

ONE Minute Brief

6 April 2017

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Economic and Political News

In South Africa, the SACCI business confidence index fell to a level of 93.80 in March, compared to a reading of 95.50 in the previous month, led by increasing political tensions.

The Standard Bank South Africa PMI advanced to a level of 50.7 in March, compared to a reading of 50.5 in the previous month.

The National Treasury has confirmed that Director General, Lungisa Fuzile, has resigned.

Dipuo Peters, who was dropped as the transport minister in the recent Cabinet reshuffle, has resigned as a member of parliament for the African National Congress (ANC).

Ratings firm Moody's has placed Eskom's credit rating on review for a downgrade.

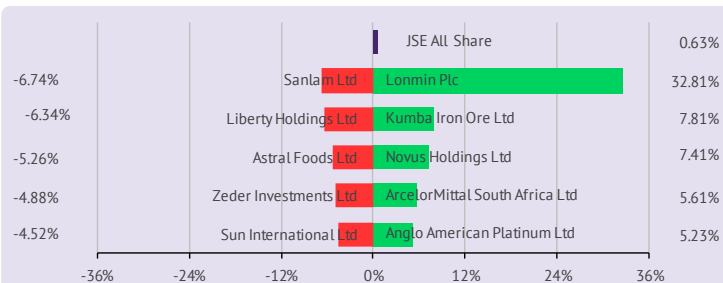
The National Assembly Speaker, Baleka Mbete, has scheduled a debate on the Motion of No Confidence in President Jacob Zuma on 18 April.

ANC's Deputy Secretary-General, Jessie Duarte, stated that President, Jacob Zuma, had consulted the party's senior leadership in November 2016, about the decision to dismiss former Finance Minister, Pravin Gordhan.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, led by gains in platinum and resources sector stocks. On the data front, South Africa's SACCI business confidence index registered a drop in March, compared to its prior reading. The JSE All Share Index rose 0.6% to 52,990.08.



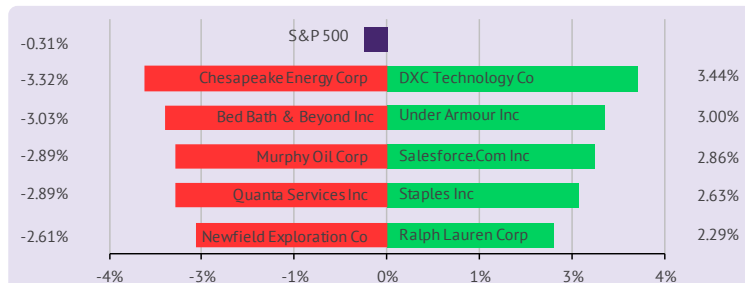
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52990.08	▲ 329.34	0.63%	1.79%	1.79%	1.78%	4.61%
JSE Top 40	46149.85	▲ 402.92	0.88%	2.18%	2.18%	2.35%	5.12%
FTSE 100	7331.68	▲ 9.86	0.13%	0.12%	0.12%	0.82%	2.64%
DAX 30	12217.54	▼ -64.80	-0.53%	-0.77%	-0.77%	4.04%	6.41%
CAC 40	5091.85	▼ -9.28	-0.18%	-0.60%	-0.60%	5.43%	4.72%
S&P 500	2352.95	▼ -7.21	-0.31%	-0.41%	-0.41%	-0.04%	5.10%
Nasdaq Composite	5864.48	▼ -34.13	-0.58%	-0.80%	-0.80%	1.48%	8.94%
DJIA	20648.15	▼ -41.09	-0.20%	-0.07%	-0.07%	-0.72%	4.48%

US Market ▼

The S&P 500 futures are trading in the red

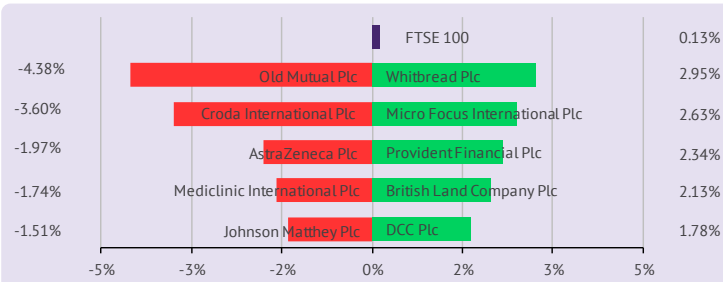
US markets closed lower yesterday, weighed down by losses in financial sector stocks. Data revealed that the US ISM non-manufacturing PMI index dropped more-than-expected in March, continuing to be in expansion region. The S&P 500 Index dropped 0.3% to 2,352.95.



