

ONE Minute Brief

25 July 2017

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Economic and Political News

In its updated World Economic Outlook, the International Monetary Fund (IMF) has predicted a moderate growth of 1.2% for South Africa (SA) in 2018.

The Organisation for Economic Cooperation and Development (OECD) has indicated that SA needs structural reforms to boost growth, create new jobs and improve inclusivity in the economy, as there is little room for monetary and fiscal stimulus.

The Democratic Alliance stated that the Public Protector, Busisiwe Mkhwebane, had agreed to probe the controversial ZAR30.0mn pension payout to former Eskom CEO, Brian Molefe.

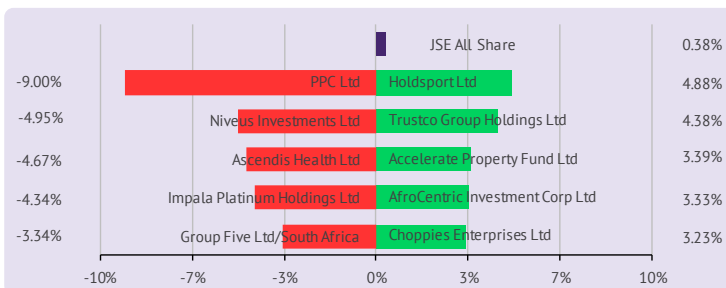
The South African Broadcasting Corporation (SABC) has appointed Nomsa Philiso and Thabile Dlamini as acting CEO and CFO of the SABC, respectively, on a three-month contract, following James Aguma's resignation.

Finance Minister, Malusi Gigaba, stated that the government wants to investigate the cost of data and its limitations to doing business in the nation, especially for small and medium-sized enterprises. He separately revealed that the South African Airways (SAA) had requested the Treasury in March for a ZAR10.0bn recapitalisation.

South Africa Market ▲

South African markets closed higher

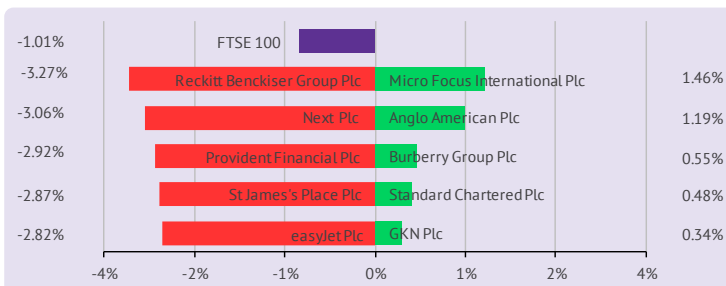
South African markets closed in the green yesterday, amid gains in retail and industrial sector stocks. The JSE All Share Index rose 0.4% to close at 54,368.62.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, weighed down by a decline in financial and industrial sector stocks. The FTSE 100 Index declined 1.0% to close at 7,377.73.



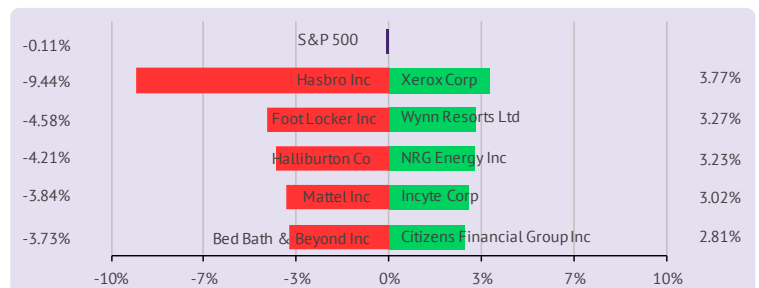
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54368.62	▲	205.91	0.38%	0.38%	5.34%	-3.64%	7.33%
JSE Top 40	48058.35	▲	256.44	0.54%	0.54%	5.80%	-3.67%	9.47%
FTSE 100	7377.73	▼	-75.18	-1.01%	-1.01%	0.89%	-2.76%	3.29%
DAX 30	12208.95	▼	-31.11	-0.25%	-0.25%	-0.94%	-2.30%	6.34%
CAC 40	5127.70	▲	10.04	0.20%	0.20%	0.14%	-3.08%	5.46%
S&P 500	2469.91	▼	-2.63	-0.11%	-0.11%	1.92%	0.48%	10.32%
Nasdaq Composite	6410.81	▲	23.05	0.36%	0.36%	4.40%	-0.94%	19.09%
DJIA	21513.17	▼	-66.90	-0.31%	-0.31%	0.77%	1.62%	8.86%

