

ONE Minute Brief

13 July 2017

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Economic and Political News

In South Africa (SA), the BER consumer confidence index dropped to a level of -9 in 1Q17, compared to a reading of -5 in the previous quarter.

Blade Nzimande has retained his position as the General Secretary of the South African Communist Party (SACP). Others elected include Senzeni Zokwana as the Chairperson, Thulas Nxesi as Deputy Chairperson, Joyce Moropa as Treasurer, Solly Mapaila as the first Deputy Secretary, and Chris Mathlako as the Second Deputy Secretary. Meanwhile, Solly Mapaila stated that President, Jacob Zuma, had failed to rise beyond factionalism and unite the tri-partite alliance.

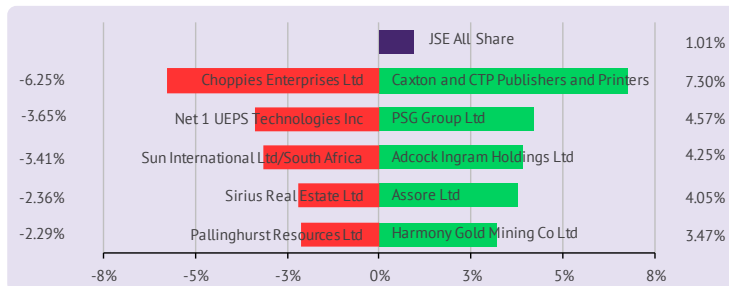
African National Congress (ANC) Deputy President, Cyril Ramaphosa, has urged the SACP to come up with smart and innovative ways of helping the ANC to grow the economy. Ramaphosa also criticised rising corruption and called for a judicial inquiry into state capture.

Old Mutual Investment Group indicated that there are signs of economic growth improving in the second quarter of 2017, even as it warned of the risk of a prolonged period of weak economic growth.

South Africa Market ▲

South African markets closed higher

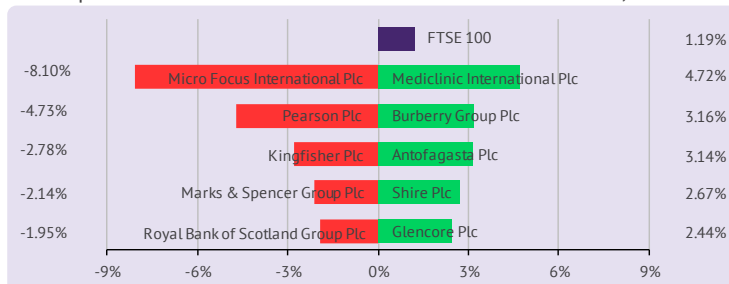
South African markets closed in the green yesterday, led by a rise in banking sector stocks. Data revealed that South Africa's BER business confidence plunged in 2Q17. The JSE All Share Index rose 1.0% to close at 52,905.98.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, amid gains in energy and mining sector stocks. Data showed that UK's ILO unemployment rate unexpectedly dropped to its lowest level in 42 years in the March-May 2017 period. The FTSE 100 Index advanced 1.2% to close at 7,416.93.



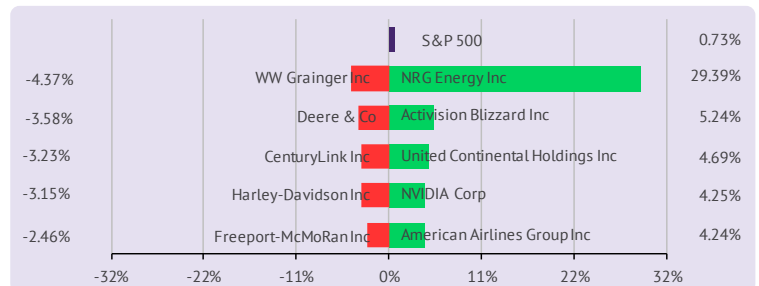
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52905.98	▲	529.60	1.01%	1.94%	2.51%	-3.64%	4.45%
JSE Top 40	46674.35	▲	481.72	1.04%	2.20%	2.76%	-3.67%	6.31%
FTSE 100	7416.93	▲	87.17	1.19%	0.90%	1.43%	-2.76%	3.84%
DAX 30	12626.58	▲	189.56	1.52%	1.92%	2.45%	-2.30%	9.98%
CAC 40	5222.13	▲	81.53	1.59%	1.50%	1.98%	-3.08%	7.40%
S&P 500	2443.25	▲	17.72	0.73%	0.75%	0.82%	0.48%	9.13%
Nasdaq Composite	6261.17	▲	67.87	1.10%	1.76%	1.97%	-0.94%	16.31%
DJIA	21532.14	▲	123.07	0.57%	0.55%	0.85%	1.62%	8.95%

