

ONE Minute Brief

27 July 2017

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Economic and Political News

The BankservAfrica Economic Transaction Index (BETI), a measure of transactional activity, recorded a MoM rise of 0.4% in June. However, the index declined 0.4% YoY and has been declining on a YoY basis since October 2016.

Speaking at the University of Johannesburg, former Finance Minister, Pravin Gordhan, stated that the leadership of the African National Congress (ANC) must act against state capture and corruption to avoid a serious economic disaster which could affect South Africa for years.

Terming the motion of no confidence in Western Cape Premier, Helen Zille, as baseless, the Democratic Alliance stated that it would not support it.

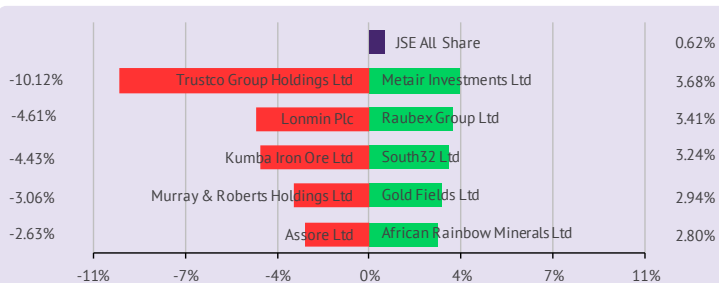
The ANC in KwaZulu-Natal has served a charge sheet on ANC MP Makhosi Khoza, who has been calling on President, Jacob Zuma, to step down. The party indicated that formal disciplinary processes would begin soon. Separately, she has chosen not to accept the police protection offered to her following death threats.

The Public Protector, Busisiwe Mkhwebane, has accused the Democratic Alliance (DA) of revealing confidential information after the DA indicated earlier that the Public Protector's office would investigate the circumstances related to a pension payout to former Eskom CEO, Brian Molefe.

South Africa Market ▲

South African markets closed higher

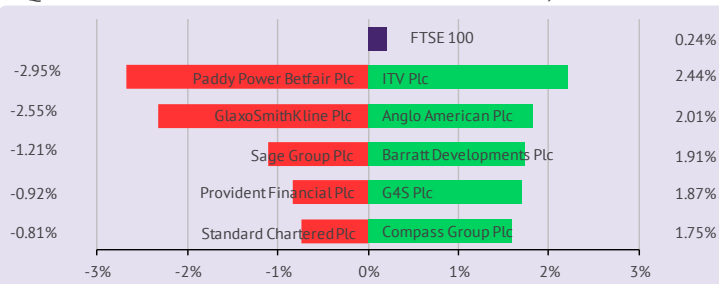
South African markets closed in the green yesterday, amid gains in gold mining and resources sector stocks. The JSE All Share Index rose 0.6% to close at 54,836.19.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, led by a rise in consumer discretionary sector stocks. Data showed that UK's gross domestic product advanced at par with the market forecast on a quarterly basis in Q17. The FTSE 100 Index advanced 0.2% to close at 7,452.32.



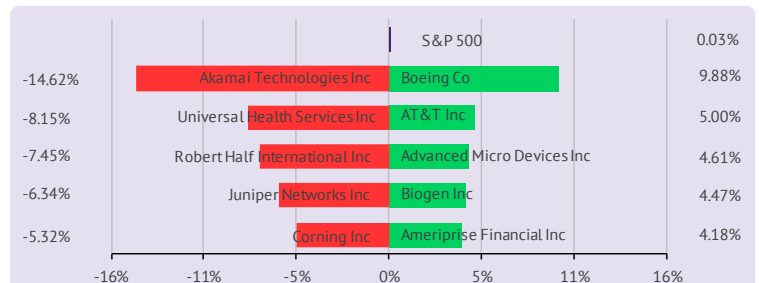
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54836.19	▲	337.08	0.62%	1.24%	6.25%	-3.64%	8.26%
JSE Top 40	48563.79	▲	340.50	0.71%	1.59%	6.92%	-3.67%	10.62%
FTSE 100	7452.32	▲	17.50	0.24%	-0.01%	1.91%	-2.76%	4.33%
DAX 30	12305.11	▲	40.80	0.33%	0.53%	-0.16%	-2.30%	7.18%
CAC 40	5190.17	▲	29.09	0.56%	1.42%	1.36%	-3.08%	6.74%
S&P 500	2477.83	▲	0.70	0.03%	0.21%	2.25%	0.48%	10.68%
Nasdaq Composite	6422.75	▲	10.57	0.16%	0.55%	4.60%	-0.94%	19.31%
DJIA	21711.01	▲	97.58	0.45%	0.61%	1.69%	1.62%	9.86%

