

ONE Minute Brief

4 April 2017

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Economic and Political News

In South Africa (SA), the manufacturing PMI dropped to 52.20 in March, compared to market expectations of a drop to a level of 51.80. In the previous month, the manufacturing PMI had recorded a reading of 52.50.

In March, new vehicle sales recorded a rise of 2.1% on an annual basis in SA, compared to a drop of 0.1% in the prior month.

S&P Global Ratings has reduced SA's sovereign credit rating from BBB- to BB+, citing that the recent reshuffle posed a risk to fiscal policy. Meanwhile, Moody's decided to put SA on review for a downgrade.

The leader of the United Democratic Movement (UDM), Bantu Holomisa, indicated that the party will ask National Assembly Speaker, Baleka Mbete, to schedule an urgent meeting at Parliament on a motion of no-confidence vote against the President.

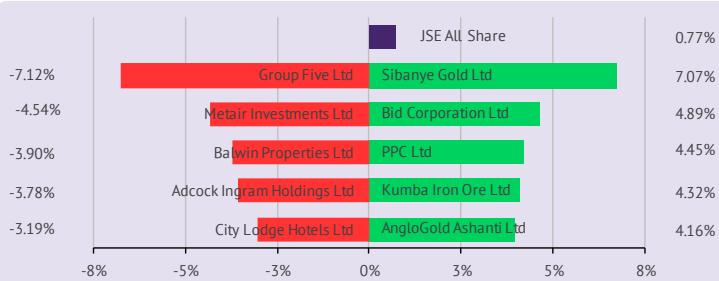
The South African Revenue Service (SARS) commissioner, Tom Moyane, indicated that SARS had collected ZAR1.144tn in tax revenue, greater than its estimate by ZAR300,000.

Opposition parties, which include the EFF, DA, UDM, Cope, ACDP, and IFP indicated that they would keep their differences aside and work for the removal of President, Jacob Zuma from office.

South Africa Market ▲

South African markets closed higher

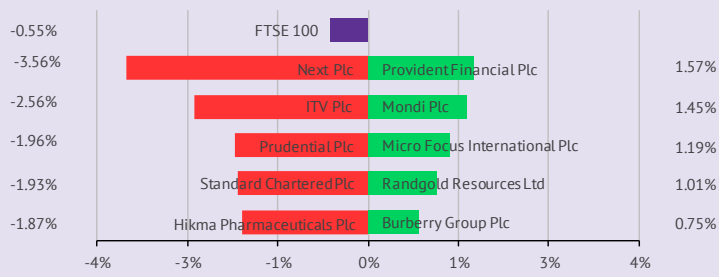
South African markets closed in the green yesterday, amid gains in gold mining sector stocks. On the macro front, South Africa's manufacturing PMI registered a less-than-anticipated decline in March. The JSE All Share Index rose 0.8% to close at 52,457.76.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, led by losses in consumer discretionary and financial sector stocks. Data showed that UK's manufacturing PMI unexpectedly dropped in March. The FTSE 100 Index declined 0.6% to close at 7,282.69.



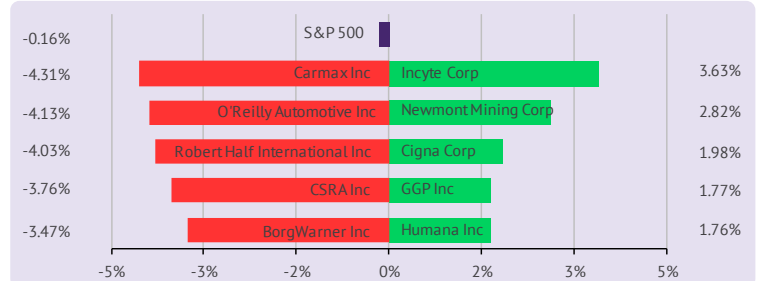
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52457.76	▲ 401.70	0.77%	0.77%	0.77%	1.78%	3.56%
JSE Top 40	45561.09	▲ 393.94	0.87%	0.87%	0.87%	2.35%	3.78%
FTSE 100	7282.69	▼ -40.23	-0.55%	-0.55%	-0.55%	0.82%	1.96%
DAX 30	12257.20	▼ -55.67	-0.45%	-0.45%	-0.45%	4.04%	6.76%
CAC 40	5085.91	▼ -36.60	-0.71%	-0.71%	-0.71%	5.43%	4.60%
S&P 500	2358.84	▼ -3.88	-0.16%	-0.16%	-0.16%	-0.04%	5.36%
Nasdaq Composite	5894.68	▼ -17.06	-0.29%	-0.29%	-0.29%	1.48%	9.50%
DJIA	20650.21	▼ -13.01	-0.06%	-0.06%	-0.06%	-0.72%	4.49%

