

ONE Minute Brief

2 March 2017

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Economic and Political News

In South Africa, the manufacturing PMI climbed to 52.50 in February. In January, the manufacturing PMI had recorded a reading of 50.90.

National Association of Automobile Manufacturers of South Africa has reported that new vehicle sales recorded an unexpected drop of 0.1% YoY in February, compared to a rise of 3.7% in January.

The South African Reserve Bank stated that South Africa Social Security Agency (SASSA) needs to make a decision urgently on its preferred system to pay social grants to more than 17 million people.

Johann Els, the senior economist at Old Mutual Investment Group, stated that economic recovery and fiscal consolidation have decreased the risk of South Africa to face a credit rating downgrade by Standard & Poor's to below 50%.

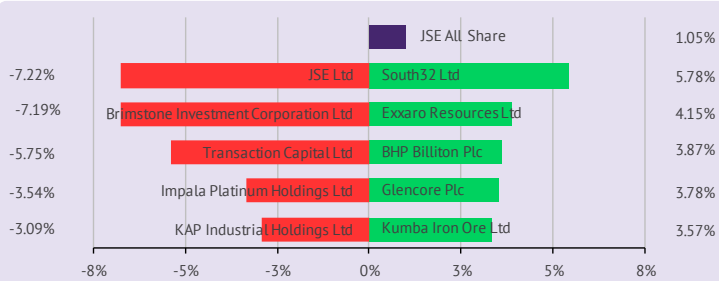
Mpumalanga Premier, David Mabuza, has dismissed the electricity payment agreements between Eskom and two of his province's municipalities, Emalahleni and Msukaligwa, stating that the municipalities do not have the capacity to sell electricity and collect revenue.

The South African Social Security Agency has started a discussion with Cash Paymaster Services (CPS) to renew its contract to distribute welfare grants.

South Africa Market ▲

South African markets closed higher

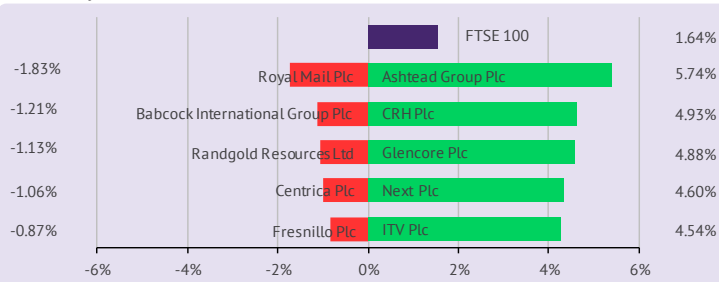
South African markets closed in the green yesterday, amid gains in mining and banking sector stocks. Data indicated that South Africa's Barclays manufacturing PMI expanded in February, compared to its previous reading. The JSE All Share Index rose 1.1% to 51,682.19.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, led by gains in consumer discretionary and material sector stocks. Data showed that UK's Markit manufacturing PMI advanced at a slower-than-expected pace in February. The FTSE 100 Index advanced 1.6% to close at 7,382.90.



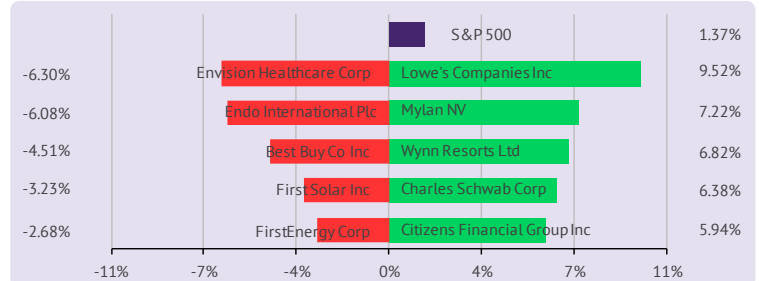
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51682.19	▲	536.14	1.05%	0.14%	1.05%	-3.11%	2.03%
JSE Top 40	44676.91	▲	545.54	1.24%	0.22%	1.24%	-3.91%	1.77%
FTSE 100	7382.90	▲	119.46	1.64%	1.92%	1.64%	2.31%	3.36%
DAX 30	12067.19	▲	232.78	1.97%	2.23%	1.97%	2.59%	5.11%
CAC 40	4960.83	▲	102.25	2.10%	2.39%	2.10%	2.31%	2.03%
S&P 500	2395.96	▲	32.32	1.37%	1.21%	1.37%	3.72%	7.02%
Nasdaq Composite	5904.03	▲	78.59	1.35%	1.00%	1.35%	3.75%	9.68%
DJIA	21115.55	▲	303.31	1.46%	1.41%	1.46%	4.77%	6.85%

