

ONE Minute Brief

2 February 2017

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Economic and Political News

In South Africa, the Barclays manufacturing PMI expanded at a faster-than-expected pace in January, notching its strongest level since July 2016.

In January, new vehicle sales recorded an unexpected rise of 3.7% on an annual basis, in South Africa, compared to a drop of 15.3% in December.

Eskom stated that the response to the Request for Information (RFI) which was issued in December in relation to the proposed South African Nuclear New Build Programme was highly positive to the RFI and further 27 companies have shown interest to submit information on their capabilities to the RFI.

Moody's indicated that South Africa's weak economic growth and political uncertainty are the biggest challenge to the nation's sovereign credit rating.

South African Social Security Agency's (SASSA) Chief Executive Officer, Thokozani Magwaza, stated that he guarantees that social grants will be paid without any interruptions on 1 April and indicated that he will take the blame for causing irregular expenditure.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in platinum and resources sector stocks. Data indicated that South Africa's Barclays manufacturing PMI bounced back into expansion territory in January. The JSE All Share Index rose 0.6% to close at 53,104.12.



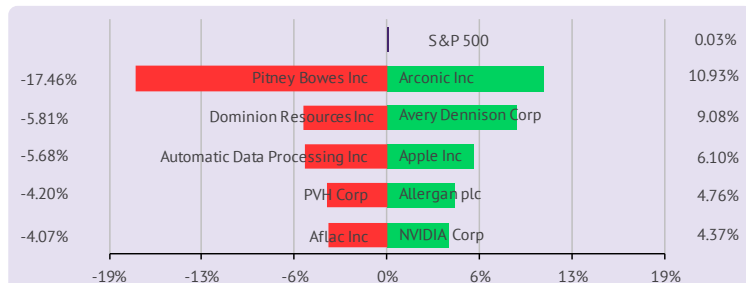
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53104.12	▲	316.00	0.60%	0.25%	0.60%	4.21%	4.84%
JSE Top 40	46212.83	▲	284.13	0.62%	0.14%	0.62%	4.62%	5.26%
FTSE 100	7107.65	▲	8.50	0.12%	-1.07%	0.12%	-0.61%	-0.49%
DAX 30	11659.50	▲	124.19	1.08%	-1.31%	1.08%	0.47%	1.55%
CAC 40	4794.58	▲	45.68	0.96%	-0.94%	0.96%	-2.33%	-1.39%
S&P 500	2279.55	▲	0.68	0.03%	-0.66%	0.03%	1.79%	1.82%
Nasdaq Composite	5642.65	▲	27.86	0.50%	-0.32%	0.50%	4.30%	4.82%
DJIA	19890.94	▲	26.85	0.14%	-1.01%	0.14%	0.51%	0.65%

US Market ▲

The S&P 500 futures are trading in the red

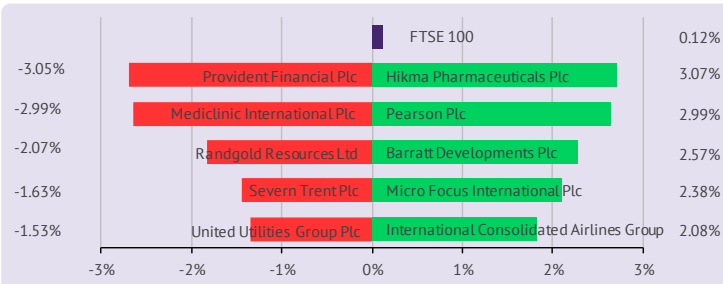
US markets closed higher yesterday, supported by gains in health care sector stocks. Data revealed that the Federal Reserve kept its benchmark interest rates unchanged at 0.75%. The S&P 500 Index marginally climbed to close at 2,279.55.



UK Market ▲

The FTSE 100 futures are trading in negative territory

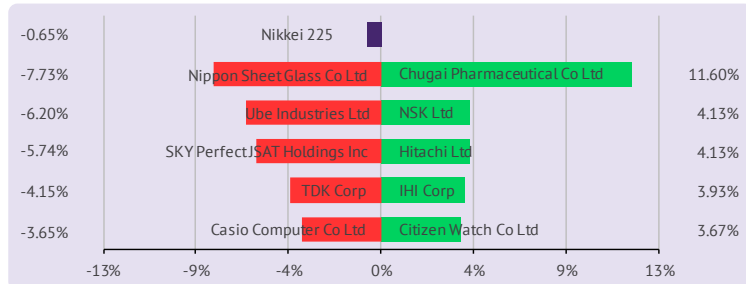
UK markets finished higher yesterday, led by gains in health care sector stocks. Data showed that UK's final Markit manufacturing PMI rose as expected in January. The FTSE 100 Index advanced 0.1% to close at 7,107.65.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.7% lower at 19,023.99.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.2% against the South African Rand to trade at R13.4350. Later today, traders will keep a close watch on US initial jobless claims and unit labour costs for further direction.