US Market ▲

The S&P 500 futures are trading in the green

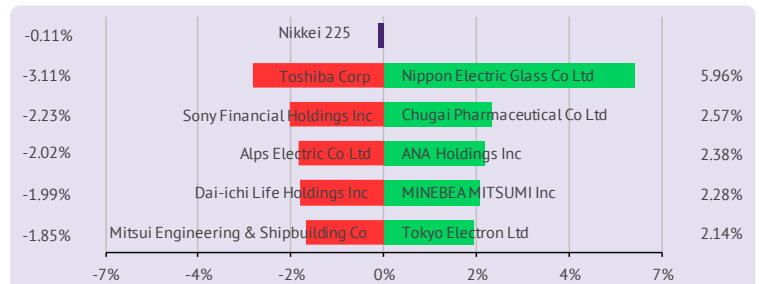
US markets closed higher yesterday, backed by real estate and information technology sector stocks. The S&P 500 Index climbed 0.7% to close at 2,443.25.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that China's trade surplus widened more-than-expected in June. The Nikkei 225 Index is trading 0.1% lower at 20,076.82.



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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 R13.2199. Later today, traders will keep a close watch on US initial jobless claims and monthly budget statement for further cues.

The US Dollar fell against the South African Rand yesterday. The Federal Reserve Chair, Janet Yellen's testimony to Congress indicated a healthy state of the American economy and stated that the Fed can take a step ahead to increase interest rates and start reducing its massive bond portfolio, but the central bank is paying close attention to weakness in inflation and a low neutral rate that may leave the Fed with diminished leeway. Meanwhile, Fed's Beige Book pointed towards a tightening labour market for both low and high-skilled positions, increased demand for IT services and upsurge in manufacturing activity. Further, it stated that US economy grew at a "slight to moderate" pace from late May through June. Moreover, employment across most of the nation maintained a modest to moderate pace of expansion. Separately, South Africa's BER consumer confidence dropped in the second quarter of 2017.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.1% against the South African Rand to trade at R17.0482. Data indicated that UK's RICS house price balance declined more-than-expected in June.

The British Pound declined against the South African Rand yesterday. On the macro front, UK's ILO unemployment rate recorded a surprise decline in the March-May 2017 period, reaching its weakest level since 1975. Meanwhile, average weekly earnings rose in line with market anticipations in the March-May 2017 period. Further, claimant count rate remained steady in June.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R15.1161. Going forward, market participants will keep a tab on Germany's consumer price index for further direction.

The Euro weakened against the South African Rand yesterday. In economic news, Eurozone's industrial production surged more than market forecast on a monthly basis in May, notching its strongest level in 6 months. Further, Germany's wholesale price index recorded a rise on an annual basis in June, less than its previous reading.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar dropped 0.1% against the South African Rand to trade at R10.1648. Earlier in the session, data showed that Australia's consumer inflation expectation advanced at a faster pace in July, compared to its prior reading.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's Westpac consumer confidence bounced back into positive territory in July.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.2199	▼	-2.28%	-0.99%	1.35%	-0.33%	-3.49%
GBPZAR	17.0482	▼	-2.00%	-1.06%	0.24%	0.98%	0.85%
EURZAR	15.1161	▼	-2.78%	-0.90%	1.19%	1.56%	4.70%
AUDZAR	10.1648	▼	-1.95%	-0.11%	1.38%	3.21%	2.69%
EURUSD	1.1434	▲	-0.48%	0.10%	-0.12%	1.62%	8.55%
GBPUSD	1.2896	▲	0.29%	-0.04%	-1.07%	1.05%	4.45%
Brent (\$/barrel)	47.7	-	0.46%	2.21%	-2.11%	-3.92%	-15.98%
Gold (\$/oz)	1222.6	▲	0.36%	0.78%	-1.87%	-2.33%	5.85%
Platinum (\$/oz)	916.3	-	2.27%	1.69%	-0.80%	-2.80%	1.63%
Copper (\$/MT)*	5879.5	▲	0.55%	1.30%	-0.80%	4.76%	6.45%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,222.60/oz.

Yesterday, gold prices rose 0.4% to close at \$1,219.10/oz, as weakness in the US Dollar underpinned demand for the precious yellow metal.

Brent Crude Oil ◀▶

Trading flat

At 06:00 SAST, Brent crude oil is trading flat at \$47.74/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$47.74/bl, after the US Energy Department reported that crude oil inventories fell by 7.6mn bls for the week ended July 7, 2017.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices are trading flat at \$916.30/oz.

Yesterday, platinum prices climbed 2.3% to close at \$916.30/oz.

