

ONE Minute Brief

28 June 2017

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Economic and Political News

In South Africa, non-farm payrolls slid 0.5% QoQ in 1Q17, compared to a rise of 0.2% in the prior quarter.

The South African Reserve Bank revealed that it has filed an urgent application in the North Gauteng High Court against the recommendation of the Public Protector, Busisiwe Mkhwebane, to change the mandate of the central bank.

Treasury Director-General, Dondo Mogajane, stated that the Treasury is in talks with banks to roll over SAA's loan of ZAR9.0bn which it has to repay by the end of this month.

The Competition Commission has dismissed reports that it is planning to withdraw charges against some banks implicated in manipulating the currency.

The Labour Court has ruled that the Democratic Alliance and the Economic Freedom Fighters can interfere as interested parties in an application by former Eskom CEO, Brian Molefe, to get his job back.

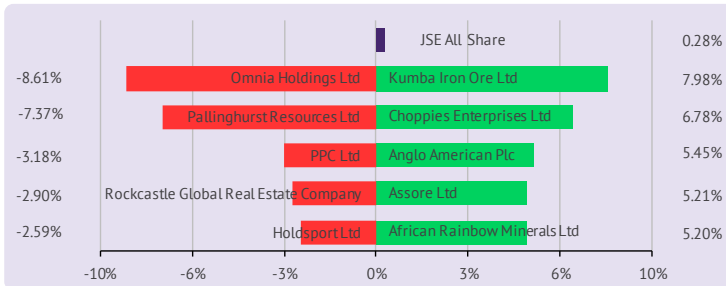
Home Affairs Director-General, Mkuseli Apleni, indicated that the Parliament was not informed of the decision to grant citizenship to the Gupta family members by naturalisation.

Zimbabwe, Namibia and Botswana have suspended poultry imports from South Africa following the outbreak of H5N8 bird flu.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in resources and mining sector stocks. Data revealed that South Africa's non-farm payrolls retreated on a quarterly basis in 1Q17. The JSE All Share Index rose 0.3% to close at 51,432.24.



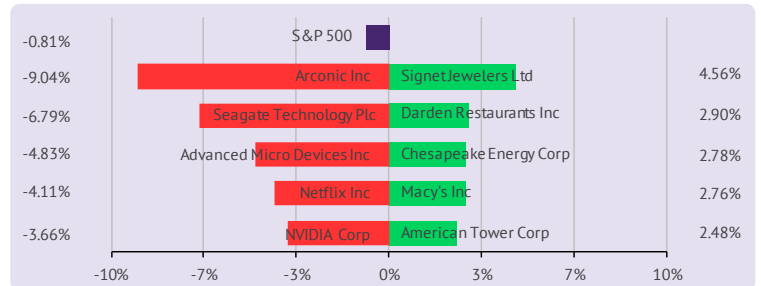
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51432.24	▲ 143.53	0.28%	-0.14%	-3.98%	-0.47%	1.54%
JSE Top 40	45288.38	▲ 175.17	0.39%	-0.15%	-3.96%	0.17%	3.16%
FTSE 100	7434.36	▼ -12.44	-0.17%	0.14%	-1.14%	4.39%	4.08%
DAX 30	12671.02	▼ -99.81	-0.78%	-0.49%	0.44%	1.42%	10.36%
CAC 40	5258.58	▼ -37.17	-0.70%	-0.14%	-0.47%	0.31%	8.15%
S&P 500	2419.38	▼ -19.69	-0.81%	-0.78%	0.31%	1.16%	8.06%
Nasdaq Composite	6146.62	▼ -100.53	-1.61%	-1.89%	-0.84%	2.50%	14.18%
DJIA	21310.66	▼ -98.89	-0.46%	-0.39%	1.44%	0.33%	7.83%

US Market ▼

The S&P 500 futures are trading in the red

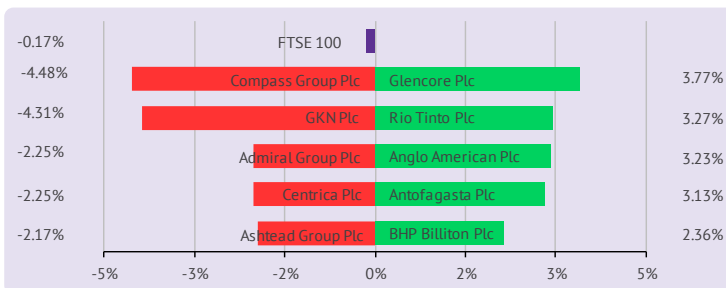
US markets closed lower yesterday, weighed down by losses in information technology sector stocks. Data indicated that US CB consumer confidence index surprisingly advanced in June. The S&P 500 Index dropped 0.8% to close at 2,419.38.