The US Dollar traded flat against the South African Rand yesterday. Data indicated that the Federal Reserve kept the key interest rate steady at range of 0.50% to 0.75%, amid a backdrop of slowly rising inflation in the US, solid job gains and continued improvement in business and consumer confidence. Further, US ISM manufacturing PMI expanded more-than-expected in January, notching its strongest level in more than 2 years. Moreover, final Markit manufacturing PMI advanced less than market forecast in January. Additionally, construction spending surprisingly declined on a monthly basis in December. Meanwhile, ADP employment change recorded a higher-than-expected rise in January. Further, MBA mortgage applications dropped to its lowest level in 4 weeks, in the week ended January 27, 2017. Separately, in South Africa, Barclays manufacturing PMI rebounded at a faster pace in January, its highest level since July 2016.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.2% against the South African Rand to trade at R17.0150. Later today, traders will keep an eye on UK's Markit construction PMI and the Bank of England's interest rate decision for further cues.

The British Pound advanced against the South African Rand yesterday. Data revealed that UK's final Markit manufacturing PMI expanded in line with market expectations in January. Further, Nationwide house price index unexpectedly advanced on a monthly basis in the same month.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro marginally fell against the South African Rand to trade at R14.5001. Going forward, market participants will keep a tab on Eurozone's producer price index scheduled in few hours.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's final Markit manufacturing PMI advanced at a faster-than-expected pace in January, notching its highest level in 69 months. Moreover, Germany's final Markit manufacturing PMI expanded less-than-expected in January, its highest rise in 3 years.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.6% against the South African Rand to trade at R10.2643. Earlier in the session, data showed that Australia's trade surplus recorded a higher-than-expected rise in December. Further, building approvals retreated less-than-expected on a monthly basis in December.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's AIG performance of manufacturing index registered a drop in January, compared to prior reading. Meanwhile, in China, Australia's largest trading partner, manufacturing PMI expanded more than market forecast in January.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4350	▼	0.00%	-0.04%	0.00%	-1.97%	-1.97%
GBPZAR	17.0150	▼	0.58%	0.88%	0.58%	0.09%	0.68%
EURZAR	14.5001	▼	-0.25%	0.73%	-0.25%	0.66%	0.41%
AUDZAR	10.2643	▲	0.00%	0.45%	0.00%	3.03%	3.03%
EURUSD	1.0788	▲	-0.26%	0.68%	-0.26%	2.68%	2.42%
GBPUSD	1.2660	▲	0.60%	0.84%	0.60%	1.95%	2.56%
Brent (\$/barrel)	56.6	▼	2.20%	2.31%	2.20%	-2.18%	-0.04%
Gold (\$/oz)	1218.4	▲	-0.25%	1.45%	-0.25%	4.94%	4.68%
Platinum (\$/oz)	1007.1	▲	0.33%	1.68%	0.33%	10.53%	10.89%
Copper (\$/MT)*	5936.0	▼	-0.97%	0.89%	-0.97%	8.53%	7.48%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged higher 1.1% to trade at \$1,218.40/oz.

Yesterday, gold prices fell 0.3% to close at \$1,205.60/oz, reversing its previous session gains.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.4% to trade at \$56.57/bl.

Yesterday, Brent crude oil advanced 2.2% to settle at \$56.80/bl. Meanwhile, the US Energy Department reported that crude oil inventories rose by 6.5mn bls in the week ended January 27, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.7% higher to trade at \$1,007.10/oz.

Yesterday, platinum prices climbed 0.3% to close at \$999.80/oz.

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Major South Africa Corporate News

Sun International Limited

The company stated that its Executive Director and Chief Executive Officer (CEO), Graeme Stephens, would be leaving the group at the end of April 2017. Leeming, the current Chief Financial Officer, would be taking over as CEO of the company with effect from May 1, 2017.

Major Global Economic News

US

The Federal Open Market Committee (FOMC) kept the key overnight lending rate unchanged at a range of 0.50% to 0.75%, amid a backdrop of slowly rising inflation in the US, solid job gains and continued improvement in business and consumer confidence. The policymakers painted a relatively upbeat picture of the US economy which suggested that it was on track to tighten monetary policy this year.

In the US, the ISM manufacturing activity index advanced to 56.00 in January, higher than market expectations of an advance to a level of 55.00. In the prior month, the ISM manufacturing activity index had recorded a revised reading of 54.50.