US Market ▼

The S&P 500 futures are trading in the red

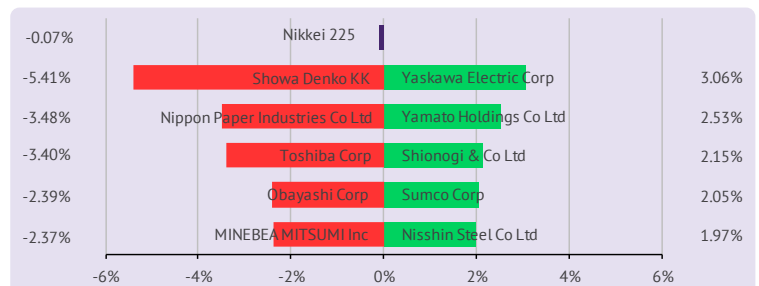
US markets closed lower yesterday, led by losses in utility and telecommunication sector stocks. Data showed that US flash Markit manufacturing PMI rose more-than-expected in July, its highest level in 4 months. The S&P 500 Index dropped 0.1% to close at 2,469.91.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.1% lower at 19,962.31.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R12.9272. Later today, traders will keep a close watch on US consumer confidence and house price index for further cues. Separately, South Africa's unemployment rate and leading indicator will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after data indicated that US preliminary Markit manufacturing PMI advanced to its strongest level in 4 months in July, driven by accelerated growth in output, new orders, employment and stocks of inputs. Further, Markit flash services PMI remained steady compared to its prior reading in the same month. Meanwhile, existing home sales retreated more-than-expected on a monthly basis in June, reaching its lowest level since February.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R16.8518. Later today, traders will keep an eye on UK's CBI trends total orders for further direction.

The British Pound advanced against the South African Rand yesterday.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.1% against the South African Rand to trade at R15.0752. Going forward, market participants will keep a tab on Germany's Ifo business climate and expectations index for further indication.

The Euro strengthened against the South African Rand yesterday. In economic news, Eurozone's flash Markit manufacturing PMI dropped more than market expectations in July, marking its weakest level since January. Furthermore, Germany's preliminary Markit manufacturing PMI recorded a more-than-expected drop in the same month. Additionally, flash Markit services PMI surprisingly eased in July. Whereas, the Eurozone's preliminary Markit services PMI remained unchanged, compared to its previous reading in the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.2647. Earlier in the session, data revealed that Australia's ANZ Roy Morgan weekly consumer confidence index recorded a rise for the week ended July 23, 2017, compared to its prior reading.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.9272	▼	0.34%	0.34%	-0.86%	-0.33%	-5.60%
GBPZAR	16.8518	▼	0.57%	0.57%	-0.83%	0.98%	-0.22%
EURZAR	15.0752	▼	0.18%	0.18%	1.03%	1.56%	4.53%
AUDZAR	10.2647	▼	0.45%	0.45%	2.37%	3.21%	3.69%
EURUSD	1.1662	▲	-0.18%	-0.18%	1.89%	1.62%	10.74%
GBPUSD	1.3034	▲	0.24%	0.24%	0.02%	1.05%	5.61%
Brent (\$/barrel)	48.9	▲	1.12%	1.12%	-0.35%	-3.92%	-14.47%
Gold (\$/oz)	1261.6	▲	-0.05%	-0.05%	0.97%	-2.33%	8.91%
Platinum (\$/oz)	929.4	▼	-0.57%	-0.57%	0.62%	-2.80%	3.08%
Copper (\$/MT)*	5994.8	▲	0.40%	0.40%	1.14%	4.76%	8.54%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged higher 0.6% to trade at \$1,261.60/oz.

Yesterday, gold prices fell 0.1% to close at \$1,254.30/oz, as strength in the US Dollar dented demand for the safe haven yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.5% to trade at \$48.86/bl.

