

# ONE Minute Brief

28 February 2017

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## Economic and Political News

South Africa's Hawks elite police unit stated that it is not investigating Deputy Finance Minister, Mcebisi Jonas, but only making enquiries about the claims that he was part of an investigation into allegations of corruption at state-owned South African Airways (SAA).

Former President, Thabo Mbeki, stated that South Africa is facing many socioeconomic problems and these problems will not be solved by attacking foreign immigrants.

The African National Congress (ANC) indicated that due to the appointment of Bonginkosi Madikizela, as interim provincial leader, Democratic Alliance (DA) may lose many of its supporters.

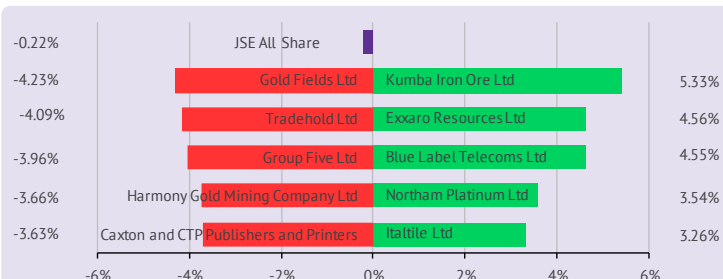
The South African Communist Party (SACP) stated that there is a strong division within the ANC which is the main reason of destruction in the party and causes harm to the reputation of President, Jacob Zuma.

Newly sworn in ANC MP, Brian Molefe, indicated that former Public Protector, Thuli Madonsela, trampled on his rights after the release of the state capture report which revealed that he was not guilty and did nothing wrong.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in gold and platinum mining sector stocks. The JSE All Share Index fell 0.2% to close at 51,497.16.



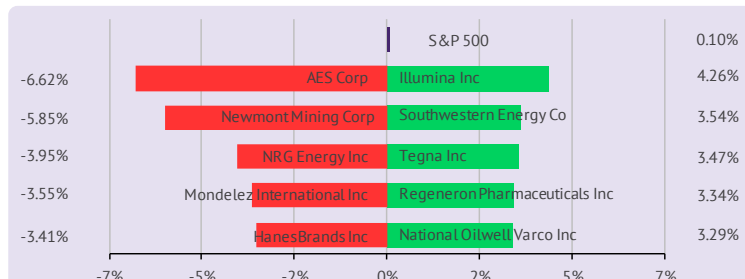
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51497.16	▼	-112.70	-0.22%	-0.22%	-2.45%	4.21%	1.67%
JSE Top 40	44462.75	▼	-117.76	-0.26%	-0.26%	-3.19%	4.62%	1.28%
FTSE 100	7253.00	▲	9.30	0.13%	0.13%	2.17%	-0.61%	1.54%
DAX 30	11822.67	▲	18.64	0.16%	0.16%	2.49%	0.47%	2.98%
CAC 40	4845.18	▼	-0.06	0.00%	0.00%	2.03%	-2.33%	-0.35%
S&P 500	2369.75	▲	2.41	0.10%	0.10%	3.99%	1.79%	5.85%
Nasdaq Composite	5861.90	▲	16.59	0.28%	0.28%	4.40%	4.30%	8.89%
DJIA	20837.44	▲	15.68	0.08%	0.08%	4.90%	0.51%	5.44%

## US Market ▲

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

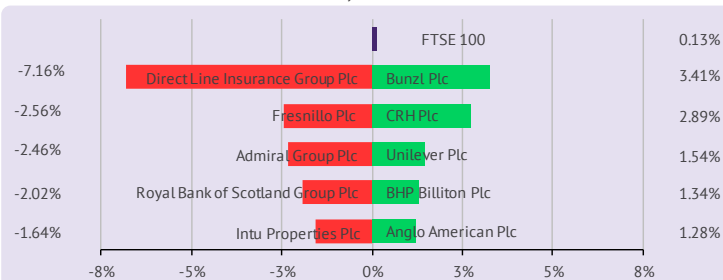
US markets closed higher yesterday, led by gains in energy sector stocks. Data revealed that US preliminary durable goods orders rebounded more-than-expected in January. The S&P 500 Index climbed 0.1% to close at 2,369.75.