US Market ▲

The S&P 500 futures are trading in the red

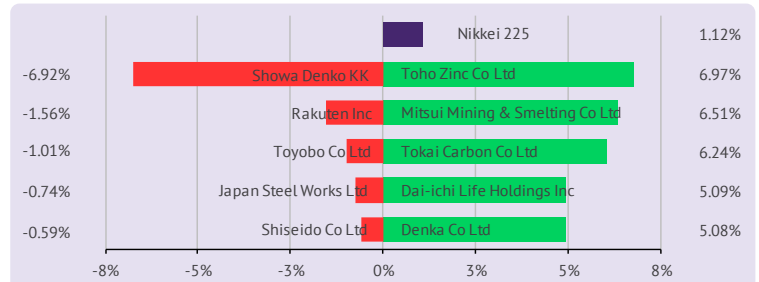
US markets closed higher yesterday, boosted by gains in financial sector stocks. Data revealed that US ISM manufacturing PMI expanded at a faster-than-expected pace in February, its strongest rise since August 2014. The S&P 500 Index climbed 1.4% to close at 2,395.96.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 1.1% higher at 19,609.83.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R13.0177. Later today, traders will keep a close watch on US initial jobless claims for further direction.

The US Dollar fell against the South African Rand yesterday. The Fed's Beige Book report for the period from early January through mid-February showed that US business optimism in the wake of the Presidential election has cooled a bit. It further described growth in all 12 Fed districts as remaining in the same "modest-to-moderate" pace. Data showed that the US ISM manufacturing PMI advanced in February, more than market forecast. Further, final Markit manufacturing PMI expanded at a slower-than-expected pace in February. Moreover, MBA mortgage applications bounced back into positive territory for the week ended February 24, 2017, compared to prior reading. Meanwhile, construction spending surprisingly declined on a monthly basis in January. Separately, South Africa's Barclays manufacturing PMI advanced more than prior reading in February.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally lower against the South African Rand at R15.9930. Later today, traders will keep an eye on UK's Markit construction PMI scheduled in few hours.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's Markit manufacturing PMI expanded at a slower-than-expected pace in February. Moreover, nationwide house prices advanced more than market expectations on a monthly basis in February. Additionally, mortgage approvals recorded a more-than-expected rise in January.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.2% against the South African Rand to trade at R13.7061. Going forward, market participants will keep a tab on Eurozone's consumer price index, unemployment rate and producer price index for further cues. Meanwhile, Germany's import price index will be on investors' radar.

The Euro weakened against the South African Rand yesterday. Data revealed that Eurozone's final Markit manufacturing PMI expanded at a slower pace, less than market anticipations in February. Meanwhile, Germany's preliminary consumer price index rose on an annual basis in February. Moreover, final Markit manufacturing PMI advanced less-than-expected in the same month. Further, the unemployment rate remained steady in line with market forecast in February.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% lower against the South African Rand at R9.9559. Earlier in the session, data revealed that Australia's trade surplus narrowed in February, compared to its prior reading. Moreover, building approvals unexpectedly increased on a monthly basis in January.

