

ONE Minute Brief

11 May 2017

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Economic and Political News

Communications Minister, Ayanda Dlodlo, stated that the South African Broadcasting Corporation (SABC) is facing a financial crisis and it may not be able to meet its financial obligations. She added that SABC had an operating loss of about ZAR509mn for the quarter ending March 2017.

President, Jacob Zuma, has filed an appeal against the ruling of the North Gauteng High Court, which has ordered him to submit the reasons for reshuffling his cabinet and removing former Finance Minister, Pravin Gordhan.

Social Development Minister, Bathabile Dlamini, indicated that it will take about ZAR6.0bn of cost and 5 years for the Social Security Agency of South Africa (SASSA) to take control of the payment of social grants to 17-million beneficiaries, which is currently being undertaken by Cash Paymaster Services.

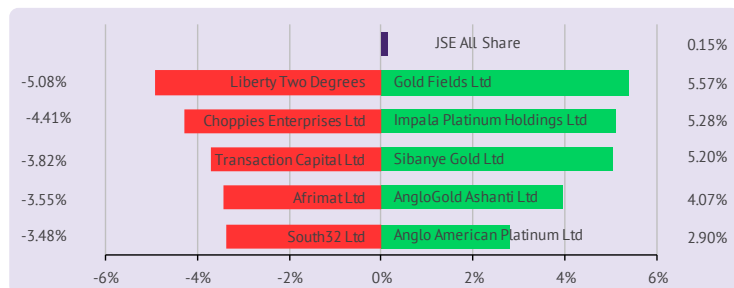
The chair of the Parliament's standing committee on public accounts (Scopa), Themba Godi, has indicated that Scopa will summon Eskom to answer questions about its deal for the supply of coal with Tegeta Exploration and Resources, an entity controlled by the Gupta family.

Finance Minister, Malusi Gigaba, stated that Government is yet to decide on a possible merger of South African Airways and South African Express and that it might involve a public equity partner and not a private one.

South Africa Market ▲

South African markets closed higher

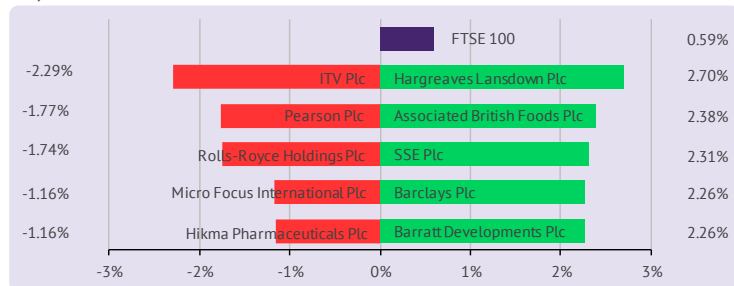
South African markets closed in the green yesterday, led by an increase in gold and platinum mining sector stocks. The JSE All Share Index rose 0.2% to close at 54,254.35.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, amid gains in mining sector stocks. Data indicated that UK's RICS house price balance remained unchanged in April. The FTSE 100 Index advanced 0.6% to close at 7,385.24.



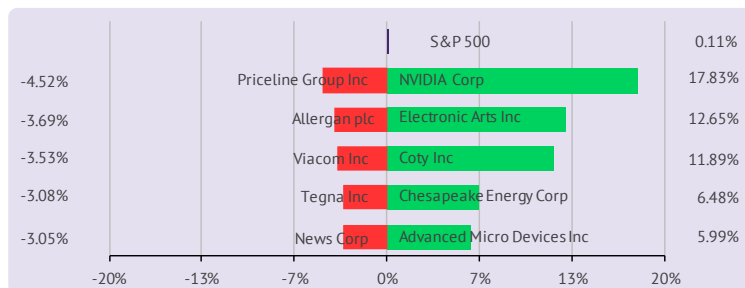
Key Indices

| | Last Close | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 54254.35 | ▲ | 81.59 | 0.15% | 1.26% | 0.81% | 3.38% | 7.11% |
| JSE Top 40 | 47635.58 | ▲ | 74.50 | 0.16% | 1.33% | 1.20% | 4.22% | 8.50% |
| FTSE 100 | 7385.24 | ▲ | 43.03 | 0.59% | 1.20% | 2.52% | -1.62% | 3.39% |
| DAX 30 | 12757.46 | ▲ | 8.34 | 0.07% | 0.32% | 2.57% | 1.02% | 11.12% |
| CAC 40 | 5400.46 | ▲ | 2.45 | 0.05% | -0.59% | 2.53% | 2.83% | 11.07% |
| S&P 500 | 2399.63 | ▲ | 2.71 | 0.11% | 0.01% | 0.65% | 0.91% | 7.18% |
| Nasdaq Composite | 6129.14 | ▲ | 8.56 | 0.14% | 0.47% | 1.35% | 2.30% | 13.86% |
| DJIA | 20943.11 | ▼ | -32.67 | -0.16% | -0.30% | 0.01% | 1.34% | 5.97% |

