

ONE Minute Brief

6 June 2017

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Economic and Political News

In a report released on Sunday, the World Bank cut growth projections for South Africa (SA) to 0.6% this year, a drop of 0.5 percentage points from its January projection.

Hawks has indicated that it has started an investigation into the leaked emails of the members of the Gupta family and their associates.

Finance Minister, Malusi Gigaba, stated that the South African government has decided to intervene directly in the economy to ensure that market failures do not become an obstacle to growth and equality. Separately, Gigaba stated that state-owned enterprises are playing an important role in improving the nation's economy by creating jobs, driving investment and enhancing social infrastructure.

Civil society organisation Corruption Watch has asked Finance Minister, Malusi Gigaba, to clarify the date on which the Financial Intelligence Centre (FIC) Amendment Act will be implemented.

Key Indices

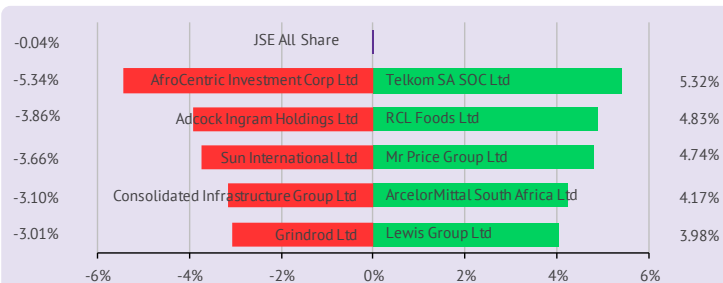
	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52870.12	▼	-19.58	-0.04%	-0.04%	-1.29%	-0.47%
JSE Top 40	46442.07	▼	-80.46	-0.17%	-0.17%	-1.51%	0.17%
FTSE 100	7525.76	▼	-21.87	-0.29%	-0.29%	0.08%	4.39%
DAX 30*	12822.94	▲	158.02	1.25%	0.00%	1.65%	1.42%
CAC 40	5307.89	▼	-35.52	-0.66%	-0.66%	0.46%	0.31%
S&P 500	2436.10	▼	-2.97	-0.12%	-0.12%	1.01%	1.16%
Nasdaq Composite	6295.68	▼	-10.11	-0.16%	-0.16%	1.57%	2.50%
DJIA	21184.04	▼	-22.25	-0.10%	-0.10%	0.83%	0.33%

*Values as on 2nd June 2017

South Africa Market ▼

South African markets closed lower

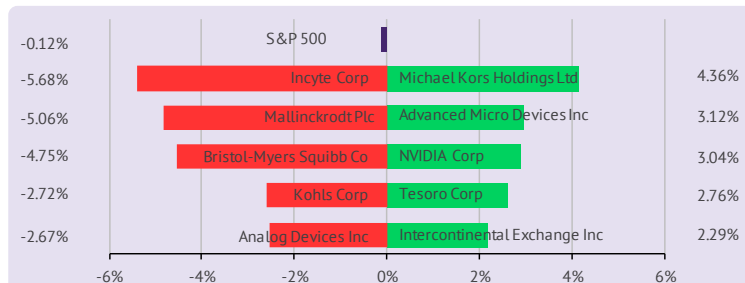
South African markets closed in the red yesterday, led down by losses in retail and resources sector stocks. The JSE All Share Index marginally fell to close at 52,870.12.



US Market ▼

The S&P 500 futures are trading in the red

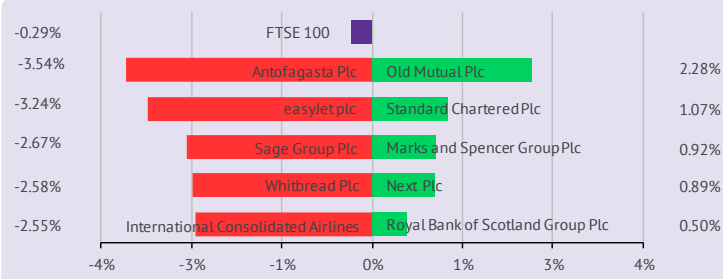
US markets closed lower yesterday, weighed down by losses in utility sector stocks. Data indicated that the US ISM services PMI recorded a more-than-anticipated drop in May, remaining in expansion territory. The S&P 500 Index fell 0.1% to close at 2,436.10.



