

ONE  
Minute Brief

4 July 2017

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## Economic and Political News

In South Africa (SA), the manufacturing PMI fell to 46.70 in June, compared to 51.50 in May. Separately, new vehicle sales advanced 0.9% in June, compared to a fall of 2.6% in May.

Finance Minister, Malusi Gigaba, indicated that the Treasury will disclose an action plan on Friday to boost economic growth in the nation to 6%. He separately stated that the South African Airways (SAA) bailout is fiscally neutral and that he would not like SAA to be included on his top priority list.

Reserve Bank Governor, Lesetja Kganyago, stated that the central bank's independence is of high importance and the bank's mandate and independence need to be defended.

BMI Research has forecast that consumer spending in the nation will see a marginal recovery in 2017 and that household spending will advance at an average annual rate of 8% over 2017-2021.

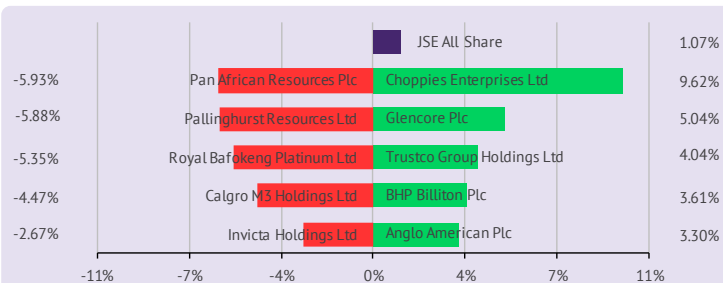
Commenting on the new Mining Charter, Mineral Resources minister Mosebenzi Zwane stated that businesses should leave governing and legislative decision-making to government.

The Presidency announced that President, Jacob Zuma, had appointed Professor Daniel Plaatjies as Chairperson and Dr. Sibongile Muthwa as Deputy Chairperson of the Financial and Fiscal Commission (FFC).

## South Africa Market ▲

## South African markets closed higher

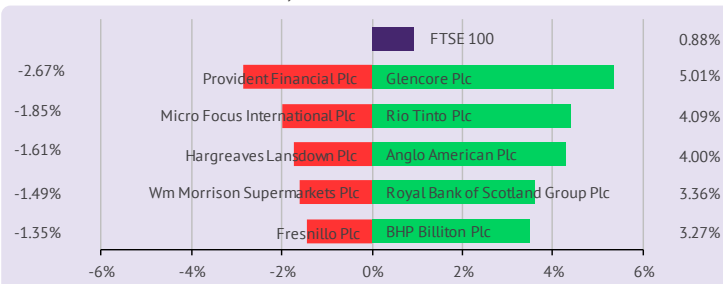
South African markets closed in the green yesterday, amid gains in resources and industrial sector stocks. Data revealed that South Africa's Barclays manufacturing PMI contracted in June. The JSE All Share Index rose 1.1% to close at 52,163.80.



## UK Market ▲

## The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, led by a rise in material sector stocks. Data showed that UK's Markit manufacturing PMI surprisingly declined to its lowest level in 3 months in June. The FTSE 100 Index advanced 0.9% to close at 7,377.09.



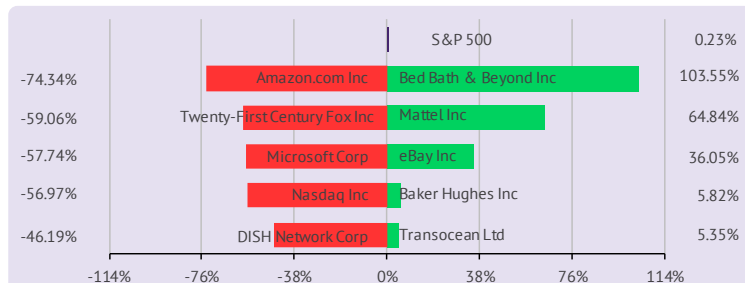
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52163.80	▲	552.79	1.07%	1.07%	1.07%	-3.64%	2.98%
JSE Top 40	45994.44	▲	572.68	1.26%	1.26%	1.26%	-3.67%	4.77%
FTSE 100	7377.09	▲	64.37	0.88%	0.88%	0.88%	-2.76%	3.28%
DAX 30	12475.31	▲	150.19	1.22%	1.22%	1.22%	-2.30%	8.66%
CAC 40	5195.72	▲	75.04	1.47%	1.47%	1.47%	-3.08%	6.86%
S&P 500	2429.01	▲	5.60	0.23%	0.23%	0.23%	0.48%	8.49%
Nasdaq Composite	6110.06	▼	-30.36	-0.49%	-0.49%	-0.49%	-0.94%	13.50%
DJIA	21479.27	▲	129.64	0.61%	0.61%	0.61%	1.62%	8.69%