US Market ▲

The S&P 500 futures are trading in the red

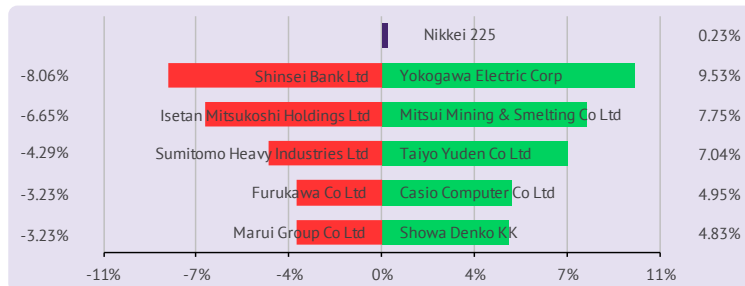
US markets closed higher yesterday, supported by a rise in energy sector stocks. Data revealed that the US posted a budget surplus in April, higher than market expectations. The S&P 500 Index climbed 0.1% to close at 2,399.63.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. On the macro front, Japan's trade surplus narrowed less-than-anticipated in March. The Nikkei 225 Index is trading 0.2% higher at 19,945.62.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R13.5105. Later today, traders will keep a close watch on US initial jobless claims for further cues. Separately, South Africa's manufacturing production will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. Data indicated that US monthly budget surplus widened higher-than-expected in April. Further, MBA mortgage applications bounced back into positive territory for the week ended May 5, 2017. Additionally, import price recorded a more-than-anticipated rise on a monthly basis in April, supported by an increase in fuel prices, while export price index advanced in line with the market forecast on a monthly basis in the same month.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.3% firmer against the South African Rand at R17.4790. UK's RICS house price balance registered a steady reading in April. Later today, traders will keep an eye on Bank of England's interest rate decision, UK's NIESR gross domestic product estimate, manufacturing production along with industrial production, construction output and total trade balance data for further direction.

The British Pound declined against the South African Rand yesterday.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.4% against the South African Rand to trade at R14.6947. 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. The European Central Bank (ECB) President, Mario Draghi indicated that although the Eurozone's economic recovery is strengthening, it is too early to declare victory and start withdrawing stimulus measures.

AUDZAR ◀▶

AUD trading flat against ZAR

At 06:00 SAST, the Australian Dollar is trading flat against the South African Rand at R9.9154.

The Australian Dollar fell against the South African Rand yesterday. Data showed that in China, Australia's largest trading partner, annual consumer price index registered a more-than-expected rise in April. Meanwhile, producer price index rose less than market forecast on a yearly basis in the same month, as prices for iron ore and coal decreased.

Key Currencies & Commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|-------------------|---------|---|-----------|-----------|-----------|-------------------|-----------|
| USDZAR | 13.5105 | ▲ | -1.13% | 0.37% | 0.72% | -0.37% | -1.93% |
| GBPZAR | 17.4790 | ▲ | -1.07% | 0.15% | 0.64% | 2.87% | 2.96% |
| EURZAR | 14.6947 | ▲ | -1.17% | -0.81% | 0.48% | 1.86% | 1.33% |
| AUDZAR | 9.9154 | - | -0.87% | -0.37% | -0.95% | -2.21% | 0.08% |
| EURUSD | 1.0871 | ▲ | -0.06% | -1.17% | -0.27% | 2.31% | 3.36% |
| GBPUSD | 1.2939 | ▲ | 0.02% | -0.33% | -0.12% | 3.24% | 4.86% |
| Brent (\$/barrel) | 50.4 | ▲ | 3.06% | 2.28% | -3.52% | -2.76% | -11.62% |
| Gold (\$/oz) | 1219.3 | ▲ | 0.23% | -0.65% | -3.89% | 1.68% | 5.83% |
| Platinum (\$/oz) | 914.2 | ▲ | 1.00% | -0.03% | -4.09% | 0.05% | 0.92% |
| Copper (\$/MT)* | 5475.3 | ▼ | -0.20% | -1.58% | -4.12% | -1.81% | -0.86% |

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged marginally higher to trade at \$1,219.30/oz.

Yesterday, gold prices rose 0.2% to close at \$1,218.90/oz, reversing its previous session losses.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.4% to trade at \$50.42/bl.

Yesterday, Brent crude oil advanced 3.1% to settle at \$50.22/bl, after the US Energy Department reported that crude oil inventories dropped more-than-expected by 5.2mn bls for the week ended May 5, 2017. Further, Iraq and Algeria supported Saudi Arabia for an extension in output cut by Organization of the Petroleum Exporting Countries (OPEC).

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.5% higher to trade at \$914.20/oz.

Yesterday, platinum prices climbed 1.0% to close at \$909.90/oz.



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Major South Africa Corporate News

Harmony Gold Mining Company Limited

The company stated that it is confident about delivering on its \$180mn investment in the silver and gold Hidden Valley mine in Papua New Guinea.

