product, consumer price index and unemployment rate for further direction. Separately, Germany's retail sales and unemployment rate will be on investors' radar.

The Euro strengthened against the South African Rand yesterday. Data indicated that Eurozone's consumer confidence index registered a higher-than-expected rise in January, rearing in the negative territory. Further, business climate indicator remained unchanged in January, compared to prior reading. Additionally, economic confidence index advanced more than market anticipations in January, its strongest rise in six years. Meanwhile, Germany's preliminary consumer price index expanded less-than-expected on a yearly basis in January, notching its highest level in 42 months.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.2% against the South African Rand to trade at R10.2114. Earlier in the session, data showed that Australia's business conditions advanced more than the previous reading in December while business confidence registered a rise in the same month, compared to prior reading. Further, private sector credit increased more than market forecast on a monthly basis in December. Moreover, ANZ/Roy Morgan weekly consumer confidence index came higher than the previous reading in last week.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5000	▲	0.25%	0.25%	-1.70%	-2.48%	-1.70%
GBPZAR	16.8830	▲	-0.24%	-0.24%	-0.45%	-3.94%	-0.45%
EURZAR	14.4342	▼	0.28%	0.28%	-0.04%	-3.21%	-0.04%
AUDZAR	10.2114	▲	0.28%	0.28%	2.85%	-4.68%	2.85%
EURUSD	1.0697	▲	-0.02%	-0.02%	1.70%	-0.68%	1.70%
GBPUSD	1.2508	▲	-0.51%	-0.51%	1.18%	-1.34%	1.18%
Brent (\$/barrel)	55.2	▼	-0.52%	-0.52%	-2.80%	9.61%	-2.80%
Gold (\$/oz)	1203.2	▲	0.40%	0.40%	3.60%	-1.63%	3.60%
Platinum (\$/oz)	995.3	▲	1.04%	1.04%	10.19%	-0.91%	10.19%
Copper (\$/MT)*	5811.0	▼	-1.23%	-1.23%	5.21%	-4.99%	5.21%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,203.20/oz.

Yesterday, gold prices rose 0.4% to close at \$1,193.20/oz, as decline in US equities, increased the demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.1% to trade at \$55.16/bL.

Yesterday, Brent crude oil dropped 0.5% to settle at \$55.23/bL, as concerns increased about oversupply after a news of another weekly rise in US drilling activity.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.2% to trade at \$995.30/oz.

Yesterday, platinum prices climbed 1.0% to close at \$993.50/oz.

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Major South Africa Corporate News

Harmony Gold Mining Co.

In its trading statement for the six months ended 31 December 2016, the company revealed that HEPS is expected to be between 139.00c and 160.00c per share, which is between 235.0% and 255.0% higher than the headline loss of 103.00c per share reported for the previous comparable period. It will publish its financial results for the six months ended 31 December 2016 on 2 February 2017.

Major Global Economic News

Asia

In Australia, the business confidence index remained unchanged at a level of 6.00 in December.

In December, the business conditions index advanced to 11.00 in Australia. The business conditions index had recorded a revised reading of 6.00 in the prior month.

In Australia, the private sector credit climbed 0.7% on a monthly basis in December, compared to a rise of 0.5% in the previous month. Market expectation was for the private sector credit to rise 0.5%.

In December, unemployment rate remained steady at a level of 3.1% in Japan, meeting market expectations.

In Japan, the preliminary industrial production registered a rise of 0.5% on a monthly basis in December, more than market expectations for a rise of 0.3%. Industrial production had registered a rise of 1.5% in the prior month.

The Bank of Japan (BoJ) held the key interest rate steady at -0.1%, as widely expected. The central bank also pledged to continue with its yield curve control programme for "as long as it is necessary" to achieve its inflation target of 2.0% in a stable manner. Further, the BoJ raised its GDP forecast to 1.4% for the current fiscal year, from its previous forecast, made in October, of 1.0% growth. For fiscal 2017, it raised its economic growth forecast to 1.5%, from 1.3%, and for fiscal 2018, it raised its forecast to 1.1%, from 0.9%. However, the central bank left its forecasts for core consumer price inflation unchanged.

US

In December, core personal consumption expenditure climbed 1.7% on a yearly basis in the US, in line with market expectations. Core personal consumption expenditure had registered a revised similar rise in the prior month.

