

ONE Minute Brief

2 May 2017

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Economic and Political News

South Africa has reported a trade surplus of ZAR11.40bn in March, following a trade surplus of ZAR5.20bn in February. In March, private sector credit recorded a less-than-expected rise of 4.95% YoY, compared to a revised rise of 5.29% in February. South Africa's budget surplus dropped to ZAR3.1bn in March, compared to a reading of ZAR13.8bn in February.

President Jacob Zuma left the May Day rally without speaking after some workers started chanting slogans against him. The Secretary General of the South African Communist Party, Blade Nzimande stated that he was extremely saddened by the disruptions. Meanwhile, ANC treasurer-general Zweli Mkhize urged his party to unite or else risk losing power in 2019.

President, Jacob Zuma, has signed the Financial Intelligence Centre Amendment (FICA) bill into law. The Act focuses on fighting tax evasion and money laundering. The Black Business Council has welcomed the signing of the FICA bill and has also urged to the National Treasury and law enforcement agencies to apply the law without fear or favour.

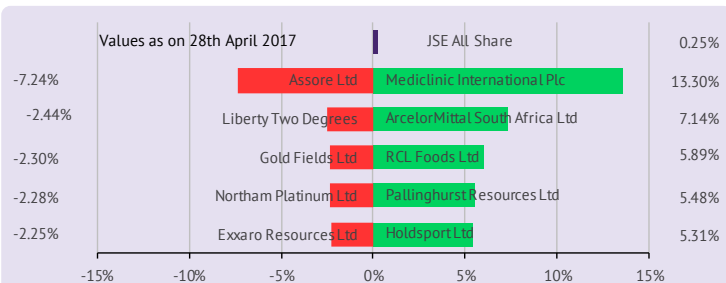
Mathews Phosa, who accepted a nomination to stand as president of the ANC, stated that the party and the nation is in a crisis.

The South African Cabin Crew Association (SACCA) indicated that it hopes to meet the South Africa Airways (SAA) to resolve its labour dispute.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, amid gains in platinum sector stocks. On the data front, South Africa's trade surplus widened more-than-expected in March, driven by higher exports. The JSE All Share Index rose 0.3% to close at 53,817.31.



Key Indices

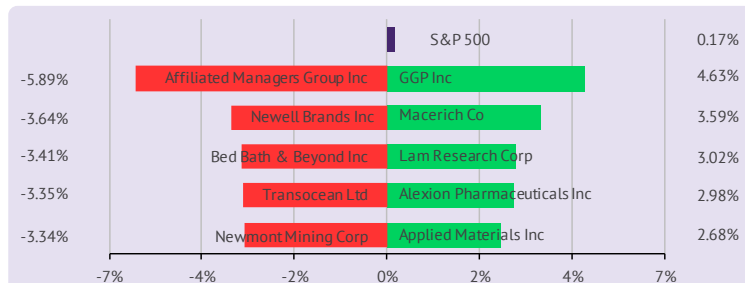
	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share*	53817.31	▲	136.62	0.25%	0.00%	3.38%	6.25%
JSE Top 40*	47071.73	▲	87.28	0.19%	0.00%	4.22%	7.22%
FTSE 100*	7203.94	▼	-33.23	-0.46%	0.00%	-1.62%	0.86%
DAX 30*	12438.01	▼	-5.78	-0.05%	0.00%	1.02%	8.34%
CAC 40*	5267.33	▼	-4.37	-0.08%	0.00%	2.83%	8.33%
S&P 500	2388.33	▲	4.13	0.17%	0.17%	0.91%	6.68%
Nasdaq Composite	6091.60	▲	44.00	0.73%	0.73%	2.30%	13.16%
DJIA	20913.46	▼	-27.05	-0.13%	-0.13%	1.34%	5.82%

