

ONE Minute Brief

24 May 2017

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Economic and Political News

In South Africa, the leading indicator eased to 97.60 in March, compared to a level of 98.00 in the previous month.

Former Finance Minister, Pravin Gordhan, called for the Eskom board to be fired and an investigation into returning of Molefe as Eskom's Chief Executive Officer, as the answers provided by the board of reappointment of Brian Molefe lacked credibility.

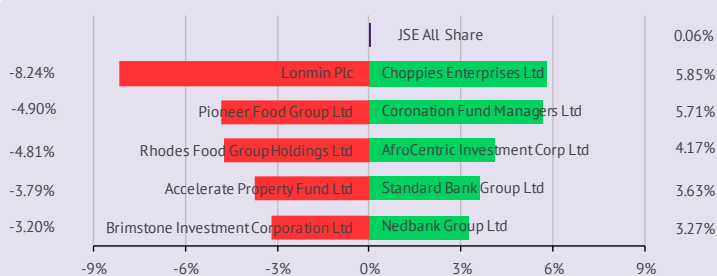
Finance Minister, Malusi Gigaba, indicated that by providing policy certainty and stabilising state-owned companies (SOCs), the Government can restore confidence and re-ignite growth. Moreover, he added that since 2009, spending are backed by borrowings but the Government will try to focus on executing budget and further in a year will monitor increased spendings. Further, Gigaba revealed that the budget deficit in 2016/17 narrowed to 3.8% of gross domestic product from a previous estimate of 3.9% and would decrease 3.3% over next 3 years.

Tourism Minister, Tokozile Xasa, stated that the estimated ZAR10bn spend annually by the organs of state on travel and related services may help in accelerating radical economic transformation in South Africa and further the Department of Tourism will work with other partner departments to achieve this goal.

South Africa Market ▲

South African markets closed higher

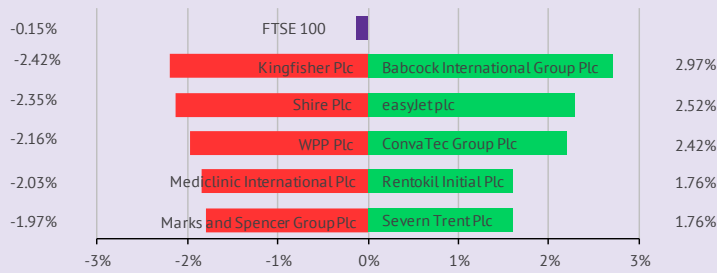
South African markets closed in the green yesterday, supported by gains in gold and platinum mining sector stocks. Data showed that South Africa's leading indicator recorded a drop in March, compared to its previous reading. The JSE All Share Index rose 0.1% to 54,548.91.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, amid a decline in consumer discretionary sector stocks. Data revealed that UK's public sector net borrowings registered a more-than-expected deficit in April. The FTSE 100 Index declined 0.2% to close at 7,485.29.



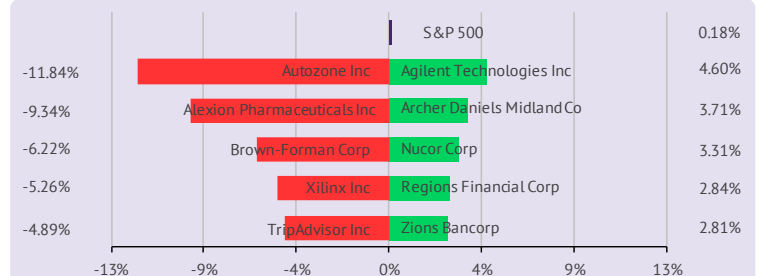
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54548.91	▲	31.85	0.06%	0.22%	1.36%	3.38%	7.69%
JSE Top 40	48046.16	▲	40.97	0.09%	0.17%	2.07%	4.22%	9.44%
FTSE 100	7485.29	▼	-11.05	-0.15%	0.20%	3.91%	-1.62%	4.79%
DAX 30	12659.15	▲	39.69	0.31%	0.16%	1.78%	1.02%	10.26%
CAC 40	5348.16	▲	25.28	0.47%	0.45%	1.53%	2.83%	9.99%
S&P 500	2398.42	▲	4.40	0.18%	0.70%	0.60%	0.91%	7.13%
Nasdaq Composite	6138.71	▲	5.09	0.08%	0.90%	1.51%	2.30%	14.04%
DJIA	20937.91	▲	43.08	0.21%	0.64%	-0.01%	1.34%	5.95%

