

# ONE Minute Brief

11 July 2017

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## Economic and Political News

The Public Protector, Busisiwe Mkhwebane, has stated that she will not oppose the South African Reserve Bank's (SARB) review application to overturn her report that recommended changing the bank's mandate. Meanwhile, the Democratic Alliance has questioned Busisiwe Mkhwebane's competence, stating that her sudden turn to not oppose SARB's application is indicative that she does not understand her role.

In response to the IMF's statement that South Africa's economy is vulnerable to external shocks and funding shortfalls, the Treasury has indicated that the National Development Plan (NDP), that aims to address binding constraints, tackle infrastructure bottlenecks and accelerate inclusion, is the cornerstone for inclusive growth.

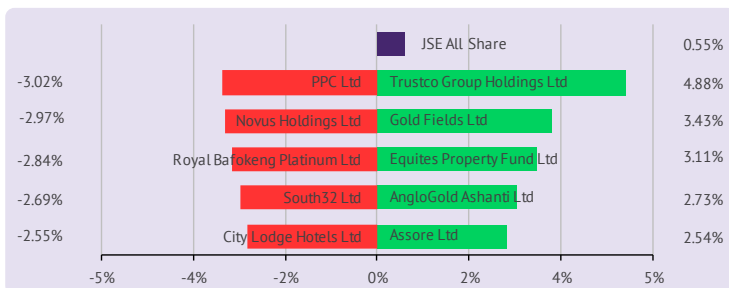
South African Communist Party's (SACP) first Deputy General Secretary, Jeremy Cronin, has stepped down for re-election to the party's leadership.

African National Congress spokesperson, Zizi Kodwa, stated that there would be no winners if the South African Communist Party (SACP) decided to leave the alliance and contested elections on its own. The SACP will take the decision ahead of its 14th congress to elect a new leader.

## South Africa Market ▲

### South African markets closed higher

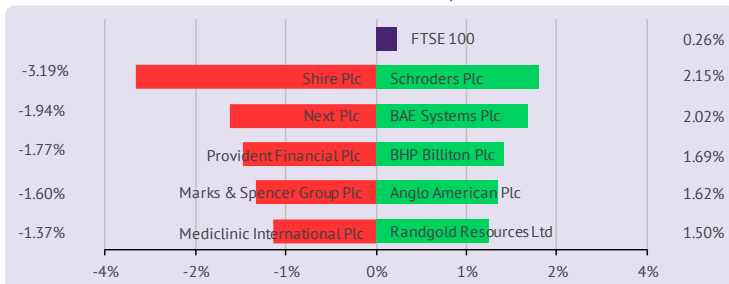
South African markets closed in the green yesterday, amid gains in gold mining and resources sector stocks. The JSE All Share Index rose 0.6% to close at 52,187.92.



## UK Market ▲

### The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, led by a rise in financial and material sector stocks. Data revealed that UK's BRC like-for-like retail sales rebounded more-than-expected on a yearly basis in June. The FTSE 100 Index advanced 0.3% to close at 7,370.03.



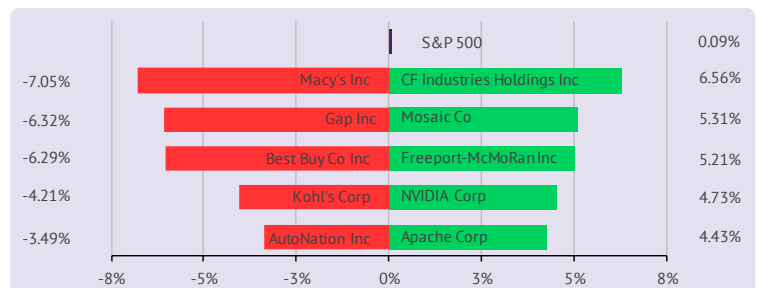
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52187.92	▲ 287.66	0.55%	0.55%	1.12%	-3.64%	3.03%
JSE Top 40	45976.56	▲ 306.07	0.67%	0.67%	1.22%	-3.67%	4.73%
FTSE 100	7370.03	▲ 19.11	0.26%	0.26%	0.78%	-2.76%	3.18%
DAX 30	12445.92	▲ 57.24	0.46%	0.46%	0.98%	-2.30%	8.40%
CAC 40	5165.64	▲ 20.48	0.40%	0.40%	0.88%	-3.08%	6.24%
S&P 500	2427.43	▲ 2.25	0.09%	0.09%	0.17%	0.48%	8.42%
Nasdaq Composite	6176.39	▲ 23.31	0.38%	0.38%	0.59%	-0.94%	14.74%
DJIA	21408.52	▼ -5.82	-0.03%	-0.03%	0.28%	1.62%	8.33%