*Values as on 28th April 2017

US Market ▲

The S&P 500 futures are trading in the red

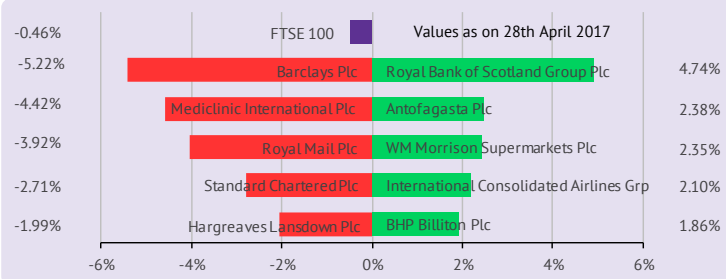
US markets closed higher yesterday, led by an increase in information technology sector stocks. Data revealed that the US ISM manufacturing PMI declined more than forecasted in April, remaining in expansion territory. The S&P 500 Index climbed 0.2% to close at 2,388.33.



UK Market ▼

The FTSE 100 futures are trading in positive territory

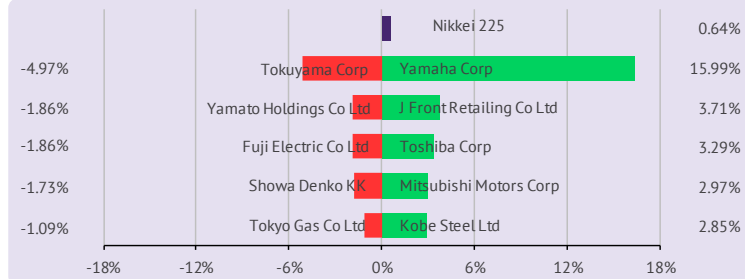
UK markets finished lower on Friday, weighed down by losses in banking sector stocks. Data showed that UK's gross domestic product rose at a slower-than-anticipated pace on a quarterly basis in 1Q17. The FTSE 100 Index declined 0.5% to close at 7,203.94.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. On the macro front, China's Caixin manufacturing PMI recorded a more than expected drop in April, its lowest level in 7 months. The Nikkei 225 Index is trading 0.6% higher at 19,434.39.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar dropped 0.3% against the South African Rand to trade at R13.3615. Later today, South Africa's manufacturing PMI will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. On the data front, the US ISM manufacturing PMI eased more-than-expected in April, remaining in expansion territory. Further, construction spending unexpectedly dropped on a monthly basis in March. Meanwhile, personal consumption expenditure advanced at par with market anticipations on an annual basis in March. Moreover, personal spending recorded a flat reading in the same month. Additionally, final Markit manufacturing PMI expanded at par with market forecasts in April. Separately, South Africa's trade surplus expanded more than market expectations in March, led by an increase in exports. Further, private sector credit advanced less-than-expected on a yearly basis in March. Moreover, the nation's budget surplus recorded a drop in the same month, compared to its prior reading.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R17.2382. Later today, traders will keep an eye on UK's Markit manufacturing PMI for further cues.

The British Pound declined against the South African Rand yesterday. Data released on Friday revealed that Britain's economy grew at a slower pace on a quarterly basis in 1Q17. Further, BBA mortgage approvals dropped more-than-expected in March. Additionally, Nationwide house prices surprisingly declined on a monthly basis in April.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro retreated 0.2% against the South African Rand to trade at R14.5815. Going forward, market participants will keep a tab on Eurozone's unemployment rate and Markit manufacturing PMI across the Eurozone for further direction.