Yesterday, Brent crude oil advanced 1.1% to settle at \$48.60/bl, after news emerged that Saudi Arabia has pledged to limit its exports at 6.6mn bls a day, while Nigeria also agreed to cut its production if it reaches a level of 1.8mn bls a day.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$929.40/oz.

Yesterday, platinum prices declined 0.6% to close at \$929.40/oz.



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Major South Africa Corporate News

Anglo American Platinum Limited

In its 1H17 results, the company stated that its revenue decreased to ZAR27.31bn from ZAR30.66bn posted in the corresponding period of the previous year. Its diluted loss per share stood at 452.00c, compared with EPS of 587.00c recorded in the corresponding period of the previous year.

Cashbuild Limited

In its 4Q17 operational update, the company revealed that group revenue, including P&L Hardware stores increased 10.0% compared with the corresponding period of the previous year. Total units sold also recorded a rise of 10.0% compared with the same period last year.

Group Five Limited

In its 2H17 trading statement, the company announced that owing to continued disappointing performance, mainly by the Engineering & Construction (E&C) cluster, it anticipates reporting a loss. It expects to report loss per share and headline loss per share of at least 590.00c for FY17, compared to EPS of 375.00c and HEPS of 335.00c reported in the comparable period.

Old Mutual

The company announced that Dr Alan Gillespie, Senior Independent Director, will join the Group Audit Committee of the Board effective August 1, 2017.

PPC Limited

The company announced that the Chief Executive Officer, Mr Castle has decided to resign from his position as well as group directorships.

Sibanye Gold Limited

The company announced the appointment of Ken Kluksdahl as the Chief Operating Officer for the US Region.

Major Global Economic News

Eurozone

In the Eurozone, the Markit preliminary manufacturing PMI dropped to 56.80 in July, compared to a reading of 57.40 in the prior month. Markets were anticipating the manufacturing PMI to fall to a level of 57.20.

In July, the preliminary services PMI remained flat at 55.40 in the Eurozone, in line with market expectations.

In Germany, the flash Markit manufacturing PMI recorded a drop to 58.30 in July, compared to a reading of 59.60 in the prior month. Markets were expecting manufacturing PMI to drop to a level of 59.20.

In July, the preliminary Markit services PMI unexpectedly eased to a level of 53.50 in Germany, lower than market expectations of an advance to a level of 54.30. In the prior month, services PMI had registered a reading of 54.00.

Asia

The Bank of Japan in its June 15-16 meeting minutes revealed that senior officials contested about how much information should be disclosed about a possible exit from ultra-loose monetary policy, amid increasing fears about the risks of doing so given that the central bank is still far off its 2% inflation target.

In Australia, ANZ Roy Morgan weekly consumer confidence index advanced to 115.1 for the week ended July 23, 2017, compared to a reading of 112.5 in the prior week.

US

In the US, the flash Markit manufacturing PMI advanced to 53.20 in July, compared to market expectations of an advance to 52.30. The Markit manufacturing PMI had registered a reading of 52.00 in the prior month.

In July, the preliminary Markit services PMI remained flat at 54.20 in the US. Markets were anticipating Markit services PMI to record a steady reading.

In the US, existing home sales unexpectedly eased by 1.8% on a monthly basis, to a level of 5.52mn in June, compared to a reading of 5.57mn in the prior month. Markets were expecting existing home sales to remain unchanged 5.57mn.

