

ONE Minute Brief

25 April 2017

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Economic and Political News

Economic Development Minister, Ebrahim Patel, described the credit rating downgrade of South Africa (SA) as bad news, and highlighted that domestic savings should be increased so that SA could finance more of its growth from internal resources. Further, he indicated that steps should be taken to ensure that the nation regains investment-grade status by pursuing a growth strategy.

First National Bank of South Africa has predicted that the South African economy will grow at 0.7% in 2017, less than its earlier expectations of 1.1%, after the credit rating downgrade by S&P and Fitch.

The Democratic Alliance (DA) has asked Police Minister, Fikile Mbalula, to ensure that Berning Ntlemenza does not resume his position as head of the Hawks.

Eskom stated that it will adhere to recommendations given by National Treasury regarding an investigation into awarding of contracts to Tegeta Exploration and Resources.

The ANC stated that the amended land rights bill, which will be open for public comment until May 19, aims to extend the date for land claims to June 30, 2021.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in retail and banking sector stocks. The JSE All Share Index rose 1.4% to close at 52,921.41.



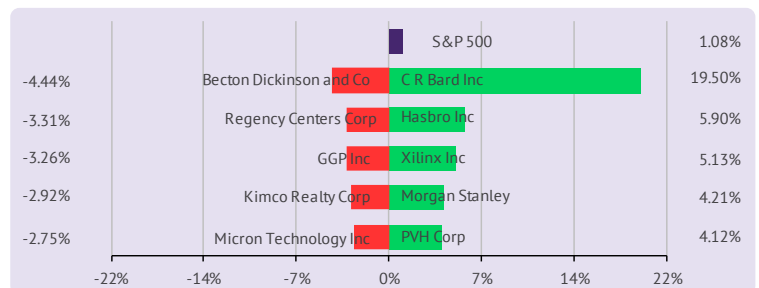
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52921.41	▲ 726.82	1.39%	1.39%	1.66%	1.78%	4.48%
JSE Top 40	46187.93	▲ 686.95	1.51%	1.51%	2.26%	2.35%	5.21%
FTSE 100	7264.68	▲ 150.13	2.11%	2.11%	-0.80%	0.82%	1.71%
DAX 30	12454.98	▲ 406.41	3.37%	3.37%	1.15%	4.04%	8.48%
CAC 40	5268.85	▲ 209.65	4.14%	4.14%	2.86%	5.43%	8.36%
S&P 500	2374.15	▲ 25.46	1.08%	1.08%	0.48%	-0.04%	6.04%
Nasdaq Composite	5983.82	▲ 73.30	1.24%	1.24%	1.22%	1.48%	11.16%
DJIA	20763.89	▲ 216.13	1.05%	1.05%	0.49%	-0.72%	5.07%

US Market ▲

The S&P 500 futures are trading in the green

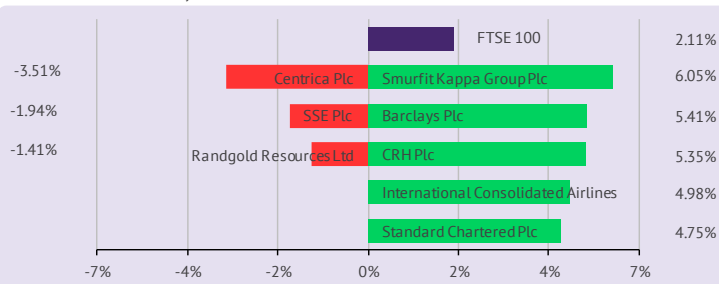
US markets closed higher yesterday, supported by a rise in financial sector stocks. Data revealed that the Chicago Fed national activity index surprisingly declined in March. The S&P 500 Index climbed 1.1% to close at 2,374.15.



