

# ONE Minute Brief

12 May 2017

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## Economic and Political News

In South Africa (SA), the seasonally adjusted manufacturing production index unexpectedly dropped 0.6% MoM in March, compared to a revised drop of 0.4% in February. Gold production fell 8.8% YoY in March, compared to a revised decline of 17.1% in February. Mining production climbed more-than-expected by 15.5% YoY in March, compared to a revised rise of 4.1% in the prior month. Platinum production rose 30.0% YoY in March, compared to revised rise of 45.6% in February.

Finance Minister, Malusi Gigaba, is having discussions on the regulations needed for the implementation of the Financial Intelligence Centre Act, to which amendments have been signed by President, Jacob Zuma.

Communications Minister, Ayanda Dlodlo, stated that government policies are guided by the ANC's policy framework and will not change midstream.

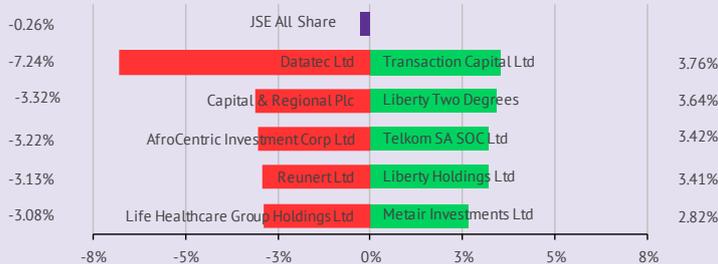
The Democratic Alliance (DA) stated that President Jacob Zuma has failed to meet the court deadline to provide reasons for the recent Cabinet reshuffle by Thursday.

The DA has asked Social Development Minister Bathabile Dlamini to explain how she arrived at the cost of ZAR6.0bn for the South African Social Security Agency to take over welfare grant distribution.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, led by losses in retail and resources sector stocks. Data revealed that South Africa's manufacturing production surprisingly declined on a monthly basis in March. The JSE All Share Index fell 0.3% to close at 54,114.00.



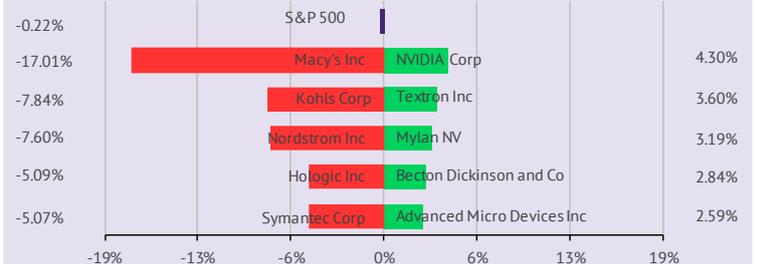
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54114.00	▼ -140.35	-0.26%	1.00%	0.55%	3.38%	6.83%
JSE Top 40	47488.45	▼ -147.13	-0.31%	1.02%	0.89%	4.22%	8.17%
FTSE 100	7386.63	▲ 1.39	0.02%	1.22%	2.54%	-1.62%	3.41%
DAX 30	12711.06	▼ -46.40	-0.36%	-0.05%	2.20%	1.02%	10.71%
CAC 40	5383.42	▼ -17.04	-0.32%	-0.90%	2.20%	2.83%	10.72%
S&P 500	2394.44	▼ -5.19	-0.22%	-0.20%	0.43%	0.91%	6.95%
Nasdaq Composite	6115.96	▼ -13.18	-0.22%	0.25%	1.13%	2.30%	13.61%
DJIA	20919.42	▼ -23.69	-0.11%	-0.42%	-0.10%	1.34%	5.85%

## US Market ▼

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

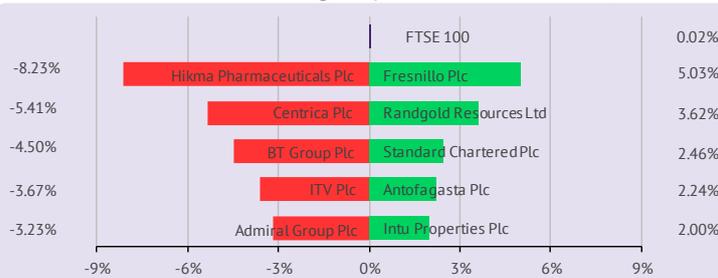
US markets closed lower yesterday, amid a decline in consumer discretionary sector stocks. Data indicated that US initial jobless claims unexpectedly eased for the week ended May 6, 2017. The S&P 500 Index dropped 0.2% to close at 2,394.44.



