

ONE Minute Brief

17 March 2017

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Economic and Political News

Cash Paymaster Services (CPS) has revealed to the Constitutional Court that the value of its proposed new contract with the South African Social Security Agency (SASSA) is about ZAR4.6bn for the next two years. The Constitutional Court is set to give its judgment in the social grants crisis today.

President, Jacob Zuma, has stated that he would not sack two of his currently embattled ministers, Social Development Minister, Bathabile Dlamini and Communications Minister, Faith Muthambi.

The African National Congress (ANC) has asked Democratic Alliance (DA) to immediately recall Western Cape Premier, Helen Zille, following her controversial comments.

Presidency Minister, Jeff Radebe, has stated that there will be consequences for the failure of the social development department and the SASSA to abide by a 2014 Constitutional Court on the distribution of social grants in the country.

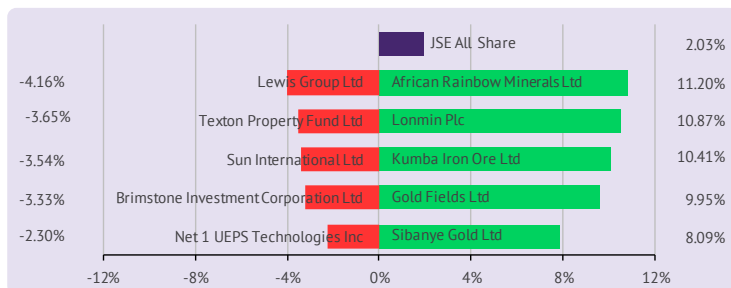
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52748.97	▲	1047.37	2.03%	2.89%	3.13%	-3.11%	4.14%
JSE Top 40	45523.12	▲	867.57	1.94%	2.75%	3.15%	-3.91%	3.69%
FTSE 100	7415.95	▲	47.31	0.64%	0.99%	2.10%	2.31%	3.82%
DAX 30	12083.18	▲	73.31	0.61%	1.00%	2.10%	2.59%	5.24%
CAC 40	5013.38	▲	27.90	0.56%	0.40%	3.19%	2.31%	3.11%
S&P 500	2381.38	▼	-3.88	-0.16%	0.37%	0.75%	3.72%	6.37%
Nasdaq Composite	5900.76	▲	0.71	0.01%	0.67%	1.29%	3.75%	9.62%
DJIA	20934.55	▼	-15.55	-0.07%	0.15%	0.59%	4.77%	5.93%

South Africa Market ▲

South African markets closed higher

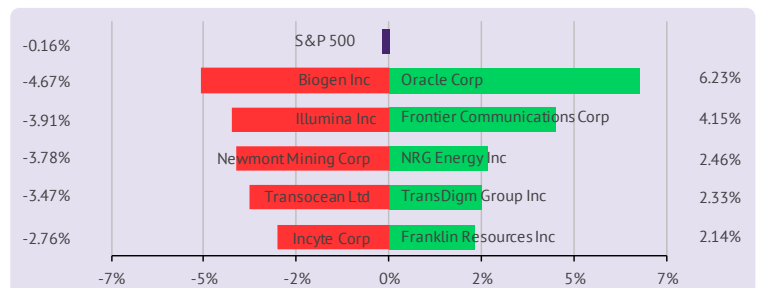
South African markets closed in the green yesterday, led by an advance in gold and platinum mining sector stocks. The JSE All Share Index rose 2.0% to close at 52,748.97.



US Market ▼

The S&P 500 futures are trading in the red

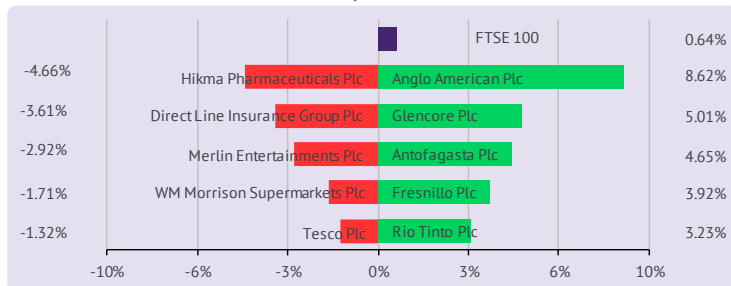
US markets closed lower yesterday, dragged down by weakness in healthcare and utility sector stocks. Data showed that US initial jobless claims dropped less-than-expected in the week ended March 11, 2017. The S&P 500 Index dropped 0.2% to close at 2,381.38.



