

ONE Minute Brief

13 April 2017

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Economic and Political News

In South Africa, retail sales recorded a drop of 1.7% on a yearly basis in February, compared to a fall of 2.3% in January.

The National Assembly Speaker has postponed the debate and vote on the motion of no confidence against President, Jacob Zuma, earlier scheduled for the next week.

S&P Global Ratings' has downgraded national scale ratings of Old Mutual Life Assurance Company of SA (OMLACSA), Sanlam, Liberty and Santam.

South Africa's Finance Minister, Malusi Gigaba, highlighted the government's commitment to stabilise the government's net debt over the next three years at 50% of gross domestic production (GDP).

President, Jacob Zuma, stated that he would step down from his position if the African National Congress (ANC) wanted him to.

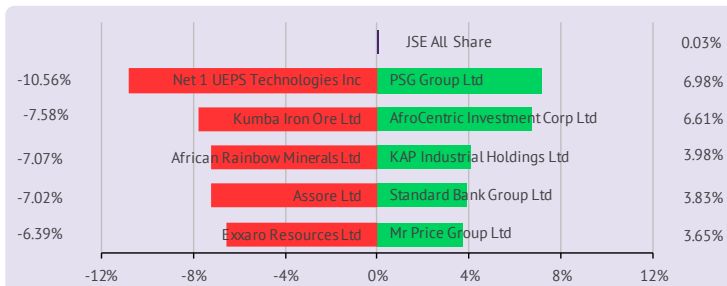
A National Executive Committee (NEC) member and former Parliamentary Chief Whip of the ANC, Mathole Motshekga, has called for an urgent meeting of the party's NEC to discuss increasing calls for President, Jacob Zuma, to step down.

Former Public Service and Administration Minister, Ngoako Ramatlhodi, has resigned as ANC's Member of Parliament.

South Africa Market ▲

South African markets closed higher

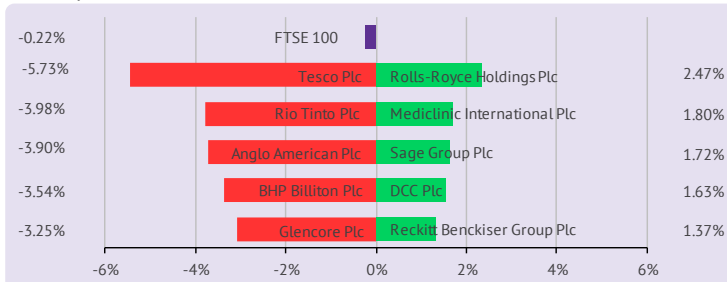
South African markets closed in the green yesterday, supported by gains in banking sector stocks. Data revealed that South Africa's retail sales dropped less-than-anticipated on an annual basis in February. The JSE All Share Index marginally rose to close at 53,551.31.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, led by losses in material and retail sector stocks. Data indicated that UK's ILO unemployment rate registered a rise in line with market expectations in December-February 2017 period. The FTSE 100 Index declined 0.2% to close at 7,348.99.



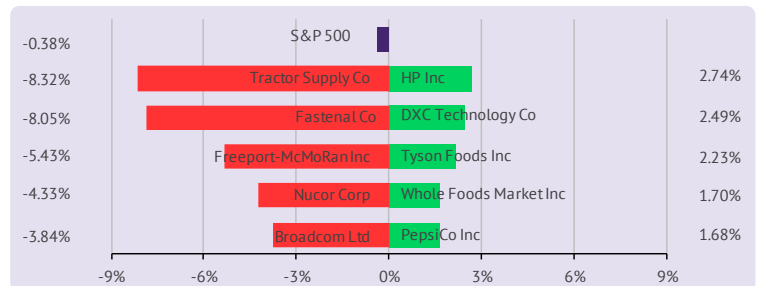
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53551.31	▲	16.15	0.03%	1.32%	2.87%	1.78%	5.72%
JSE Top 40	46747.19	▼	-10.35	-0.02%	1.44%	3.50%	2.35%	6.48%
FTSE 100	7348.99	▼	-16.51	-0.22%	-0.01%	0.36%	0.82%	2.89%
DAX 30	12154.70	▲	15.35	0.13%	-0.58%	-1.28%	4.04%	5.87%
CAC 40	5101.11	▼	-0.75	-0.01%	-0.67%	-0.42%	5.43%	4.91%
S&P 500	2344.93	▼	-8.85	-0.38%	-0.45%	-0.75%	-0.04%	4.74%
Nasdaq Composite	5836.16	▼	-30.61	-0.52%	-0.71%	-1.28%	1.48%	8.42%
DJIA	20591.86	▼	-59.44	-0.29%	-0.31%	-0.35%	-0.72%	4.20%