## UK Market ▲

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

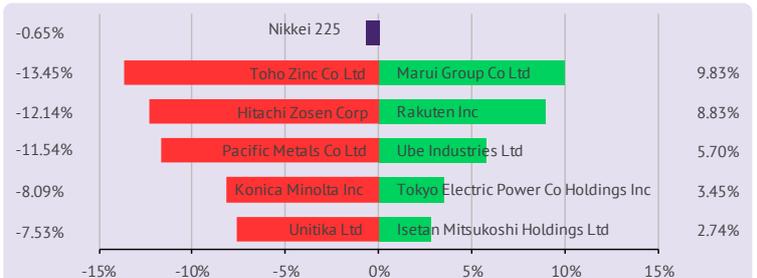
UK markets finished a tad higher yesterday, supported by a rise in material sector stocks. On the macro front, UK's NIESR gross domestic product estimate rose less-than-anticipated in the three months to April 2017. The FTSE 100 Index marginally advanced to close at 7,386.63.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.7% lower at 19,831.35.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R13.3462. Later today, traders will keep a close watch on US consumer price index, advance retail sales, Michigan consumer sentiment index and business inventories for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, the number of Americans filing for first-time unemployment benefits surprisingly declined for the week ended May 6, 2017. Separately, South Africa's monthly manufacturing production unexpectedly fell in March.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 0.1% against the South African Rand to trade at R17.1999. With no major economic news in the UK today, investor sentiment will be determined by the global macroeconomic news.

The British Pound declined against the South African Rand yesterday. The Bank of England kept its benchmark interest rate unchanged at 0.25% in May. Further, the central bank lowered its economic growth forecast for 2017 to 1.9% from 2.0% and increased its inflation forecast to 2.8% from a February forecast of 2.4%. Data indicated that UK's NIESR gross domestic product (GDP) estimate advanced less than market forecast in the three months to April 2017. Meanwhile, manufacturing production recorded a higher-than-expected drop on a monthly basis in March. Further, monthly industrial production eased more than market anticipations in the same month. Additionally, construction output surprisingly declined on a monthly basis in March, led by a fall in demand for repairs and maintenance and infrastructure. Moreover, the total trade deficit widened more-than-anticipated in March.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R14.5080. Going forward, market participants will keep a tab on Eurozone's industrial production for further cues. Germany's gross domestic product and consumer price index due later in the day will be on investors' radar.

The Euro weakened against the South African Rand yesterday. Meanwhile, data showed that Germany's wholesale price index advanced on a monthly basis in April, compared to a flat reading in the prior month.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R9.8442.

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	13.3462	▼	-0.79%	-0.42%	-0.07%	-0.37%	-2.70%
GBPZAR	17.1999	▼	-1.18%	-1.03%	-0.55%	2.87%	1.74%
EURZAR	14.5080	▼	-0.83%	-1.63%	-0.36%	1.86%	0.49%
AUDZAR	9.8442	▼	-0.61%	-0.98%	-1.56%	-2.21%	-0.53%
EURUSD	1.0868	▲	-0.05%	-1.22%	-0.31%	2.31%	3.31%
GBPUSD	1.2885	▲	-0.43%	-0.76%	-0.54%	3.24%	4.42%
Brent (\$/barrel)	50.9	▲	1.10%	3.40%	-2.46%	-2.76%	-10.65%
Gold (\$/oz)	1226.6	▲	0.43%	-0.22%	-3.48%	1.68%	6.30%
Platinum (\$/oz)	920.9	▲	0.86%	0.82%	-3.27%	0.05%	1.79%
Copper (\$/MT)*	5521.3	▲	0.84%	-0.75%	-3.31%	-1.81%	-0.03%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.2% to trade at \$1,226.60/oz.

Yesterday, gold prices rose 0.4% to close at \$1,224.20/oz, as a decline in US and European equities increased the demand appeal for the safe haven commodity.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.2% to trade at \$50.86/bl.

Yesterday, Brent crude oil advanced 1.1% to settle at \$50.77/bl, extending its previous session gains, on the back of higher-than-expected decline in US crude inventories.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.3% to trade at \$920.90/oz.

Yesterday, platinum prices climbed 0.9% to close at \$917.70/oz.

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## Major South Africa Corporate News

### Allied Electronics Corporation Limited

In its preliminary FY17 results, the company revealed that its revenue declined 3.0% from the preceding year to ZAR13.89bn. Its headline EPS from continuing operations stood at 114.00c, compared with 126.00c recorded in the corresponding period of the previous year. However, its profit before tax rose to ZAR513.00mn from ZAR474.00mn posted last year.