US Market ▲

The S&P 500 futures are trading in the red

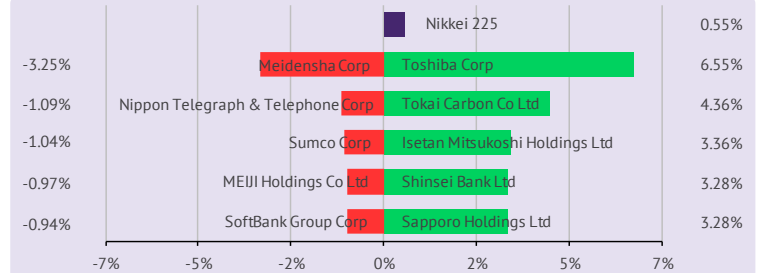
US markets closed higher yesterday, led by a rise in financial sector stocks. Data indicated that US preliminary Markit manufacturing PMI surprisingly declined in May, notching its lowest level in 8 months. The S&P 500 Index climbed 0.2% to close at 2,398.42.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.6% higher at 19,722.09.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% firmer against the South African Rand at R13.1138. Later today, traders will keep a close watch on FOMC meeting minutes and existing home sales along with house price index and MBA mortgage applications data for further indication. Separately, South Africa's consumer price index will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, after US preliminary Markit manufacturing PMI unexpectedly dropped to its weakest level in 8 months in May. Further, new home sales slumped higher-than-anticipated on a monthly basis in April, notching its lowest level since March 2015. Meanwhile, flash Markit services PMI expanded more than market forecast in May, reaching its highest level in four months. Separately, South Africa's leading indicator declined in March, compared to its previous reading.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.3% against the South African Rand to trade at R17.0114. 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, after UK's public sector net borrowings recorded a deficit of more than market anticipations in April. Additionally, the CBI distributive trade survey's retail sales balance eased more-than-expected in May.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro advanced 0.2% against the South African Rand to trade at R14.6617. Going forward, market participants will keep a tab on Germany's GfK consumer confidence survey for further cues.

The Euro weakened against the South African Rand yesterday. On the macro front, Eurozone's preliminary Markit manufacturing PMI surprisingly rose in May, recording its highest level in 73 months. Meanwhile, flash Markit services PMI recorded a surprise drop in the same month. Separately, Germany's gross domestic product advanced at par with the market forecast on a quarterly basis in 1Q17. Furthermore, preliminary Markit manufacturing PMI jumped to a 73-month high in May. Additionally, Ifo business climate advanced more-than-expected in the same month. Moreover, Ifo business expectations grew more than market anticipations in May. Meanwhile, flash Markit services PMI surprisingly declined in the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R9.7656. Earlier in the session, data revealed that Australia's Westpac leading index dropped on a monthly basis in April.

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	13.1138	▲	-1.30%	-1.11%	-2.17%	-0.37%	-4.74%
GBPZAR	17.0114	▲	-1.43%	-1.69%	-2.10%	2.87%	0.15%
EURZAR	14.6617	▲	-1.38%	-1.32%	0.42%	1.86%	1.28%
AUDZAR	9.7656	▼	-0.82%	-0.83%	-2.27%	-2.21%	-1.24%
EURUSD	1.1180	▼	-0.04%	-0.19%	2.64%	2.31%	6.37%
GBPUSD	1.2972	▲	-0.13%	-0.56%	0.08%	3.24%	5.07%
Brent (\$/barrel)	54.2	▲	0.52%	1.01%	4.03%	-2.76%	-4.70%
Gold (\$/oz)	1251.4	▼	-0.47%	0.15%	-1.01%	1.68%	9.01%
Platinum (\$/oz)	942.7	▼	-0.09%	0.98%	0.07%	0.05%	5.30%
Copper (\$/MT)*	5695.0	▲	0.11%	0.53%	-0.27%	-1.81%	3.11%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,251.40/oz.

Yesterday, gold prices fell 0.5% to close at \$1,255.50/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 gained 0.2% to trade at \$54.24/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$54.15/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 1.5mn bls for the week ended May 19, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.7% lower to trade at \$942.70/oz.

Yesterday, platinum prices declined 0.1% to close at \$949.40/oz.



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Major South Africa Corporate News

Adcorp Holdings Limited

In its FY17 results, the company reported that its revenue advanced 3.1% from the preceding year to ZAR16.07bn. However, its diluted EPS stood at a loss of 27.10c, compared with a profit of 289.30c recorded in the previous year. It reported a loss before tax of ZAR117.36mn from a profit of ZAR260.74mn posted last year.

