

# ONE Minute Brief

10 February 2017

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## Economic and Political News

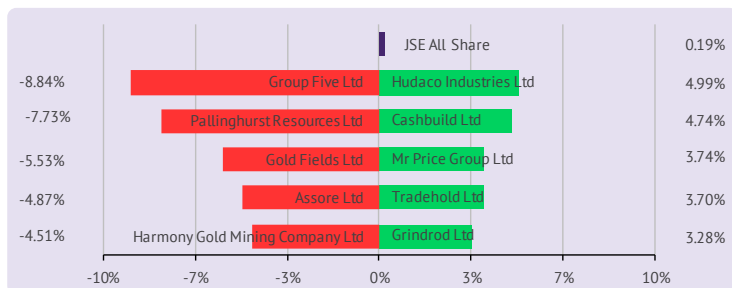
In South Africa, the manufacturing production index eased higher-than-expected by 2.0% YoY in December, compared to a revised rise of 2.0% in November. Gold production slid 7.1% YoY in December, compared to a fall of 9.4% in November. Further, mining production recorded a less-than-expected drop of 1.9% YoY in December, compared to a drop of 4.2% in November.

President, Jacob Zuma, stated that the economic transformation will be one of the key priorities of government in the coming year. Further, he added that fundamental change is needed in the structure, systems and organisations and in the patterns of ownership, management and control of the economy for the people of South Africa. Additionally, he indicated that the economy has entered the recovery period and is expected to grow 1.3% in 2017, up from the previous estimate of 0.5%. Zuma confirmed that the Expropriation Bill had been returned to Parliament for reassessment due to inadequate public participation during its processing. He also announced that Eskom will sign the outstanding power purchase agreement (PPAs) for renewable energy projects that had been procured during the most recent rounds of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP).

## South Africa Market ▲

### South African markets closed higher

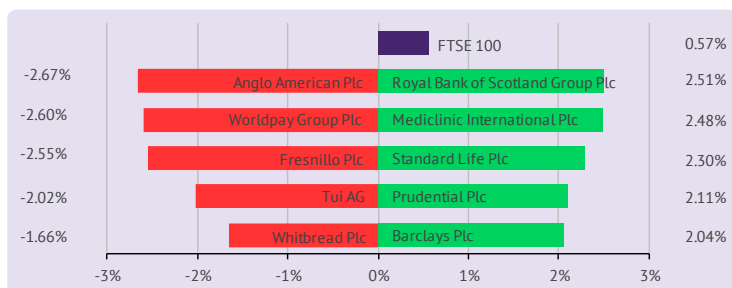
South African markets closed in the green yesterday, amid gains in banking sector stocks. Data revealed that South Africa's manufacturing production dropped more-than-expected on an annual basis in December. The JSE All Share Index rose 0.2% to close at 51,904.34.



## UK Market ▲

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

UK markets finished higher yesterday, led by gains in financial sector stocks. The FTSE 100 Index advanced 0.6% to close at 7,229.50.



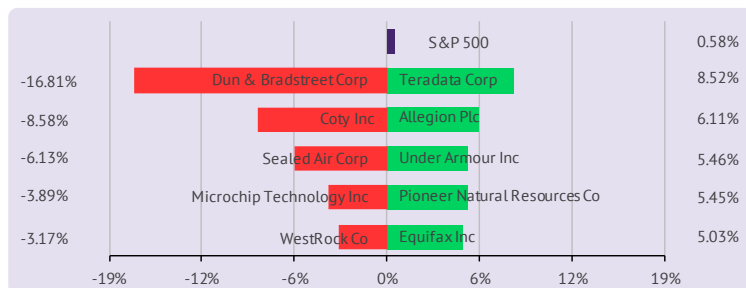
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51904.34	▲	100.86	0.19%	-0.69%	-1.67%	4.21%	2.47%
JSE Top 40	45013.25	▲	90.32	0.20%	-0.89%	-1.99%	4.62%	2.53%
FTSE 100	7229.50	▲	40.68	0.57%	0.57%	1.84%	-0.61%	1.21%
DAX 30	11642.86	▲	99.48	0.86%	-0.07%	0.93%	0.47%	1.41%
CAC 40	4826.24	▲	59.64	1.25%	0.02%	1.63%	-2.33%	-0.74%
S&P 500	2307.87	▲	13.20	0.58%	0.45%	1.27%	1.79%	3.08%
Nasdaq Composite	5715.18	▲	32.73	0.58%	0.85%	1.79%	4.30%	6.17%
DJIA	20172.40	▲	118.06	0.59%	0.50%	1.55%	0.51%	2.07%

## US Market ▲

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

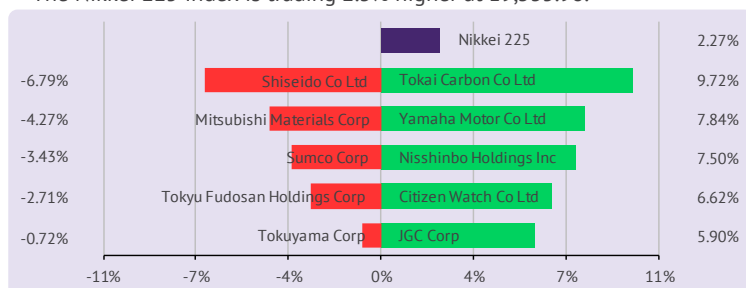
US markets closed higher yesterday, supported by gains in financial sector stocks. Data indicated that US initial jobless claims surprisingly dropped for the week ended February 4, 2017. The S&P 500 Index climbed 0.6% to close at 2,307.87.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, following overnight gains on Wall Street. Data showed that Japan's tertiary industry index recorded a more-than-expected drop on a monthly basis in December. The Nikkei 225 Index is trading 2.3% higher at 19,335.98.



