

ONE Minute Brief

5 July 2017

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Economic and Political News

Minister in the Presidency, Jeff Radebe, stated that the ANC should not underestimate its ability to restore trust and confidence and that the leadership in government and the party was committed to improving business and investor confidence in South Africa (SA).

News reports indicate that after days of debate at its six-day policy conference, the ANC is set to propose radical changes to its leadership structures and its elective rules. Meanwhile, the party's Treasurer General, Zweli Mkhize, stated that the ANC will come up with a policy package to enhance growth, address racial inequality and tackle the high unemployment rate.

The South African Revenue Service (SARS) has indicated that the new revenue collection target for the 2017/18 financial year is ZAR1.265tn.

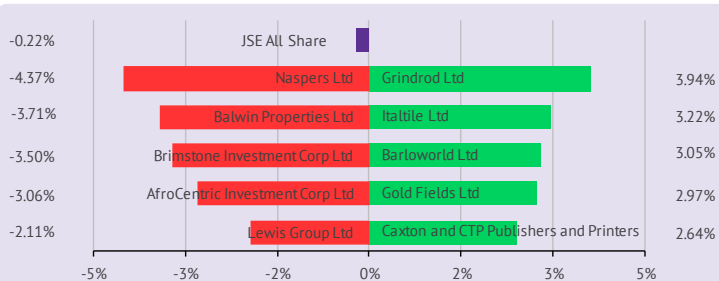
South African Communist Party (SACP) General Secretary, Blade Nzimande, indicated that the biggest issue for the ANC at its policy conference is to deal with the toxic role of the Gupta family and it should handle it decisively.

Eskom is set to sign a USD1.5bn loan agreement with China Development Bank on Thursday.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in industrial sector stocks. The JSE All Share Index fell 0.2% to close at 52,049.25.



Key Indices

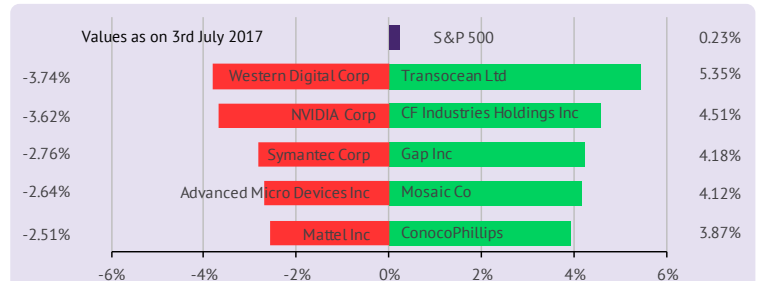
	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52049.25	▼ -114.55	-0.22%	0.85%	0.85%	-3.64%	2.76%
JSE Top 40	45819.88	▼ -174.56	-0.38%	0.88%	0.88%	-3.67%	4.37%
FTSE 100	7357.23	▼ -19.86	-0.27%	0.61%	0.61%	-2.76%	3.00%
DAX 30	12437.13	▼ -38.18	-0.31%	0.91%	0.91%	-2.30%	8.33%
CAC 40	5174.90	▼ -20.82	-0.40%	1.06%	1.06%	-3.08%	6.43%
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%

*Values as on 3rd July 2017

US Market ▲

The S&P 500 futures are trading in the green

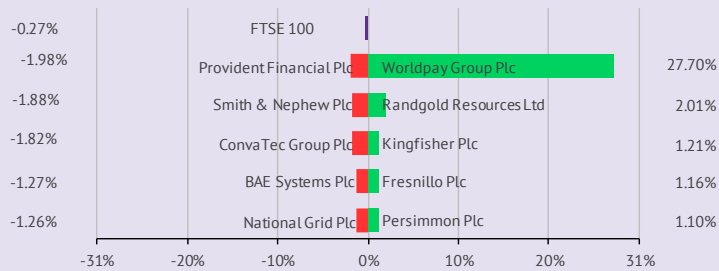
US markets closed higher on Monday. The S&P 500 Index climbed 0.2% to close at 2,429.01.