Coronation Fund Managers Limited

In its 1H17 results, the company stated that its revenue decreased to ZAR1.94bn from ZAR2.07bn posted in the corresponding period of the previous year. Its diluted headline EPS fell 4.0% from the same period of the prior year to 220.70c. Its pre-tax earnings fell to ZAR1.01bn from ZAR1.06bn posted last year.

Group Five Limited

The company announced Mr. Themba Mosai's appointment to the Board as Group Chief Executive Officer and Mr. Kushil Maharaj's appointment as Group Executive Committee (Exco) member of Investments & Concessions with immediate effect.

Major Global Economic News

Eurozone

In the Eurozone, the flash Markit manufacturing PMI recorded an unexpected rise to a level of 57.00 in May compared to a reading of 56.70 in the prior month. Markets were expecting the manufacturing PMI to drop to 56.50.

In May, the flash Markit services PMI registered an unexpected drop to a level of 56.20 in the Eurozone, compared to a level of 56.40 in the prior month. Market expectation was for services PMI to record a steady reading.

In Germany, the seasonally adjusted final gross domestic product (GDP) advanced 0.6% on a quarterly basis in 1Q17, compared to an advance of 0.4% in the previous quarter. Market anticipation was for GDP to advance 0.6%. The preliminary figures had also recorded an advance of 0.6%.

In Germany, the flash manufacturing PMI recorded an unexpected rise to 59.40 in May, compared to a reading of 58.20 in April. The flash Markit services PMI registered an unexpected drop to a level of 55.20 in May, compared to a level of 55.40 in April.

In May, the Ifo business climate index climbed more-than-forecast to 114.60 in Germany, compared to a reading of 112.90 in April. The Ifo business expectations index recorded a higher-than-expected rise to 106.50 in May, compared to a level of 105.20 in April.

UK

In the UK, in April, the public sector net borrowing has posted a deficit of GBP9.60bn, as compared to a revised deficit of GBP2.30bn in the prior month. Market expectation was for public sector net borrowing to announce a deficit of GBP8.00bn.

In May, the CBI distributive trade survey's retail sales balance registered a drop to 2.0% in the UK, lower than market expectations of a drop to a level of 10.0%. In the prior month, the CBI distributive trade survey's retail sales balance had recorded a reading of 38.0%.

US

In the US, the preliminary Markit manufacturing PMI unexpectedly dropped to 52.50 in May, compared to market expectations of an advance to 53.00. The Markit manufacturing PMI had registered a reading of 52.80 in the previous month.

In May, the flash Markit services PMI advanced to 54.00 in the US, compared to market expectations of an advance to 53.30. Markit services PMI had registered a level of 53.10 in the prior month.

In the US, new home sales fell 11.4%, on monthly basis, to a level of 569.00K in April, lower than market expectations of 610.00K. New home sales had recorded a level of 642.00K in the prior month.

Asia

In Australia, the Westpac leading index fell 0.12% on a monthly basis in April. The index had risen 0.08% in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
Japan	07:00	Coincident Index (Mar) (F)	✓	-	114.60**	Monthly
Japan	07:00	Leading Economic Index (Mar) (F)	✓✓	-	105.50**	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Jun)	✓✓	10.20	10.20	Monthly
Spain	09:00	Producer Price Index (MoM) (Apr)	✓	-	-0.80%	Monthly
Spain	09:00	Producer Price Index (YoY) (Apr)	✓	-	6.00%	Monthly
Switzerland	09:15	Industrial Production (YoY) (Q1)	✓✓	-	-1.20%	Quarterly
South Africa	10:00	Consumer Price Index (MoM) (Apr)	✓✓✓	0.30%	0.60%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Apr)	✓✓✓	5.60%	6.10%	Monthly
Eurozone	10:30	ECB Executive Board member Praet speaks in Sofia	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (19-May)	✓	-	-4.10%	Weekly
Eurozone	14:45	ECB President Draghi speaks in Madrid	✓✓✓	-	-	As scheduled
US	15:00	House Price Index s.a. (Mar)	✓✓	-	244.80	Monthly
US	15:00	House Price Purchase Index (QoQ) (Q1)	✓✓	-	1.50%	Quarterly
US	15:00	Housing Price Index (MoM) (Mar)	✓	0.50%	0.80%	Monthly
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
US	16:00	Existing Home Sales (Apr)	✓	5.65 mn	5.71 mn	Monthly
US	16:00	Existing Home Sales (MoM) (Apr)	✓	-1.10%	4.40%	Monthly
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled
US	20:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
Japan	-	Cabinet Office Monthly Economic Report	✓✓	-	-	As scheduled
Eurozone	-	ECB account of the monetary policy meeting	✓	-	-	As scheduled
Japan	-	BOJ Kuroda speaks in Tokyo	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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