

# ONE Minute Brief

5 January 2017

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## Economic and Political News

The power utility Eskom announced that seven municipalities in the Free State and three in North West facing power interruptions have been given time until January 16, 2017 to figure out how to pay outstanding amounts to Eskom.

The African National Congress (ANC) Secretary General, Gwede Mantashe, stated that the ANC needs to ensure that a proper process is followed in creating and training leaders.

Time Magazine has indicated that South Africa is amongst the list of 10 of the biggest 'geopolitical' risks in the world in 2017.

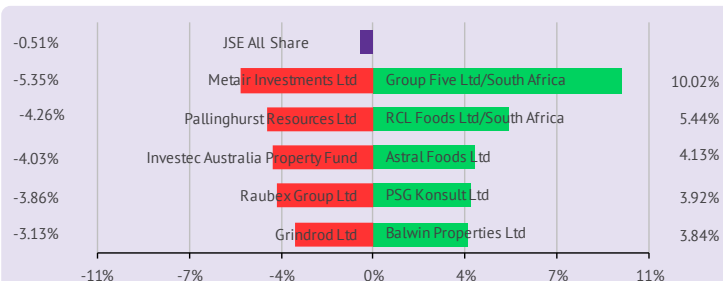
The National Union of Metalworkers of South Africa (NUMSA) stated that President, Jacob Zuma, and the ANC are obstructing the advancement in economic transformation.

The Presidency stated that the President's Co-ordinating Council will discuss difficulties relating to foreign policy co-ordination to ensure cooperation between the three spheres of government.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in resources and retail sector stocks. The JSE All Share Index fell 0.5% to close at 50,760.24.



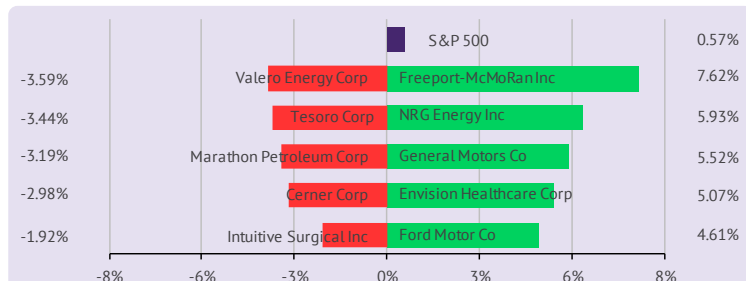
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50760.24	▼	-260.42	-0.51%	0.21%	0.21%	0.21%
JSE Top 40	43963.22	▼	-298.04	-0.67%	0.14%	0.14%	0.14%
FTSE 100	7189.74	▲	11.85	0.17%	0.66%	5.29%	0.66%
DAX 30	11584.31	▲	0.07	0.00%	0.90%	7.90%	0.90%
CAC 40	4899.40	▲	0.07	0.00%	0.76%	6.20%	0.76%
S&P 500	2270.75	▲	12.92	0.57%	1.43%	1.82%	1.43%
Nasdaq Composite	5477.01	▲	47.92	0.88%	1.74%	1.12%	1.74%
DJIA	19942.16	▲	60.40	0.30%	0.91%	3.34%	0.91%

## US Market ▲

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

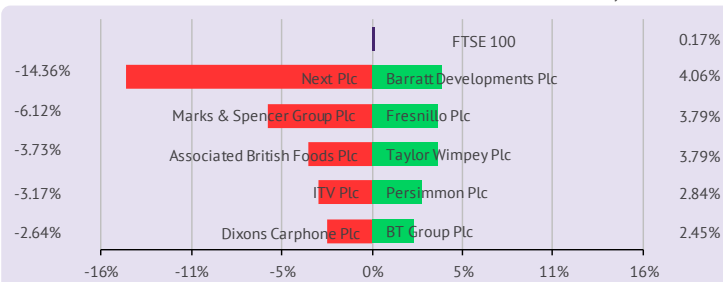
US markets closed higher yesterday, led by gains in material sector stocks. Data revealed that US MBA mortgage applications rose in the week ended December 30, 2016. The S&P 500 Index climbed 0.6% to close at 2,270.75.