The Euro strengthened against the South African Rand yesterday. Data released on Friday indicated that Eurozone's consumer price index advanced higher-than-expected on an annual basis in April. Separately, Germany's retail sales recorded a rise on a monthly basis in March. Meanwhile, import price index declined more-than-expected on a monthly basis 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 R10.0719. Earlier in the session, the Reserve Bank of Australia maintained its interest rate at 1.5%, in line with market anticipation. Meanwhile, in China, Australia's largest trading partner, Caixin manufacturing PMI eased more-than-expected in April, recording its weakest level in 7 months.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.3615	▼	0.27%	0.27%	0.27%	-0.37%	-2.37%
GBPZAR	17.2382	▼	-0.27%	-0.27%	-0.27%	2.87%	2.03%
EURZAR	14.5815	▼	0.33%	0.33%	0.33%	1.86%	1.19%
AUDZAR	10.0719	▼	0.76%	0.76%	0.76%	-2.21%	1.81%
EURUSD	1.0915	▲	0.03%	0.03%	0.03%	2.31%	3.66%
GBPUSD	1.2905	▲	-0.51%	-0.51%	-0.51%	3.24%	4.45%
Brent (\$/barrel)	51.5	▼	-1.02%	-1.02%	-1.02%	-2.76%	-9.33%
Gold (\$/oz)	1257.9	▲	-1.01%	-1.01%	-1.01%	1.68%	9.01%
Platinum (\$/oz)	935.7	▲	-1.74%	-1.74%	-1.74%	0.05%	3.39%
Copper (\$/MT)*	5710.5	-	0.00%	NA	0.00%	-1.81%	3.39%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.2% to trade at \$1,257.90/oz.

Yesterday, gold prices fell 1.0% to close at \$1,255.50/oz, as strength in the US Dollar dented demand for the safe haven asset.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.1% to trade at \$51.46/bbl.

Yesterday, Brent crude oil dropped 1.0% to settle at \$51.52/bbl, after Libya's National Oil Company revealed that the production has increased above 760,000 bpd, its strongest rise since December 2014.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$935.70/oz.

Yesterday, platinum prices declined 1.7% to close at \$932.20/oz.

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Major South Africa Corporate News

Trencor Limited

In its FY16 provisional results, the company announced that its revenue advanced 1.0% from the preceding year to ZAR9.37bn. However, it reported a substantial loss in its diluted headline earnings of 435.10c/share against a profit of 512.60c posted last year. Its loss before tax stood at ZAR3.76bn from a profit of ZAR4.00mn revealed in the prior year. The loss reflects a weaker performance by Textainer due to difficult trading conditions and includes additional depreciation required under International Financial Reporting Standards (IFRS) over and above that required under US GAAP as well as the impairment of the Hanjin Shipping Company receivables.

Major Global Economic News

US

In the US, the ISM manufacturing activity index dropped to 54.80 in April, compared to a level of 57.20 in the previous month. Markets were expecting the index to drop to a level of 56.50.

In March, core personal consumption expenditure registered a rise of 1.6% on an annual basis in the US, in line with market expectations. Core personal consumption expenditure had registered a rise of 1.8% in the previous month.

In the US, construction spending unexpectedly eased 0.2% on a monthly basis in March, compared to a revised advance of 1.8% in the previous month. Market anticipation was for construction spending to advance 0.4%.

In March, personal spending remained flat on a monthly basis in the US, less than market expectations for a rise of 0.2%. In the prior month, personal spending had registered a revised flat reading.

In the US, the final Markit manufacturing PMI recorded a drop to 52.80 in April, compared to a level of 53.30 in the previous month. The preliminary figures had also recorded a fall to 52.80.

Eurozone

In the Eurozone, the final consumer price index climbed 1.9% on an annual basis in April, higher than market expectations for an advance of 1.8%. The index had registered a rise of 1.5% in the prior month. The preliminary figures had indicated a rise of 1.5%.

In Germany, retail sales unexpectedly climbed 0.1% on a monthly basis in March, compared to a revised advance of 1.1% in the previous month. Market expectation was for retail sales to record a flat reading.

In March, the import price index recorded a drop of 0.5% on a monthly basis in Germany, higher than market expectations for a drop of 0.1%. In the prior month, the index had advanced 0.7%.