UK Market ▼

The FTSE 100 futures are trading in negative territory

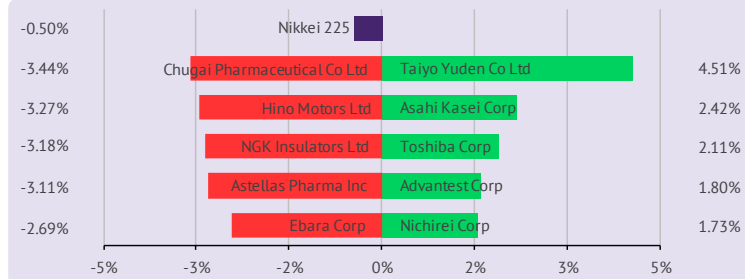
UK markets finished lower yesterday, amid a decline in material and industrial sector stocks. Data revealed that UK's Markit services PMI declined more than market expectations in May. The FTSE 100 Index declined 0.3% to close at 7,525.76.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. On the data front, Japan's labour cash earnings advanced more-than-expected on an annual basis in April. The Nikkei 225 Index is trading 0.5% lower at 20,069.80.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R12.7127. Later today, traders will keep a close watch on US JOLTS job openings for further cues.

The US Dollar fell against the South African Rand yesterday. On the macro front, the US ISM services PMI declined more than market forecast in May. Additionally, final Markit services PMI unexpectedly fell in the same month. Further, factory orders posted a drop at par with market expectations on a monthly basis in April. Moreover, final durable goods orders eased more-than-expected on a monthly basis in April.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R16.4307. On the macroeconomic front, UK's BRC like-for-like retail sales plunged more-than-expected on a yearly basis in May, after consumers started decreasing their spending on discretionary items.

The British Pound declined against the South African Rand yesterday. Data showed that UK's Markit services PMI fell more than market anticipations in May, continuing in expansion territory.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro advanced 0.2% against the South African Rand to trade at R14.3218. Going forward, market participants will keep a tab on Eurozone's Sentix investor confidence and retail sales for further indication.

The Euro weakened against the South African Rand yesterday. On the data front, Eurozone's final Markit services PMI expanded more-than-expected in May. Further, Germany's final Markit services PMI advanced at a faster-than-expected pace in the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R9.4925. Earlier in the session, data revealed that Australia's current account deficit widened more than market expectations in 1Q17. Meanwhile, the Reserve Bank of Australia kept its interest rate unchanged at 1.50%, in line with market expectations.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's AiG performance of service index dropped in May. Meanwhile, in China, Australia's largest trading partner, Caixin services PMI recorded a rise in May, compared to its prior reading.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.7127	▼	-0.79%	-0.79%	-3.08%	-1.89%	-7.41%
GBPZAR	16.4307	▲	-0.79%	-0.79%	-2.80%	-2.60%	-3.15%
EURZAR	14.3218	▲	-1.04%	-1.04%	-2.81%	1.03%	-0.98%
AUDZAR	9.4925	▼	-0.33%	-0.33%	-2.12%	-2.87%	-3.93%
EURUSD	1.1266	▲	-0.22%	-0.22%	0.09%	3.20%	7.05%
GBPUSD	1.2927	▲	0.12%	0.12%	0.11%	-0.47%	4.60%
Brent (\$/barrel)	49.2	▼	-0.96%	-0.96%	-2.54%	-2.48%	-12.94%
Gold (\$/oz)	1287.1	▲	0.20%	0.20%	0.57%	0.29%	11.08%
Platinum (\$/oz)	956.5	▼	0.44%	0.44%	0.77%	0.17%	6.21%
Copper (\$/MT)*	5597.8	▼	-0.75%	-0.75%	-1.06%	-0.92%	1.35%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,287.10/oz.