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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 R13.4071. Later today, traders will keep a close watch on US Reuters/Michigan consumer sentiment index, import price index, monthly budget statement and export price index for further cues.

The US Dollar fell against the South African Rand yesterday. The St. Louis Federal Reserve (Fed) Bank President, James Bullard, stated that interest rates can likely remain low through at least 2017, with no clear sense yet of whether the Trump administration's policies will spark higher inflation or growth in the US economy. Data indicated that the number of Americans applying for fresh unemployment benefits unexpectedly declined for the week ended February 4, 2017, to its weakest level in 43 years. Further, final wholesale inventories advanced in line with market expectations in December. Additionally, wholesale trade sales recorded a rise on a monthly basis in the same month, compared to previous reading. Separately, South Africa's manufacturing production registered a more-than-anticipated drop on a yearly basis in December.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R16.7680. Later today, traders will keep an eye on UK's NIESR gross domestic product estimate, total trade balance, industrial production, manufacturing production and construction output for further direction.

The British Pound declined against the South African Rand yesterday. With no major economic news in the UK today, investor sentiment will be determined by global macroeconomic news.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro gained 0.4% against the South African Rand to trade at R14.2930.

The Euro weakened against the South African Rand yesterday. Meanwhile, Germany's trade surplus narrowed more-than-expected in December. Further, exports declined more than market anticipations on a monthly basis in December. Additionally, imports came flat compared to a drop into negative territory on a monthly basis in December.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.5% against the South African Rand to trade at R10.2564. Earlier in the session, data showed that Australia's home loans advanced less-than-expected in December. Meanwhile, in China, Australia's largest trading partner, trade surplus expanded more-than-expected in January.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's HIA new home sales recorded a rise on a monthly basis in December, compared to its previous reading. Further, the NAB business confidence index registered a drop in 4Q16 compared to prior reading.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4071	▲	-0.12%	0.92%	-0.52%	-1.97%	-2.48%
GBPZAR	16.7680	▲	-0.37%	1.13%	-1.15%	0.09%	-1.06%
EURZAR	14.2930	▲	-0.67%	-0.46%	-2.02%	0.66%	-1.37%
AUDZAR	10.2564	▲	-0.38%	0.15%	0.02%	3.03%	3.04%
EURUSD	1.0660	▲	-0.40%	-1.18%	-1.31%	2.68%	1.34%
GBPUSD	1.2505	▲	-0.34%	0.07%	-0.66%	1.95%	1.28%
Brent (\$/barrel)	55.7	▲	0.93%	-2.08%	0.09%	-2.18%	-2.09%
Gold (\$/oz)	1225.4	▼	-0.20%	1.36%	2.19%	4.94%	7.24%
Platinum (\$/oz)	1007.5	▼	0.27%	1.54%	2.58%	10.53%	13.38%
Copper (\$/MT)*	5808.8	▼	-1.18%	0.78%	-3.09%	8.53%	5.17%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices dropped 0.8% to trade at \$1,225.40/oz.

Yesterday, gold prices fell 0.2% to close at \$1,235.10/oz, as strength in the greenback and rise in global equities dented demand for the safe haven yellow metal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.1% to trade at \$55.70/bl.

Yesterday, Brent crude oil advanced 0.9% to settle at \$55.63/bl, extending its previous session gains. Further, data revealed that US gasoline inventories unexpectedly dropped with strong weekly demand for the fuel.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices dropped 1.4% to trade at \$1,007.50/oz.

Yesterday, platinum prices climbed 0.3% to close at \$1022.20/oz.



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## Major South Africa Corporate News

### ArcelorMittal South Africa Limited

The company announced that it and Sishen Iron Ore Company Proprietary Limited have entered into an agreement to transfer Thabazimbi mine to the steel giant. The identified assets and liabilities of the mine will be transferred at a purchase consideration of ZAR1.00 plus the assumed liabilities.

### Fortress Income Fund Limited

In its 1H17 results, the company reported that its net rental and related revenue advanced significantly from the same period of the preceding year to ZAR1.06bn. Its diluted EPS stood at 73.50c, compared with 89.07c recorded in the corresponding period of the previous year.

### Royal Bafokeng Platinum Limited

In its trading statement for FY16, the company stated that it expects its headline EPS between 80.0c and 91.00c for the period compared with a headline loss per share of 83.20c in the previous year.