## UK Market ▲

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

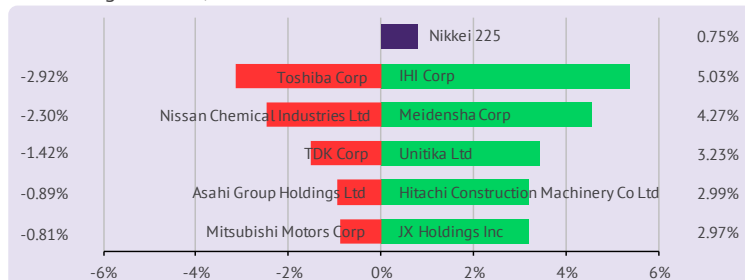
UK markets finished higher yesterday, supported by gains in material sector stocks. Data indicated that UK's GfK consumer confidence index dropped at par with market expectations in February. The FTSE 100 Index advanced 0.1% to close at 7,253.00.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. Data showed that Japan's industrial production surprisingly dropped on a monthly basis in January, its largest decline in 6 months. The Nikkei 225 Index is trading 0.8% higher at 19,249.89.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R12.9970. Later today, traders' will keep a close watch on US gross domestic product, consumer confidence and personal consumption along with advance goods trade balance and wholesale inventories for further indication. Separately, South Africa's budget and trade balance will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after data indicated that US preliminary durable goods orders bounced back into positive territory in January, more than market expectations. Moreover, pending home sales unexpectedly eased on a monthly basis in the same month, to its lowest level in one year. Further, Dallas Fed manufacturing activity index surprisingly advanced in February.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R16.1590. Data showed that UK's GfK consumer confidence index declined in February, in line with market anticipations.

The British Pound advanced 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 R13.7565. Going forward, market participants will keep a tab on Germany's retail sales for further cues.

The Euro strengthened against the South African Rand yesterday. Data indicated that the Eurozone's final consumer confidence index dropped in line with market anticipations in February. Moreover, the economic confidence index advanced less than market forecast in the same month, despite notching its strongest level since March 2011. Further, business climate indicator recorded more-than-expected rise in February.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R9.9856. Earlier in the session, data revealed that Australia's HIA new home sales retreated on a monthly basis in January, compared to prior reading. Further, private sector credit advanced less-than-expected on a monthly basis in January. Moreover, current account deficit narrowed more than market forecast in 4Q16.

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	12.9970	▼	0.35%	0.35%	-3.41%	-1.97%	-5.32%
GBPZAR	16.1590	▼	0.26%	0.26%	-4.57%	0.09%	-4.48%
EURZAR	13.7565	▼	0.60%	0.60%	-5.36%	0.66%	-4.73%
AUDZAR	9.9856	▲	0.39%	0.39%	-2.28%	3.03%	0.68%
EURUSD	1.0585	-	0.24%	0.24%	-1.95%	2.68%	0.68%
GBPUSD	1.2429	▼	-0.18%	-0.18%	-1.07%	1.95%	0.86%
Brent (\$/barrel)	56.1	▲	-0.11%	-0.11%	0.63%	-2.18%	-1.57%
Gold (\$/oz)	1253.6	▼	0.04%	0.04%	4.15%	4.94%	9.30%
Platinum (\$/oz)	1033.9	▼	0.99%	0.99%	4.25%	10.53%	15.23%
Copper (\$/MT)*	5924.0	▲	0.15%	0.15%	-1.17%	8.53%	7.26%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged lower 0.4% to trade at \$1,253.60/oz.

Yesterday, gold prices marginally rose to close at \$1,258.80/oz, as weakness in the greenback increased demand for the precious metal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.3% to trade at \$56.10/bl.

Yesterday, Brent crude oil dropped 0.1% to settle at \$55.93/bl, amid rising concerns about an increase in the US crude output.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.5% lower to trade at \$1,033.90/oz.

Yesterday, platinum prices climbed 1.0% to close at \$1038.90/oz.



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## Major South Africa Corporate News

### Brimstone Investment Corporation Limited

In its FY16 results, the company stated that its revenue increased to ZAR2.69bn from ZAR2.21bn recorded in the previous year. Its diluted earnings recorded a profit of 68.70c/share from a loss of 284.80c/share in the prior year. Its profit before tax stood at ZAR283.50mn from a loss of ZAR745.76bn posted last year.

### Sasol Limited

The company cut its interim dividend by 16% to ZAR4.80 from ZAR5.70. Coupled to the government raising dividend withholding tax to 20% from 15%, this means the company's shareholders will see the dividends they receive drop 21% to ZAR3.84 from ZAR4.85 per share.