Yesterday, gold prices rose 0.2% to close at \$1,279.30/oz, as the US Dollar weakened, helping the safe haven asset to reach its highest level in 6 weeks.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.5% to trade at \$49.20/bbl.

Yesterday, Brent crude oil dropped 1.0% to settle at \$49.47/bbl, after Saudi Arabia, Egypt, Bahrain and the United Arab Emirates cut their ties with Qatar, increasing concerns about Middle East oil production.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.1% to trade at \$956.50/oz.

Yesterday, platinum prices climbed 0.4% to close at \$957.60/oz.



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Major South Africa Corporate News

Telkom SA Soc Limited

In its provisional FY17 results, the company stated that its operating revenue increased to ZAR40.97bn from ZAR37.32bn posted in the previous year, boosted by the full consolidation of BCX in the year, along with the solid performance of its Mobile business. Its diluted headline EPS significantly advanced from the prior year to 706.80c.

Major Global Economic News

US

In the US, the ISM non-manufacturing PMI recorded a drop to 56.90 in May, compared to a reading of 57.50 in the previous month. Market expectation was for the non-manufacturing PMI to drop to a level of 57.10.

In May, the final Markit services PMI recorded a rise to 53.60 in the US. Markit services PMI had registered a reading of 53.10 in the prior month. The preliminary figures had recorded an advance to 54.00.

In the US, the final durable goods orders eased 0.8% on a monthly basis in April, higher than market expectations for a fall of 0.6%. The preliminary figures had indicated a fall of 0.7%. Durable goods orders had recorded a revised rise of 2.3% in the prior month.

In April, factory orders eased 0.2% on a monthly basis in the US, in line with market expectations. In the previous month, factory orders had registered a revised rise of 1.0%.

UK

In the UK, the Markit services PMI dropped to 53.80 in May, compared to a level of 55.80 in the prior month. Markets were anticipating the services PMI to drop to 55.00.

In May, retail sales across all sectors fell 0.4% on a yearly basis in the UK, more than market expectations for a fall of 0.2%. In the previous month, retail sales across all sectors had registered a rise of 5.6%.

Asia

In Australia, the seasonally adjusted current account deficit fell to AUD3.10bn in 1Q17, following a revised current account deficit of AUD3.50bn in the prior quarter. Markets were expecting the nation to register a current account deficit of AUD0.50bn.

In Japan, labour cash earnings advanced 0.5% on an annual basis in April, compared to a revised flat reading in the previous month. Markets were expecting labour cash earnings to advance 0.3%.

The Reserve Bank of Australia kept its interest rate unchanged at 1.50%, in line with market expectations.

Eurozone

In the Eurozone, the Markit final services PMI eased to 56.30 in May, compared to a reading of 56.40 in the previous month. The preliminary figures had indicated a fall to 56.20. Markets were expecting services PMI to drop to 56.20.

In May, the final services PMI remained unchanged at a level of 55.40 in Germany, higher than market expectations of a drop to 55.20.