US Market ▼

The S&P 500 futures are trading in the red

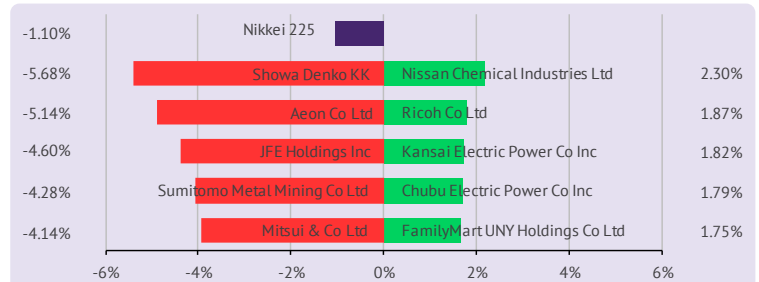
US markets closed lower yesterday, amid losses in industrial sector stocks. On the macro front, US monthly budget deficit widened more than forecasted in March, after spending exceeded revenue. The S&P 500 Index dropped 0.4% to close at 2,344.93.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data showed that China posted a larger-than-expected trade surplus in March. The Nikkei 225 Index is trading 1.1% lower at 18,348.50.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R13.4159. Later today, traders will keep a close watch on the US Reuters/Michigan consumer sentiment index and initial jobless claims for further cues.

The US Dollar fell against the South African Rand yesterday. Data indicated that US monthly budget statement posted a higher-than-expected deficit in March, led by increased spending over revenue. Meanwhile, MBA mortgage applications rebounded for the week ended April 7, 2017. Further, export price index advanced more than market expectations on a monthly basis in March. Moreover, import price index dropped at par with market anticipations on a monthly basis in the same month. Separately, South Africa's retail sales declined less than market forecast on a yearly basis in February, as a shortage of cash, declined consumer spending in an economy on the brink of a recession.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R16.8430. Earlier in the session, data showed that UK's RICS house price balance remained unchanged in line with market expectations in March.

The British Pound declined against the South African Rand yesterday. On the data front, UK's ILO unemployment rate advanced at par with the market forecast in the December-February 2017 period. Further, claimant count rate recorded a rise in March, compared to its prior reading. Additionally, average weekly earnings increased higher-than-anticipated in the December-February 2017 period.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.3% against the South African Rand to trade at R14.3108. Going forward, market participants will keep a tab on Germany's consumer price index for further direction.

The Euro weakened against the South African Rand yesterday. Meanwhile, Germany's wholesale price index registered a flat reading on a monthly basis in March.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.6% against the South African Rand to trade at R10.1733. Earlier in the session, Australia's unemployment rate remained steady at par with market expectations in March. Further, consumer inflation expectation rose in April, higher than its prior reading.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's Westpac consumer confidence recorded a drop in April, compared to a rise in the previous month. Meanwhile, in China, Australia's largest trading partner, the consumer price index advanced less than market forecast on a yearly basis in March, while the producer price index grew more-than-expected on an annual basis in the same month.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4159	▼	-2.44%	-2.18%	0.25%	2.32%	-2.03%
GBPZAR	16.8430	▼	-2.06%	-0.90%	0.20%	3.66%	-0.35%
EURZAR	14.3108	▼	-2.05%	-1.58%	0.37%	3.01%	-0.62%
AUDZAR	10.1733	▲	-2.16%	-1.85%	-1.17%	1.94%	2.12%
EURUSD	1.0670	▲	0.58%	0.72%	0.14%	0.70%	1.44%
GBPUSD	1.2559	▲	0.40%	1.34%	-0.06%	1.33%	1.64%
Brent (\$/barrel)	55.8	▼	-0.66%	1.12%	4.35%	-5.27%	-1.69%
Gold (\$/oz)	1288.1	▲	0.32%	1.67%	2.24%	-0.53%	10.73%
Platinum (\$/oz)	964.9	▼	-0.10%	0.62%	1.76%	-8.03%	7.02%
Copper (\$/MT)*	5601.3	▼	-2.41%	-3.41%	-3.69%	-2.52%	1.42%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1% higher to trade at \$1,288.10/oz.

Yesterday, gold prices rose 0.3% to close at \$1,275.30/oz, as weakness in the US Dollar increased demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$55.75/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$55.86/bl, despite the US Energy Department reporting that crude oil inventories fell by 2.2mn bls for the week ended April 7, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$964.90/oz.

Yesterday, platinum prices declined 0.1% to close at \$964.90/oz.

