

# ONE Minute Brief

12 July 2017

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## Economic and Political News

In South Africa (SA), the manufacturing production index registered a less-than-expected drop of 0.8% YoY in May, compared to a drop of 4.1% in April. The policy uncertainty index rose to 53.1, compared to 51.0 in the first quarter of 2017.

In her answering affidavit, Public Protector, Busisiwe Mkhwebane, has expressed opposition to President Jacob Zuma's attempts to temporarily block the establishment of a judicial commission of inquiry into state capture.

The General-Secretary of the SA Communist Party (SACP), Blade Nzimande, stated that the leaders of SACP want the state to cut all ties with businesses of the controversial Gupta family.

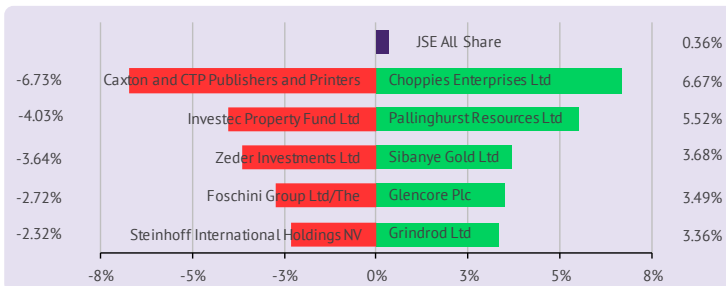
The South African Reserve Bank (SARB) stated that it had noted Public Protector, Busisiwe Mkhwebane's statement not to oppose the central bank's application to the high court, but will continue with a separate application for the review of Mkhwebane's report on the Bankorp bailout and factual inaccuracies therein.

Democratic Alliance Leader, Mmusi Maimane, has called on President, Jacob Zuma, to suspend National Prosecuting Authority (NPA) chief Shaun Abrahams, citing his inaction against the names accused of corruption in the leaked Gupta emails.

## 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. Data indicated that South Africa's manufacturing production dropped less-than-expected on an annual basis in May. The JSE All Share Index rose 0.4% to close at 52,376.38.



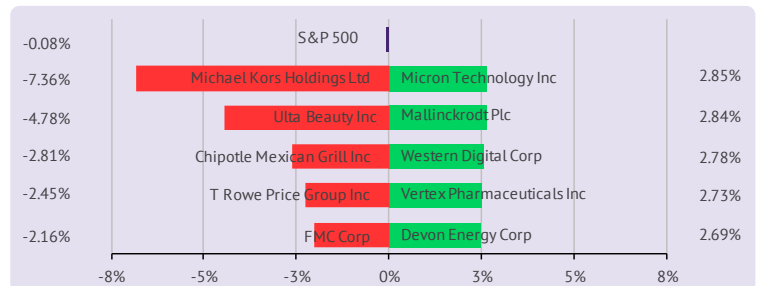
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52376.38	▲	188.46	0.36%	0.92%	1.48%	-3.64%	3.40%
JSE Top 40	46192.63	▲	216.07	0.47%	1.14%	1.70%	-3.67%	5.22%
FTSE 100	7329.76	▼	-40.27	-0.55%	-0.29%	0.23%	-2.76%	2.62%
DAX 30	12437.02	▼	-8.90	-0.07%	0.39%	0.91%	-2.30%	8.33%
CAC 40	5140.60	▼	-25.04	-0.48%	-0.09%	0.39%	-3.08%	5.72%
S&P 500	2425.53	▼	-1.90	-0.08%	0.01%	0.09%	0.48%	8.34%
Nasdaq Composite	6193.31	▲	16.91	0.27%	0.65%	0.86%	-0.94%	15.05%
DJIA	21409.07	▲	0.55	0.00%	-0.02%	0.28%	1.62%	8.33%

## US Market ▼

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

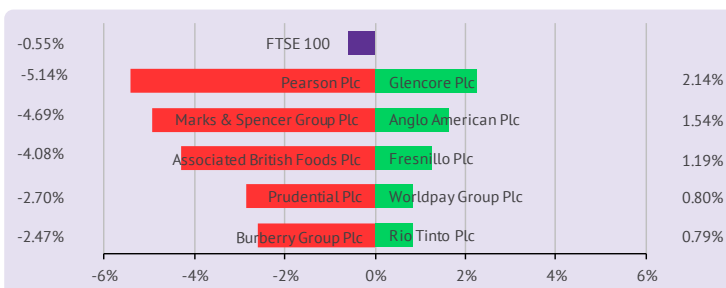
US markets closed lower yesterday, led by a decline in financial sectors stocks. Data revealed that JOLTs job openings recorded a more-than-expected drop in May. The S&P 500 Index dropped 0.1% to close at 2,425.53.



