

ONE Minute Brief

2 June 2017

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Economic and Political News

In South Africa (SA), manufacturing PMI rose to a level of 51.50 in May, compared to a level of 44.70 in April and against expectations for a level of 46.00. The unemployment rate climbed to 27.7% in 1Q 2017, the highest since September 2003, and compared to market expectations of a rise to 27.0%. Electricity consumption climbed 0.1% on an annual basis in April compared to a rise of 2.7% in March. Electricity production rose 0.8% on a YoY basis in April, compared to a rise of 2.7% in March. New vehicle sales eased 2.6% on a YoY basis in May, worse than market expectations for a drop of 0.4%.

Ratings agency Fitch has affirmed South Africa's local and foreign currency ratings at BB+. The outlook on both assessments was kept at stable.

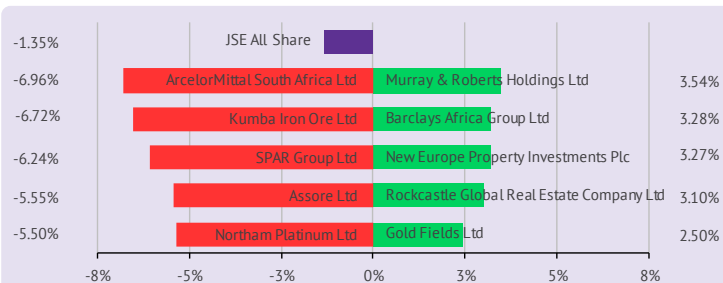
Lieutenant-General Lesetja Mothiba has been appointed as the acting national police commissioner. In a statement, he has committed to fight crime in the nation.

SA's President Jacob Zuma stated that the land issue in the nation will be resolved within the law and there would be no Zimbabwe-style land grabs.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, dragged down by weakness in mining and banking sector stocks. Data indicated that South Africa's manufacturing PMI rose more-than-expected in May. The JSE All Share Index fell 1.4% to close at 52,840.68.



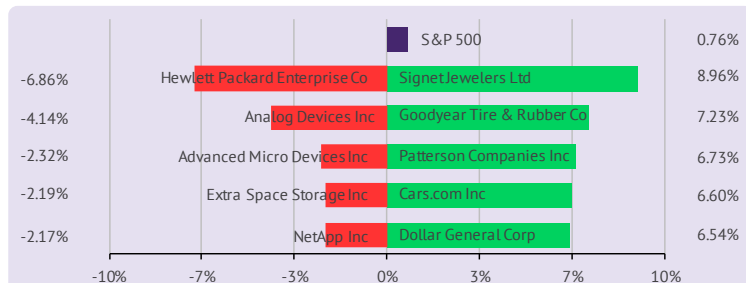
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52840.68	▼ -721.89	-1.35%	-2.14%	-1.35%	-0.47%	4.32%
JSE Top 40	46487.50	▼ -666.41	-1.41%	-2.20%	-1.41%	0.17%	5.89%
FTSE 100	7543.77	▲ 23.82	0.32%	-0.05%	0.32%	4.39%	5.61%
DAX 30	12664.92	▲ 49.86	0.40%	0.50%	0.40%	1.42%	10.31%
CAC 40	5318.67	▲ 35.04	0.66%	-0.34%	0.66%	0.31%	9.39%
S&P 500	2430.06	▲ 18.26	0.76%	0.59%	0.76%	1.16%	8.54%
Nasdaq Composite	6246.83	▲ 48.31	0.78%	0.59%	0.78%	2.50%	16.04%
DJIA	21144.18	▲ 135.53	0.65%	0.30%	0.65%	0.33%	6.99%

US Market ▲

The S&P 500 futures are trading in the green

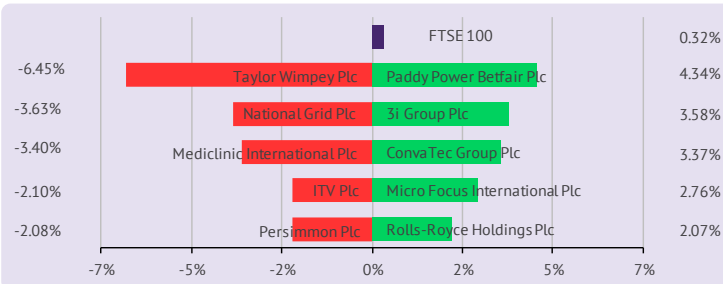
US markets closed higher yesterday, following upbeat macroeconomic data. Data indicated that the US ISM manufacturing activity index advanced unexpectedly in May. The S&P 500 Index climbed 0.8% to close at 2,430.06.



