

# ONE Minute Brief

12 April 2017

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## Economic and Political News

In South Africa, the manufacturing production index registered an unexpected drop of 3.6% YoY in February, compared to a rise of 0.8% in January, driven by a decrease in the production of petroleum, chemical and plastic products.

Fitch has downgraded the ratings of Eskom, Absa Bank Limited, FirstRand Bank Limited, Investec Bank Limited, Nedbank Limited and Standard Bank to 'BB+' from 'BBB-'.

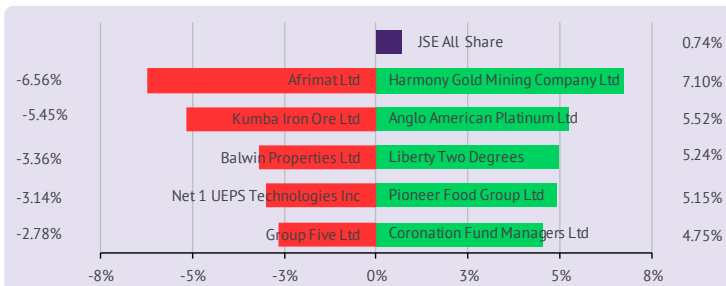
The Parliament has clarified that Speaker, Baleka Mbete, is not against the motion of no confidence in President, Jacob Zuma, being held by secret ballot, but is not Constitutionally empowered to permit such a vote. Meanwhile, several opposition parties have called for a new date for the motion, with the Constitutional Court set to consider whether the motion could be taken by secret ballot. Former President, Thabo Mbeki, has asked MPs to keep the nation first when they vote.

The CEO of South African Nuclear Energy Corporation, Phumzile Tshelane, has indicated that a request for proposals to build nuclear reactors in the nation is expected to go out as early as June.

## South Africa Market ▲

### South African markets closed higher

South African markets closed in the green yesterday, amid gains in gold and platinum mining sector stocks. Data indicated that South Africa's manufacturing production surprisingly declined on an annual basis in February. The JSE All Share Index rose 0.7% to close at 53,535.16.



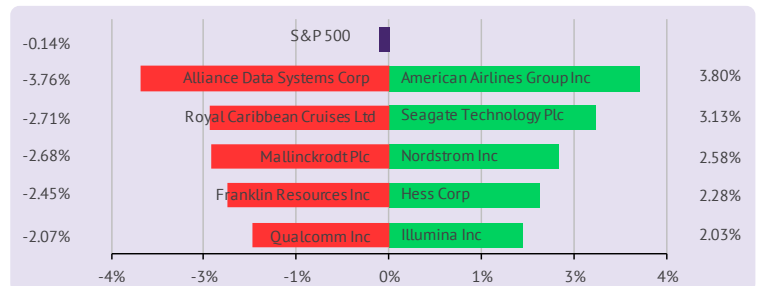
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53535.16	▲	395.20	0.74%	1.29%	2.84%	1.78%	5.69%
JSE Top 40	46757.54	▲	335.05	0.72%	1.46%	3.52%	2.35%	6.50%
FTSE 100	7365.50	▲	16.56	0.23%	0.22%	0.58%	0.82%	3.12%
DAX 30	12139.35	▼	-61.17	-0.50%	-0.70%	-1.41%	4.04%	5.73%
CAC 40	5101.86	▼	-5.59	-0.11%	-0.65%	-0.40%	5.43%	4.93%
S&P 500	2353.78	▼	-3.38	-0.14%	-0.07%	-0.38%	-0.04%	5.13%
Nasdaq Composite	5866.77	▼	-14.15	-0.24%	-0.19%	-0.76%	1.48%	8.98%
DJIA	20651.30	▼	-6.72	-0.03%	-0.02%	-0.06%	-0.72%	4.50%

## US Market ▼

### The S&P 500 futures are trading in the red

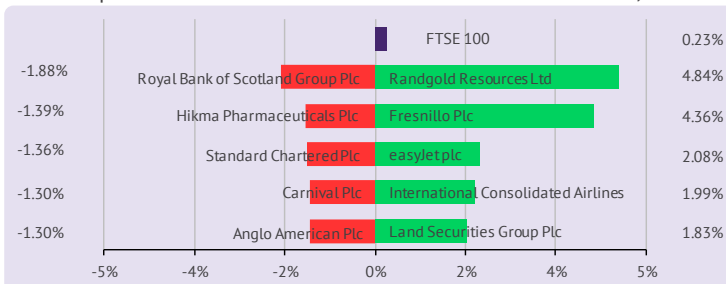
US markets closed lower yesterday, weighed down by losses in technology sector stocks. Data revealed that JOLTS job openings recorded a more-than-expected rise to its highest level in 7 months in February. The S&P 500 Index dropped 0.1% to close at 2,353.78.