UK Market ▼

The FTSE 100 futures are trading in positive territory

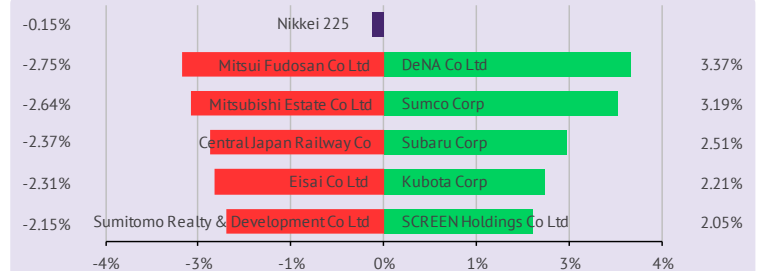
UK markets finished lower yesterday, amid weakness in financial and utility sector stocks. Data revealed that UK's Markit construction PMI dropped more-than-expected in June. The FTSE 100 Index declined 0.3% to close at 7,357.23.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data indicated that Japan's Nikkei services PMI for June expanded to its highest level since August 2015, driven by expansion in business and hiring. The Nikkei 225 Index is trading 0.2% lower at 20,002.62.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.2% against the South African Rand to trade at R13.1719. Later today, traders will keep a close watch on the FOMC meeting minutes, factory orders and durable goods orders for further cues. Separately, South Africa's Standard Bank PMI will be on investors' radar.

The US Dollar fell against the South African Rand yesterday.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R17.0347. On the data front, UK's BRC shop price index recorded a drop on an annual basis in June, compared to its prior reading. Later today, traders will keep an eye on UK's Markit services PMI and unit labour cost for further direction.

The British Pound declined against the South African Rand yesterday. In economic news, UK's Markit construction PMI eased more-than-expected in June.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R14.9587. Going forward, market participants will keep a tab on Eurozone's retail sales and Markit services PMI across the 19-nation economy.

The Euro weakened against the South African Rand yesterday after, Eurozone's producer price index slumped more-than-anticipated on a monthly basis in May, signaling towards weak inflation despite a boost in economic growth.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R10.0347. Earlier in the session, data revealed that Australia's AiG performance of service index for June expanded more than its previous reading. Meanwhile, in China, Australia's largest trading partner, Caixin services PMI registered a decline in June, remaining in expansion territory.

The Australian Dollar fell against the South African Rand yesterday. The Reserve Bank of Australia (RBA) kept its benchmark interest rate steady at 1.5%, at par with the market forecast. The central bank also highlighted a gradually improving global economy and local inflation. Data showed that Australia's retail sales rose more-than-expected on a monthly basis in May.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.1719	▼	-0.08%	0.95%	0.95%	-0.33%	-3.88%
GBPZAR	17.0347	▼	-0.32%	0.08%	0.08%	0.98%	0.70%
EURZAR	14.9587	▼	-0.26%	0.21%	0.21%	1.56%	3.69%
AUDZAR	10.0347	▲	-1.00%	-0.09%	-0.09%	3.21%	1.20%
EURUSD	1.1357	▲	-0.16%	-0.70%	-0.70%	1.62%	7.92%
GBPUSD	1.2932	▲	-0.15%	-0.81%	-0.81%	1.05%	4.73%
Brent (\$/barrel)	49.6	▼	-0.14%	1.72%	1.72%	-3.92%	-12.69%
Gold (\$/oz)	1226.9	▲	-1.90%	-1.86%	-1.86%	-2.33%	5.86%
Platinum (\$/oz)	905.8	▲	-2.20%	-2.15%	-2.15%	-2.80%	0.24%
Copper (\$/MT)*	5867.3	▼	-0.67%	-1.01%	-1.01%	4.76%	6.23%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,226.90/oz.

On Monday, gold prices fell 1.9% to close at \$1,219.20/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.1% to trade at \$49.55/bl.