Asia

In China, Caixin/Markit manufacturing PMI index registered an unexpected drop to 50.30 in April, compared to market expectations of a rise to 51.30. The index had recorded a revised level of 51.20 in the previous month.

The Bank of Japan's (BoJ) March monetary policy meeting minutes revealed that policymakers agreed to closely monitor consumer prices. Further, they indicated that tighter labour market conditions and rebounding energy prices are having a short-term effect on consumer prices.

In Japan, the Nikkei services PMI fell to a level of 52.20 in April, compared to a reading of 52.90 in the prior month.

The RBA kept official cash rate on hold at its historic low of 1.5%, as widely expected. The RBA Governor, Philip Lowe repeated Australia's housing market concerns, stating that housing prices continue to vary considerably around the country.

UK

In the UK, the flash gross domestic product (GDP) climbed 0.3% on a quarterly basis in 1Q17, compared to an advance of 0.7% in the previous quarter. Markets were anticipating GDP to advance 0.4%.

In March, BBA mortgage approvals fell to a level of 41.06K in the UK, compared to a revised level of 42.25K in the previous month.

In the UK, the seasonally adjusted house prices unexpectedly eased 0.4% on a monthly basis in April, compared to a drop of 0.3% in the previous month. Market anticipation was for house prices to rise 0.1%.

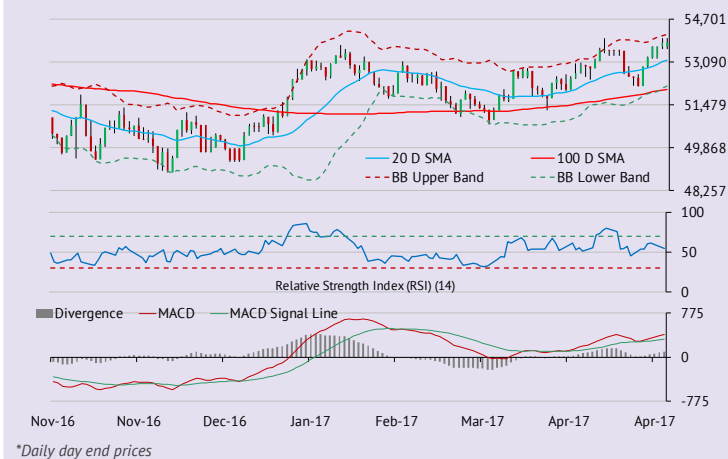
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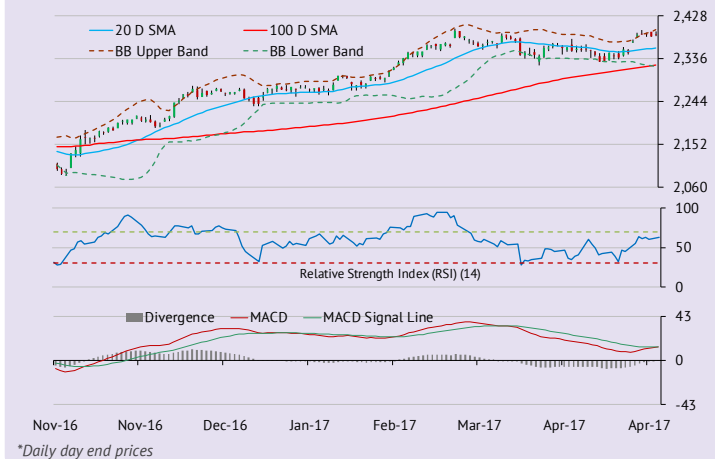
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 53,117.37, and a fall through could take it to the next support level of 52,417.43. The index is expected to find its first resistance at 54,251.62, and a rise through could take it to the next resistance level of 54,685.93.