## UK Market ▲

### The FTSE 100 futures are trading in negative territory

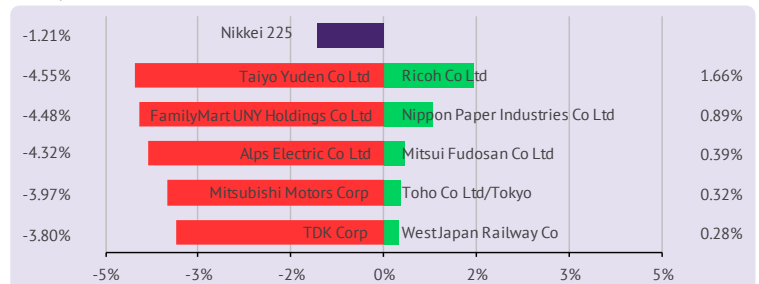
UK markets finished higher yesterday, led by gains in gold mining sector stocks. On the data front, UK's consumer price inflation advanced on a yearly basis in March, in line with market expectations, its strongest rise since September 2013. The FTSE 100 Index advanced 0.2% to 7,365.50.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that China's consumer price index advanced less-than-anticipated on a yearly basis in March. The Nikkei 225 Index is trading 1.2% lower at 18,521.57.



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## USDZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R13.8053. Later today, traders will keep a close watch on US MBA mortgage applications, monthly budget statement, the import price index and the export price index for further direction. Separately South Africa's retail sales will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. On the data front, US JOLTS job openings advanced more than market forecast in February, notching its strongest level in 7 months. Elsewhere, the NFIB small business optimism index dropped at par with market expectations in March. Separately, South Africa's manufacturing production unexpectedly eased on a yearly basis in February, weighed down by petroleum, chemical and plastic products.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R17.2400. Later today, traders will keep an eye on UK's ILO unemployment rate, claimant count rate and average weekly earnings for further cues.

The British Pound declined against the South African Rand yesterday. Data revealed that UK's consumer price index (CPI) advanced at par with the market forecast on an annual basis in March, while the CPI rose more-than-anticipated on a monthly basis in the same month.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R14.6436. Going forward, market participants will keep a tab on Germany's wholesale price index for further indication.

The Euro weakened against the South African Rand yesterday. On the macro front, Eurozone's industrial production surprisingly retreated on a monthly basis in February. Elsewhere, ZEW economic sentiment survey advanced in April, higher than its previous reading. Meanwhile, Germany's ZEW economic sentiment survey posted a higher-than-expected rise in the same month.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R10.3429. Earlier in the session, data showed that Australia's Westpac consumer confidence declined in April, compared to a rise in the prior month. Meanwhile, in China, Australia's largest trading partner, the consumer price index recorded a less-than-expected rise on an annual basis in March, while the producer price index rose more than market anticipations on a yearly basis in the same month.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's NAB business condition index advanced in March, reaching its strongest level since February 2008, while NAB business confidence index declined in the same month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.8053	▲	-1.07%	0.27%	2.76%	2.32%	0.43%
GBPZAR	17.2400	▲	-0.50%	1.19%	2.31%	3.66%	1.75%
EURZAR	14.6436	▼	-0.83%	0.48%	2.48%	3.01%	1.46%
AUDZAR	10.3429	▲	-1.05%	0.31%	1.01%	1.94%	4.37%
EURUSD	1.0601	▼	0.08%	0.13%	-0.44%	0.70%	0.85%
GBPUSD	1.2481	▼	0.63%	0.94%	-0.45%	1.33%	1.23%
Brent (\$/barrel)	56.4	▲	0.45%	1.79%	5.04%	-5.27%	-1.04%
Gold (\$/oz)	1277.3	▲	1.61%	1.35%	1.92%	-0.53%	10.38%
Platinum (\$/oz)	965.9	▼	3.03%	0.72%	1.87%	-8.03%	7.13%
Copper (\$/MT)*	5739.8	▲	0.45%	-1.02%	-1.31%	-2.52%	3.92%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.5% to trade at \$1,277.30/oz.

Yesterday, gold prices rose 1.6% to close at \$1,271.20/oz, as weakness in the greenback increased demand for the safe haven yellow metal, its strongest rise since November.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$56.42/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$56.23/bl, after Saudi Arabia stated that it wants to continue production cuts for an additional six months and further, the American Petroleum Institute (API) reported that crude oil inventories declined by 1.3mn bls last week.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$965.90/oz.

Yesterday, platinum prices climbed 3.0% to close at \$965.90/oz.

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## Major South Africa Corporate News

### Fortress Income Fund Limited

The company reported that Global Credit Ratings has upgraded its national scale rating to AA-(za) in the long term and A1+(za) in the short term, with the outlook accorded as stable.