### MTN Group Limited

In its trading statement for the year ended December 31, 2016, the company announced that it expects a basic headline loss per share of between 74.00c and 81.00c for FY16. In the prior year, it reported headline earnings per share of 746.00c. The results for the year were majorly impacted by the Nigerian regulatory fine, which had a 455.00c per share negative impact.

### The Bidvest Group Limited

In its results for the six months ended December 31, 2016, the company stated that its revenue increased to ZAR36.03bn from ZAR34.61bn recorded in the corresponding period of the previous year. Its diluted headline EPS from continuing operations rose 4.8% from the same period of the preceding year to 509.80c. Its profit before tax rose to ZAR2.63bn from ZAR2.07bn posted last year.

## Major Global Economic News

### Asia

In Australia, the new home sales dropped 2.2% on a monthly basis in January. New home sales had recorded a rise of 0.2% in the prior month.

In January, the private sector credit climbed 0.2% on a monthly basis in Australia, lower than market expectations for an advance of 0.5%. In the prior month, the private sector credit had climbed 0.7%.

Australia has posted the seasonally adjusted current account deficit of AUD3.90bn in 4Q16, from a revised current account deficit of AUD10.20bn in the prior quarter. Markets were anticipating the nation to record a current account deficit of AUD4.00bn.

In Japan, the preliminary industrial production unexpectedly dropped 0.8% on a monthly basis in January, compared to a rise of 0.7% in the prior month. Market expectation was for industrial production to rise 0.4%.

In January, the retail trade climbed 0.5% on a monthly basis in Japan, more than market expectations for a rise of 0.3%. In the prior month, retail trade had registered a revised drop of 1.6%.

### Eurozone

In the Eurozone, the final consumer confidence index dropped to -6.20 in February, at par with market expectations. The consumer confidence index had recorded a revised level of -4.80 in the prior month. The preliminary figures had also recorded a fall to -6.20.

In February, the economic sentiment indicator advanced to 108.00 in the Eurozone, compared to a level of 107.90 in the previous month. Market expectation was for the economic sentiment indicator to rise to 108.10.

In the Eurozone, the business climate indicator rose to a level of 0.82 in February, compared to market expectations of a rise to 0.79. The business climate indicator had registered a revised reading of 0.76 in the prior month.

### US

In January, the flash durable goods orders rose 1.8% on a monthly basis in the US, compared to a drop of 0.5% in the prior month. Market anticipation was for durable goods orders to advance 1.6%.

In the US, the pending home sales unexpectedly dropped 2.8% on a monthly basis in January, compared to a revised rise of 0.8% in the prior month. Markets were expecting pending home sales to advance 0.6%.

In February, the Dallas Fed manufacturing business index unexpectedly climbed to 24.50 in the US, compared to market expectations of a fall to a level of 19.40. In the previous month, the Dallas Fed manufacturing business index had registered a reading of 22.10.

### UK

In the UK, the GfK consumer confidence registered a drop to -6.00 in February, compared to a reading of -5.00 in the previous month. Markets were expecting the consumer confidence to fall to a level of -6.00.

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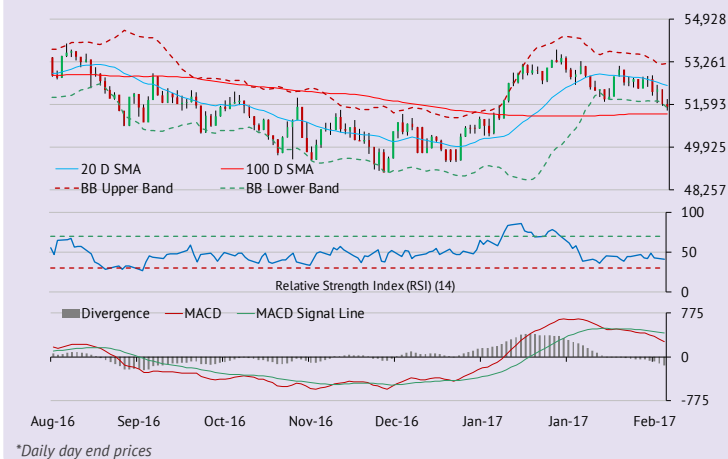
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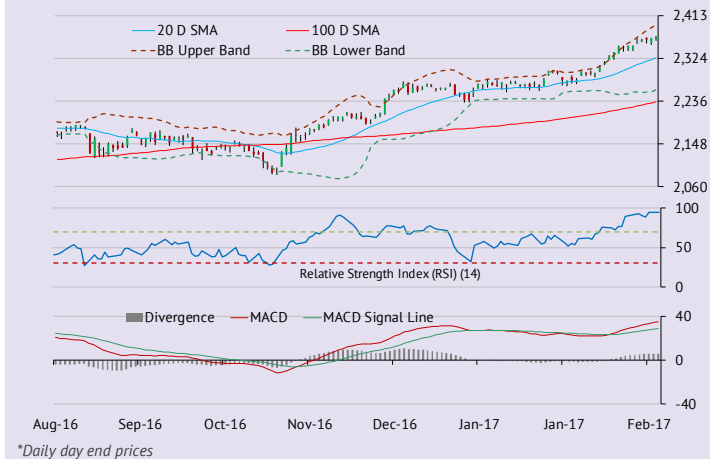
## Technical Snapshot