## Major Global Economic News

### Asia

In China, trade surplus widened to USD51.35bn in January, from a revised trade surplus of USD40.71bn in the prior month. Markets were anticipating the nation to record a trade surplus of USD48.50bn.

In January, exports climbed 7.9% on a yearly basis in China, more than market expectations for an advance of 3.2%. Exports had registered a revised drop of 6.2% in the previous month.

In China, imports climbed 16.7% on an annual basis in January, more than market expectations for a rise of 10.0%. Imports had advanced 3.10% in the previous month.

In December, the seasonally adjusted home loan approvals advanced 0.4% in Australia on a monthly basis, compared to a revised rise of 1.3% in the prior month. Market anticipation was for home loan approvals to rise 1.0%.

In Japan, the tertiary industry index dropped 0.4% on a monthly basis in December, more than market expectations for a drop of 0.2%. The tertiary industry index had registered a revised rise of 0.3% in the prior month.

### Eurozone

Germany has reported the seasonally adjusted trade surplus of EUR18.70bn in December, following a revised trade surplus of EUR22.70bn in the previous month. Markets were expecting the nation to register a trade surplus of EUR20.50bn.

In December, the seasonally adjusted imports remained flat on a monthly basis in Germany, more than market expectations for a fall of 1.1%. Imports had risen 3.5% in the previous month.

In December, the seasonally adjusted exports dropped 3.3% on a monthly basis in Germany, higher than market expectations for a fall of 1.3%. In the previous month, exports had advanced 3.9%.

### US

The St. Louis Federal Reserve (Fed) Bank President, James Bullard, stated that interest rates can likely remain low through at least 2017, with no clear sense yet of whether the Trump administration's policies will spark higher inflation or growth in the US economy. He further added that he favours only one interest rate hike for this year and wouldn't speculate on when it might occur.

The Chicago Fed President, Charles Evans, reiterated his support for gradual interest rate hikes and stated that he expects the Fed to raise interest rates three times this year as he expects an economic boost from the US President, Donald Trump's planned fiscal policies.

In the US, the seasonally adjusted initial jobless claims registered an unexpected drop to a level of 234.00K in the week ended February 4, 2017, compared to a level of 246.00K in the prior week. Market expectation was for initial jobless claims to rise to 249.00K.

In December, the seasonally adjusted final wholesale inventories advanced 1.0% on a monthly basis in the US, in line with market expectations. In the prior month, the wholesale inventories had registered a similar rise. The preliminary figures had also indicated an advance of 1.0%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Domestic Corporate Goods Price Index (MoM) (Jan)	✓	0.60%*	0.70%	Monthly
Japan	01:50	Domestic Corporate Goods Price Index (YoY) (Jan)	✓	0.50%*	-1.20%	Monthly
Japan	06:30	Tertiary Industry Index (MoM) (Dec)	✓✓	-0.40%*	0.20%	Monthly
UK	11:30	Industrial Production (Dec)	✓	-	104.70	Monthly
UK	11:30	Manufacturing Production (Dec)	✓	-	103.60	Monthly
UK	11:30	Total Trade Balance (Dec)	✓✓	-	-GBP4.17bn	Monthly
UK	11:30	Industrial Production (MoM) (Dec)	✓	0.20%	2.10%	Monthly
UK	11:30	Industrial Production (YoY) (Dec)	✓✓	3.20%	2.00%	Monthly
UK	11:30	Manufacturing Production (MoM) (Dec)	✓	0.50%	1.30%	Monthly
UK	11:30	Manufacturing Production (YoY) (Dec)	✓✓	1.70%	1.20%	Monthly
UK	11:30	Construction Output s.a. (YoY) (Dec)	✓	-0.50%	1.50%	Monthly
UK	11:30	Visible Trade Balance (Dec)	✓✓	-GBP11.45bn	-GBP12.16bn	Monthly
Eurozone	11:50	ECB's Mersch Speaks in Hamburg	✓	-	-	As scheduled
Eurozone	12:00	ECB's Weidmann Speaks in Hamburg	✓✓✓	-	-	As scheduled
US	15:30	Export Price Index (MoM) (Jan)	✓	-	0.30%	Monthly
US	15:30	Import Price Index (MoM) (Jan)	✓	0.30%	0.40%	Monthly
UK	17:00	NIESR GDP Estimate (3M) (Jan)	✓✓✓	-	0.50%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Feb) (P)	✓✓✓	97.80	98.50	Monthly
US	21:00	Monthly Budget Statement (Jan)	✓✓	-	-USD27.50bn	Monthly
China	-	New Yuan Loans (Jan)	✓✓✓	CNY2440.00bn	CNY1040.00bn	Monthly
China	-	Aggregate Financing (Jan)	✓	CNY3000.0bn	CNY1630.00bn	Monthly
China	-	Trade Balance (Jan)	✓✓	USD51.35bn*	USD40.71bn	Monthly
China	-	Exports (YoY) (Jan)	✓✓	7.90%*	-6.20%	Monthly
China	-	Imports (YoY) (Jan)	✓✓	16.70%*	3.10%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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