UK Market ▲

The FTSE 100 futures are trading in positive territory

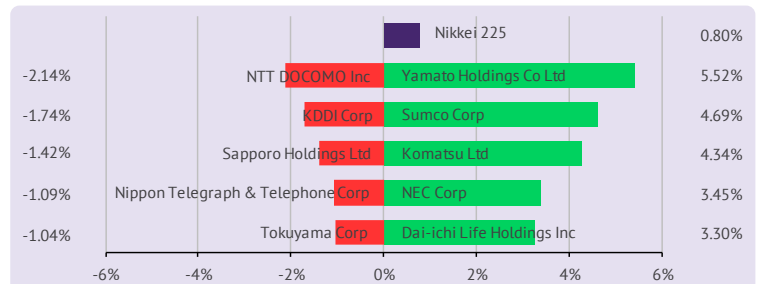
UK markets finished higher yesterday, led by an increase in financial and material sector stocks. Data indicated that UK's CBI total trends orders dropped more-than-expected in April. The FTSE 100 Index advanced 2.1% to close at 7,264.68.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 0.8% higher at 19026.83.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R13.0098. Later today, traders will keep a close watch on US consumer confidence, new home sales and house price index for further direction. Separately, South Africa's leading indicator will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. On the data front, the Chicago Fed national activity index unexpectedly dropped in March. Moreover, the Dallas Fed manufacturing activity index surprisingly eased in April.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R16.6251. Later today, traders will keep an eye on UK's public sector net borrowings for further cues.

The British Pound declined against the South African Rand yesterday. Data revealed that UK's CBI total trends orders registered a decline of more than market forecast in April.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R14.1299.

The Euro strengthened against the South African Rand yesterday. The German Bundesbank stated in its monthly report that high industrial orders, exceptionally optimistic manufacturing sentiment and a rebound in exports supported German economic growth during the first quarter. However, the bank warned that German GDP potential is likely to fall to 0.75% per year by 2025 from around 1.25% at present due to the nation's aging labour force. On the macro front, Germany's Ifo business climate index advanced higher-than-expected in April. Meanwhile, the Ifo business expectation index surprisingly dropped in the same month.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R9.8250.

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	13.0098	▲	-0.94%	-0.94%	-3.13%	2.32%	-5.32%
GBPZAR	16.6251	▼	-0.96%	-0.96%	-1.13%	3.66%	-1.67%
EURZAR	14.1299	▼	0.53%	0.53%	-1.11%	3.01%	-2.09%
AUDZAR	9.8250	▼	-0.63%	-0.63%	-3.91%	1.94%	-0.72%
EURUSD	1.0860	▼	1.31%	1.31%	2.05%	0.70%	3.37%
GBPUSD	1.2778	▼	-0.15%	-0.15%	1.98%	1.33%	3.70%
Brent (\$/barrel)	51.9	▲	-0.69%	-0.69%	-3.61%	-5.27%	-9.19%
Gold (\$/oz)	1275.6	▼	-0.90%	-0.90%	2.28%	-0.53%	10.78%
Platinum (\$/oz)	957.2	▼	-1.78%	-1.78%	0.95%	-8.03%	6.17%
Copper (\$/MT)*	5624.5	▲	0.55%	0.55%	-3.29%	-2.52%	1.84%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices marginally fell to trade at \$1,275.60/oz.

Yesterday, gold prices fell 0.9% to close at \$1,275.80/oz, as strength in the greenback dented demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$51.88/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$51.60/bl, amid lack of confirmation that OPEC will extend output cuts until the end of 2017 and as Russia indicated it can boost output if the deal on production curbs fails.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$957.20/oz.

Yesterday, platinum prices declined 1.8% to close at \$957.20/oz.



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Major South Africa Corporate News

Aspen Pharmacare Holdings Limited

The company announced that it welcomes the Competition Commission's decision to take up the Democratic Alliance's request to investigate its alleged anti-competitive conduct in South Africa to set aside such allegations. The company will remain supportive of full and constructive engagement with the Competition Commission should it wish to pursue such an investigation.

Kumba Iron Ore Limited

In its 1Q17 production update, the company revealed that its Sishen production was up 31.0% to 7.70mnt due to increased plant throughput. Its export sales were up 7.0% to 10.10mnt because of a 17.0% increase in total production. Additionally, Kolomela production increased by 3.0% to 2.80mnt compared to 1Q16, driven by higher plant throughput.