## US Market ▲

### The S&P 500 futures are trading in the green

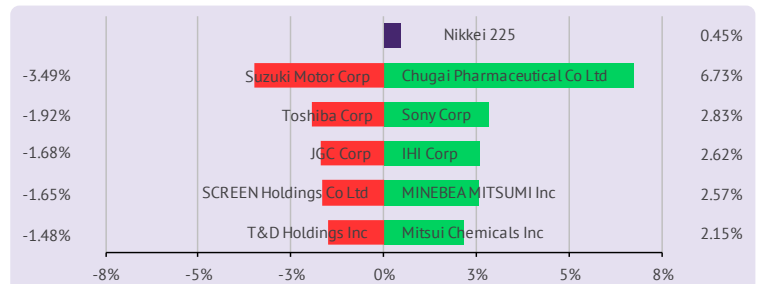
US markets closed higher yesterday, supported by gains in technology and material sector stocks. Data showed that US consumer credit advanced more than market forecast in May. The S&P 500 Index climbed 0.1% to close at 2,427.43.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.5% higher at 20,170.97.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.3% against the South African Rand to trade at R13.4433. Later today, traders will keep a close watch on US wholesale inventories, JOLTS job openings and NFIB small business optimism index for further direction. Separately, South Africa's manufacturing production will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. In economic news, US consumer credit recorded a more-than-anticipated rise in May. Further, labour market conditions index declined more than market expectations in June.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.3% lower against the South African Rand at R17.3195. On the data front, UK's BRC like-for-like retail sales bounced back into positive territory in June.

The British Pound advanced against the South African Rand yesterday.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.3% weaker against the South African Rand at R15.3179. With no major economic news in the Eurozone today, investor sentiment will be determined by the global macroeconomic news.

The Euro strengthened against the South African Rand yesterday. On the macro front, Eurozone's Sentix investor confidence index eased less-than-expected in July. Meanwhile, Germany's trade surplus widened more than expectations in May.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R10.2427. Earlier in the session, data indicated that Australia's NAB business confidence index for June edged up compared to its prior reading. Further, NAB business condition index recorded a rise in the same month, compared to its previous reading.

The Australian Dollar rose against the South African Rand yesterday. Meanwhile, in China, Australia's largest trading partner, consumer price inflation advanced less-than-expected on an annual basis in June. Further, producer price index rose at par with the market forecast on a yearly basis in the same month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.4433	▼	0.75%	0.75%	3.13%	-0.33%	-1.80%
GBPZAR	17.3195	▼	0.66%	0.66%	1.97%	0.98%	2.60%
EURZAR	15.3179	▼	0.74%	0.74%	2.86%	1.56%	6.43%
AUDZAR	10.2427	▼	0.71%	0.71%	2.22%	3.21%	3.54%
EURUSD	1.1395	▼	-0.02%	-0.02%	-0.24%	1.62%	8.43%
GBPUSD	1.2881	-	-0.07%	-0.07%	-1.11%	1.05%	4.42%
Brent (\$/barrel)	47.1	▲	0.36%	0.36%	-3.88%	-3.92%	-17.49%
Gold (\$/oz)	1211.3	▼	0.29%	0.29%	-2.34%	-2.33%	5.34%
Platinum (\$/oz)	899.9	▲	-0.20%	-0.20%	-2.64%	-2.80%	-0.26%
Copper (\$/MT)*	5796.0	▼	-0.14%	-0.14%	-2.21%	4.76%	4.94%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices dropped 0.2% to trade at \$1,211.30/oz.

Yesterday, gold prices rose 0.3% to close at \$1,213.20/oz, reversing its previous session losses.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.4% to trade at \$47.05/bl.

Yesterday, Brent crude oil advanced 0.4% to settle at \$46.88/bl, after news emerged that Libya and Nigeria have been invited to join Organization of the Petroleum Exporting Countries (OPEC) meeting with other major producers later this month to limit global production.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$899.90/oz.

Yesterday, platinum prices declined 0.2% to close at \$899.30/oz.



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## Major South Africa Corporate News

### Hospitality Property Fund Limited

The company stated that ahead of the announcement of acquisition by the company of a portfolio of 29 hotel properties for an aggregate purchase consideration of ZAR3.5bn from Southern Sun Hotels Proprietary Limited, all resolutions required to approve the transaction were passed by the requisite majority of shareholders.

## Major Global Economic News

### Eurozone

In the Eurozone, the Sentix investor confidence index fell to a level of 28.30 in July, compared to market expectations of a fall to 28.10. The index had registered a level of 28.40 in the prior month.