S&P 500



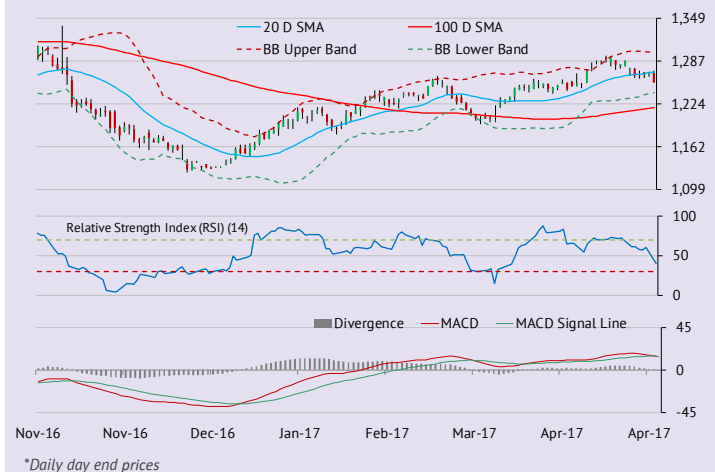
The S&P 500 index is expected to find support at 2,380.27, and a fall through could take it to the next support level of 2,372.20. The index is expected to find its first resistance at 2,397.28, and a rise through could take it to the next resistance level of 2,406.22.

USDZAR



The pair is expected to find support at 13.0991, and a fall through could take it to the next support level of 12.7921. The pair is expected to find its first resistance at 13.5741, and a rise through could take it to the next resistance level of 13.7421.

XAU/USD



Gold is expected to find support at \$1,247.97/oz, and a fall through could take it to the next support level of \$1,240.43/oz. The precious metal is expected to find its first resistance at \$1,269.97/oz, and a rise through could take it to the next resistance level of \$1,284.43/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Monetary Base (YoY) (Apr)	✓	19.80%*	20.30%	Monthly
Japan	01:50	Monetary Base (Apr)	✓✓✓	JPY462.20tn*	JPY447.30tn	Monthly
Japan	01:50	BoJ Monetary Policy Meeting Minutes	✓✓✓	-	-	As scheduled
Japan	02:20	BOJ Kuroda speaks at Global Think Tank Summit in Yokohama	✓✓✓	-	-	As scheduled
Japan	02:30	Markit Japan Services PMI (Apr)	✓✓	52.20*	52.90	Monthly
Japan	02:30	Markit/JMMA Composite PMI (Apr)	✓✓	52.60*	52.90	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Apr)	✓✓	50.30*	51.20	Monthly
Eurozone	08:30	ECB's Noy speaks in Vienna	✓	-	-	As scheduled
Germany	09:00	Export price index (Mar)	✓	-	106.20	Monthly
Germany	09:00	Import Price Index (Mar)	✓	-	103.80	Monthly
Germany	09:55	Markit Manufacturing PMI (Apr) (F)	✓✓✓	58.20	58.20**	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Apr) (F)	✓✓✓	56.80	56.80**	Monthly
Greece	10:00	Manufacturing PMI (Apr)	✓	-	46.70	Monthly
UK	10:30	Markit Manufacturing PMI (Apr)	✓✓✓	54.00	54.20	Monthly
Eurozone	11:00	Unemployment Rate (Mar)	✓✓	9.40%	9.50%	Monthly
South Africa	11:00	PMI Manufacturing (Apr)	✓✓✓	51.40	52.20	Monthly
US	14:55	Redbook Index (YoY) (28-Apr)	✓	-	1.70%	Weekly
US	14:55	Redbook Index s.a. (MoM) (28-Apr)	✓	-	1.20%	Weekly
Eurozone	18:00	ECB's Nowotny Speaks at Vienna University	✓	-	-	As scheduled
US	-	Total Vehicle Sales (Apr)	✓	-	16.53mn	Monthly
South Africa	-	Naamsa Vehicle Sales (YoY) (Apr)	✓✓	-	-	Monthly
US	-	Domestic Vehicle Sales (Apr)	✓	-	12.97mn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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