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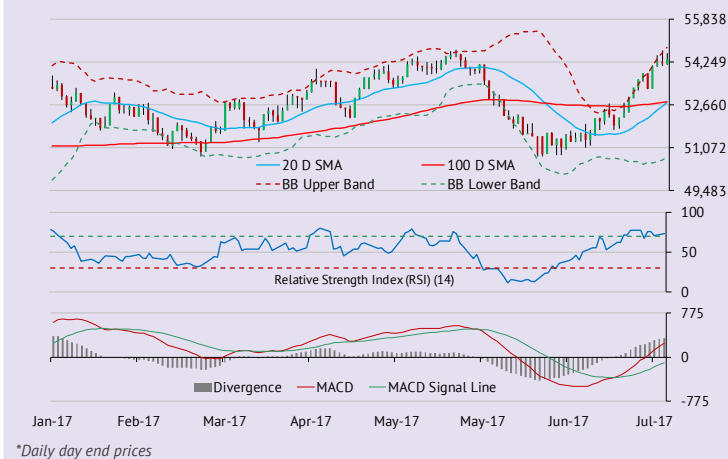
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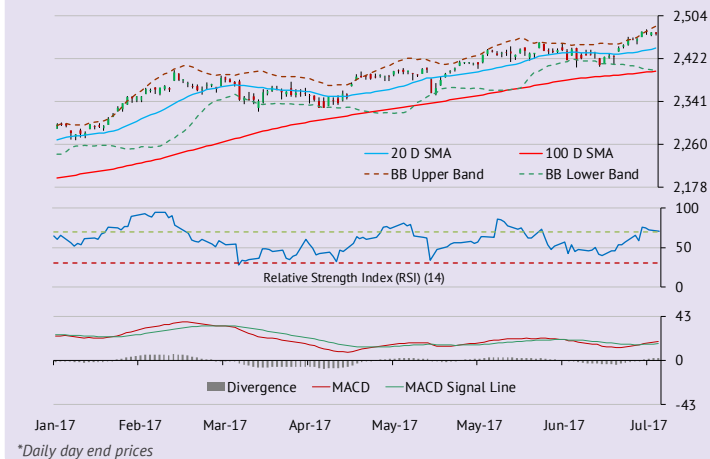
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 53,510.64, and a fall through could take it to the next support level of 52,652.65. The index is expected to find its first resistance at 54,953.24, and a rise through could take it to the next resistance level of 55,537.85.

S&P 500



The S&P 500 index is expected to find support at 2,454.29, and a fall through could take it to the next support level of 2,438.68. The index is expected to find its first resistance at 2,481.57, and a rise through could take it to the next resistance level of 2,493.24.

USDZAR



The pair is expected to find support at 12.8654, and a fall through could take it to the next support level of 12.7689. The pair is expected to find its first resistance at 13.0626, and a rise through could take it to the next resistance level of 13.1633.

XAU/USD



Gold is expected to find support at \$1,238.00/oz, and a fall through could take it to the next support level of \$1,221.70/oz. The precious metal is expected to find its first resistance at \$1,264.80/oz, and a rise through could take it to the next resistance level of \$1,275.30/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Japan	01:50	BoJ Monetary Policy Meeting Minutes	✓✓✓	-	-	As scheduled
Germany	08:00	Export price index (Jun)	✓	-	106.20	Monthly
Germany	08:00	Import Price Index (Jun)	✓	-	101.80	Monthly
Germany	08:00	Import Price Index s.a. (MoM) (Jun)	✓	-0.70%	-1.00%	Monthly
Germany	08:00	Import Price Index n.s.a. (YoY) (Jun)	✓	2.90%	4.10%	Monthly
South Africa	09:00	Leading Indicator (May)	✓✓	-	96.70	Monthly
Germany	10:00	Ifo - Business Climate (Jul)	✓✓	114.90	115.10	Monthly
Germany	10:00	Ifo - Current Assessment (Jul)	✓✓	123.80	124.10	Monthly
Germany	10:00	Ifo - Expectations (Jul)	✓✓✓	106.50	106.80	Monthly
South Africa	11:30	Unemployment Rate (Q2)	✓✓✓	27.70%	27.70%	Quarterly
UK	12:00	CBI Industrial Trends Survey - Orders (Jul)	✓	12.00	16.00	Monthly
UK	12:00	CBI Trends Selling Prices (Jul)	✓✓	20.00	23.00	Monthly
UK	12:00	CBI Business Optimism (7/)	✓	0.00	1.00	Quarterly
US	15:00	House Price Index s.a. (May)	✓✓	-	248.30	Monthly
US	15:00	Housing Price Index (MoM) (May)	✓	0.50%	0.70%	Monthly
US	16:00	Richmond Fed Manufacturing Index (Jul)	✓	7.00	7.00	Monthly
US	16:00	Consumer Confidence (Jul)	✓✓✓	116.50	118.90	Monthly
UK	19:00	BoE Chief Economist Haldane Speaks in London	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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