UK Market ▼

The FTSE 100 futures are trading in positive territory

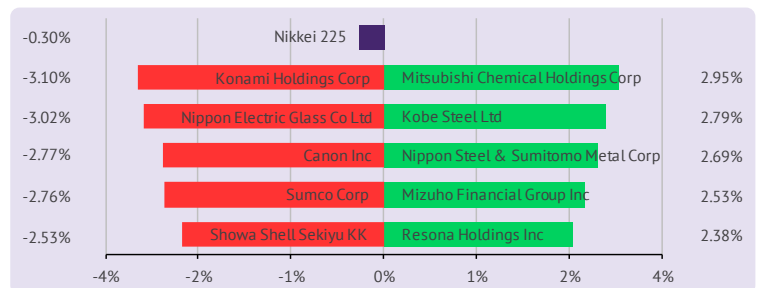
UK markets finished lower yesterday, led by losses in consumer discretionary sector stocks. The FTSE 100 Index declined 0.2% to close at 7,434.36.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.3% lower at 20,164.15.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.2% against the South African Rand to trade at R12.9976. Later today, traders will keep a close watch on US advance goods trade balance, wholesale inventories, pending home sales and MBA mortgage applications for further cues.

The US Dollar rose against the South African Rand yesterday. The US Federal Reserve (Fed) Chairwoman, Janet Yellen, revealed that she does not see another financial crisis for a long time, thanks largely to reforms of the banking system since the 2007-09 crash. She also reiterated her view that the US central bank would continue to increase interest rates only gradually. On the macro front, US CB consumer confidence index recorded an unexpected rise in June, signaling a strong labour market and better business conditions. Separately, South Africa's non-farm payrolls declined on a quarterly basis in the first quarter of 2017.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R16.6600. Today market participants look forward to the Bank of England Governor, Mark Carney's speech.

The British Pound advanced against the South African Rand yesterday. The Bank of England (BoE), in its latest financial stability report, stated that consumer credit has increased rapidly and lending conditions are becoming easier in the mortgage market, so banks will have to keep aside an additional £11.4 billion which will increase flexibility and will also control short-term lending. Moreover, the central bank warned that UK's exit from the European Union could have serious consequences on the British economy.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R14.7531. Going forward, market participants will keep a tab on Germany's import price index for further direction.

The Euro strengthened against the South African Rand yesterday. The European Central Bank (ECB) President, Mario Draghi, indicated that the ECB's policies would re-establish inflationary pressures in the Eurozone and pointed towards a strengthening and broadening recovery in the 19-nation economy. Moreover, he showed confidence in the central bank stimulus program.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.6% firmer against the South African Rand at R9.8848.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's ANZ Roy Morgan weekly consumer confidence index dropped for the week ended June 25, 2017, compared to its previous reading. Meanwhile, in China, Australia's largest trading partner, industrial profits recorded a rise on an annual basis in May.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.9976	▼	1.30%	0.77%	-0.68%	-1.89%	-5.11%
GBPZAR	16.6600	▼	2.02%	1.51%	-1.01%	-2.60%	-1.37%
EURZAR	14.7531	▼	2.70%	2.03%	0.39%	1.03%	2.28%
AUDZAR	9.8848	▲	0.68%	0.37%	1.03%	-2.87%	-0.85%
EURUSD	1.1350	▲	1.40%	1.30%	0.84%	3.20%	7.86%
GBPUSD	1.2817	▲	0.72%	0.75%	-0.59%	-0.47%	3.87%
Brent (\$/barrel)	46.7	▲	1.79%	2.44%	-8.10%	-2.48%	-17.90%
Gold (\$/oz)	1253.1	▲	0.01%	-0.78%	-2.01%	0.29%	8.22%
Platinum (\$/oz)	922.1	▲	0.23%	-1.15%	-3.33%	0.17%	1.90%
Copper (\$/MT)*	5838.0	▲	1.16%	0.99%	3.19%	-0.92%	5.70%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.5% to trade at \$1,253.10/oz.

