

ONE Minute Brief

31 March 2017

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Economic and Political News

The SARB held its key interest rate steady at 7.0%, in line with market expectations. The Monetary Policy Committee (MPC) assesses the risks of the inflation to be moderately on the upside, primarily due to the high degree of the exchange rate uncertainty.

In South Africa, the producer price index rose more-than-expected by 0.6% MoM in February, compared to a rise of 0.4% in January. In February, private sector credit rose less-than-expected by 5.26% YoY, compared to a revised rise of 5.52% in January. Electricity production dropped by 3.8% YoY in February, compared to a rise of 0.8% in January.

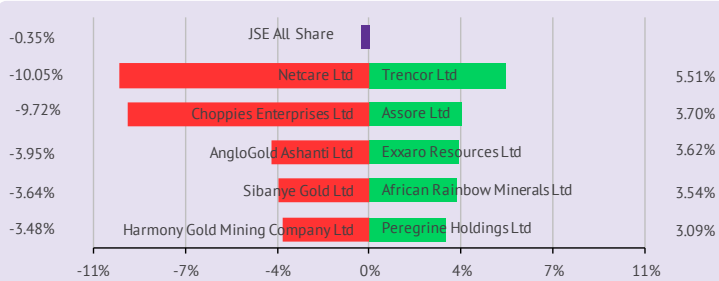
The Presidency has confirmed that President, Jacob Zuma, has appointed Malusi Gigaba as the new Finance Minister and Sifiso Buthelezi as Deputy Finance Minister. Other key ministerial appointments include Mmamoloko Kubayi for energy, Joe Masganyi for transport, Fikile Mbalula for police, Nathi Nhleko for public works, Faith Muthambi for public service and administration, Ayanda Dlodlo for communications, and Hlengiwe Mkhize for home affairs.

Democratic Alliance leader, Mmusi Maimane, has indicated that the party will table a motion of no confidence against President, Jacob Zuma as soon as the Parliament is back in session in May after Zuma confirmed the suspension of Finance Minister, Pravin Gordhan, and Deputy Finance Minister, Mcebisi Jonas.

South Africa Market ▼

South African markets closed lower

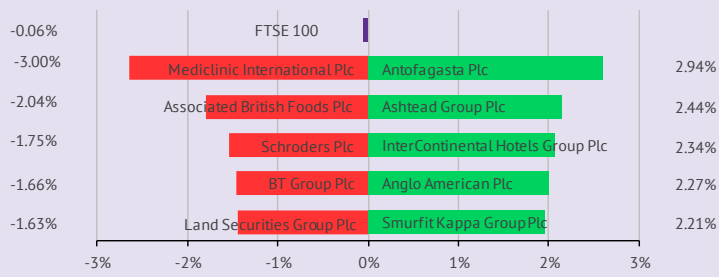
South African markets closed in the red yesterday, amid losses in gold mining sector stocks. Meanwhile, the SARB kept the benchmark interest rate unchanged at 7.0%, at par with the market forecast. The JSE All Share Index fell 0.4% to close at 52,261.18.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, weighed down by losses in healthcare sector stocks. Data revealed that UK's GfK consumer confidence remained unchanged in March, compared to its prior reading. The FTSE 100 Index declined 0.1% to close at 7,369.52.



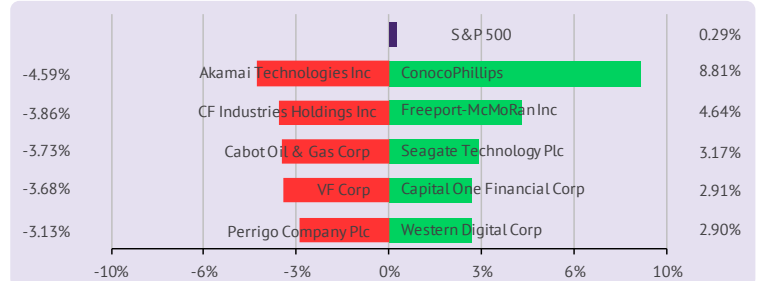
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52261.18	▼	-183.60	-0.35%	0.86%	2.18%	-3.11%	3.17%
JSE Top 40	45220.39	▼	-184.30	-0.41%	1.25%	2.47%	-3.91%	3.00%
FTSE 100	7369.52	▼	-4.20	-0.06%	0.45%	1.46%	2.31%	3.17%
DAX 30	12256.43	▲	53.43	0.44%	1.59%	3.57%	2.59%	6.75%
CAC 40	5089.64	▲	20.60	0.41%	1.37%	4.76%	2.31%	4.68%
S&P 500	2368.06	▲	6.93	0.29%	1.03%	0.19%	3.72%	5.77%
Nasdaq Composite	5914.34	▲	16.80	0.28%	1.47%	1.53%	3.75%	9.87%
DJIA	20728.49	▲	69.17	0.33%	0.64%	-0.40%	4.77%	4.89%