In January, the final Markit manufacturing PMI rose to a level of 55.00 in the US, compared to market expectations of a rise to 55.10. The preliminary figures had recorded a rise to 55.10. In the prior month, the Markit manufacturing PMI had registered a reading of 54.30.

In the US, construction spending recorded an unexpected drop of 0.2% on a monthly basis in December, less than market expectations for a rise of 0.2%. In the prior month, construction spending had climbed 0.9%.

In the US, the ADP private sector employment climbed by 246.00K in January, compared to market anticipations of an advance of 168.00K. The private sector employment had registered a gain of 153.00K in the prior month.

In the US, the MBA mortgage applications recorded a drop of 3.2% on a weekly basis, in the week ended January 27, 2017. In the previous week, mortgage applications had advanced 4.0%.

Asia

Australia has registered the seasonally adjusted trade surplus of AUD3511.00mn in December, following a revised trade surplus of AUD2040.00mn in the prior month. Market expectation was for the nation to register a trade surplus of AUD2000.00mn.

In Australia, the seasonally adjusted building approvals fell 1.2% on a monthly basis in December, lower than market expectations for a fall of 1.5%. In the prior month, building approvals had climbed 7.0%.

Eurozone

In the Eurozone, the final manufacturing PMI advanced to 55.20 in January, compared to a reading of 54.90 in the previous month. The preliminary figures had recorded a rise to 55.10. Market expectation was for the manufacturing PMI to rise to a level of 55.10.

In January, the final manufacturing PMI rose to a level of 56.40 in Germany, compared to a level of 55.60 in the prior month. The preliminary figures had recorded a rise to 56.50. Market expectation was for manufacturing PMI to advance to 56.50.

UK

In the UK, the manufacturing PMI fell to a level of 55.90 in January, at par with market expectations. In the previous month, the manufacturing PMI had recorded a level of 56.10.

In January, the seasonally adjusted house prices registered an unexpected rise of 0.2% on a monthly basis in the UK, compared to a rise of 0.8% in the prior month. Market expectation was for house prices to record a flat reading.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Foreign Buying Japan Bonds (27-Jan)	✓	JPY446.20bn*	-JPY168.20bn	Weekly
Japan	01:50	Foreign Buying Japan Stocks (27-Jan)	✓	-JPY143.90bn*	-JPY376.00bn	Weekly
Japan	01:50	Japan Buying Foreign Bonds (27-Jan)	✓	-JPY1359.30bn*	-JPY538.10bn	Weekly
Japan	01:50	Japan Buying Foreign Stocks (27-Jan)	✓	JPY124.90bn*	-JPY19.10bn	Weekly
Japan	01:50	Monetary Base (YoY) (Jan)	✓	22.60%*	23.10%	Monthly
Japan	01:50	Monetary Base (Jan)	✓✓✓	JPY435.50tn*	JPY437.40tn	Monthly
Japan	07:00	Consumer Confidence Index (Jan)	✓✓	43.40	43.10	Monthly
UK	11:30	Markit Construction PMI (Jan)	✓✓	53.80	54.20	Monthly
Eurozone	12:00	Producer Price Index (MoM) (Dec)	✓	0.50%	0.30%	Monthly
Eurozone	12:00	Producer Price Index (YoY) (Dec)	✓✓	1.20%	0.10%	Monthly
UK	14:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.25%	0.25%	As scheduled
Eurozone	14:15	ECB's Mario Draghi Speaks in Ljubljana	✓✓	-	-	As scheduled
US	14:30	Challenger Job Cuts (YoY) (Jan)	✓	-	42.40%	Monthly
UK	14:30	Carney Speaks at Inflation Report Press Conference	✓✓✓	-	-	As scheduled
South Africa	15:00	Electricity Consumption (YoY) (Dec)	✓	-	0.30%	Monthly
South Africa	15:00	Electricity Production (YoY) (Dec)	✓	-	2.10%	Monthly
US	15:30	Non-Farm Productivity (Q4) (P)	✓	1.00%	3.10%	Quarterly
US	15:30	Unit Labour Costs (Q4) (P)	✓	1.90%	0.70%	Quarterly
US	15:30	Continuing Jobless Claims (21-Jan)	✓	2063.00K	2100.00K	Weekly
US	15:30	Initial Jobless Claims (28-Jan)	✓✓	250.00K	259.00K	Weekly
US	17:30	EIA Natural Gas Storage Change (27-Jan)	✓	-	-119.00 Bcf	Weekly
Eurozone	19:00	ECB's Peter Praet Speaks in Berlin	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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