South African Airways

The company stated that it has appointed Phumeza Nhantsi as permanent Chief Financial Officer with effect from May 1, 2017.

Major Global Economic News

US

In the US, budget surplus recorded a reading of USD182.43bn in April, compared to a budget deficit of USD176.23bn in the previous month. Markets were expecting the nation to post a budget surplus of USD179.00bn.

In the US, the weekly MBA mortgage applications rose 2.4% in the week ended May 5, 2017. Mortgage applications had fallen 0.1% in the previous week.

In April, the import price index registered a rise of 0.5% on a monthly basis in the US, higher than market expectations for an advance of 0.1%. In the prior month, the index had recorded a revised rise of 0.1%.

In the US, the export price index advanced 0.2% on a monthly basis in April, compared to a revised rise of 0.1% in the previous month. Market anticipation was for the index to rise 0.2%.

UK

In the UK, house price balance remained steady at 22.0 % in April.

Eurozone

The ECB President, Mario Draghi stated that although the Eurozone's economic recovery is strengthening, it is too early to declare victory and start withdrawing stimulus measures.

Asia

In Japan, (BOP basis) trade surplus narrowed to JPY865.50bn in March. Japan had registered a trade surplus of JPY1076.80bn in the previous month.

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Economic Calendar

| Country | SAST | Economic Indicator | Relevance | Consensus/ *Actual | Previous | Frequency |
|--------------|-------|--|-----------|-----------------------|--------------|--------------|
| UK | 01:01 | RICS Housing Price Balance (Apr) | ✓✓ | 22.00%* | 22.00% | Monthly |
| Japan | 01:50 | Current Account n.s.a. (Mar) | ✓ | JPY2907.70bn* | JPY2813.60bn | Monthly |
| Japan | 01:50 | Trade Balance - BOP Basis (Mar) | ✓✓ | JPY865.50bn* | JPY1076.80bn | Monthly |
| Japan | 01:50 | Adjusted Current Account Total (Mar) | ✓ | - | JPY2210.90bn | Monthly |
| Japan | 07:00 | Eco Watchers Survey: Current (Apr) | ✓✓ | 47.80 | 47.40 | Monthly |
| Japan | 07:00 | Eco Watchers Survey: Outlook (Apr) | ✓✓ | 48.20 | 48.10 | Monthly |
| UK | 10:30 | Industrial Production (MoM) (Mar) | ✓ | -0.40% | -0.70% | Monthly |
| UK | 10:30 | Manufacturing Production (MoM) (Mar) | ✓ | -0.20% | -0.10% | Monthly |
| UK | 10:30 | Construction Output s.a. (YoY) (Mar) | ✓ | 2.90% | 0.50% | Monthly |
| UK | 10:30 | Total Trade Balance (Mar) | ✓✓ | -GBP3.00bn | -GBP3.66bn | Monthly |
| UK | 10:30 | Visible Trade Balance (Mar) | ✓✓ | -GBP11.60bn | -GBP12.46bn | Monthly |
| Eurozone | 11:00 | European Commission Economic Forecasts | ✓ | - | - | As scheduled |
| South Africa | 11:30 | Gold Production (YoY) (Mar) | ✓✓ | - | -16.80% | Monthly |
| South Africa | 11:30 | Mining Production (YoY) (Mar) | ✓✓ | 4.70% | 4.60% | Monthly |
| US | 12:25 | Fed's Dudley Speaks on Globalization in Mumbai | ✓ | - | - | As scheduled |
| UK | 13:00 | Composite Leading Indicator (Mar) | ✓ | - | 99.75 | Monthly |
| UK | 13:00 | BoE Inflation Letter | ✓✓✓ | - | - | As scheduled |
| UK | 13:00 | BoE Interest Rate Decision | ✓✓✓ | 0.25% | 0.25% | As scheduled |
| UK | 13:00 | BoE Asset Purchase Facility | ✓✓✓ | GBP435.00bn | GBP435.00bn | As scheduled |
| South Africa | 13:00 | Manufacturing Production Index (YoY) (Mar) | ✓✓✓ | -2.40% | -3.60% | Monthly |
| South Africa | 13:00 | Manufacturing Production s.a. (MoM) (Mar) | ✓✓✓ | 0.50% | -0.40% | Monthly |
| UK | 14:00 | NIESR GDP Estimate (3M) (Apr) | ✓✓✓ | 0.40% | 0.50% | Monthly |
| US | 14:30 | Producer Price Index (MoM) (Apr) | ✓ | 0.20% | -0.10% | Monthly |
| US | 14:30 | Continuing Jobless Claims (29-Apr) | ✓ | 1980.00K | 1964.00K | Weekly |
| US | 14:30 | Initial Jobless Claims (06-May) | ✓✓✓ | 245.00K | 238.00K | Weekly |
| US | 14:30 | Producer Price Index (YoY) (Apr) | ✓✓ | 2.20% | 2.30% | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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