## US Market ▲

## The S&amp;P 500 futures are trading in the red

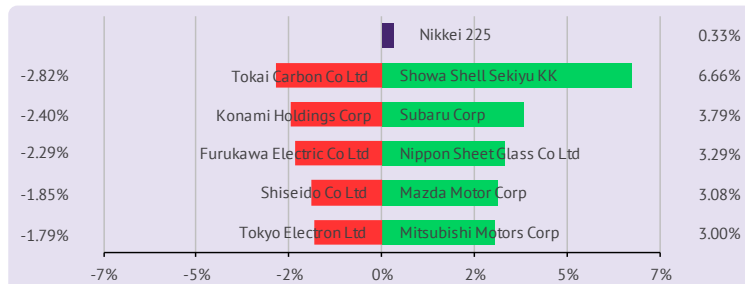
US markets closed higher yesterday, supported by an increase in energy and banking sector stocks. Data indicated that US ISM manufacturing PMI expanded more-than-expected in June, its highest rise since August 2014. The S&P 500 Index climbed 0.2% to close at 2,429.01.



## Asian Market ▼

## Trading mostly lower

Asian markets are trading mostly lower this morning. On the data front, Japan's monetary base rose less-than-anticipated on an annual basis in June. The Nikkei 225 Index is trading 0.3% higher at 20,121.46.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R13.1935.

The US Dollar rose against the South African Rand yesterday, after the US ISM manufacturing PMI advanced more-than-anticipated in June, notching its strongest level since August 2014. Whereas, Markit final manufacturing PMI recorded a surprise drop in the same month. Further, construction spending recorded a flat reading on a monthly basis in May. Separately, South Africa's Barclays manufacturing PMI went into contraction territory in June.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R17.0841. Later today, traders will keep an eye on UK's Markit construction PMI for further cues.

The British Pound advanced against the South African Rand yesterday. In economic news, manufacturing activity in the UK posted an unexpected decline in June, recording its weakest level in 3 months.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R15.0069. Going forward, market participants will keep a tab on Eurozone's producer price index for further direction.

The Euro strengthened against the South African Rand yesterday. On the data front, Eurozone's unemployment rate remained unchanged in May. Further, final Markit manufacturing PMI for June surprisingly advanced to its highest level in 74 months. Moreover, Germany's final Markit manufacturing PMI recorded an unexpected rise in June.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar marginally advanced against the South African Rand to trade at R10.1288. Earlier in the session, the Reserve Bank of Australia (RBA) kept its key interest rate unchanged at 1.5%, in line with market expectations. The RBA also highlighted a gradually improving global economy and local inflation. Data revealed that Australia's retail sales grew more than market forecast on a monthly basis in May.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's AiG Performance of manufacturing Index advanced in June, compared to its prior reading. Separately, building approvals retreated more-than-anticipated on a monthly basis in May. Meanwhile, in China, Australia's largest trading partner, Caixin manufacturing PMI for June advanced to its strongest level in 3 months.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.1935	▼	1.04%	1.04%	1.04%	-0.33%	-3.80%
GBPZAR	17.0841	▼	0.41%	0.41%	0.41%	0.98%	1.02%
EURZAR	15.0069	▼	0.47%	0.47%	0.47%	1.56%	3.96%
AUDZAR	10.1288	▲	0.91%	0.91%	0.91%	3.21%	2.22%
EURUSD	1.1374	▲	-0.54%	-0.54%	-0.54%	1.62%	8.09%
GBPUSD	1.2947	▲	-0.65%	-0.65%	-0.65%	1.05%	4.90%
Brent (\$/barrel)	49.4	▼	1.87%	1.87%	1.87%	-3.92%	-12.57%
Gold (\$/oz)	1222.9	▲	-1.86%	-1.86%	-1.86%	-2.33%	5.86%
Platinum (\$/oz)	903.8	=	-2.15%	-2.15%	-2.15%	-2.80%	0.24%
Copper (\$/MT)*	5906.8	▼	-0.34%	-0.34%	-0.34%	4.76%	6.95%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,222.90/oz.