US Market ▲

The S&P 500 futures are trading in the red

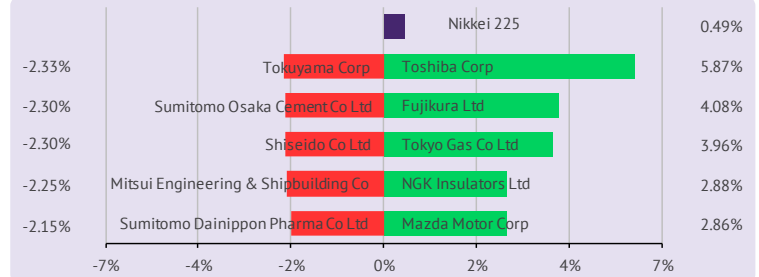
US markets closed higher yesterday, led by gains in financials sector stocks. Data showed that US annualised gross domestic product advanced more than market anticipations in 4Q16, driven by a rise in consumer spending. The S&P 500 Index climbed 0.3% to 2,368.06.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that Japan's national consumer price index recorded a more-than-expected rise on an annual basis in February. The Nikkei 225 Index is trading 0.5% higher at 19,156.38.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 1.1% higher against the South African Rand at R13.4368. Later today, traders will keep a close watch on US Michigan consumer confidence index, personal consumption expenditure and personal spending for further cues. Separately, South Africa's trade balance will be on investor's radar.

The US Dollar rose against the South African Rand yesterday. Data indicated that US annualised gross domestic product registered a more-than-expected increase in the fourth quarter of 2016, boosted by an upsurge in consumer spending. Moreover, the number of Americans filing for unemployment benefits declined less than market expectations for the week ended March 25, 2017. Separately, South African Reserve Bank kept the key interest rate unchanged at 7.0%, in line with market expectations. Further, producer price index advanced more-than-anticipated on a monthly basis in February. Moreover, private sector credit rose less than market forecast on an annual basis in the same month.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 1.3% against the South African Rand to trade at R16.7700. On the data front, UK's GfK Consumer Confidence remained steady in March, compared to previous reading. Later today, traders will keep an eye on UK's gross domestic product and Nationwide house prices for further indication.

The British Pound advanced against the South African Rand yesterday.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 1.2% firmer against the South African Rand at R14.3487. Going forward, market participants will keep a tab on Eurozone's consumer price index estimate for further direction. Germany's unemployment rate and retail sales will be on investors' radar.

The Euro strengthened against the South African Rand yesterday, data revealed that Eurozone's consumer confidence index increased in line with market projections in March. Moreover, economic confidence index surprisingly declined in the same month. Meanwhile, business climate indicator remained unchanged in March, compared to previous reading. Separately, Germany's preliminary consumer price inflation declined more-than-expected on a yearly basis in March.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 1.1% firmer against the South African Rand at R10.2684. Earlier in the session, data revealed that Australia's private sector credit increased less than market expectations on a monthly basis in February. Meanwhile, in China, Australia's largest trading partner manufacturing PMI expanded more-than-expected in March.

The Australian Dollar rose against the South African Rand yesterday. Data showed that Australia's HIA new home sales bounced back into positive territory on a monthly basis in February.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4368	▲	1.95%	6.97%	1.34%	-2.56%	-3.21%
GBPZAR	16.7700	▲	2.19%	6.89%	1.97%	-4.15%	-2.17%
EURZAR	14.3487	▲	1.00%	5.58%	2.13%	-4.52%	-1.84%
AUDZAR	10.2684	▲	1.59%	7.23%	1.11%	-1.61%	2.49%
EURUSD	1.0675	▲	-0.85%	-1.14%	0.94%	-2.04%	1.53%
GBPUSD	1.2485	▲	0.27%	-0.02%	0.69%	-1.57%	1.05%
Brent (\$/barrel)	52.7	▼	1.03%	4.25%	-6.28%	1.67%	-6.79%
Gold (\$/oz)	1243.0	▼	-0.69%	-0.28%	-0.71%	3.75%	8.10%
Platinum (\$/oz)	945.1	▼	-0.09%	-1.68%	-7.70%	3.46%	5.55%
Copper (\$/MT)*	5938.0	▲	0.92%	2.79%	-0.48%	-0.46%	7.51%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.2% to trade at \$1,243.00/oz.

Yesterday, gold prices fell 0.7% to close at \$1,245.00/oz, as strength in the greenback lowered demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.5% lower to trade at \$52.70/bL.

Yesterday, Brent crude oil advanced 1.0% to settle at \$52.96/bL, extending its previous session gains.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.7% lower to trade at \$945.10/oz.

Yesterday, platinum prices declined 0.1% to close at \$951.60/oz.

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Major South Africa Corporate News

Netcare Limited

In its update on trading operations in Southern Africa (SA) and the UK for the period from October 1, 2016 to date, the company stated that the SA division has experienced a very challenging period of trading for the period under review. The trading environment has been characterised by low growth in the SA economy and in total medical scheme beneficiaries.

Major Global Economic News

Asia

In Australia, the private sector credit recorded a rise of 0.3% on a monthly basis in February, less than market expectations for an advance of 0.5%. In the prior month, the private sector credit had registered a rise of 0.2%.