### JSE All Share



The JSE All Share index is expected to find support at 50,986.15, and a fall through could take it to the next support level of 50,475.15. The index is expected to find its first resistance at 52,376.55, and a rise through could take it to the next resistance level of 53,255.95.

### S&P 500



The S&P 500 index is expected to find support at 2,357.90, and a fall through could take it to the next support level of 2,346.05. The index is expected to find its first resistance at 2,376.57, and a rise through could take it to the next resistance level of 2,383.39.

### USDZAR



The pair is expected to find support at 12.7951, and a fall through could take it to the next support level of 12.5893. The pair is expected to find its first resistance at 13.1971, and a rise through could take it to the next resistance level of 13.3933.

### XAU/USD



Gold is expected to find support at \$1,236.30/oz, and a fall through could take it to the next support level of \$1,213.80/oz. The precious metal is expected to find its first resistance at \$1,273.10/oz, and a rise through could take it to the next resistance level of \$1,287.40/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Industrial Production (MoM) (Jan) (P)	✓	-0.80%*	0.70%	Monthly
Japan	01:50	Industrial Production (YoY) (Jan) (P)	✓✓	3.20%*	3.20%	Monthly
Japan	01:50	Retail Trade (YoY) (Jan)	✓✓	1.00%*	0.70%	Monthly
Japan	01:50	Retail Trade s.a. (MoM) (Jan)	✓	0.50%*	-1.60%	Monthly
Japan	01:50	Large Retailer's Sales (Jan)	✓✓	-1.10%*	-1.30%	Monthly
UK	02:01	GfK Consumer Confidence (Feb)	✓✓	-6.00*	-5.00	Monthly
UK	02:01	Lloyds Business Barometer (Feb)	✓	40.00%*	29.00%	Monthly
Japan	07:00	Construction Orders (YoY) (Jan)	✓	-	7.10%	Monthly
Japan	07:00	Small Business Confidence (Feb)	✓	48.50	48.30	Monthly
Japan	07:00	Annualised Housing Starts (Jan)	✓✓	0.91mn units	0.92mn units	Monthly
Japan	07:00	Housing Starts (YoY) (Jan)	✓	3.20%	3.90%	Monthly
Germany	07:30	Short-Term Interest Rate (Jan)	✓	-	-0.32%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Jan)	✓✓	-	4.60%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Jan)	✓	6.00%	6.06%	Monthly
UK	09:00	Nationwide House Prices s.a. (MoM) (Feb)	✓	0.20%	0.20%	Monthly
South Africa	14:00	Trade Balance (Jan)	✓✓	ZAR1.30bn	ZAR12.00bn	Monthly
US	15:30	Personal Consumption (QoQ) (Q4) (S)	✓✓	-	2.50%**	Quarterly
US	15:30	Personal Consumption Expenditure Core (QoQ) (Q4) (S)	✓	-	1.30%**	Quarterly
US	15:30	Gross Domestic Product Annualised (QoQ) (Q4) (S)	✓✓✓	2.10%	1.90%**	Quarterly
US	15:30	Gross Domestic Purchases Price Index (QoQ) (Q4) (S)	✓✓	2.10%	2.10%**	Quarterly
US	15:30	Wholesale Inventories (Jan) (P)	✓	0.40%	1.00%	Monthly
US	16:45	Chicago PMI (Feb)	✓✓✓	53.00	50.30	Monthly
US	17:00	Richmond Fed Manufacturing Index (Feb)	✓	-	12.00	Monthly
US	17:00	Consumer Confidence (Feb)	✓✓✓	-	111.80	Monthly
US	22:30	Fed's Williams Speaks in Santa Cruz	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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