In the US, pending home sales recorded a rise of 1.6% on a monthly basis in December, more than market expectations for a rise of 1.0%. In the previous month, pending home sales had recorded a drop of 2.5%.

In December, personal spending climbed 0.5% on a monthly basis, in line with market expectations. Personal spending had climbed 0.2% in the prior month.

In the US, the Dallas Fed manufacturing business index unexpectedly advanced to 22.10 in January, compared to market expectations of a fall to a level of 15.00. In the previous month, the Dallas Fed manufacturing business index had registered a revised reading of 17.70.

Eurozone

In the Eurozone, the final consumer confidence index climbed to -4.70 in January, compared to market expectations of a rise to -4.90. The preliminary figures had indicated an advance to -4.90. In the prior month, the consumer confidence index had registered a level of -5.10.

In January, the business climate indicator remained flat at 0.77 in the Eurozone. Markets were anticipating the business climate indicator to rise to a level of 0.80.

In the Eurozone, the economic sentiment indicator unexpectedly advanced to 108.20 in January, compared to a reading of 107.80 in the previous month. Market anticipation was for the economic sentiment indicator to record a steady reading.

In January, the preliminary consumer price index recorded a rise of 1.9% on a yearly basis in Germany, compared to an advance of 1.7% in the previous month. Markets were expecting the index to climb 2.0%.

UK

In the UK, the GfK consumer confidence unexpectedly advanced to -5.00 in January, compared to market expectations of a drop to -8.00. In the prior month, the consumer confidence had recorded a level of -7.00.

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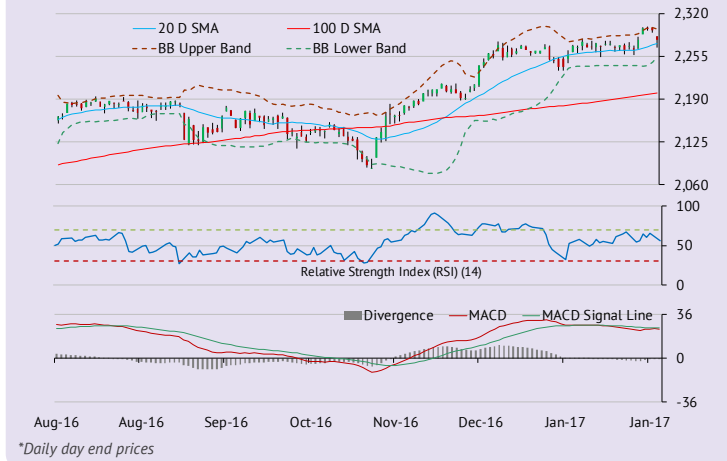
Technical Snapshot

JSE All Share



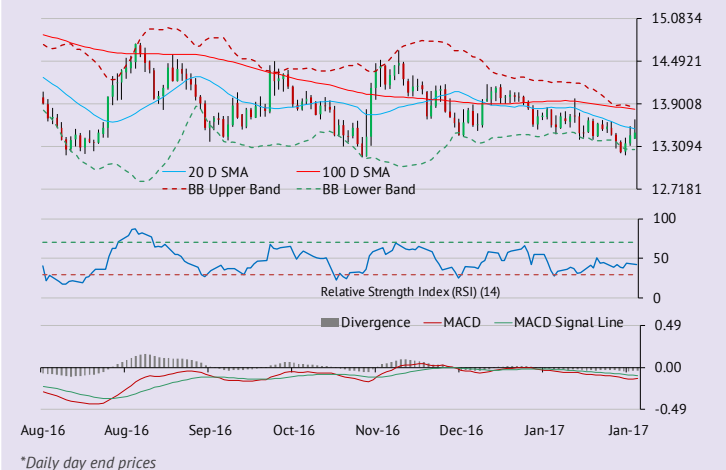
The JSE All Share index is expected to find support at 52,241.58, and a fall through could take it to the next support level of 51,822.23. The index is expected to find its first resistance at 53,409.29, and a rise through could take it to the next resistance level of 54,157.65.