## UK Market ▲

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

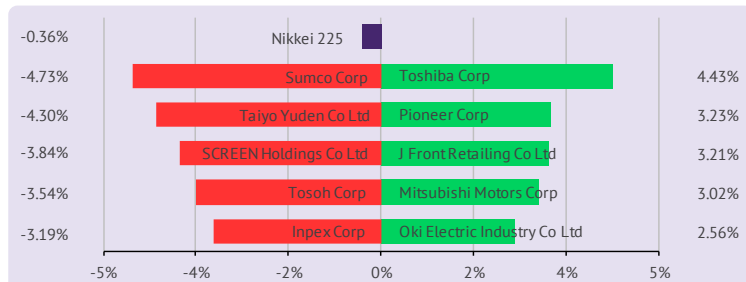
UK markets finished higher yesterday, amid gains in home builders and banking sector stocks. Data indicated that UK's Markit construction PMI expanded more-than-expected in December, notching its highest level since March. The FTSE 100 Index advanced 0.2% to close at 7,189.74.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. Data showed that China's Caixin services PMI advanced in December, compared to previous reading. The Nikkei 225 Index is trading 0.4% lower at 19,524.30.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.2% against the South African Rand to trade at R13.5800. Later today, traders will keep a close watch on US ISM non-manufacturing PMI, ADP employment change, initial jobless claims and Markit services PMI for further cues.

The US Dollar fell against the South African Rand yesterday. Minutes of the Federal Reserve's (Fed) December meeting indicated that many Fed officials thought the central bank's gradual interest rate policy path was under threat. The committee pointed out "substantial uncertainty" about the US fiscal policy ahead. However, members noted that more expansionary fiscal policy raised the possibility of a somewhat tighter monetary policy than currently anticipated. Further, data revealed that US MBA mortgage applications registered a rise in the week ended December 30, 2016.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.2% against the South African Rand to trade at R16.7340. Later today, traders will keep an eye on UK's Markit services PMI for further direction.

The British Pound declined against the South African Rand yesterday. Data revealed that UK's Markit construction PMI recorded a higher-than-expected rise in December, as new order growth increased at an 11 month high. Further, net consumer credit advanced more than market estimates in November, notching its strongest level in more than 11 years. Additionally, mortgage approvals grew less-than-expected in November.

## EURZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R14.2910. Going forward, market participants will keep a tab on Eurozone's retail PMI and producer price index along with Germany's construction and retail PMI along with the European Central Bank's (ECB) monetary policy meeting accounts for further indication.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's consumer price index rose at a faster pace on yearly basis in December, led by increase in cost of energy, food, alcohol, tobacco and services. Further, final Markit service PMI expanded at a faster-than-expected pace in December, its strongest level since May 2011, as demand for goods and services increased. Meanwhile, Germany's final Markit service PMI advanced more than expected in December, its highest level in 5 months, supported by growth in private sector.

## AUDZAR ▼

### AUD trading marginally lower against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R9.9039. Earlier in the session, Australia's AiG performance of service index advanced more than the previous reading in December. Meanwhile, in China, Australia's largest trading partner, Caixin services PMI rose in the same month.

The Australian Dollar fell against the South African Rand yesterday.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5800	▼	-1.56%	-0.90%	-0.90%	-2.48%	-0.90%
GBPZAR	16.7340	▼	-0.89%	-0.92%	-0.92%	-3.94%	-0.92%
EURZAR	14.2910	▲	-0.82%	-1.20%	-1.20%	-3.21%	-1.20%
AUDZAR	9.9039	▼	-0.76%	0.01%	0.01%	-4.68%	0.01%
EURUSD	1.0518	▲	0.79%	-0.26%	-0.26%	-0.68%	-0.26%
GBPUSD	1.2319	▲	0.65%	-0.15%	-0.15%	-1.34%	-0.15%
Brent (\$/barrel)	56.3	▼	1.78%	-0.63%	-0.63%	9.61%	-0.63%
Gold (\$/oz)	1173.9	▲	0.28%	1.18%	1.18%	-1.63%	1.18%
Platinum (\$/oz)	953.0	▲	0.43%	4.63%	4.63%	-0.91%	4.63%
Copper (\$/MT)*	5629.0	▲	2.60%	1.92%	1.92%	-4.99%	1.92%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.7% to trade at \$1,173.90/oz.

Yesterday, gold prices rose 0.3% to close at \$1,165.30/oz, as weakness in the greenback raised demand for the precious metal.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged lower 0.3% to trade at \$56.29/bl.

Yesterday, Brent crude oil advanced 1.8% to settle at \$56.46/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined 7.4mn bls in the week ended December 30.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 1.0% higher to trade at \$953.00/oz.

Yesterday, platinum prices climbed 0.4% to close at \$943.30/oz.

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## Major South Africa Corporate News

### Anglo American Plc

The company announced that its 300-year-old Vergelegen wine farm in South Africa has been damaged by wildfires as strong winds spread the blaze across parts of the country's Western Cape winelands.

### Aspen Pharmacare Holdings Limited

The company announced that it wrapped up a deal to acquire Fraxiparine and Arixtra from GlaxoSmithKline for £45 million.

### Kumba Iron Ore Limited

The company announced that Litha Nyhonyha, has resigned as an Independent Non-executive Director.