Major Global Economic News

Eurozone

The German Bundesbank indicated in its monthly report that high industrial orders, exceptionally optimistic manufacturing sentiment and a rebound in exports supported German economic growth during the first quarter. However, the bank warned that German GDP potential is likely to fall to 0.75% per year by 2025 from around 1.25% at present due to the nation's aging labour force.

In Germany, the Ifo business climate index recorded a rise to 112.90 in April, compared to a reading of 112.30 in the prior month. Market expectation was for the index to rise to a level of 112.40.

In April, the Ifo business expectations index unexpectedly declined to a level of 105.20 in Germany, compared to a level of 105.70 in the previous month. Markets were expecting the index to climb to a level of 105.90.

UK

In the UK, the balance of firms reporting total order book above normal fell to a level of 4.00 in April, lower than market expectations of a drop to a level of 6.00. In the previous month, the balance of firms reporting total order book above normal had registered a reading of 8.00.

US

In April, the Dallas Fed manufacturing business index unexpectedly dropped to 16.80 in the US, lower than market expectations of an advance to 17.00. In the previous month, the index had registered a reading of 16.90.

In the US, the Chicago Fed national activity index surprisingly eased to a level of 0.08 in March, compared to a revised level of 0.27 in the previous month. Market expectation was for the index to advance to a level of 0.50.

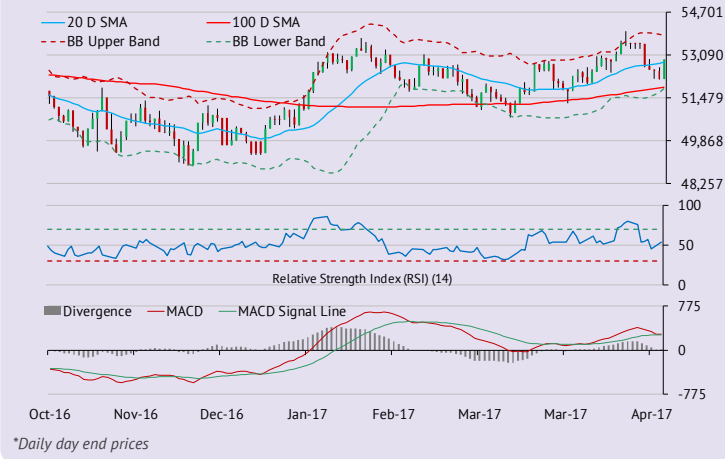
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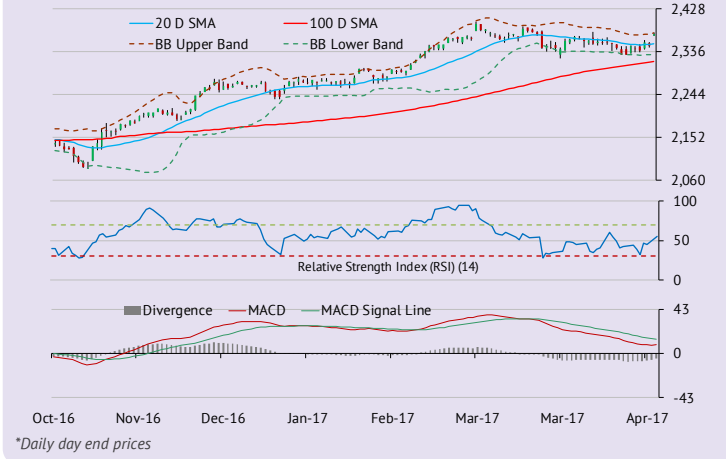
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 52,219.33, and a fall through could take it to the next support level of 51,517.24. The index is expected to find its first resistance at 53,566.86, and a rise through could take it to the next resistance level of 54,212.30.