S&P 500



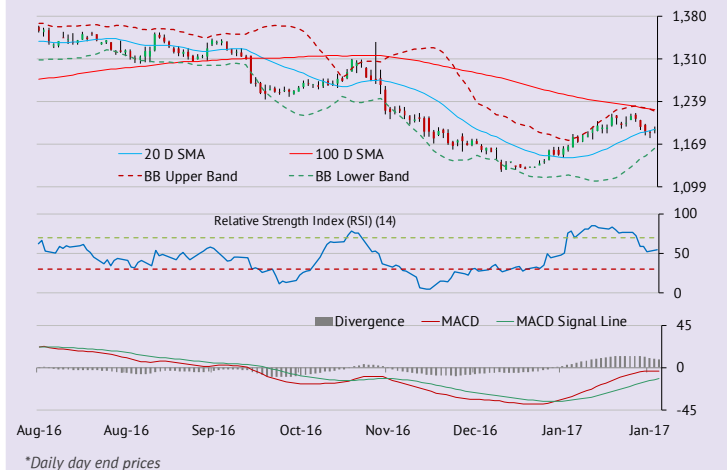
The S&P 500 index is expected to find support at 2,264.72, and a fall through could take it to the next support level of 2,248.55. The index is expected to find its first resistance at 2,299.03, and a rise through could take it to the next resistance level of 2,317.17.

USDZAR



The pair is expected to find support at 13.2310, and a fall through could take it to the next support level of 12.9636. The pair is expected to find its first resistance at 13.7243, and a rise through could take it to the next resistance level of 13.9502.

XAU/USD



Gold is expected to find support at \$1,175.23/oz, and a fall through could take it to the next support level of \$1,157.27/oz. The precious metal is expected to find its first resistance at \$1,215.63/oz, and a rise through could take it to the next resistance level of \$1,238.07/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:30	Unemployment Rate (Dec)	✓✓	3.10%*	3.10%	Monthly
Japan	01:30	Job-To-Applicant Ratio (Dec)	✓	1.43*	1.41	Monthly
Japan	01:30	Household Spending (YoY) (Dec)	✓✓	-0.30%*	-1.50%	Monthly
Japan	01:50	Industrial Production (MoM) (Dec) (P)	✓	0.50%*	1.50%	Monthly
UK	02:01	GfK Consumer Confidence (Jan)	✓✓	-5.00*	-7.00	Monthly
UK	02:01	Lloyds Business Barometer (Jan)	✓	29.00%*	39.00%	Monthly
Japan	07:00	Small Business Confidence (Jan)	✓	-	48.80	Monthly
Japan	07:00	Annualised Housing Starts (Dec)	✓✓	0.94mn units	0.94mn units	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Dec)	✓	4.80%	4.76%	Monthly
Eurozone	10:00	ECB's Mario Draghi Speaks in Frankfurt	✓	-	-	As scheduled
Germany	10:55	Unemployment Rate s.a. (Jan)	✓✓	6.00%	6.00%	Monthly
Germany	10:55	Unemployment Change (Jan)	✓✓✓	-5.00K	-17.00K	Monthly
UK	11:30	Gross Consumer Credit (Dec)	✓✓	-	GBP21.98bn	Monthly
UK	11:30	Net Consumer Credit (Dec)	✓✓	GBP1.70bn	GBP1.90bn	Monthly
UK	11:30	Mortgage Approvals (Dec)	✓✓	69.20K	67.50K	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Jan) (F)	✓✓✓	1.50%	1.10%**	Monthly
Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q4) (P)	✓✓	1.70%	1.70%	Quarterly
Eurozone	12:00	Unemployment Rate (Dec)	✓✓	9.80%	9.80%	Monthly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q4) (P)	✓✓	0.50%	0.30%	Quarterly
South Africa	14:00	Trade Balance (Dec)	✓	-	-ZAR1.10bn	Monthly
Eurozone	14:15	ECB's Yves Mersch Speaks in Frankfurt	✓	-	-	As scheduled
US	15:30	Employment Cost Index (QoQ) (Q4)	✓✓	0.60%	0.60%	Quarterly
Eurozone	16:30	ECB's Benoît Coeuré Speaks in Frankfurt	✓	-	-	As scheduled
US	16:45	Chicago PMI (Jan)	✓	55.00	54.60	Monthly
US	17:00	Consumer Confidence (Jan)	✓✓✓	112.80	113.70	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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