US Market ▼

The S&P 500 futures are trading in the red

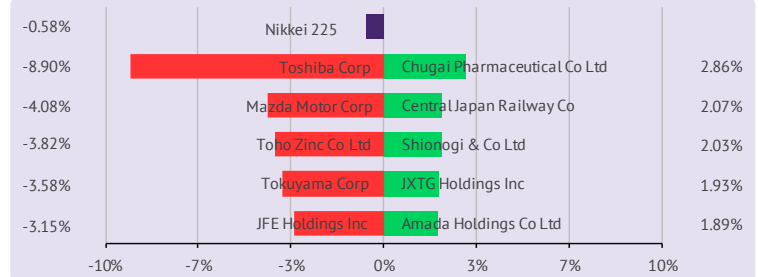
US markets closed lower yesterday, weighed down by losses in consumer discretionary sector stocks. Data revealed that the US ISM manufacturing PMI declined at par with market forecast in March. The S&P 500 Index dropped 0.2% to close at 2,358.84.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. Markets in China are closed on account of a public holiday. The Nikkei 225 Index is trading 0.6% lower at 18,873.13.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% higher against the South African Rand at R13.7544. Later today, traders will keep a close watch on US trade balance, factory orders and durable goods orders for further cues.

The US Dollar rose against the South African Rand yesterday. On the macro front, the US ISM manufacturing PMI recorded a drop in March, in line with the market expectations. Further, the final Markit manufacturing PMI surprisingly eased in the same month, remaining in expansion territory. Meanwhile, construction spending rebounded less-than-anticipated on a monthly basis in February, notching its strongest level in nearly 11 years. Separately, South Africa's manufacturing PMI weakened in March, less than market forecast, staying in expansion territory.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.5% against the South African Rand to trade at R17.1710. Later today, traders will keep an eye on UK's Markit construction PMI for further direction.

The British Pound advanced against the South African Rand yesterday. On the data front, UK's manufacturing PMI surprisingly declined in March, amid rising inflation pressure.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.5% higher against the South African Rand at R14.6690. Going forward, market participants will keep a tab on Eurozone's retail sales scheduled in few hours.