### Santam Limited

The company announced that its South African national scale rating was lowered to 'zaAA-' from 'zaAAA' and the South African national scale rating on subordinated and deferrable debt issued by the company was lowered to 'zaA-' from 'zaAA-' by S&P Global. The company also mentioned that these rating adjustments are not expected to have a negative impact on its solvency position.

## Major Global Economic News

### Eurozone

In the Eurozone, the ZEW economic sentiment index climbed to 26.30 in April, compared to a level of 25.60 in the prior month.

In February, the seasonally adjusted industrial production unexpectedly fell 0.3% on a monthly basis in the Eurozone, less than market expectations for an advance of 0.1%. In the prior month, industrial production had recorded a revised rise of 0.3%.

In Germany, the economic sentiment index climbed to 19.50 in April, compared to a level of 12.80 in the prior month. Markets were anticipating the economic sentiment index to advance to a level of 14.80.

### Asia

In China, the consumer price index advanced 0.9% on a yearly basis in March, lower than market expectations for a rise of 1.0%. The consumer price index had climbed 0.8% in the previous month.

In March, the producer price index recorded a rise of 7.6% on an annual basis in China, more than market expectations for an advance of 7.5%. In the previous month, the producer price index had advanced 7.8%.

### US

In the US, the small business optimism index registered a drop to 104.70 in March, compared to a level of 105.30 in the prior month. Market expectation was for the index to ease to a level of 104.70.

In February, JOLTs job openings advanced to 5743.00K in the US, compared to a revised reading of 5625.00K in the previous month. Market expectation was for JOLTs job openings to climb to 5650.00K.

### UK

In the UK, the consumer price index (CPI) recorded a rise of 2.3% on an annual basis in March, at par with market expectations. The CPI had registered a similar rise in the prior month while it registered a rise of 0.4% on a monthly basis in the same month, compared to an advance of 0.7% in the prior month. Markets were expecting the consumer price index to climb 0.3%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Machinery Orders (YoY) (Feb)	✓✓	5.60%*	-8.20%	Monthly
Japan	01:50	Machinery Orders (MoM) (Feb)	✓	1.50%*	-3.20%	Monthly
China	03:30	Consumer Price Index (YoY) (Mar)	✓✓✓	0.90%*	0.80%	Monthly
China	03:30	Producer Price Index (YoY) (Mar)	✓✓✓	7.60%*	7.80%	Monthly
Germany	08:00	Wholesale Price Index (MoM) (Mar)	✓	-	0.60%	Monthly
Germany	08:00	Wholesale Price Index (YoY) (Mar)	✓	-	5.00%	Monthly
UK	10:00	BOE Governor Carney Speaks at Event in London	✓✓✓	-	-	As scheduled
UK	10:30	Claimant Count Change (Mar)	✓✓	-	-11.30K	Monthly
UK	10:30	Claimant Count Rate s.a. (Mar)	✓✓	-	2.10%	Monthly
UK	10:30	Claimant Count s.a. (Mar)	✓✓	-	734.70K	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Feb)	✓✓✓	4.70%	4.70%	Monthly
UK	10:30	Average Earnings Excluding Bonus (3Mo/Yr) (Feb)	✓	2.10%	2.30%	Monthly
UK	10:30	Average Earnings Including Bonus (3Mo/Yr) (Feb)	✓✓	2.20%	2.20%	Monthly
UK	10:30	Employment Change (3M/3M) (Feb)	✓✓	70.00K	92.00K	Monthly
US	13:00	MBA Mortgage Applications (07-Apr)	✓	-	-1.60%	Weekly
South Africa	13:00	Retail Sales (YoY) (Feb)	✓✓✓	-2.20%	-2.30%	Monthly
South Africa	13:00	Retail Sales (MoM) (Feb)	✓✓✓	0.20%	-1.20%	Monthly
US	14:30	Export Price Index (YoY) (Mar)	✓	-	3.10%	Monthly
US	14:30	Export Price Index (Mar)	✓	-	121.90	Monthly
US	14:30	Import Price Index (Mar)	✓	-	122.60	Monthly
US	14:30	Import Price Index (MoM) (Mar)	✓	-0.20%	0.20%	Monthly
US	14:30	Import Price Index (YoY) (Mar)	✓	4.00%	4.60%	Monthly
US	14:30	Export Price Index (MoM) (Mar)	✓	0.10%	0.30%	Monthly
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
Canada	17:15	BoC's Poloz and Wilkins Hold Press Conference in Ottawa	✓✓✓	-	-	As scheduled
US	20:00	Monthly Budget Statement (Mar)	✓✓	-	USD192.00bn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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