UK Market ▲

The FTSE 100 futures are trading in negative territory

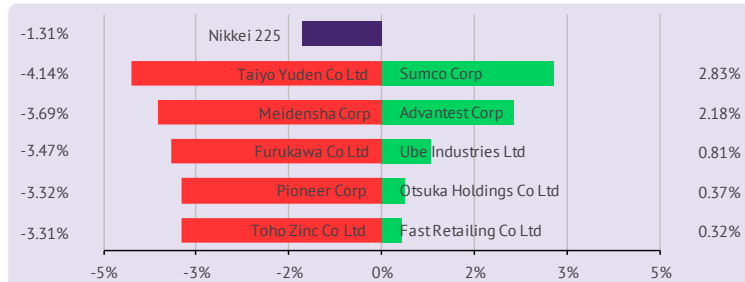
UK markets finished higher yesterday, supported by gains in material sector stocks. Data indicated that UK's Markit services PMI expanded at a faster-than-anticipated pace in March, notching its strongest level in 3 months. The FTSE 100 Index advanced 0.1% to close at 7,331.68.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. On the macro front, China's Caixin services PMI posted a decline in March, remaining in expansion territory. The Nikkei 225 Index is trading 1.3% lower at 18,614.57.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R13.7989. Later today, traders will keep a close watch on US initial jobless claims for further cues.

The US Dollar rose against the South African Rand yesterday. The Federal Reserve's (Fed) March meeting minutes revealed that policymakers are contemplating to reduce the \$4.5 trillion balance sheet later this year. However, there did not appear to be much of an agreement yet on the pace or scope of the adjustment. Meanwhile, data indicated that US ISM non-manufacturing PMI declined more than market forecast in March, remaining in expansion territory. Meanwhile, ADP employment change recorded a more-than-expected rise in the same month, notching its highest level since December 2014. Elsewhere, MBA mortgage applications dropped for the week ended March 31, 2017, more than its prior reading. Further, final Markit services PMI eased more-than-anticipated in March. Separately, South Africa's SACCI business confidence index fell in March, compared to its previous reading. Meanwhile, Standard Bank PMI expanded in the same month, more than its prior reading.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound marginally climbed against the South African Rand to trade at R17.2241.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's Markit services PMI advanced more than market expectations in March, its highest rise in 3 months.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R14.7372. Going forward, market participants will keep a tab on Germany's factory orders for further direction.

The Euro strengthened against the South African Rand yesterday. Data revealed that Eurozone's final Markit services PMI recorded a less-than-expected rise in March. Meanwhile, Germany's final Markit services PMI advanced at par with market forecast in the same month, reaching its strongest level in 15 months.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R10.4071. Earlier in the session, in China, Australia's largest trading partner, Caixin services PMI dropped in March, continuing to be in expansion region.

The Australian Dollar rose against the South African Rand yesterday. Data showed that Australia's AiG performance of service index recorded a rise in March, more than its previous reading.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.7989	▲	1.31%	2.79%	2.79%	2.32%	0.46%
GBPZAR	17.2241	▲	1.71%	2.31%	2.31%	3.66%	1.75%
EURZAR	14.7372	▲	1.19%	2.92%	2.92%	3.01%	1.90%
AUDZAR	10.4071	▼	1.35%	1.96%	1.96%	1.94%	5.35%
EURUSD	1.0675	▲	-0.09%	0.12%	0.12%	0.70%	1.42%
GBPUSD	1.2480	-	0.33%	-0.52%	-0.52%	1.33%	1.17%
Brent (\$/barrel)	54.1	▼	0.35%	1.55%	1.55%	-5.27%	-4.33%
Gold (\$/oz)	1255.8	▲	-0.76%	-0.15%	-0.15%	-0.53%	8.14%
Platinum (\$/oz)	956.4	▼	-0.50%	0.86%	0.86%	-8.03%	6.08%
Copper (\$/MT)*	5865.3	▲	1.96%	0.85%	0.85%	-2.52%	6.20%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,255.80/oz.

Yesterday, gold prices fell 0.8% to close at \$1,245.40/oz, reversing its previous session gains.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$54.12/bl.

Yesterday, Brent crude oil advanced 0.4% to settle at \$54.36/bl, despite the US Energy Department reporting that crude oil inventories rose by 1.6mn bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices marginally dropped to trade at \$956.40/oz.