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Major South Africa Corporate News

PSG Group Limited

In its FY17 trading statement, the company reported that its headline EPS will be between ZAR9.95 and ZAR10.05, being between 49.4% and 50.9% higher than ZAR6.66 posted in the previous year.

Royal Bafokeng Platinum Limited

In its production report for the period 1 January to 31 March 2017, the company announced that it achieved 17.1% increase in tonnes delivered, 13.7% increase in tonnes milled and 6.5% increase in 4E metals in concentrate produced. Separately, no fatal accidents recorded during the quarter.

Major Global Economic News

US

In the US, the monthly budget statement has recorded a budget deficit of USD176.2bn in February, compared to a budget deficit of USD108.0bn in the previous month. Market anticipation was for the nation to record a budget deficit of USD169.0bn.

Mortgage applications rose 1.5% on a weekly basis in the US, in the week ended April 7, 2017. Mortgage applications had dropped 1.6% in the prior week.

In the US, the export price index registered a rise of 0.2% on a monthly basis in March, compared to market expectations of a flat reading. The export price index had climbed by 0.3% in the previous month.

In March, the import price index recorded a drop of 0.2% on a monthly basis in the US, in line with market expectations for a drop of 0.2%. In the prior month, the import price index had advanced by 0.4%.

UK

In the UK, the ILO unemployment rate remained flat at a level of 4.7% in the December-February 2017 period, in line with market expectations.

In March, the claimant count rate climbed to 2.2% in the UK. In the prior month, the claimant count rate had recorded a level of 2.1%.

In the December-February 2017 period, the average earnings including bonus rose 2.3% on an annual basis in the UK, more than market expectations for an advance of 2.2%. In the November-January 2017 period, the average earnings including bonus had registered a revised similar rise.

In the UK, RICS house price balance advanced to 22.0% in March, in line with market expectations. The RICS house price balance recorded a reading of 22.0% in the prior month.

Asia

In Australia, the seasonally adjusted unemployment rate remained flat at 5.9% in March, in line with market expectations.

In April, the consumer inflation expectations rose to a level of 4.1% in Australia. The consumer inflation expectations had recorded a reading of 4.0% in the prior month.

In China, trade surplus recorded a level of USD23.93bn in March, more than market expectations of a trade surplus of USD12.50bn. China had posted a revised trade deficit of USD9.15bn in the previous month.

Eurozone

In Germany, the wholesale price index remained steady on a monthly basis in March. The wholesale price index had risen by a revised 0.5% in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	RICS Housing Price Balance (Mar)	✓✓	22.00%*	22.00%	Monthly
Japan	04:00	Tokyo Average Office Vacancies (Mar)	✓	3.60%*	3.70%	Monthly
Germany	08:00	Consumer Price Index (MoM) (Mar) (F)	✓✓✓	0.20%	0.20%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (Mar) (F)	✓✓	1.60%	1.60%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Mar) (F)	✓✓	0.10%	0.10%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Mar) (F)	✓✓	1.50%	1.50%**	Monthly
UK	10:30	Bank of England Credit Conditions & Bank Liabilities Surveys	✓	-	-	As scheduled
South Africa	11:30	Gold Production (YoY) (Feb)	✓✓	-	0.00%	Monthly
South Africa	11:30	Mining Production (YoY) (Feb)	✓✓	1.40%	1.30%	Monthly
US	14:30	Producer Price Index (MoM) (Mar)	✓	0.00%	0.30%	Monthly
US	14:30	Producer Price Index (YoY) (Mar)	✓✓	2.40%	2.20%	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (Mar)	✓	0.20%	0.30%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (Mar)	✓✓	1.80%	1.50%	Monthly
Canada	14:30	Manufacturing Shipments (MoM) (Feb)	✓	-0.70%	0.60%	Monthly
Canada	14:30	New Housing Price Index (MoM) (Feb)	✓	0.20%	0.10%	Monthly
Canada	14:30	New Housing Price Index (YoY) (Feb)	✓	3.10%	3.10%	Monthly
US	14:30	Continuing Jobless Claims (01-Apr)	✓	2024.00K	2028.00K	Weekly
US	14:30	Initial Jobless Claims (08-Apr)	✓✓✓	245.00K	234.00K	Weekly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Apr) (P)	✓✓✓	96.50	96.90	Monthly
China	-	Exports (YoY) (Mar)	✓✓	16.40%*	-1.30%	Monthly
China	-	Imports (YoY) (Mar)	✓✓	20.30%*	38.10%	Monthly
China	-	Trade Balance (Mar)	✓✓	USD23.93bn*	-USD9.15bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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