The Australian Dollar fell against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.0177	▲	-0.80%	0.42%	-0.80%	-2.56%	-5.25%
GBPZAR	15.9930	▼	-1.48%	-0.79%	-1.48%	-4.15%	-5.48%
EURZAR	13.7061	▼	-1.09%	0.39%	-1.09%	-4.52%	-4.93%
AUDZAR	9.9559	▼	-0.54%	0.53%	-0.54%	-1.61%	0.81%
EURUSD	1.0532	▼	-0.27%	-0.13%	-0.27%	-2.04%	0.31%
GBPUSD	1.2280	▼	-0.70%	-1.38%	-0.70%	-1.57%	-0.35%
Brent (\$/barrel)	56.3	▼	-0.27%	0.66%	-0.27%	1.67%	-0.81%
Gold (\$/oz)	1247.2	▼	-0.31%	-0.66%	-0.31%	3.75%	8.54%
Platinum (\$/oz)	1018.4	▼	-1.17%	-0.95%	-1.17%	3.46%	13.01%
Copper (\$/MT)*	6003.0	▲	0.61%	1.49%	0.61%	-0.46%	8.69%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.2% lower to trade at \$1,247.20/oz.

Yesterday, gold prices fell 0.3% to close at \$1,250.00/oz, as strength in the greenback and gains in global equities dented demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$56.31/bl.

Yesterday, Brent crude oil dropped 0.3% to settle at \$56.36/bl, after the US Energy Department reported that crude oil inventories rose by 1.5mn bls for the week ended February 24, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally dropped to trade at \$1,018.40/oz.

Yesterday, platinum prices declined 1.2% to close at \$1018.90/oz.

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Major South Africa Corporate News

Aspen Pharmacare Holdings Limited

The company announced that it expects its headline EPS for 1H17 to be in the range of 624.00c to 657.50c, 49.0% to 57.0% increase from the competitive period of the prior year.

Clover Industries Limited

In its 1H17 results, the company stated that its revenue increased to ZAR5.13bn from ZAR5.02bn recorded in the similar period of the previous year. Its diluted headline EPS fell 13.9% from the corresponding period of the preceding year to 98.30c. Its profit before tax fell to ZAR269.16mn from ZAR294.10mn posted in the same period last year.

Growthpoint Properties Limited

In its 1H17 results, the company showed that its revenue advanced 9.2% from the same period of the preceding year to ZAR5.23bn. Its diluted EPS stood at 99.58c, compared with 59.36c recorded in the corresponding period of the previous year. Separately, the company declared an interim dividend of 95.00c/share for the period.

Major Global Economic News

US

The Federal Reserve's (Fed) Beige Book report for the period from early January through mid-February showed that US business optimism in the wake of the Presidential election has cooled a bit. It further described growth in all 12 Fed districts as remaining in the same "modest-to-moderate" pace.

In the US, the ISM manufacturing activity index registered a higher-than-expected rise to 57.70 in February, compared to a level of 56.00 in January. In February, the final Markit manufacturing PMI eased less-than-expected to 54.20, compared to a reading of 55.00 in January.

In the US, the MBA mortgage applications rose 5.8% on a weekly basis in the week ended February 24, 2017. In the prior week, mortgage applications had recorded a drop of 2.0%.

In January, construction spending unexpectedly fell 1.0% MoM in the US, compared to a revised advance of 0.1% in December. Personal spending recorded a less-than-expected rise of 0.2% MoM in January, compared to a rise of 0.5% in December.

Eurozone

In the Eurozone, the final Markit manufacturing PMI registered a rise to 55.40 in February, compared to a reading of 55.20 in the previous month. Markets were anticipating the manufacturing PMI to climb to 55.50. The preliminary figures had indicated a rise to 55.50.

In February, the final Markit manufacturing PMI registered a rise to 56.80 in Germany, compared to a level of 56.40 in the previous month. The preliminary figures had indicated an advance to 57.00. Markets were expecting manufacturing PMI to climb to 57.00.

In Germany, the seasonally adjusted unemployment rate remained unchanged at a level of 5.9% in February, at par with market expectations.