US Market ▲

The S&P 500 futures are trading in the green

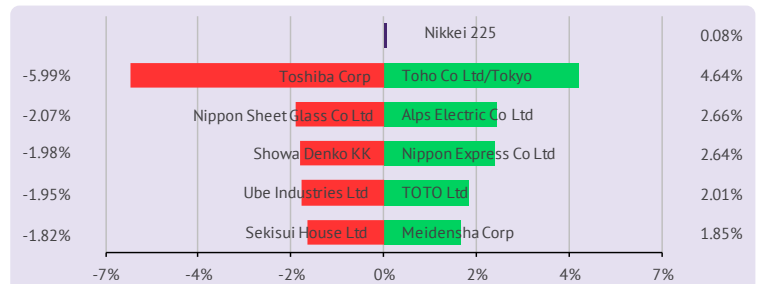
US markets closed a tad higher yesterday, driven by strong earnings and following the FOMC decision to keep benchmark interest rate unchanged at a target range of 1.00% to 1.25%. The S&P 500 Index marginally climbed to close at 2,477.83.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Data revealed that China's industrial profits recorded a rise on an annual basis in June. The Nikkei 225 Index is trading 0.1% higher at 20,065.58.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar retreated 0.3% against the South African Rand to trade at R12.8737. Later today, traders will keep a close watch on US durable goods orders, advance goods trade balance, initial jobless claims and wholesale inventories for further direction. Separately, South Africa's producer price index will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. The US Federal Reserve (Fed) kept the policy rate steady in a range of 1.00% to 1.25%, as it remained a tad concerned about recent inflation trends in the US. The Federal Open Market Committee (FOMC) continues to expect that with gradual adjustments in the stance of monetary policy, the US economic activity will expand at a moderate pace. Further, the central bank indicated that it is close to paring down its \$4.5 trillion balance sheet 'relatively soon'. On the macro front, US new home sales rose in line with market expectations on a monthly basis in June.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound marginally fell against the South African Rand to trade at R16.9267. Market participants look forward to the UK's GfK consumer confidence index for July, scheduled to release overnight.

The British Pound declined against the South African Rand yesterday. Data revealed that the UK economy rose a tad higher in the three months to June, led by a strong growth in the service sector. Meanwhile, BBA mortgage approvals dropped less-than-expected in June.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R15.1304. Going forward, market participants will keep a tab on Germany's GfK consumer confidence for further cues.

The Euro weakened against the South African Rand yesterday.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.1% against the South African Rand to trade at R10.3675. Earlier in the session, data showed that in China, Australia's largest trading partner, industrial profits grew on a yearly basis in June, compared to its previous reading.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's consumer price inflation rose less than market expectations on a quarterly basis in second quarter of 2017.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.8737	▼	-1.32%	-0.08%	-1.28%	-0.33%	-6.00%
GBPZAR	16.9267	▼	-0.58%	0.84%	-0.57%	0.98%	0.04%
EURZAR	15.1304	▼	-0.59%	0.49%	1.34%	1.56%	4.85%
AUDZAR	10.3675	▼	0.35%	1.52%	3.46%	3.21%	4.80%
EURUSD	1.1755	▲	0.75%	0.61%	2.70%	1.62%	11.61%
GBPUSD	1.3149	▲	0.74%	0.96%	0.74%	1.05%	6.37%
Brent (\$/barrel)	50.9	▼	1.53%	6.05%	4.51%	-3.92%	-10.30%
Gold (\$/oz)	1270.0	▲	-0.22%	-0.44%	0.57%	-2.33%	8.48%
Platinum (\$/oz)	919.5	-	-1.01%	-1.63%	-0.45%	-2.80%	1.99%
Copper (\$/MT)*	6297.8	▲	1.62%	5.47%	6.26%	4.76%	14.03%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.6% higher to trade at \$1,270.00/oz.