## UK Market ▼

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

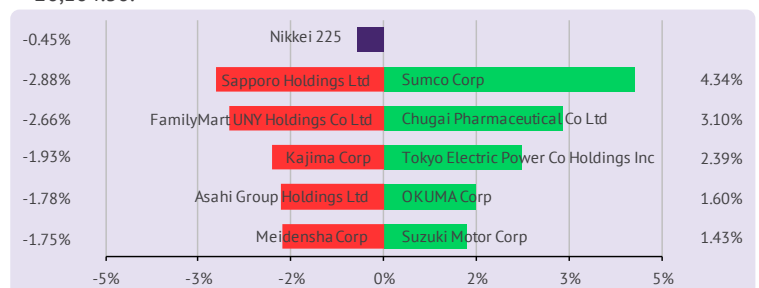
UK markets finished lower yesterday, weighed down by losses in consumer discretionary sector stocks. The FTSE 100 Index declined 0.6% to close at 7,329.76.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Data showed that Japan's tertiary industry index eased less than market forecast on a monthly basis in May. The Nikkei 225 Index is trading 0.5% lower at 20,104.30.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R13.5355. Later today, traders will keep a close watch on US Federal Reserve Chair, Janet Yellen's testimony, Fed's Beige Book report and MBA mortgage applications for further cues. Separately, South Africa's BER consumer confidence will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. On the macro front, US final wholesale inventories advanced more-than-expected in May, notching its strongest level since December 2016. Meanwhile, JOLTs job openings declined more than market expectations in May. Further, the NFIB small business optimism index recorded a higher-than-anticipated drop in June. Separately, South Africa's manufacturing production eased less than market expectations on a yearly basis in May.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.2% against the South African Rand to trade at R17.3911. Later today, traders will keep an eye on UK's claimant count rate, average weekly earnings and ILO unemployment rate for further direction.

The British Pound advanced against the South African Rand yesterday.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R15.5345. Going forward, market participants will keep a tab on Eurozone's industrial production and Germany's wholesale price index for further indication.

The Euro strengthened against the South African Rand yesterday.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R10.3595. Earlier in the session, data indicated that Australia's Westpac consumer confidence rebounded in July.

The Australian Dollar rose against the South African Rand yesterday. Data showed that Australia's NAB business confidence index advanced in June, compared to its previous reading. Moreover, NAB business condition index for June grew, compared to its prior reading.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5355	▼	0.57%	1.32%	3.72%	-0.33%	-1.24%
GBPZAR	17.3911	▼	0.31%	0.96%	2.28%	0.98%	2.91%
EURZAR	15.5345	▼	1.18%	1.93%	4.08%	1.56%	7.69%
AUDZAR	10.3595	▼	1.15%	1.87%	3.39%	3.21%	4.73%
EURUSD	1.1477	▲	0.60%	0.58%	0.36%	1.62%	9.07%
GBPUSD	1.2849	▲	-0.26%	-0.33%	-1.36%	1.05%	4.15%
Brent (\$/barrel)	48.2	▲	1.37%	1.73%	-2.56%	-3.92%	-16.37%
Gold (\$/oz)	1219.5	▲	0.12%	0.41%	-2.22%	-2.33%	5.47%
Platinum (\$/oz)	901.5	▲	-0.37%	-0.57%	-3.00%	-2.80%	-0.62%
Copper (\$/MT)*	5847.3	▲	0.88%	0.75%	-1.35%	4.76%	5.87%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,219.50/oz.

Yesterday, gold prices rose 0.1% to close at \$1,214.70/oz, as weakness in the greenback increased demand for the precious yellow metal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 1.5% higher to trade at \$48.22/bl.

Yesterday, Brent crude oil advanced 1.4% to settle at \$47.52/bl, after the US Energy Information Administration decreased its WTI prices forecast at \$48.95 a barrel for this year, down 3.6% from its June forecast and Brent crude down by 3.6% to \$50.79. For 2018, its WTI prices forecast is \$49.58 down 7.5% from the previous outlook, while Brent crude down by 7.2% to \$51.58. It left its US crude production view at 9.33mn bls per day this year, but reduced its 2018 output view by 1.0% to 9.90mn bls per day. Further, oil gained support after the American Petroleum Institute (API) reported that crude oil inventories declined by 8.1mn bls for the week ended July 7, 2017.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.6% to trade at \$901.50/oz.

