

ONE Minute Brief

31 May 2017

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Economic and Political News

Private sector credit growth in South Africa (SA) rose more-than-expected to 5.9% YoY in April, compared to a revised rise of 4.98% in March.

Public Enterprises Minister, Lynne Brown, has indicated that the Special Investigating Unit is now set to probe the Tegeta coal supply contract and Eskom's other deals dating back to 2007. Eskom's Board Chairman, Ben Ngubane, has welcomed the investigation.

The latest eNCA-Ipsos poll results revealed that President Jacob Zuma's popularity among ANC's voters is at an all-time low.

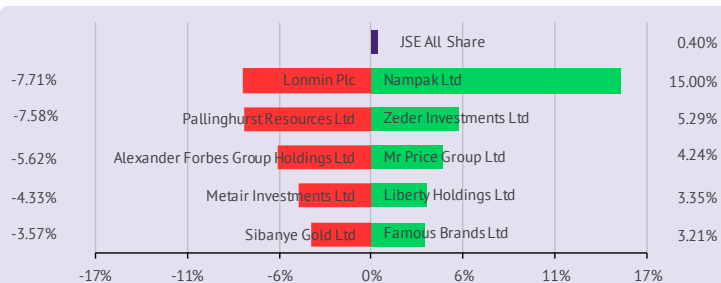
Humphrey Maxegwana, the Chairman of the Parliament's communications portfolio committee indicated that the committee would soon invite applications to fill the 12-member board at the South African Broadcasting Corporation (SABC).

The Democratic Alliance has suggested reprioritisation of ZAR10.8bn spending in the 2017-18 budget to make sure that there is sufficient money available for social grants, education, job creation and for the fight against crime and corruption.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in retail sector stocks. Data revealed that South Africa's private sector credit advanced in April, compared to its prior reading. The JSE All Share Index rose 0.4% to close at 54,158.04.



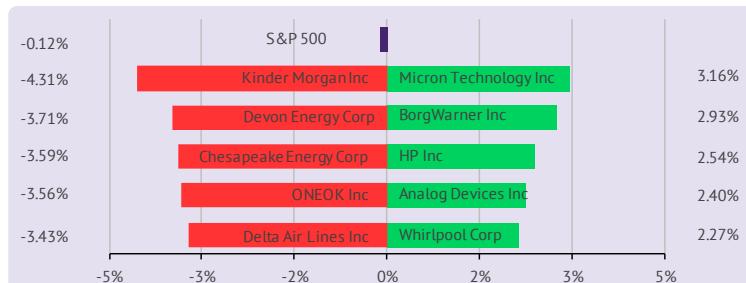
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54158.04	▲	213.82	0.40%	0.30%	0.63%	3.38%
JSE Top 40	47699.35	▲	165.85	0.35%	0.34%	1.33%	4.22%
FTSE 100	7526.51	▼	-21.12	-0.28%	-0.28%	4.48%	-1.62%
DAX 30	12598.68	▼	-30.27	-0.24%	-0.03%	1.29%	1.02%
CAC 40	5305.94	▼	-26.53	-0.50%	-0.58%	0.73%	2.83%
S&P 500	2412.91	▼	-2.91	-0.12%	-0.12%	1.20%	0.91%
Nasdaq Composite	6203.19	▼	-7.01	-0.11%	-0.11%	2.57%	2.30%
DJIA	21029.47	▼	-50.81	-0.24%	-0.24%	0.42%	1.34%

US Market ▲

The S&P 500 futures are trading in the green

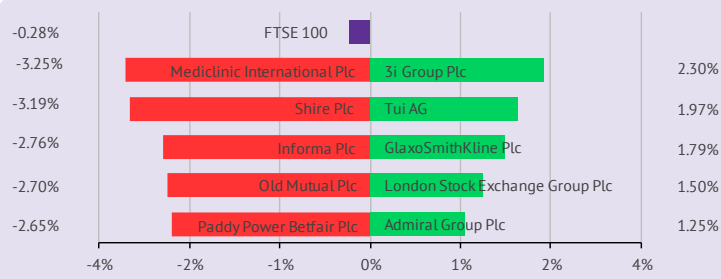
US markets closed lower yesterday, led by losses in energy sector stocks. Data indicated that US consumer confidence unexpectedly dropped in May. The S&P 500 Index dropped 0.1% to close at 2,412.91.



UK Market ▲

The FTSE 100 futures are trading in positive territory

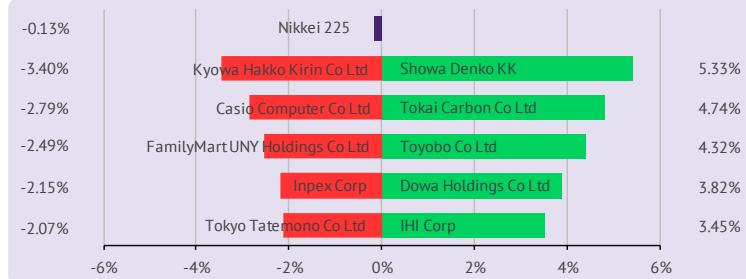
UK markets finished lower yesterday, weighed down by a decline in health care and consumer discretionary sector stocks. Data showed that UK's GfK consumer confidence rose higher-than-anticipated in May. The FTSE 100 Index declined 0.3% to close at 7,526.51.