The Euro strengthened against the South African Rand yesterday. Data revealed that the Eurozone's final Markit manufacturing PMI advanced in line with market expectations in March. Moreover, the unemployment rate dropped in February, at par with market forecast, notching its lowest level since May 2009. Meanwhile, producer price index recorded a more-than-expected rise on a yearly basis in the same month, its strongest rise in more than 5 years.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% firmer against the South African Rand at R10.4561. Earlier in the session, data showed that the Reserve Bank of Australia kept its benchmark interest rate steady at 1.50%. Further, Australia's trade surplus recorded a stronger-than-anticipated rise in February, driven by an increase in iron ore prices and a sharp decline in imports of consumer goods.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's AiG performance of manufacturing index declined in March, compared to its previous reading. Further, monthly retail sales plummeted in February. Moreover, building approvals surprisingly rose on a monthly basis in the same month.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.7544	▲	2.01%	2.01%	2.01%	2.32%	-0.30%
GBPZAR	17.1710	▲	1.48%	1.48%	1.48%	3.66%	0.93%
EURZAR	14.6690	▲	2.12%	2.12%	2.12%	3.01%	1.11%
AUDZAR	10.4561	▲	1.64%	1.64%	1.64%	1.94%	5.02%
EURUSD	1.0666	▼	0.18%	0.18%	0.18%	0.70%	1.47%
GBPUSD	1.2489	▲	-0.47%	-0.47%	-0.47%	1.33%	1.22%
Brent (\$/barrel)	53.2	▲	-0.77%	-0.77%	-0.77%	-5.27%	-6.51%
Gold (\$/oz)	1258.1	▲	0.28%	0.28%	0.28%	-0.53%	8.60%
Platinum (\$/oz)	959.4	▲	0.69%	0.69%	0.69%	-8.03%	5.89%
Copper (\$/MT)*	5728.8	▼	-1.50%	-1.50%	-1.50%	-2.52%	3.73%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.6% to trade at \$1,258.10/oz.

Yesterday, gold prices rose 0.3% to close at \$1,250.80/oz, as weakness in the greenback increased demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.1% to trade at \$53.15/bl.

Yesterday, Brent crude oil dropped 0.8% to settle at \$53.12/bl, after Libya's largest oil field production was started again and traders kept a close watch on the agreement of OPEC and non-OPEC members to slash production.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.5% to trade at \$959.40/oz.

Yesterday, platinum prices climbed 0.7% to close at \$954.70/oz.



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Major South Africa Corporate News

Old Mutual Plc

The company announced the appointment of Peter Moyo as Chief Executive Officer (CEO) of Old Mutual Emerging Markets. Peter will take up his new position on June 1, 2017.

Major Global Economic News

Eurozone

In the Eurozone, the final manufacturing PMI advanced to 56.20 in March, meeting market expectations. The preliminary figures had also indicated an advance to 56.20. In the prior month, the manufacturing PMI had recorded a level of 55.40.

In February, the unemployment rate fell to a level of 9.5% in the Eurozone, compared to a reading of 9.6% in the previous month. Market expectation was for the unemployment rate to ease to a level of 9.5%.

In the Eurozone, the producer price index (PPI) remained steady on a monthly basis in February, compared to a revised advance of 1.1% in the previous month. Markets were expecting the producer price index (PPI) to climb 0.1%.

In Germany, the final manufacturing PMI registered a rise to 58.30 in March, at par with market expectations. The preliminary figures had also indicated a rise to 58.30. In the previous month, manufacturing PMI had registered a reading of 56.80.

Asia

In Australia, the seasonally adjusted trade surplus widened to AUD3547.00mn in February, compared to market expectations of a trade surplus of AUD1900.00mn. Australia had posted a revised trade surplus of AUD1503.00mn in the prior month.

The Reserve Bank of Australia held its key interest rate unchanged at 1.50%, at par with market expectations.

US

In March, the ISM manufacturing activity index dropped to 57.20 in the US, meeting market expectations. In the previous month, the index had recorded a reading of 57.70.

In the US, the final Markit manufacturing PMI fell to a level of 53.30 in March, compared to a reading of 54.20 in the previous month. Markets were anticipating the Markit manufacturing PMI to fall to 53.50. The preliminary figures had recorded a fall to 53.40.

In February, construction spending advanced 0.8% on a monthly basis in the US, lower than market expectations for an advance of 1.0%. Construction spending had recorded a revised drop of 0.4% in the prior month.

UK

In the UK, the manufacturing PMI unexpectedly eased to 54.20 in March, compared to market expectations of an advance to 55.00. In the prior month, the manufacturing PMI had recorded a revised reading of 54.50.