UK Market ▲

The FTSE 100 futures are trading in negative territory

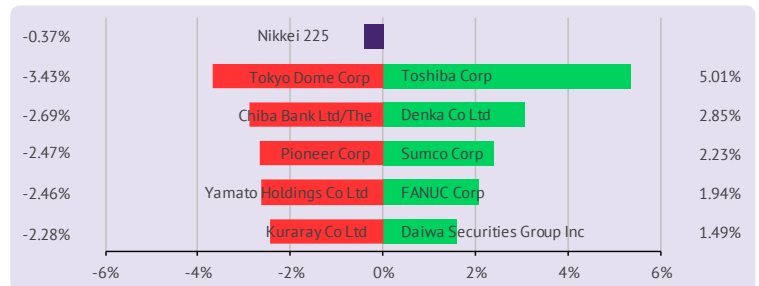
UK markets finished higher yesterday, lifted by gains in mining sector stocks. Meanwhile, the Bank of England (BoE) maintained its key interest rate at 0.25%, in line with market expectations. The FTSE 100 Index advanced 0.6% to close at 7,415.95.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.4% lower at 19,518.57.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R12.7673. Later today, traders will keep a close watch on US industrial production and CB leading indicator data along with the Reuters/Michigan consumer sentiment index and the labour market conditions index for further direction.

The US Dollar fell against the South African Rand yesterday. Data showed that US initial jobless claims dropped in the last week, indicating strength in the nation's labour market. Meanwhile, the Philadelphia Fed manufacturing index fell in March. Moreover, housing starts registered a rise in February, while building permits recorded a drop in the same month.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound marginally declined against the South African Rand to trade at R15.7606. Later today, investors' will focus on the Bank of England (BoE) quarterly bulletin report for further indication.

The British Pound advanced against the South African Rand yesterday, after the BoE kept its key interest rate and asset purchase facility unchanged, however the accompanying policy statement indicated that the central bank is still open for an interest rate hike over coming months.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.1% against the South African Rand to trade at R13.7515. Going forward today, market participants will keep a tab on Eurozone's trade balance and construction output data for further cues.

The Euro strengthened against the South African Rand yesterday, amid hawkish comments from the ECB policymaker, Ewald Nowotny. The Eurozone's final consumer price index advanced on an annual basis in February, notching its highest level in four years, as energy and food prices climbed.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R9.8104.

The Australian Dollar fell against the South African Rand yesterday. Data showed that Australia's unemployment rate surprisingly fell in February. Meanwhile, consumer inflation expectation rose in March, less than its prior reading.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.7673	▲	-0.26%	-3.02%	-2.77%	-2.56%	-7.13%
GBPZAR	15.7606	▼	0.36%	-1.58%	-2.92%	-4.15%	-6.87%
EURZAR	13.7515	▲	0.07%	-2.28%	-0.99%	-4.52%	-4.84%
AUDZAR	9.8104	▲	-0.65%	-1.26%	-2.52%	-1.61%	-1.19%
EURUSD	1.0772	▲	0.30%	0.89%	1.79%	-2.04%	2.39%
GBPUSD	1.2352	▼	0.55%	1.55%	-0.18%	-1.57%	0.18%
Brent (\$/barrel)	51.8	▲	-0.14%	0.72%	-8.44%	1.67%	-8.94%
Gold (\$/oz)	1226.3	▼	2.20%	2.14%	-2.14%	3.75%	6.55%
Platinum (\$/oz)	956.0	▼	2.31%	2.15%	-7.04%	3.46%	6.30%
Copper (\$/MT)*	5890.3	▲	0.81%	3.04%	-1.28%	-0.46%	6.65%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,226.30/oz.

Yesterday, gold prices rose 2.2% to close at \$1,227.10/oz, as broad weakness in the US Dollar increased demand for the safe haven yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$51.80/bl, as investors' await comments from Saudi Arabia's energy minister and weekly US oil rig count data due later in the day.

Yesterday, Brent crude oil dropped 0.1% to settle at \$51.74/bl, reversing its previous session gains, as increasing output from the US continued to pose a threat to efforts taken by the OPEC to limit supply glut.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.3% to trade at \$956.00/oz.

Yesterday, platinum prices climbed 2.3% to close at \$958.40/oz.



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Major South Africa Corporate News

Advtech Limited

The educational services provider announced the acquisition of the Elkanah House schools which is still subject to due diligence and competition commission approval and will be held through The Independent Institute of Education, a wholly owned subsidiary of the company.