Yesterday, gold prices marginally rose to close at \$1,246.40/oz, supported by a sharp decline in the greenback and US equities which increased demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged marginally higher to trade at \$46.66/bl.

Yesterday, Brent crude oil advanced 1.8% to settle at \$46.65/bl, extending its previous session gains. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories advanced 851,000 bls for the week ended June 23, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$922.10/oz.

Yesterday, platinum prices climbed 0.2% to close at \$918.70/oz.



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Major South Africa Corporate News

Anglo American Platinum Limited

In its 1H17 trading statement, the company announced that its headline earnings and headline EPS for the period will be at least 20.0% (ZAR329.00mn or 126.00c/share) lower than the comparative reporting period for the six months ended June 30, 2016. The expected decrease in headline earnings is primarily a result of the stronger Rand.

Omnia Holdings Limited

In its FY17 results, the company stated that its revenue decreased to ZAR16.27bn from ZAR16.77bn posted in the previous year. Its headline diluted EPS fell 9.0% from the prior year to 819.00c. Its profit before tax fell 8.0% from the preceding year to ZAR856.00mn.

Major Global Economic News

US

The US Fed Chairwoman Janet Yellen indicated that she does not see another financial crisis for at least as long as she lives, thanks largely to reforms of the banking system since the 2007-09 crash. She also reiterated her view that the US central bank would continue to raise interest rates only gradually.

In the US, the CB consumer confidence index unexpectedly advanced to a level of 118.90 in June, compared to market expectations of a fall to 116.00. The index had registered a revised reading of 117.60 in the previous month.

UK

In its latest financial stability report, the BoE, indicated that consumer credit has increased rapidly and lending conditions are becoming easier in the mortgage market, so banks will have to keep aside an additional £11.4 billion which will increase flexibility and will also control short-term lending. Moreover, the BoE warned that UK's exit from the European Union could have serious consequences on the British economy.

Eurozone

The ECB President, Mario Draghi, stated that the central bank's stimulus policies are working and will be gradually withdrawn as the Eurozone economy accelerates. He also warned that any adjustments to the ECB's stance have to be made gradually, and only when the improving dynamics that justify them appear sufficiently secure.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Japan	07:00	Small Business Confidence (Jun)	✓	49.20	48.90	Monthly
Switzerland	08:00	UBS Consumption Indicator (May)	✓✓	-	1.48	Monthly
Germany	08:00	Import Price Index s.a. (MoM) (May)	✓	-0.60%	-0.10%	Monthly
Germany	08:00	Import Price Index n.s.a. (YoY) (May)	✓	4.60%	6.10%	Monthly
UK	08:00	Nationwide House Prices n.s.a. (YoY) (Jun)	✓✓	1.90%	2.10%	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Jun)	✓✓✓	0.10%	-0.20%	Monthly
Eurozone	10:00	ECB Board member Yves Mersch gives speech in Sintra	✓	-	-	As scheduled
Eurozone	11:45	ECB's Lautenschläger gives speech in Bonn, Germany	✓	-	-	As scheduled
Eurozone	12:30	ECB Board member Vítor Constâncio speaks in Sintra	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (23-Jun)	✓	-	0.60%	Weekly
US	14:30	Wholesale Inventories (MoM) (May) (P)	✓✓✓	0.20%	-0.50%	Monthly
Eurozone	14:30	ECB Board member Ignazio Angeloni speaks in Rome	✓	-	-	As scheduled
Canada	15:30	Bank of Canada's Poloz at ECB Panel	✓✓✓	-	-	As scheduled
Eurozone	15:30	ECB President Draghi participates in Policy Panel at the ECB Forum on Central Banking in Sintra	✓✓✓	-	-	As scheduled
Japan	15:30	Bank of Japan Governor Kuroda Speech	✓✓✓	-	-	As scheduled
UK	15:30	BoE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	16:00	Pending Home Sales (MoM) (May)	✓	1.00%	-1.30%	Monthly
US	16:00	Pending Home Sales (YoY) (May)	✓	0.50%	-5.40%	Monthly
Canada	20:15	Bank of Canada Deputy Governor Lynn Patterson Speaks	✓	-	-	As scheduled

Note: ✓✓✓High ✓✓Medium ✓Low

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