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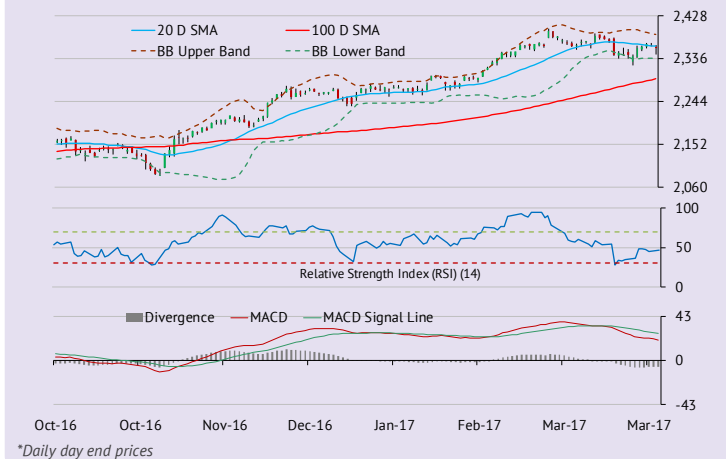
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 51,913.18, and a fall through could take it to the next support level of 51,368.59. The index is expected to find its first resistance at 52,814.09, and a rise through could take it to the next resistance level of 53,170.41.

S&P 500



The S&P 500 index is expected to find support at 2,340.84, and a fall through could take it to the next support level of 2,322.84. The index is expected to find its first resistance at 2,373.63, and a rise through could take it to the next resistance level of 2,388.42.

USDZAR



The pair is expected to find support at 13.0256, and a fall through could take it to the next support level of 12.3620. The pair is expected to find its first resistance at 14.0498, and a rise through could take it to the next resistance level of 14.4104.

XAU/USD



Gold is expected to find support at \$1,240.20/oz, and a fall through could take it to the next support level of \$1,229.60/oz. The precious metal is expected to find its first resistance at \$1,259.90/oz, and a rise through could take it to the next resistance level of \$1,269.00/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Monetary Base (YoY) (Mar)	✓	20.30%*	21.40%	Monthly
Japan	01:50	Monetary Base (Mar)	✓✓✓	JPY447.30tn*	JPY433.70tn	Monthly
Spain	09:00	Unemployment Change (Mar)	✓	-40.90K	-9.40K	Monthly
Italy	10:00	Deficit to GDP (YTD) (Q4)	✓	-	2.30%	Quarterly
UK	10:30	Markit Construction PMI (Mar)	✓✓	52.50	52.50	Monthly
Eurozone	11:00	Retail Sales (MoM) (Feb)	✓✓✓	0.50%	-0.10%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Feb)	✓✓	1.00%	1.20%	Monthly
Canada	14:30	International Merchandise Trade (Feb)	✓	CAD0.60bn	CAD0.81bn	Monthly
US	14:30	Trade Balance (Feb)	✓✓✓	-USD44.60bn	-USD48.50bn	Monthly
Eurozone	15:30	ECB President Draghi speaks in Frankfurt	✓	-	-	As scheduled
US	15:55	Redbook Index (YoY) (31-Mar)	✓	-	0.60%	Weekly
US	15:55	Redbook Index s.a. (MoM) (31-Mar)	✓	-	-0.70%	Weekly
US	16:00	Inventories / Shipment Ratio (Feb)	✓	-	1.31	Monthly
US	16:00	Cap Goods Orders Nondef Ex Air (Feb) (F)	✓	-	-0.10%**	Monthly
US	16:00	Cap Goods Ship Nondef Ex Air (Feb) (F)	✓	-	1.00%**	Monthly
US	16:00	Durable Goods Orders ex Transportation (Feb) (F)	✓✓	-	0.40%**	Monthly
US	16:00	Factory Orders (MoM) (Feb)	✓✓✓	1.00%	1.20%	Monthly
US	16:00	Durable Goods Orders (Feb) (F)	✓✓✓	1.70%	1.70%**	Monthly
US	17:00	Unfilled Orders/Shipments (Feb)	✓	-	6.57	Monthly
US	22:30	Fed's Tarullo speaks at Princeton University	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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