Asian Market ▼

Trading mostly higher

Asian markets are trading mostly higher this morning. Data showed that China's manufacturing PMI expanded more-than-anticipated in May. The Nikkei 225 Index is trading 0.1% lower at 19,651.96.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.2% against the South African Rand to trade at R13.1091. Later today, traders will keep a close watch on US Federal Reserve's Beige book report, pending home sales and MBA mortgage approvals for further indication.

The US Dollar rose against the South African Rand yesterday. On the macro front, US consumer confidence surprisingly declined in May. Meanwhile, personal consumption expenditure advanced at par with market forecast on an annual basis in April. Furthermore, personal spending recorded a rise in line with market expectations in the same month, its highest rise in 4 months. Separately, South Africa's private sector credit registered a rise in April, compared to its previous reading. Meanwhile, the nations' budget recorded a deficit in April, compared to a surplus in prior month.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.5% against the South African Rand to trade at R16.8090. Data indicated that UK's GfK consumer confidence advanced to its highest level in 4 months in May, beating market expectations. Meanwhile, BRC shop price index dropped more-than-expected on an annual basis in May. Later today, traders will keep an eye on UK's net consumer credit and mortgage approvals for further cues.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.2% against the South African Rand to trade at R14.6531. Going forward, market participants will keep a tab on Eurozone's consumer price index and unemployment rate for further direction. Germany's unemployment rate and retail sales will be on investors' radar.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's final consumer confidence dropped at par with market anticipations in May. Further, business climate indicator unexpectedly declined in the same month. Separately, Germany's preliminary consumer price inflation advanced less-than-expected on a yearly basis in May. Meanwhile, import price index surprisingly fell on a monthly basis in April.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% lower against the South African Rand at R9.7673. Earlier in the session, data revealed that Australia's private sector credit rose in line with market expectations on a monthly basis in April. Meanwhile, in China, Australia's largest trading partner, manufacturing PMI advanced more than market expectations in May.

The Australian Dollar rose against the South African Rand yesterday. Data showed that Australia's building approvals bounced back into positive territory more than market expectations on a monthly basis in April. Further, ANZ Roy Morgan weekly consumer confidence index rose for the week ended May 28, 2017, compared to its previous reading.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.1091	▼	1.28%	1.94%	-1.78%	-0.37%	-4.37%
GBPZAR	16.8090	▼	1.43%	2.45%	-2.50%	2.87%	-0.25%
EURZAR	14.6531	▼	1.46%	2.07%	0.84%	1.86%	1.69%
AUDZAR	9.7673	▼	1.48%	2.13%	-2.19%	-2.21%	-1.17%
EURUSD	1.1178	▼	0.20%	0.03%	2.67%	2.31%	6.40%
GBPUSD	1.2823	▼	0.15%	0.43%	-0.71%	3.24%	4.24%
Brent (\$/barrel)	51.7	▼	-0.86%	-0.59%	-0.40%	-2.76%	-8.76%
Gold (\$/oz)	1262.5	▲	-0.47%	-0.47%	-0.49%	1.68%	9.59%
Platinum (\$/oz)	941.9	▲	-2.26%	-2.26%	-0.80%	0.05%	4.38%
Copper (\$/MT)*	5633.3	▼	-0.08%	-0.08%	-1.35%	-1.81%	2.00%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged marginally higher to trade at \$1,262.50/oz.

Yesterday, gold prices fell 0.5% to close at \$1,262.10/oz, reversing its previous session gains.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.3% to trade at \$51.66/bl.

Yesterday, Brent crude oil dropped 0.9% to settle at \$51.84/bl, amid rising concerns as investors' are looking forward to US crude supplies data. Meanwhile, Libya oil production came in at 784,000bbls per day, less than market expectations of 800,000bbls per day.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$941.90/oz.

Yesterday, platinum prices declined 2.3% to close at \$941.10/oz.

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Major South Africa Corporate News

Alexander Forbes Group Holdings Limited

In its FY17 trading statement, the company reported that it expects its headline EPS to register a fall of 5.0% to 10.0% from last year.

Liberty Holdings Limited

The company announced that David Munro will assume the role of Chief Executive Officer, with immediate effect. This follows the resignation of Mr. Thabo Dloti from the Board with immediate effect.

Mr Price Group Limited

In its FY17 results, the company revealed that its revenue declined 1.2% from the preceding year to ZAR19.76bn. Its diluted headline EPS stood at 887.90c, compared with 1,012.90c recorded in the previous year. Separately, a final gross cash dividend of 438.80c per share has been declared for the period.

Nampak Limited

In its 1H17 results, the company reported that its revenue decreased to ZAR9.33bn from ZAR9.42bn posted in the corresponding period of the previous year. However, its diluted headline EPS rose 8.0% from the same period of the prior year to 112.80c. Its pre-tax profit substantially advanced from the past year to ZAR932.50mn.