Yesterday, platinum prices declined 0.5% to close at \$956.40/oz.



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Major South Africa Corporate News

British American Tobacco Plc

The company announced that it has obtained unconditional antitrust approval from the Japanese authorities in relation to its proposed acquisition of Reynolds American Inc.

Life Healthcare Group Holdings Limited

In its 1H17 trading statement, the company stated that its revenue is estimated to increase between 20.0% and 25.0% over the comparable period in 2016, primarily due to the inclusion of the results of Alliance Medical with effect from November 21, 2016. However, its headline EPS is expected to be below the comparative period last year, primarily due to the impact of the acquisition of Alliance Medical and once-off items related to the investment in Poland.

Major Global Economic News

US

The FOMC March meeting minutes indicated that policymakers are contemplating to reduce the \$4.5 trillion balance sheet later this year. However, there did not appear to be much of an agreement yet on the pace or scope of the adjustment.

In the US, the ISM non-manufacturing PMI registered a drop to 55.20 in March, lower than market expectations of a fall to 57.00. The non-manufacturing PMI had recorded a reading of 57.60 in the previous month.

In March, the private sector ADP employment recorded an increase of 263.00K in the US, compared to market expectations of an advance of 185.00K. The private sector employment had recorded a revised gain of 245.00K in the prior month.

In the US, mortgage applications slid 1.6% on a weekly basis in the week ended March 31, 2017. Mortgage applications had dropped 0.8% in the prior week.

In March, the final Markit services PMI dropped to 52.80 in the US, compared to market expectations of a drop to 53.10. The preliminary figures had indicated a fall to 52.90. In the previous month, Markit services PMI had registered a level of 53.80.

Asia

In China, the Caixin/Markit services PMI index eased to 52.20 in March, compared to a reading of 52.60 in the prior month.

Eurozone

In the Eurozone, the final services PMI recorded a rise to 56.00 in March, lower than market expectations of a rise to a level of 56.50. The preliminary figures had recorded a rise to 56.50. In the prior month, services PMI had registered a reading of 55.50.

In Germany, the final Markit services PMI registered a rise to 55.60 in March, at par with market expectations. Services PMI had recorded a reading of 54.40 in the prior month. The preliminary figures had also recorded a rise to 55.60.

UK

In the UK, the Markit services PMI advanced to 55.00 in March, compared to market expectations of an advance to a level of 53.40. The services PMI had recorded a reading of 53.30 in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	03:45	Caixin/Markit Services PMI (Mar)	✓✓	52.20*	52.60	Monthly
China	03:45	HSBC China Composite PMI (Mar)	✓✓	52.10*	52.60	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Mar)	✓✓	52.20*	52.60	Monthly
Japan	07:00	Consumer Confidence Index (Mar)	✓✓	43.40	43.10	Monthly
Germany	08:00	Factory Orders n.s.a. (YoY) (Feb)	✓✓	3.90%	-0.80%	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Feb)	✓✓	4.00%	-7.40%	Monthly
Germany	09:00	Germany- Foreign Export Orders (Feb)	✓	-	115.70	Monthly
Germany	09:00	Germany- Domestic Orders (Feb)	✓	-	102.20	Monthly
Germany	09:00	Germany- Manufacturing Order-Total (Feb)	✓	-	109.60	Monthly
Eurozone	09:00	ECB President Draghi speaks in Frankfurt	✓	-	-	As scheduled
Switzerland	09:15	Consumer Price Index (MoM) (Mar)	✓✓	0.20%	0.50%	Monthly
Switzerland	09:15	Consumer Price Index (YoY) (Mar)	✓✓	0.50%	0.60%	Monthly
Eurozone	09:30	ECB Executive Board member Praet speaks in Frankfurt	✓	-	-	As scheduled
Greece	11:00	Unemployment Rate (Jan)	✓	-	23.10%	Monthly
US	13:30	Challenger Job Cuts (YoY) (Mar)	✓	-	-40.00%	Monthly
Eurozone	13:30	ECB account of the monetary policy meeting	✓	-	-	As scheduled
Canada	14:30	Building Permits (MoM) (Feb)	✓	1.30%	5.40%	Monthly
US	14:30	Continuing Jobless Claims (25-Mar)	✓	2030.00K	2052.00K	Weekly
US	14:30	Initial Jobless Claims (01-Apr)	✓✓✓	250.00K	258.00K	Weekly
US	15:30	Fed's Williams Speaks on a Panel in Frankfurt	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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