Grand Parade Investments Limited

In its 1H17 results, revealed that its revenue significantly advanced from the same period of the preceding year to ZAR506.76mn. Its diluted headline EPS stood at 0.84c, compared with 2.03c recorded in the corresponding period of the previous year. Its profit before tax rose to ZAR51.45mn from ZAR19.07mn posted in the same period last year.

African Rainbow Minerals Limited

In its 1H17 results, the company indicated that its revenue rose to ZAR4.95bn from ZAR4.71bn recorded in the corresponding period of the previous year. Its diluted headline EPS substantially surged from the same period of the preceding year to 869.00c. Its loss before tax contracted to ZAR798.00mn from ZAR1.11bn recorded in the similar period of the prior year.

Remgro Limited

In its 1H17 results, the company reported that its sales advanced 1.8% from the same period of the preceding year to ZAR14.51bn. Its diluted headline EPS stood at 863.90c, compared with 684.60c recorded in the corresponding period of the previous year. Its profit before tax significantly rose to ZAR1.28bn from ZAR678.00mn reported in the same period last year.

Major Global Economic News

US

The seasonally adjusted initial jobless claims in the US eased to 241.00K in the week ended March 11, 2017, compared to market expectations of a fall to 240.00K. In the prior week, initial jobless claims had registered a level of 243.00K.

In the US, the Philadelphia Fed manufacturing index dropped to 32.80 in March, less than market expectations of a fall to 30.00. In the previous month, Philadelphia Fed manufacturing index had recorded a level of 43.30.

Housing starts in the US registered a rise of 3.0%, on monthly basis, to an annual rate of 1288.00K in February, compared to market expectations of 1264.00K. In the prior month, housing starts had registered a revised level of 1251.00K.

Building permits fell 6.2%, on MoM basis, to an annual rate of 1213.00K in the US, in February, lower than market expectations of 1268.00K. Building permits had registered a revised level of 1293.00K in the prior month.

Eurozone

In the Eurozone, the consumer price index (CPI) registered a rise of 0.4% on a monthly basis in February, meeting market expectations. In the previous month, the CPI had recorded a drop of 0.8%.

UK

















The Bank of England's (BoE) monetary policy committee voted 8-1 to keep the key interest rate unchanged at 0.25% and maintained asset purchases at GBP435.0bn. The central bank expects a slowdown in Britain's aggregate demand over the course of this year, as household demand growth declines in reaction to lower real income growth. Further, minutes from the meeting indicated that policymakers could vote to raise borrowing costs at future meetings if they felt inflation was rising too quickly.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
 Italy	11:00	Trade Balance (Jan)	✓	-	EUR5798.00mn	Monthly
 Italy	11:00	Trade Balance EU (Jan)	✓	-	EUR0.12bn	Monthly
 Italy	11:00	Trade Balance Non-EU (Jan)	✓	-	EUR5.67bn	Monthly
 Italy	11:00	Exports (Jan)	✓	-	EUR36214.00mn	Monthly
 Italy	11:00	Imports (Jan)	✓	-	EUR30417.00mn	Monthly
 UK	11:30	Retail Price Index Ex Food (Feb)	✓	-	274.60	Monthly
 Eurozone	12:00	Construction Output s.a. (MoM) (Jan)	✓	-	-0.20%	Monthly
 Eurozone	12:00	Construction Output w.d.a. (YoY) (Jan)	✓	-	3.20%	Monthly
 Eurozone	12:00	Trade Balance n.s.a. (Jan)	✓	-	EUR28.10bn	Monthly
 Eurozone	12:00	Trade Balance s.a. (Jan)	✓	EUR22.00bn	EUR24.50bn	Monthly
 Canada	14:30	Manufacturing Shipments (MoM) (Jan)	✓	-0.30%	2.30%	Monthly
 US	15:15	Capacity Utilisation (Feb)	✓	75.50%	75.30%	Monthly
 US	15:15	Industrial Production (MoM) (Feb)	✓✓	0.20%	-0.30%	Monthly
 US	15:15	Manufacturing (SIC) Production (MoM) (Feb)	✓✓	0.50%	0.20%	Monthly
 US	16:00	Reuters/Michigan Consumer Sentiment Index (Mar) (P)	✓✓✓	97.00	96.30	Monthly
 US	16:00	Leading Indicator (MoM) (Feb)	✓✓	0.50%	0.60%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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