Yesterday, gold prices fell 1.9% to close at \$1,219.20/oz, marking its lowest level in 7 weeks, as strength in the greenback decreased demand for the safe haven asset.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$49.38/bl.

Yesterday, Brent crude oil advanced 1.9% to settle at \$49.68/bl, extending its previous session gains.

## Platinum ◀▶

### Trading flat

At 06:00 SAST, platinum prices are trading flat at \$903.80/oz.

Yesterday, platinum prices declined 2.2% to close at \$903.80/oz.



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## Major South Africa Corporate News

### Sibanye Gold Limited

The company stated that it has appointed Chris Bateman as Executive Vice President, US Region. In addition to heading up the region and leading the team at the Stillwater Operations, Chris will also join the Sibanye Executive Committee.

## Major Global Economic News

### Asia

The RBA kept its benchmark interest rate steady at 1.5%, at par with market forecast. The central bank also highlighted a gradually improving global economy and local inflation.

In Australia, the seasonally adjusted retail sales rose 0.6% on a monthly basis in May, more than market expectations for an advance of 0.2%. Retail sales had risen 1.0% in the previous month.

In Japan, the monetary base registered a rise of 17.0% on a yearly basis in June, compared to an advance of 19.4% in the previous month. Market anticipation was for the monetary base to rise 19.2%.

### Eurozone

In the Eurozone, the unemployment rate remained flat at 9.3% in May, at par with market expectations.

In June, the final Markit manufacturing PMI rose to a level of 57.40 in the Eurozone, higher than market expectations of a rise to 57.30. In the prior month, the manufacturing PMI had registered a level of 57.00. The preliminary figures had recorded an advance to 57.30.

In Germany, the Markit final manufacturing PMI registered an unexpected rise to a level of 59.60 in June, compared to a reading of 59.50 in the previous month. Market anticipation was for manufacturing PMI to drop to 59.30. The preliminary figures had recorded a fall to 59.30.

### US

In the US, the ISM manufacturing activity index registered a rise to 57.80 in June, compared to market expectations of a rise to 55.20. The index had registered a reading of 54.90 in the prior month.

In May, construction spending registered a flat reading on a monthly basis in the US, compared to a revised drop of 0.7% in the prior month. Markets were expecting construction spending to advance 0.3%.

In the US, the final Markit manufacturing PMI fell to a level of 52.00 in June, compared to market expectations of a drop to a level of 52.10. In the prior month, the Markit manufacturing PMI had recorded a level of 52.70. The preliminary figures had recorded a fall to 52.10.

### UK

In the UK, the Markit manufacturing PMI unexpectedly eased to 54.30 in June, compared to a revised reading of 56.30 in the prior month. Market expectation was for the manufacturing PMI to record a flat reading.

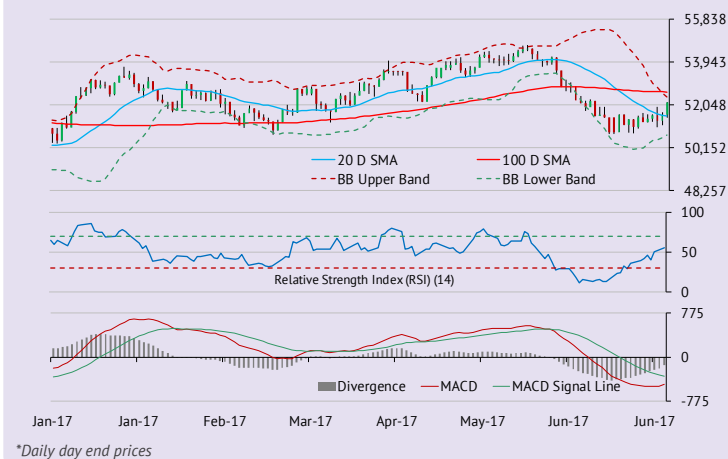
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## Technical Snapshot