In May, the seasonally adjusted trade surplus widened to EUR22.00bn in Germany, from a trade surplus of EUR18.10bn in the prior month. Markets were expecting the country's trade surplus to expand to EUR18.70bn.

### Asia

In Australia, the NAB business confidence index climbed to 9.00 in June, compared to a reading of 8.00 in the previous month.

In June, the NAB business conditions index registered a rise to 15.00 in Australia, compared to a revised reading of 11.00 in the prior month.

### US

In the US, consumer credit registered a rise of USD18.41bn in May, compared to a revised advance of USD12.93bn in the previous month. Markets were anticipating consumer credit to climb USD13.50bn.

In June, labour market conditions index dropped to 1.5 in the US, compared to a reading of 3.3 in the previous month. Market expectations was for the index to drop to 2.5.

### UK

In the UK, retail sales across all sectors rose 1.2% on an annual basis in June, higher than market expectations for a rise of 0.8%. In the previous month, retail sales across all sectors had dropped 0.4%.

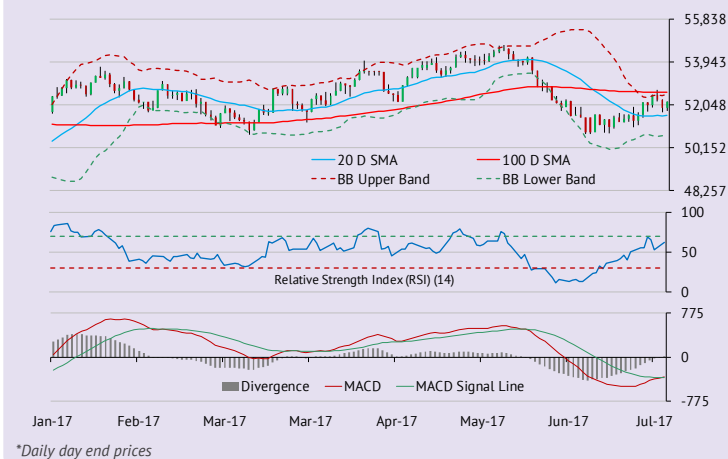
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## Technical Snapshot

### JSE All Share



The JSE All Share index is expected to find support at 51,702.40, and a fall through could take it to the next support level of 51,216.87. The index is expected to find its first resistance at 52,696.53, and a rise through could take it to the next resistance level of 53,205.13.

### S&P 500



The S&P 500 index is expected to find support at 2,410.36, and a fall through could take it to the next support level of 2,393.30. The index is expected to find its first resistance at 2,441.83, and a rise through could take it to the next resistance level of 2,456.24.

### USDZAR



The pair is expected to find support at 13.2437, and a fall through could take it to the next support level of 13.0033. The pair is expected to find its first resistance at 13.6299, and a rise through could take it to the next resistance level of 13.7757.

### XAU/USD



Gold is expected to find support at \$1,197.27/oz, and a fall through could take it to the next support level of \$1,181.33/oz. The precious metal is expected to find its first resistance at \$1,235.87/oz, and a rise through could take it to the next resistance level of \$1,258.53/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Jun)	✓	1.20%*	-0.40%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Jun) (P)	✓✓	-	24.50%	Monthly
Italy	10:00	Industrial Production n.s.a. (YoY) (May)	✓	-	-6.50%	Monthly
Italy	10:00	Industrial Production s.a. (May)	✓	-	94.70	Monthly
Italy	10:00	Industrial Production s.a. (MoM) (May)	✓	0.50%	-0.40%	Monthly
US	12:00	NFIB Small Business Optimism (Jun)	✓	104.40	104.50	Monthly
UK	13:00	Composite Leading Indicator (May)	✓	-	99.70	Monthly
Spain	13:00	Composite Leading Indicator (May)	✓	-	100.20	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (May)	✓✓✓	0.50%	2.30%	Monthly
South Africa	13:00	Manufacturing Production Index (YoY) (May)	✓✓✓	-2.50%	-4.10%	Monthly
Canada	14:15	Housing Starts s.a. (Jun)	✓✓✓	200.00K	194.70K	Monthly
US	14:55	Redbook Index (YoY) (07-Jul)	✓	-	2.70%	Weekly
US	14:55	Redbook Index s.a. (MoM) (07-Jul)	✓	-	0.70%	Weekly
US	16:00	Wholesale Inventories (MoM) (May) (F)	✓✓✓	0.30%	0.30%**	Monthly
US	16:00	JOLTs Job Openings (May)	✓	5950.00K	6044.00K	Monthly
US	18:00	Fed's Brainard Speaks in New York	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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