Yesterday, platinum prices declined 0.4% to close at \$896.00/oz.



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## Major South Africa Corporate News

### Adcorp Holdings Limited

The company announced that Mr MJN Njeke, Ms NS Ndhlahi and Mr TDA Ross have resigned as Non-Executive Directors and Mr PC Swart and Mr BE Bulunga have resigned as Executive Directors of the company with effect from July 11, 2017. Moreover, Ms GT Serobe (Non-Executive director) and Dr FS Mufamadi (Independent Non-Executive director) have been appointed as Directors with effect from July 11, 2017. Ms Serobe has also been appointed as the Chairperson of the Board.

### Life Healthcare Group Holdings Limited

The company announced that Adv. Mahlape Sello has been appointed as a member of the risk and remuneration and human resources committees and Audrey Mothupi has been appointed as a member of the audit and risk committees with effect from 4 July 2017, as Prof. Marian Jacobs has assumed the chair of the newly established clinical governance and safety committee.

### Capital & Counties Properties Plc

The company announced that Demetra Pinsent will step down as a Non-Executive Director of the company with effect from September 30, 2017.

## Major Global Economic News

### US

In the US, the seasonally adjusted final wholesale inventories rose 0.4% on a monthly basis in May, higher than market expectations for an advance of 0.3%. The preliminary figures had indicated an advance of 0.3%. In the prior month, the wholesale inventories had recorded a revised drop of 0.4%.

In May, JOLTs job openings registered a drop to 5666.00K in the US, compared to a reading of 6044.00K in the previous month. Market anticipation was for JOLTs job openings to drop to 5950.00K.

In the US, the NFIB small business optimism index registered a drop to 103.60 in June, compared to a reading of 104.50 in the previous month. Market expectation was for the index to ease to 104.40.

### Asia

In Australia, Westpac consumer confidence index advanced 0.4% on a monthly basis, to a level of 96.60 in July. The index had recorded a reading of 96.20 in the previous month.

In Japan, the tertiary industry index slid 0.1% on a monthly basis in May, compared to a revised advance of 1.4% in the prior month. Market anticipation was for the index to drop 0.5%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
Japan	06:30	Tertiary Industry Index (MoM) (May)	✓✓	-0.10%*	1.20%	Monthly
Germany	08:00	Wholesale Price Index (MoM) (Jun)	✓	-	-0.70%	Monthly
Germany	08:00	Wholesale Price Index (YoY) (Jun)	✓	-	3.10%	Monthly
South Africa	09:00	BER Consumer Confidence (Q1)	✓✓✓	-	-10.00	Quarterly
UK	10:30	Claimant Count Change (Jun)	✓✓	-	7.30K	Monthly
UK	10:30	Claimant Count Rate s.a. (Jun)	✓✓	-	2.30%	Monthly
UK	10:30	Claimant Count s.a. (Jun)	✓✓	-	802.60K	Monthly
UK	10:30	Average Earnings Excluding Bonus (3Mo/Yr) (May)	✓	1.90%	1.70%	Monthly
UK	10:30	Average Earnings Including Bonus (3Mo/Yr) (May)	✓✓	1.80%	2.10%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (May)	✓✓✓	4.60%	4.60%	Monthly
UK	10:30	Employment Change (3M/3M) (May)	✓✓	120.00K	109.00K	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (May)	✓	1.00%	0.50%	Monthly
Eurozone	11:00	Industrial Production w.d.a. (YoY) (May)	✓✓✓	3.50%	1.40%	Monthly
US	13:00	MBA Mortgage Applications (07-Jul)	✓	-	1.40%	Weekly
US	14:30	Fed Releases Chair Yellen's testimony to Congress	✓✓✓	-	-	As scheduled
US	16:00	Yellen to Appear Before U.S. House Panel	✓✓✓	-	-	As scheduled
US	16:30	DOE Cushing OK Crude Inventory (Barrels) (07-Jul)	✓	-	-1334.00K	Weekly
US	16:30	DOE Distillate Inventory (Barrels) (07-Jul)	✓	-	-1.85K	Weekly
US	16:30	DOE Gasoline Inventories (Barrels) (07-Jul)	✓	-	-3669.00K	Weekly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (07-Jul)	✓✓✓	-	-6.30mn	Weekly
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled
US	20:15	Fed's George Speaks in Denver on the Economic Outlook	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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