### DataTec Limited

The company announced that its headline EPS is expected to be 2.0c for FY17, registering a substantial fall of 90.0% than the previous year.

### Kumba Iron Ore Limited

In its trading statement for 1H17, the company reported that its headline EPS is anticipated to be at least 20.0% higher than the corresponding period last year, attributable to an increase in export iron ore prices during the period. Separately, it stated that after Frikkie Kotzee stepped down as the Chief Financial Officer (CFO), Johan Prins will assume the role of Acting CFO.

### Omnia Holdings Limited

The company announced that it has entered into a sale of shares agreement with Lubricant Additives Solutions and Technology and Autumn Storm Investments 294 Proprietary Limited, for 90.0% of the ordinary shares of Umongo Petroleum Proprietary Limited for a maximum aggregate acquisition consideration of ZAR780.00mn.

### Telkom SA SOC Limited

In its FY17 trading statement, the company reported that its headline EPS is expected to increase between 110.0% and 130.0% compared with the prior year, as last year's earnings were heavily impacted by voluntary severance packages and voluntarily early retirement packages.

## Major Global Economic News

### UK

The Bank of England kept its key interest rate steady at 0.25%, at par with market expectations. Additionally, the bank cut UK's economic growth forecast for 2017 to 1.9% from 2.0% and raised its inflation forecast to 2.8% from February forecast of 2.4%.

In the UK, NIESR estimated GDP advanced 0.2% on a monthly basis in the February-April 2017 period, lower than market expectations for a rise of 0.4%. In the January-March 2017 period, NIESR estimated GDP had climbed by a revised 0.3%.

In March, industrial production recorded a more-than-expected drop of 0.5% on a monthly basis in the UK, compared to a revised fall of 0.8% in February. Manufacturing production eased higher-than-expected by 0.6% on a monthly basis in March, compared to a revised drop of 0.3% in February.

In March, construction output unexpectedly eased 0.7% on a monthly basis in the UK, compared to a revised drop of 1.3% in February.

The total trade deficit in the UK widened to GBP4.90bn in March, compared to a revised deficit of GBP2.65bn in the previous month. Markets were expecting a total trade deficit of GBP3.00bn.

### Eurozone

In Germany, the wholesale price index climbed 0.3% on a monthly basis in April. In the prior month, the index had registered a flat reading.

### US

In the US, the seasonally adjusted initial jobless claims unexpectedly dropped to 236.00K in the week ended May 6, 2017, compared to a level of 238.00K in the previous week. Markets were anticipating initial jobless claims to rise to 245.00K.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Japan	06:15	BoJ Harada speaks as panelist in Tokyo	✓	-	-	As scheduled
Germany	08:00	Gross Domestic Product w.d.a. (YoY) (Q1) (P)	✓✓	1.70%	1.70%	Quarterly
Germany	08:00	Consumer Price Index (MoM) (Apr) (F)	✓✓✓	0.00%	0.00%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (Apr) (F)	✓✓	2.00%	2.00%**	Monthly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q1) (P)	✓✓✓	0.60%	0.40%	Quarterly
Eurozone	11:00	Industrial Production s.a. (MoM) (Mar)	✓	0.30%	-0.30%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (Mar)	✓✓	2.30%	1.20%	Monthly
US	14:30	Consumer Price Index Core s.a. (Apr)	✓	-	250.99	Monthly
US	14:30	Advance Retail Sales (MoM) (Apr)	✓✓✓	0.60%	-0.20%	Monthly
US	14:30	Retail Sales Ex Auto & Gas (Apr)	✓	0.40%	0.10%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (Apr)	✓✓	0.50%	0.00%	Monthly
US	14:30	Retail Sales "Control Group" (MoM) (Apr)	✓✓	0.40%	0.50%	Monthly
US	14:30	Consumer Price Index (MoM) (Apr)	✓✓✓	0.20%	-0.30%	Monthly
US	14:30	Consumer Price Index (YoY) (Apr)	✓✓	2.30%	2.40%	Monthly
US	14:30	Consumer Price Index n.s.a. (Apr)	✓	244.60	243.80	Monthly
US	15:00	Fed's Evans Speaks in Dublin	✓	-	-	As scheduled
US	16:00	Manufacturing New Orders (Mar)	✓	-	USD476493.00mn	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (May) (P)	✓✓✓	97.00	97.00	Monthly
US	16:00	Business Inventories (Mar)	✓	0.10%	0.30%	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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