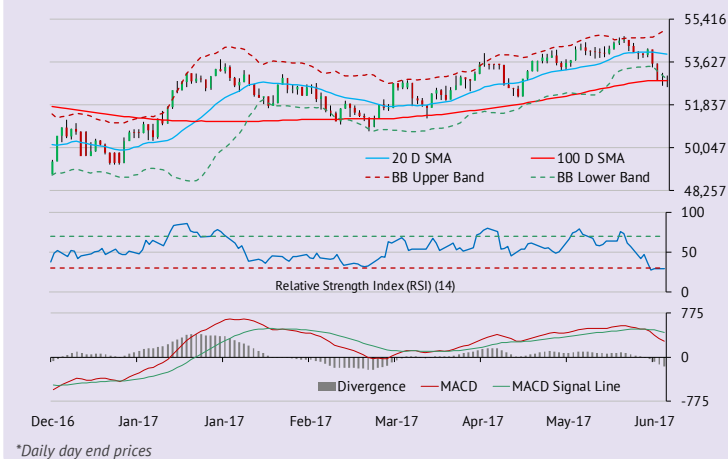
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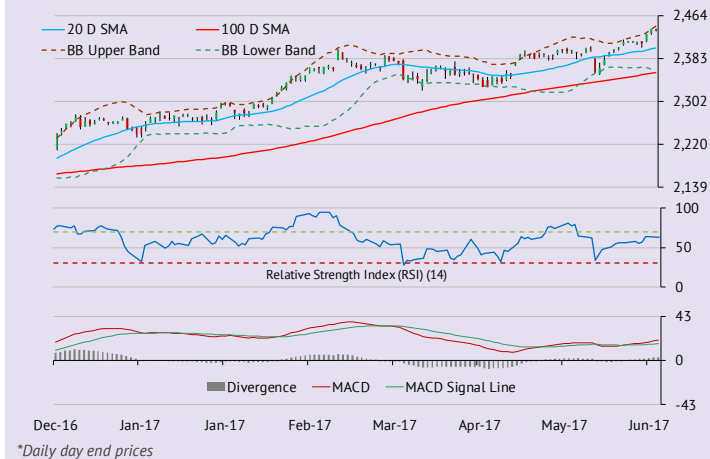
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 52,240.32, and a fall through could take it to the next support level of 51,610.53. The index is expected to find its first resistance at 53,845.43, and a rise through could take it to the next resistance level of 54,820.75.

S&P 500



The S&P 500 index is expected to find support at 2,413.05, and a fall through could take it to the next support level of 2,390.00. The index is expected to find its first resistance at 2,449.69, and a rise through could take it to the next resistance level of 2,463.28.

USDZAR



The pair is expected to find support at 12.5268, and a fall through could take it to the next support level of 12.3396. The pair is expected to find its first resistance at 13.0562, and a rise through could take it to the next resistance level of 13.3984.

XAU/USD



Gold is expected to find support at \$1,264.47/oz, and a fall through could take it to the next support level of \$1,249.63/oz. The precious metal is expected to find its first resistance at \$1,288.07/oz, and a rise through could take it to the next resistance level of \$1,296.83/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (May)	✓	-0.40%*	5.60%	Monthly
Japan	02:00	Labour Cash Earnings (YoY) (Apr)	✓✓	0.50%*	0.00%	Monthly
Italy	10:00	Istat Releases the Monthly Economic Note	✓	-	-	As scheduled
Eurozone	10:30	Sentix Investor Confidence (Jun)	✓✓	27.40	27.40	Monthly
Eurozone	11:00	Retail Sales (YoY) (Apr)	✓✓	2.10%	2.30%	Monthly
Eurozone	11:00	Retail Sales (MoM) (Apr)	✓✓✓	0.20%	0.30%	Monthly
South Africa	11:30	SACCI Business Confidence Index (May)	✓	-	94.90	Monthly
South Africa	11:30	Gross Domestic Product (YoY) (Q1)	✓	1.00%	0.70%	Quarterly
South Africa	11:30	Gross Domestic Product (QoQ) (Q1)	✓✓	1.00%	-0.30%	Quarterly
US	14:55	Redbook Index (YoY) (02-Jun)	✓	-	1.80%	Weekly
US	14:55	Redbook Index s.a. (MoM) (02-Jun)	✓	-	-1.10%	Weekly
US	16:00	IBD/TIPP Economic Optimism (MoM) (Jun)	✓	-	51.30	Monthly
Canada	16:00	Ivey PMI s.a. (May)	✓✓	-	62.40	Monthly
US	16:00	JOLTs Job Openings (Apr)	✓	5750.00 K	5743.00 K	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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