Reunert Limited

In its 1H17 results, the company indicated that its revenue rose to ZAR4.42bn from ZAR4.02bn posted in the corresponding period of the previous year. Its diluted EPS increased 1.0% from the same period of the prior year to 272.00c. Its profit before tax rose to ZAR640.00mn from ZAR634.00mn posted last year.

Major Global Economic News

Eurozone

In the Eurozone, the final consumer confidence index registered a rise to -3.30 in May, meeting market expectations. The index had registered a reading of -3.60 in the previous month.

In May, the business climate indicator registered an unexpected drop to a level of 0.90 in the Eurozone, compared to a revised level of 1.10 in the previous month. Market expectation was for the business climate indicator to climb to a level of 1.11.

In Germany, the preliminary consumer price index (CPI) rose 1.5% on an annual basis in May, compared to a rise of 2.0% in the previous month.

In April, the import price index recorded an unexpected drop of 0.1% on a monthly basis in Germany, lower than market expectations for an advance of 0.1%. The index had recorded a drop of 0.5% in the prior month.

Asia

In Japan, the preliminary industrial production climbed 4.0% on a monthly basis in April, less than market expectations for a rise of 4.2%. In the previous month, industrial production had fallen 1.9%.

In China, the NBS manufacturing PMI remained steady at 51.20 in May, higher than market expectations of a drop to 51.0.

In Australia, the private sector credit advanced 0.4% on a monthly basis in April, meeting market expectations. In the previous month, the private sector credit had registered a revised similar rise.

US

In the US, the CB consumer confidence index unexpectedly eased to 117.90 in May, compared to a revised level of 119.40 in the previous month. Market expectation was for the index to advance to 119.50.

In April, core personal consumption expenditure climbed 1.5% on a yearly basis in the US, in line with market expectations. Core personal consumption expenditure had registered a rise of 1.6% in the previous month.

In the US, personal spending climbed 0.4% on a monthly basis in April, compared to a revised rise of 0.3% in the prior month. Market anticipation was for personal spending to advance 0.4%.

UK

In the UK, the GfK consumer confidence registered an unexpected rise to a level of -5.00 in May, higher than market expectations of a fall to -8.00. In the previous month, the consumer confidence had registered a level of -7.00.

In May, the BRC shop price index eased 0.4% on a yearly basis in the UK, more than market expectations for a drop of 0.3%. The index had registered a drop of 0.5% in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	GfK Consumer Confidence (May)	✓✓	-5.00*	-7.00	Monthly
Japan	01:50	Industrial Production (MoM) (Apr) (P)	✓	4.00%*	-1.90%	Monthly
China	03:00	NBS Non-manufacturing PMI (May)	✓	54.50*	54.00	Monthly
China	03:00	NBS Manufacturing PMI (May)	✓✓	51.20*	51.20	Monthly
Japan	07:00	Annualised Housing Starts (Apr)	✓✓	0.97 mn units	0.98 mn units	Monthly
Switzerland	08:00	UBS Consumption Indicator (Apr)	✓✓	-	1.50	Monthly
Germany	08:00	Retail Sales (MoM) (Apr)	✓✓	0.30%	0.10%	Monthly
Germany	09:55	Unemployment Change (May)	✓✓✓	-15.00 K	-15.00 K	Monthly
Germany	09:55	Unemployment Rate s.a. (May)	✓✓	5.70%	5.80%	Monthly
Switzerland	10:00	ZEW Survey - Expectations (May)	✓✓	-	22.20	Monthly
UK	10:30	Net Lending to Individuals (Apr)	✓✓	-	GBP4.70 bn	Monthly
UK	10:30	Net Consumer Credit (Apr)	✓✓	GBP1.50 bn	GBP1.60 bn	Monthly
UK	10:30	Mortgage Approvals (Apr)	✓✓	66.00 K	66.80 K	Monthly
Eurozone	11:00	Unemployment Rate (Apr)	✓✓	9.40%	9.50%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (May) (P)	✓✓✓	1.00%	1.20%	Monthly
US	13:00	MBA Mortgage Applications (26-May)	✓	-	4.40%	Weekly
South Africa	14:00	Trade Balance (Apr)	✓	ZAR7.40 bn	ZAR11.40 bn	Monthly
Canada	14:30	Gross Domestic Product (YoY) (Mar)	✓	2.90%	2.50%	Monthly
Germany	14:30	Merkel, Lautenschlaeger Address German Credit-Union Conference	✓✓✓	-	-	As scheduled
Canada	14:30	Gross Domestic Product Annualised (QoQ) (Q1)	✓✓✓	4.20%	2.60%	Quarterly
US	-	Chicago PMI (May)	✓✓✓	57.00	58.30	Monthly
US	-	Fed's Beige Book	✓✓✓	-	-	As scheduled
US	-	Pending Home Sales (MoM) (Apr)	✓	0.40%	-0.80%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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