UK Market ▲

The FTSE 100 futures are trading in positive territory

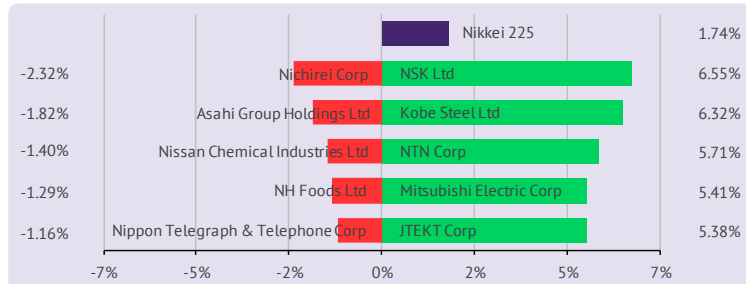
UK markets finished higher yesterday, led by gains in resources sector stocks. On the data front, UK's Markit manufacturing PMI declined less-than-expected in May. The FTSE 100 Index advanced 0.3% to close at 7,543.77.



Asian Market ▲

Trading higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 1.7% higher at 20,206.41.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally higher against the South African Rand at R12.8957. Later today, traders will keep a close watch on US unemployment rate, nonfarm payrolls and trade balance data for further direction.

The US Dollar fell against the South African Rand yesterday. On the data front, private sector employment in the US climbed more-than-expected in May, while initial jobless claims recorded a rise in the last week. Moreover, the nation's ISM manufacturing activity index unexpectedly advanced in May. In South Africa, manufacturing PMI rose more-than-anticipated in May, while the unemployment rate climbed in 1Q 2017.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R16.5985. Later today, traders will keep an eye on UK's construction PMI data for further indication.

The British Pound declined against the South African Rand yesterday. Data indicated that activity in UK's manufacturing sector eased less-than-expected in May. Meanwhile, the nation's housing prices dropped for the third consecutive month in May, indicating that the nation's housing market is losing steam.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R14.4636. Going forward, market participants will keep a tab on the Eurozone's producer price index for further direction.

The Euro weakened against the South African Rand yesterday. In economic news, Eurozone's manufacturing sector growth was confirmed at a 6-year high in May. Moreover, German manufacturing sector expanded at a faster than expected pace in the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.5% against the South African Rand to trade at R9.5228. Earlier in the session, Australian new home sales registered a rise in April.

The Australian Dollar fell against the South African Rand yesterday, after data indicated that Australian AiG performance of manufacturing index declined in May. Meanwhile, the nation's seasonally adjusted retail sales advanced more-than-expected in April.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.8957	▲	-1.71%	0.09%	-1.71%	-1.89%	-6.10%
GBPZAR	16.5985	▼	-1.57%	0.72%	-1.57%	-2.60%	-1.93%
EURZAR	14.4636	▲	-1.81%	0.41%	-1.81%	1.03%	0.04%
AUDZAR	9.5228	▼	-1.53%	-0.13%	-1.53%	-2.87%	-3.35%
EURUSD	1.1218	▲	-0.28%	0.27%	-0.28%	3.20%	6.66%
GBPUSD	1.2873	▼	-0.06%	0.61%	-0.06%	-0.47%	4.43%
Brent (\$/barrel)	50.4	▼	-0.26%	-2.91%	-0.26%	-2.48%	-10.89%
Gold (\$/oz)	1262.8	▼	-0.39%	-0.09%	-0.39%	0.29%	10.01%
Platinum (\$/oz)	931.9	▲	-2.24%	-3.52%	-2.24%	0.17%	3.04%
Copper (\$/MT)*	5675.0	▲	0.30%	0.66%	0.30%	-0.92%	2.75%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,262.80/oz.

Yesterday, gold prices fell 0.4% to close at \$1,267.00/oz, amid strength in global equity markets.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged lower 0.4% to trade at \$50.42/bL.