### JSE All Share



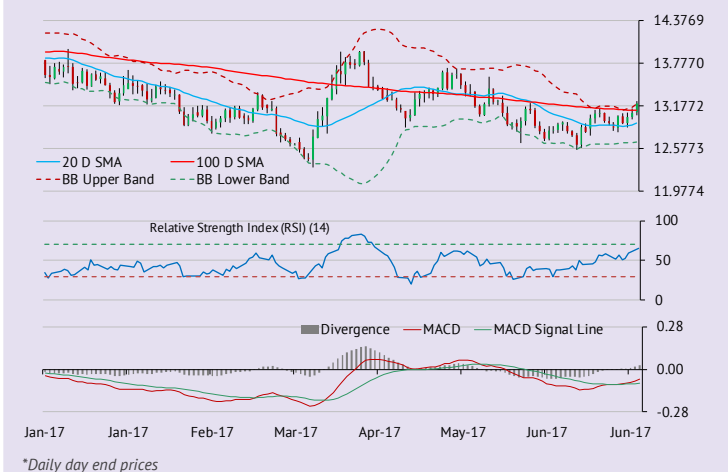
The JSE All Share index is expected to find support at 51,432.02, and a fall through could take it to the next support level of 50,700.24. The index is expected to find its first resistance at 52,529.69, and a rise through could take it to the next resistance level of 52,895.58.

### S&P 500



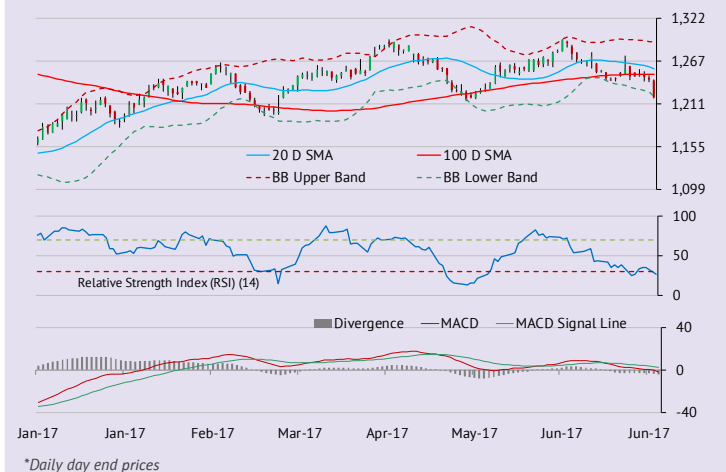
The S&P 500 index is expected to find support at 2,408.82, and a fall through could take it to the next support level of 2,388.62. The index is expected to find its first resistance at 2,446.09, and a rise through could take it to the next resistance level of 2,463.16.

### USDZAR



The pair is expected to find support at 12.9264, and a fall through could take it to the next support level of 12.6428. The pair is expected to find its first resistance at 13.3704, and a rise through could take it to the next resistance level of 13.5308.

### XAU/USD



Gold is expected to find support at \$1,206.23/oz, and a fall through could take it to the next support level of \$1,193.27/oz. The precious metal is expected to find its first resistance at \$1,243.93/oz, and a rise through could take it to the next resistance level of \$1,268.67/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	01:50	Monetary Base (YoY) (Jun)	✓	17.00%*	19.40%	Monthly
Japan	01:50	Monetary Base (Jun)	✓✓✓	JPY468.00tn*	JPY455.90tn	Monthly
Spain	09:00	Unemployment Change (Jun)	✓✓✓	-114.90K	-111.90K	Monthly
UK	10:30	Markit Construction PMI (Jun)	✓✓	55.00	56.00	Monthly
Eurozone	11:00	Producer Price Index (YoY) (May)	✓✓	3.50%	4.30%	Monthly
Eurozone	11:00	Producer Price Index (MoM) (May)	✓	-0.20%	0.00%	Monthly
Eurozone	14:30	ECB's Praet speaks in Rome	✓	-	-	As scheduled
US	14:55	Redbook Index (YoY) (30-Jun)	✓	-	2.20%	Weekly
US	14:55	Redbook Index s.a. (MoM) (30-Jun)	✓	-	0.60%	Weekly
Eurozone	18:30	ECB's Nowotny Speaks in Vienna Panel Discussion	✓	-	-	As scheduled
Eurozone	19:40	ECB's Mersch gives speech in Frankfurt	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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