S&P 500



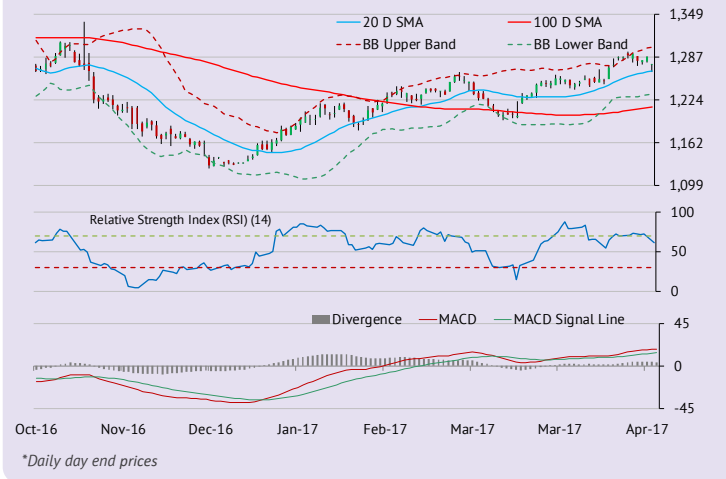
The S&P 500 index is expected to find support at 2,346.80, and a fall through could take it to the next support level of 2,319.45. The index is expected to find its first resistance at 2,389.24, and a rise through could take it to the next resistance level of 2,404.33.

USDZAR



The pair is expected to find support at 12.7708, and a fall through could take it to the next support level of 12.5417. The pair is expected to find its first resistance at 13.3258, and a rise through could take it to the next resistance level of 13.6517.

XAU/USD



Gold is expected to find support at \$1,263.67/oz, and a fall through could take it to the next support level of \$1,251.53/oz. The precious metal is expected to find its first resistance at \$1,289.27/oz, and a rise through could take it to the next resistance level of \$1,302.73/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Corporate Service Price (YoY) (Mar)	✓	0.80%*	0.80%	Monthly
France	08:45	Business Survey Overall Demand (Apr)	✓	-	11.00	Monthly
France	08:45	Business Climate (Apr)	✓	104.00	104.00	Monthly
France	08:45	Production Outlook Indicator (Apr)	✓	3.00	3.00	Monthly
Spain	09:00	Producer Price Index (MoM) (Mar)	✓	-	1.90%	Monthly
Spain	09:00	Producer Price Index (YoY) (Mar)	✓	-	7.50%	Monthly
South Africa	09:00	Leading Indicator (Feb)	✓	-	97.10	Monthly
Eurozone	10:00	ECB Bank Lending Survey	✓	-	-	As scheduled
UK	10:30	PSCNR Net Debt % GDP (Mar)	✓✓	-	101.50%	Monthly
UK	10:30	Public Sector Net Cash Requirement (Mar)	✓✓	-	GBP12.90bn	Monthly
UK	10:30	Public Sector Net Borrowing (Mar)	✓✓	GBP1.50bn	GBP1.10bn	Monthly
UK	10:30	PSNB ex Interventions (Mar)	✓	GBP3.10bn	GBP1.80bn	Monthly
US	14:55	Redbook Index (YoY) (21-Apr)	✓	-	2.30%	Weekly
US	14:55	Redbook Index s.a. (MoM) (21-Apr)	✓	-	1.20%	Weekly
US	15:00	House Price Index s.a. (Feb)	✓✓	-	242.60	Monthly
US	15:00	S&P/Case-Shiller Home Price Index (Feb)	✓	-	192.81	Monthly
US	15:00	Housing Price Index (MoM) (Feb)	✓	-	0.00%	Monthly
US	15:00	S&P/Case-Shiller 20 City s.a. (MoM) (Feb)	✓	0.73%	0.86%	Monthly
US	15:00	S&P/Case-Shiller Composite-20 (YoY) (Feb)	✓	5.77%	5.73%	Monthly
US	16:00	Richmond Fed Manufacturing Index (Apr)	✓	16.00	22.00	Monthly
US	16:00	New Home Sales Change (Mar)	✓✓	584.00K	592.00K	Monthly
US	16:00	New Home Sales (MoM) (Mar)	✓	-1.40%	6.10%	Monthly
US	16:00	Consumer Confidence (Apr)	✓✓✓	122.50	125.60	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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