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Major South Africa Corporate News

AngloGold Ashanti Limited

The company announced that its Chairman, Sipho Pityana has warned of further job cuts in mining, stating that the nation's macroeconomic policies made it impossible to sustain jobs.

Major Global Economic News

UK

In June, the claimant count rate remained unchanged at 2.3% in the UK.

In the UK, the average earnings including bonus advanced 1.8% on a yearly basis in the March-May 2017 period, at par with market expectations. In the February-April 2017 period, the average earnings including bonus had risen 2.1%.

In the UK, the ILO unemployment rate unexpectedly eased to 4.5% in the March-May 2017 period, lower than market expectations of an unchanged reading. In the February-April 2017 period, the ILO unemployment rate had recorded a reading of 4.6%.

In June, RICS house price balance recorded a drop to 7.0% in the UK, compared to a reading of 17.0% in the prior month. Markets were anticipating house price balance to drop to a level of 15.0%.

Eurozone

In the Eurozone, the seasonally adjusted industrial production registered a rise of 1.3% on a monthly basis in May, higher than market expectations for an advance of 1.0%. In the prior month, industrial production had recorded a revised rise of 0.3%.

In Germany, the wholesale price index advanced 2.5% on a yearly basis in June. In the prior month, the index had registered a rise of 3.1%.

US

The Federal Reserve (Fed) Chairwoman, Janet Yellen, in her testimony before the House Financial Services Committee, delivered an upbeat message on the state of the US economy, highlighting the strength in job growth and indicating that the central bank remains on course to begin reducing its bond holdings "this year". However, she also added that rates are close to a "neutral" level and not in need of a significant move higher.

The Fed's Beige Book report indicated that economic activity expanded across all twelve districts in June, with the pace of growth ranging from slight to moderate. Additionally, labour markets tightened further, but price pressures were largely held in check. The report also highlighted the fact that there is a shortage of qualified workers in the US.

Asia

In Australia, the consumer inflation expectations recorded a rise to 4.4% in July, compared to a reading of 3.6% in the previous month.

In China, trade surplus rose to USD42.80bn in June, compared to market expectations for a reading of USD40.60bn. Trade surplus recorded a reading of USD40.79bn in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	RICS Housing Price Balance (Jun)	✓✓	7.00%*	17.00%	Monthly
China	05:30	Exports (YoY) (Jun)	✓✓	11.3%*	8.70%	Monthly
China	05:30	Imports (YoY) (Jun)	✓✓	17.2%*	14.80%	Monthly
China	05:30	Trade Balance (Jun)	✓✓	USD42.80bn*	USD40.79bn	Monthly
Germany	08:00	Consumer Price Index (MoM) (Jun) (F)	✓✓✓	0.20%	0.20%**	Monthly
Germany	08:00	Consumer Price Index (YoY) (Jun) (F)	✓✓	1.60%	1.60%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Jun) (F)	✓✓	0.20%	0.20%**	Monthly
Germany	08:00	Harmonised Index of Consumer Prices (HICP) (YoY) (Jun) (F)	✓✓	1.50%	1.50%**	Monthly
UK	10:30	Bank of England Credit Conditions & Bank Liabilities Surveys	✓✓✓	-	-	As scheduled
South Africa	11:30	Gold Production (YoY) (May)	✓✓	-	-2.00%	Monthly
South Africa	11:30	Mining Production (YoY) (May)	✓✓	2.20%	1.70%	Monthly
US	14:30	Producer Price Index ex Food & Energy (MoM) (Jun)	✓	0.20%	0.30%	Monthly
US	14:30	Producer Price Index (MoM) (Jun)	✓	0.00%	0.00%	Monthly
US	14:30	Producer Price Index ex Food & Energy (YoY) (Jun)	✓✓	2.00%	2.10%	Monthly
US	14:30	Continuing Jobless Claims (01-Jul)	✓	1950.00K	1956.00K	Weekly
US	14:30	Initial Jobless Claims (08-Jul)	✓✓✓	245.00K	248.00K	Weekly
US	14:30	Producer Price Index (YoY) (Jun)	✓✓	1.90%	2.40%	Monthly
US	16:00	Fed Chair Yellen Testifies Before Senate Banking Panel	✓✓✓	-	-	As scheduled
US	16:30	EIA Natural Gas Storage Change (07-Jul)	✓	-	72.00Bcf	Weekly
US	17:30	Fed's Evans Speaks at Rocky Mountain Summit in Victor, Idaho	✓	-	-	As scheduled
US	19:00	FOMC Member Brainard Speech	✓✓	-	-	As scheduled
US	20:00	Monthly Budget Statement (Jun)	✓✓	-USD35.00bn	-USD88.43bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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