Yesterday, Brent crude oil dropped 0.1% to settle at \$49.61/bl, reversing its previous session gains.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.2% to trade at \$905.80/oz.

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



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Major South Africa Corporate News

Adcorp Holdings Limited

The company announced that Mr Samuel Sithole and Mr Ngange Nongogo have been appointed as Non-Executive Directors of the company with effect from July 4, 2017. Mr Sithole is also appointed as a member of the company's Remuneration and Nominations Committee and Mr Nongogo a member of the Investment Committee both with immediate effect.

Massmart Holdings Limited

The company announced that Mr Chris Seabrooke will retire from the Board as an independent Non-Executive Director, the Deputy Chairman, Chairman of the Remuneration Committee and member of the Nomination Committee with effect from December 31, 2017.

Niveus Investments Limited

The company announced the appointment of Francine-Ann Du Plessis, Mike Joubert and Wessel van der Merwe as Independent Non-Executive Directors of the company for the purposes of Unbundling.

Major Global Economic News

Asia

In Australia, the AIG performance of services index registered a rise to 54.80 in June. In the prior month, the index had registered a level of 51.50.

In China, the Caixin/Markit services PMI index dropped to 51.60 in June, compared to a level of 52.80 in the prior month.

In Japan, Nikkei services PMI recorded a rise to 53.30 in June, compared to a level of 53.00 in the previous month.

UK

In the UK, the construction PMI recorded a drop to 54.80 in June, compared to market expectations of a drop to 55.00. The construction PMI had recorded a level of 56.00 in the prior month.

In June, the BRC shop price index recorded a drop of 0.3% on an annual basis in the UK. The index had fallen 0.4% in the previous month.

Eurozone

In the Eurozone, the producer price index (PPI) slid 0.4% on a monthly basis in May, more than market expectations for a drop of 0.2%. The PPI had recorded an unchanged reading in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Jun)	✓	-0.30%*	-0.40%	Monthly
Japan	02:30	Markit Japan Services PMI (Jun)	✓✓	53.30*	53.00	Monthly
Japan	02:30	Markit/JMMA Composite PMI (Jun)	✓✓	52.90*	53.40	Monthly
China	03:45	Caixin/Markit Services PMI (Jun)	✓✓	51.60*	52.80	Monthly
China	03:45	HSBC China Composite PMI (Jun)	✓✓✓	51.10*	51.50	Monthly
Spain	09:15	Markit Services PMI (Jun)	✓✓	56.50	57.30	Monthly
Italy	09:45	Markit Services PMI (Jun)	✓✓	54.60	55.10	Monthly
France	09:50	Markit Services PMI (Jun) (F)	✓	55.30	55.30**	Monthly
Germany	09:55	Markit Services PMI (Jun) (F)	✓✓	53.70	53.70**	Monthly
UK	10:00	New Car Registrations (YoY) (Jun)	✓	-	-8.50%	Monthly
Eurozone	10:00	Markit Composite PMI (Jun) (F)	✓✓✓	55.70	55.70**	Monthly
Eurozone	10:00	Markit Services PMI (Jun) (F)	✓✓	54.70	54.70**	Monthly
UK	10:30	Markit Services PMI (Jun)	✓✓✓	53.50	53.80	Monthly
UK	10:30	Official Reserves (Changes) (Jun)	✓✓	-	USD1115.00mn	Monthly
Eurozone	11:00	Retail Sales (MoM) (May)	✓✓✓	0.40%	0.10%	Monthly
Eurozone	11:00	Retail Sales (YoY) (May)	✓✓	2.30%	2.50%	Monthly
Eurozone	14:40	ECB's non-monetary policy meeting in Frankfurt	✓	-	-	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
US	16:00	Durable Goods Orders ex Transportation (May) (F)	✓✓	-	0.10%**	Monthly
US	16:00	Durable Goods Orders (May) (F)	✓✓✓	-1.00%	-1.10%**	Monthly
US	16:00	Factory Orders (MoM) (May)	✓✓✓	-0.50%	-0.20%	Monthly
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled
US	20:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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