In February, the flash consumer price index rose 2.2% on a yearly basis in Germany, more than market expectations for an advance of 2.1%. In the previous month, the consumer price index had registered a rise of 1.9%.

UK

In the UK, the manufacturing PMI recorded an unexpected drop to a level of 54.60 in February, lower than market expectations of a rise to 55.80. In the previous month, the manufacturing PMI had recorded a revised level of 55.70.

In February, the seasonally adjusted nationwide house prices recorded a rise of 0.6% on a monthly basis in the UK, more than market expectations for a rise of 0.2%. House prices had registered a rise of 0.2% in the prior month.

In January, a number of mortgage approvals for house purchases registered a rise to 69.90K in the UK, compared to a revised reading of 68.30K in the previous month. Markets were expecting a number of mortgage approvals for house purchases to advance to a level of 68.70K.

In the UK, net consumer credit climbed GBP1.40bn in January, in line with market expectations. In the prior month, net consumer credit had registered a rise of GBP1.00bn.

Asia

In Australia, the seasonally adjusted trade surplus narrowed to AUD1302.00mn in January, from a revised trade surplus of AUD3334.00mn in the prior month. Markets were anticipating the nation to record a trade surplus of AUD3800.00mn.

In January, the seasonally adjusted building approvals unexpectedly climbed 1.8% on a monthly basis in Australia, more than market expectations for a fall of 0.5%. Building approvals had dropped by a revised 2.5% in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Monetary Base (YoY) (Feb)	✓	21.40%*	22.60%	Monthly
Japan	01:50	Monetary Base (Feb)	✓✓✓	JPY433.70tn*	JPY435.50tn	Monthly
Japan	01:50	Loans & Discounts Corp (YoY) (Jan)	✓	2.73%*	2.82%	Monthly
Switzerland	08:45	Gross Domestic Product s.a. (QoQ) (Q4)	✓✓	0.40%	0.00%	Quarterly
Germany	09:00	Export price index (Jan)	✓	-	105.20	Monthly
Germany	09:00	Import Price Index (Jan)	✓	-	101.10	Monthly
Spain	10:00	Gross Domestic Product s.a. (QoQ) (Q4) (F)	✓	0.70%	0.70%**	Quarterly
Spain	10:00	Unemployment Change (Feb)	✓	4.60 K	57.30K	Monthly
Switzerland	10:15	Real Retail Sales (YoY) (Jan)	✓✓	-	-3.50%	Monthly
UK	11:30	Markit Construction PMI (Feb)	✓✓	52.00	52.20	Monthly
Eurozone	12:00	Unemployment Rate (Jan)	✓✓	9.60%	9.60%	Monthly
Eurozone	12:00	Producer Price Index (YoY) (Jan)	✓✓	3.20%	1.60%	Monthly
Eurozone	12:00	Producer Price Index (MoM) (Jan)	✓	0.60%	0.70%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Jan)	✓	-	-1.00%	Monthly
South Africa	13:00	Electricity Production (YoY) (Jan)	✓	-	0.80%	Monthly
US	14:30	Challenger Job Cuts (YoY) (Feb)	✓	-	-38.80%	Monthly
Canada	15:30	Gross Domestic Product (MoM) (Dec)	✓✓	0.30%	0.40%	Monthly
Canada	15:30	Gross Domestic Product Annualised (QoQ) (Q4)	✓✓✓	2.00%	3.50%	Quarterly
Canada	15:30	Gross Domestic Product (YoY) (Dec)	✓	1.70%	1.60%	Monthly
US	15:30	Initial Jobless Claims (25-Feb)	✓✓✓	245.00K	244.00K	Weekly
US	15:30	Continuing Jobless Claims (18-Feb)	✓	2060.00K	2060.00K	Weekly
US	15:45	ISM New York Index (Feb)	✓	-	57.70	Monthly
US	17:30	EIA Natural Gas Storage Change (24-Feb)	✓	-	-89.00Bcf	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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