In March, the NBS manufacturing PMI climbed to 51.80 in China, compared to a reading of 51.60 in the previous month. Markets were expecting the NBS manufacturing PMI to advance to 51.70.

In February, the national consumer price index (CPI) registered a rise of 0.3% on an annual basis in Japan, more than market expectations for a rise of 0.2%. In the previous month, the CPI had advanced 0.4%.

In Japan, the unemployment rate unexpectedly eased to 2.8% in February, compared to market expectations of a steady reading. In the prior month, the unemployment rate had recorded a reading of 3.0%.

In February, the flash industrial production recorded a rise of 2.0% on a monthly basis in Japan, more than market expectations for a rise of 1.2%. In the previous month, industrial production had fallen 0.4%.

US

In the US, the final annualised gross domestic product climbed 2.1% on a quarterly basis in 4Q16, compared to an advance of 3.5% in the previous quarter. The preliminary figures had indicated an advance of 1.9%. Market anticipation was for the annualised GDP to advance 2.0%.

In the US, the seasonally adjusted initial jobless claims fell to a level of 258.00K in the week ended March 25, 2017, higher than market expectations of a fall to a level of 247.00K. Initial jobless claims had registered a level of 261.00K in the previous week.

Eurozone

In March, the final consumer confidence index registered a rise to -5.00 in the Eurozone, meeting market expectations. The preliminary figures had also recorded a rise to -5.00. In the prior month, the consumer confidence index had registered a level of -6.20.

In the Eurozone, the economic sentiment indicator registered an unexpected drop to 107.90 in March, compared to market expectations of an advance to a level of 108.30. In the prior month, the economic sentiment indicator had recorded a level of 108.00.

In March, the business climate indicator remained unchanged at 0.82 in the Eurozone, compared to market expectations of an advance to 0.87.

In Germany, the flash consumer price index advanced 1.6% on an annual basis in March, less than market expectations for an advance of 1.8%. The consumer price index had recorded a rise of 2.2% in the previous month.

UK

In the UK, the GfK consumer confidence remained steady at -6.00 in March. Markets were anticipating the consumer confidence to fall to a level of -7.00.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	GfK Consumer Confidence (Mar)	✓✓	-6.00*	-6.00	Monthly
UK	01:01	Lloyds Business Barometer (Mar)	✓	35.00%*	40.00%	Monthly
Japan	01:30	Consumer Price Inflation (YoY) (Feb)	✓✓	0.30%*	0.40%	Monthly
Japan	01:30	Unemployment Rate (Feb)	✓✓	2.80%*	3.00%	Monthly
Japan	01:30	Household Spending (YoY) (Feb)	✓✓	-3.80%*	-1.20%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Feb)	✓✓	0.30%*	0.40%	Monthly
Japan	01:50	Industrial Production (MoM) (Feb) (P)	✓	2.00%*	-0.40%	Monthly
China	03:00	NBS Non-manufacturing PMI (Mar)	✓	55.10*	54.20	Monthly
China	03:00	NBS Manufacturing PMI (Mar)	✓✓	51.80*	51.60	Monthly
Japan	07:00	Annualised Housing Starts (Feb)	✓✓	0.95mn units	1.00mn units	Monthly
Japan	07:00	Housing Starts (YoY) (Feb)	✓	-1.40%	12.80%	Monthly
Germany	07:30	Short-Term Interest Rate (Feb)	✓	-	-0.33%	Monthly
Germany	09:00	Retail Sales (MoM) (Feb)	✓✓	0.70%	-0.80%	Monthly
Germany	09:00	Retail Sales (YoY) (Feb)	✓✓	0.40%	2.30%	Monthly
Germany	09:55	Unemployment Rate s.a. (Mar)	✓✓	5.90%	5.90%	Monthly
UK	10:30	Current Account (Q4)	✓✓	-	-GBP25.50bn	Quarterly
UK	10:30	Gross Domestic Product s.a. (QoQ) (Q4) (F)	✓✓✓	0.70%	0.70%**	Quarterly
Eurozone	10:30	ECB's Coeure speaks in Brussel	✓	-	-	As scheduled
Eurozone	11:00	Consumer Price Index - Core (YoY) (Mar) (P)	✓✓✓	0.90%	0.90%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Mar) (P)	✓✓	1.80%	2.00%	Monthly
South Africa	14:00	Trade Balance (Feb)	✓✓✓	-	-ZAR10.80bn	Monthly
US	-	Personal Income (MoM) (Feb)	✓✓	0.40%	0.40%	Monthly
US	-	Personal Spending (Feb)	✓✓	0.20%	0.20%	Monthly
US	-	Personal Consumption Expenditure Core (MoM) (Feb)	✓✓	0.20%	0.30%	Monthly
US	-	Personal Consumption Expenditure Core (YoY) (Feb)	✓✓	1.70%	1.70%	Monthly
US	-	Chicago PMI (Mar)	✓✓✓	56.90	57.40	Monthly
US	-	Reuters/Michigan Consumer Sentiment Index (Mar) (F)	✓✓✓	97.60	98.00**	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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