## Major Global Economic News

### UK

In the UK, the construction PMI unexpectedly climbed to 54.20 in December, compared to market expectations of a fall to a level of 52.50. The construction PMI had registered a level of 52.80 in the previous month.

In November, net consumer credit recorded a rise of GBP1.90bn in the UK, more than market expectations for an advance of GBP1.60bn. In the previous month, net consumer credit had registered a revised rise of GBP1.70bn.

In the UK, number of mortgage approvals for house purchases advanced to 67.50K in November, lower than market expectations of a rise to 68.50K. Number of mortgage approvals for house purchases had recorded a revised level of 67.40K in the previous month.

### Asia

In China, the Caixin/Markit services PMI index rose to a level of 53.40 in December. The index had recorded a level of 53.10 in the prior month.

In December, the AIG performance of services index advanced to 57.70 in Australia. In the previous month, the AIG performance of services index had recorded a reading of 51.10.

In Japan, Markit service PMI rose to a level of 52.30 in December. Markit service PMI had registered a reading of 51.80 in the prior month.

### Eurozone

In the Eurozone, the final services PMI fell to a level of 53.70 in December, compared to a level of 53.80 in the prior month. The preliminary figures had recorded a fall to 53.10. Markets were anticipating services PMI to ease to 53.10.

In December, the flash CPI advanced 1.1% on an annual basis, in the Eurozone, more than market expectations for a rise of 1.0%. In the prior month, the CPI had climbed 0.6%.

In Germany, the final services PMI recorded a drop to 54.30 in December, compared to a reading of 55.10 in the prior month. The preliminary figures had indicated a drop to 53.80. Markets were expecting services PMI to ease to 53.80.

### US

In the US, mortgage applications rose 0.1%, on a weekly basis, in the week ended December 30, 2016. In the previous week, mortgage applications had recorded a drop of 12.10%.

Fed in its December meeting minutes stated that many Fed officials thought the central bank's gradual interest rate policy path was under threat. The committee pointed out "substantial uncertainty" about the US fiscal policy ahead. However, members noted that more expansionary fiscal policy raised the possibility of a somewhat tighter monetary policy than currently anticipated.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Monetary Base (YoY) (Dec)	✓	23.10%*	21.50%	Monthly
Japan	01:50	Monetary Base (Dec)	✓✓✓	JPY437.40tn*	JPY419.80tn	Monthly
Japan	01:50	Loans & Discounts Corp (YoY) (Nov)	✓	2.63%*	2.29%	Monthly
Japan	02:30	Markit Japan Services PMI (Dec)	✓✓	52.30*	51.80	Monthly
Japan	02:30	Markit/JIMMA Composite PMI (Dec)	✓✓	52.80*	52.00	Monthly
China	03:45	Caixin/Markit Services PMI (Dec)	✓✓	53.40*	53.10	Monthly
China	03:45	HSBC China Composite PMI (Dec)	✓✓	53.50*	52.90	Monthly
Japan	07:00	Vehicle Sales (YoY) (Dec)	✓	-	13.90%	Monthly
Switzerland	10:15	Consumer Price Index (MoM) (Dec)	✓✓	-0.10%	-0.20%	Monthly
Switzerland	10:15	Consumer Price Index (YoY) (Dec)	✓✓	0.00%	-0.30%	Monthly
UK	11:00	New Car Registrations (YoY) (Dec)	✓	-	2.90%	Monthly
UK	11:30	Foreign currency reserves (Dec)	✓	-	USD11189.00mn	Monthly
UK	11:30	Markit Services PMI (Dec)	✓✓✓	54.70	55.20	Monthly
UK	11:30	Official Reserves (Changes) (Dec)	✓✓	-	-USD1826.00mn	Monthly
Eurozone	12:00	Producer Price Index (YoY) (Nov)	✓✓	-0.10%	-0.40%	Monthly
Eurozone	12:00	Producer Price Index (MoM) (Nov)	✓	0.30%	0.80%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Nov)	✓	-	-0.50%	Monthly
South Africa	13:00	Electricity Production (YoY) (Nov)	✓	-	2.00%	Monthly
US	14:30	Challenger Job Cuts (YoY) (Dec)	✓	-	-13.00%	Monthly
US	15:15	ADP Employment Change (Dec)	✓✓	175.000K	216.00K	Monthly
US	15:30	Initial Jobless Claims (31-Dec)	✓✓	260.00K	265.00K	Weekly
US	15:30	Continuing Jobless Claims (24-Dec)	✓	2045.00K	2102.00K	Weekly
US	16:45	Markit Services PMI (Dec) (F)	✓✓	53.40	53.40**	Monthly
US	16:45	Markit Composite PMI (Dec) (F)	✓✓	-	53.70**	Monthly
US	17:00	ISM Non-Manufacturing PMI (Dec)	✓✓	56.80	57.20	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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