Yesterday, gold prices fell 0.2% to close at \$1,249.40/oz, extending its previous session losses.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$50.89/bL.

Yesterday, Brent crude oil advanced 1.5% to settle at \$50.97/bL, after the US Energy Information Administration (EIA) reported that US crude oil inventories fell by 7.2mn bls for the week ended July 21, 2017.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices are trading flat at \$919.50/oz.

Yesterday, platinum prices declined 1.0% to close at \$919.50/oz.



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Major South Africa Corporate News

AECI Limited

In its 1H17 results, the company stated that its revenue declined to ZAR8.47bn from ZAR9.06bn posted in the corresponding period of the previous year. Its diluted HEPS rose 30.0% from the same period of the prior year to 377.00c.

Clover Industries

The company stated that the Financial Director, Mr Elton Ronald Bosch has tendered his resignation.

Liberty Holdings Limited

In its 1H17 trading update, the company indicated that normalised HEPS is expected to ease between 25.0% to 35.0%. It further expects basic and headline EPS to decline between 8.0% to 18.0%.

Metair Investments Limited

In its trading update, the company revealed that it expects HEPS to rise in the range of 105.6% to 114.8% compared with 54.00c recorded in the previous corresponding period. Moreover, it anticipates EPS to increase between 103.7% and 114.8% compared with the 54.00c for the previous corresponding period.

Reinet Investments SCA

In its management update for 1Q17, the company announced that its net asset value declined 3.0% from the previous quarter to EUR5.82mn. Its net asset value per share was EUR29.70.

Major Global Economic News

US

The Fed held benchmark interest rate unchanged at a target range of 1.00% to 1.25%, as it remained a tad concerned about recent inflation trends in the US. However, the central bank indicated that it is close to paring down its \$4.5 trillion balance sheet 'relatively soon'.

In the US, new home sales climbed 0.8% on a monthly basis, to a level of 610.00K in June, compared to market expectations of 615.00K. New home sales had registered a revised reading of 605.00K in the previous month.

Asia

In China, industrial profits registered a rise of 19.1% on an annual basis in June. In the prior month, industrial profits had advanced 16.7%.

UK

In the UK, the preliminary gross domestic product (GDP) registered a rise of 0.3% on a quarterly basis in 2Q17, compared to an advance of 0.2% in the prior quarter. Market expectation was for GDP to advance 0.3%.

In June, BBA mortgage approvals dropped to 40.20K in the UK, compared to a revised level of 40.29K in the prior month. Market anticipation was for BBA mortgage approvals to ease to a level of 40.00K.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	03:30	Industrial Profits (YoY) (Jun)	✓✓	19.10%*	16.70%	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Aug)	✓✓✓	10.60	10.60	Monthly
Eurozone	10:00	M3 Money Supply (YoY) (Jun)	✓	5.00%	5.00%	Monthly
South Africa	11:30	Producer Price Index (MoM) (Jun)	✓✓✓	0.10%	0.50%	Monthly
South Africa	11:30	Producer Price Index (YoY) (Jun)	✓✓✓	4.40%	4.80%	Monthly
UK	12:00	CBI Distributive Trades Survey - Realised (Jul)	✓	-	12.00%	Monthly
US	14:30	Continuing Jobless Claims (15-Jul)	✓	1960.00K	1977.00K	Weekly
US	14:30	Initial Jobless Claims (22-Jul)	✓✓✓	240.00K	233.00K	Weekly
US	14:30	Chicago Fed National Activity Index (Jun)	✓	0.35	-0.26	Monthly
US	14:30	Durable Goods Orders ex Transportation (Jun) (P)	✓✓	0.40%	-0.30%	Monthly
US	14:30	Wholesale Inventories (MoM) (Jun) (P)	✓✓✓	0.30%	0.40%	Monthly
US	14:30	Durable Goods Orders (Jun) (P)	✓✓✓	3.70%	-0.80%	Monthly
Germany	-	Retail Sales (MoM) (Jun)	✓✓	0.20%	0.50%	Monthly
Germany	-	Retail Sales (YoY) (Jun)	✓✓	2.70%	4.80%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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