Yesterday, Brent crude oil dropped 0.3% to settle at \$50.63/bL. Meanwhile, the Energy Information Administration reported that US crude oil inventories dropped by 6.4mn bls for the week ended May 26, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$931.90/oz.

Yesterday, platinum prices declined 2.2% to close at \$929.00/oz.



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Major South Africa Corporate News

PPC Limited

The company stated that its HEPS for the year ended March 31, 2017 is expected to drop between 85.0% and 95.0% from a year ago. Group EBITDA is projected to contract by 10 to 15%. On a normalised basis, earnings and headline earnings per share are expected to be between 25% and 35% below the comparable pro forma reporting period. PPC will release its final results for the year ended 31 March 2017 on 7 June 2017.

Major Global Economic News

US

The ISM manufacturing activity index recorded an unexpected rise to 54.90 in May, in the US, higher than market expectations of a steady reading. The ISM manufacturing activity index had registered a level of 54.80 in the previous month.

The final Markit manufacturing PMI eased to 52.70 in May, in the US, compared to a reading of 52.80 in the previous month. The preliminary figures had indicated a fall to 52.50. Markets were anticipating the Markit manufacturing PMI to drop to 52.50.

The seasonally adjusted initial jobless claims in the US advanced to 248.00K in the week ended 27 May 2017, higher than market expectations of an advance to a level of 238.00K. Initial jobless claims had registered a revised reading of 235.00K in the previous week.

The private sector employment registered a rise of 253.00K in the US, in May, compared to market anticipations of an advance of 180.00K. The private sector employment had registered a revised gain of 174.00K in the prior month.

UK

In May, the manufacturing PMI fell to a level of 56.70 in the UK, compared to a reading of 57.30 in the prior month. Markets were expecting the manufacturing PMI to drop to 56.50.

In May, the seasonally adjusted house prices in the UK unexpectedly eased 0.2% on a monthly basis, compared to market expectations for an advance of 0.2%. House prices had dropped 0.40% in the prior month.

Eurozone

The final manufacturing PMI rose to a level of 57.00 in the Eurozone, in May, at par with market expectations. In the previous month, the manufacturing PMI had registered a level of 56.70. The preliminary figures had also recorded a rise to 57.00.

The final manufacturing PMI rose to a level of 59.50 in Germany, in May, compared to a level of 58.20 in the previous month. Market

Asia

New home sales advanced 0.8% on a monthly basis, in April, in Australia. In the prior month, new home sales had registered a drop of 1.1%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Monetary Base (May)	✓✓✓	JPY455.90 tn*	JPY462.20 tn	Monthly
Japan	07:00	Consumer Confidence Index (May)	✓✓	43.50	43.20	Monthly
UK	10:30	Markit Construction PMI (May)	✓✓	52.60	53.10	Monthly
Eurozone	11:00	Producer Price Index (YoY) (Apr)	✓✓	4.50%	3.90%	Monthly
US	14:30	Average Hourly Earnings (May)	✓✓	-	USD21.96	Monthly
US	14:30	Average Weekly Hours All Employees (May)	✓	34.40	34.40	Monthly
US	14:30	Unemployment Rate (May)	✓✓✓	4.40%	4.40%	Monthly
US	14:30	Underemployment Rate (May)	✓✓	-	8.60%	Monthly
Canada	14:30	Labour Productivity (QoQ) (Q1)	✓	1.20%	0.40%	Quarterly
Canada	14:30	International Merchandise Trade (Apr)	✓	-CAD0.02 bn	-CAD0.14 bn	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (May)	✓✓	0.20%	0.30%	Monthly
US	14:30	Average Hourly Earnings All Employees (YoY) (May)	✓✓	2.60%	2.50%	Monthly
US	14:30	Trade Balance (Apr)	✓✓✓	-USD46.10 bn	-USD43.70 bn	Monthly
US	14:30	Change in Non-farm Payrolls (May)	✓✓✓	182.00K	211.00K	Monthly
US	14:30	Change in Private Payrolls (May)	✓✓	175.00K	194.00K	Monthly
US	15:45	ISM New York Index (May)	✓	-	55.80	Monthly
US	18:45	Fed's Harker Speaks on Economy Outlook	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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