

ONE Minute Brief

16 August 2017

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Economic and Political News

The South African Reserve Bank (SARB) has welcomed the decision of the High Court affirming the central bank's inflation targeting mandate, after the court aside Public Protector, Busisiwe Mkhwebane's remedial action seeking to change the mandate of the central bank.

The Automobile Association (AA) expects petrol prices to climb 63c a litre and diesel 57c a litre, following weakness in the rand and a rise in oil prices.

African National Congress (ANC) Secretary-General, Gwede Mantashe, stated that former Finance Minister, Pravin Gordhan, former Tourism Minister, Derek Hanekom and MP Makhosi Khoza will be disciplined by the party as they openly voiced their opposition to President Zuma before the crucial no-confidence vote. He added that there would be no witch hunt for those who voted with the opposition.

In a meeting of the Assembly of Governors of the Association of African Central Banks (AACB), President, Jacob Zuma stressed the role that central banks can play in stimulating growth in an economy.

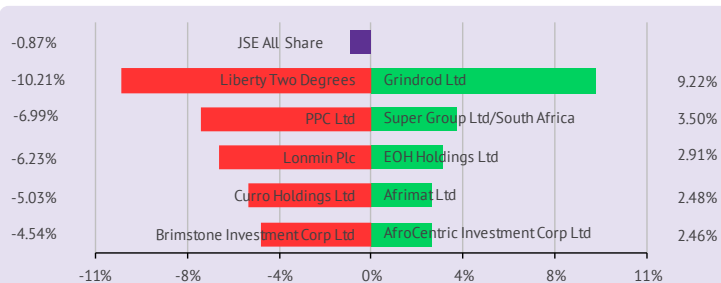
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54983.32	▼	-482.33	-0.87%	-0.31%	-0.41%	6.97%	8.55%
JSE Top 40	48655.12	▼	-453.43	-0.92%	-0.23%	-0.45%	7.60%	10.83%
FTSE 100	7383.85	▲	29.96	0.41%	1.01%	0.16%	0.81%	3.37%
DAX 30	12177.04	▲	11.92	0.10%	1.36%	0.49%	-1.68%	6.06%
CAC 40	5140.25	▲	18.58	0.36%	1.57%	0.91%	-0.53%	5.72%
S&P 500	2464.61	▼	-1.23	-0.05%	0.95%	-0.23%	1.93%	10.08%
Nasdaq Composite	6333.01	▼	-7.22	-0.11%	1.22%	-0.24%	3.38%	17.65%
DJIA	21998.99	▲	5.28	0.02%	0.64%	0.49%	2.54%	11.32%

South Africa Market ▼

South African markets closed lower

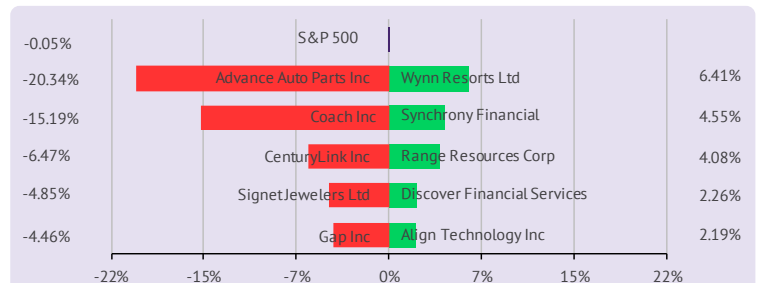
South African markets closed in the red yesterday, led by sharp losses in platinum and gold mining sector stocks. The JSE All Share Index fell 0.9% to close at 54,983.32.



US Market ▼

The S&P 500 futures are trading in the red

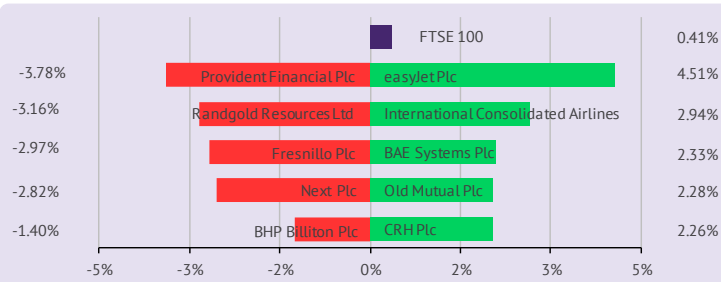
US markets closed a tad lower yesterday, weighed down by losses in telecommunication sector stocks. Data showed that US retail sales surged more than market expectations on a monthly basis in July. The S&P 500 Index marginally dropped to close at 2,464.61.



UK Market ▲

The FTSE 100 futures are trading in negative territory

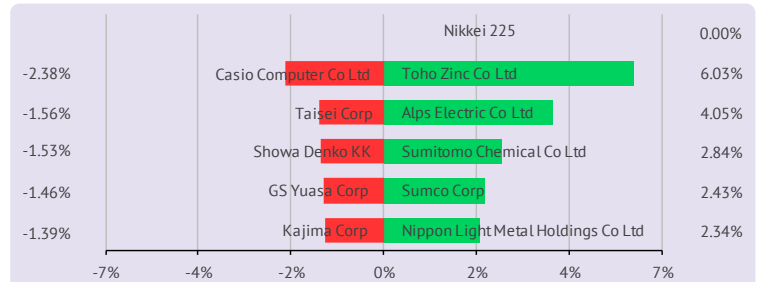
UK markets finished higher yesterday, amid gains in industrial sector stocks. Data revealed that UK's annual consumer price inflation remained steady for July. The FTSE 100 Index advanced 0.4% to close at 7,383.85.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading flat at 19,753.69.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally gained against the South African Rand to trade at R13.3190. Later today, traders will keep a close watch on the FOMC meeting minutes, US housing starts, building permits and MBA mortgage applications for further cues. Separately, South Africa's retail sales will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. On the macro front, US retail sales advanced at a stronger-than-estimated pace on a monthly basis in July, its strongest rise in 7 months, driven by an increase in the sale of automobiles and building materials. Furthermore, the NAHB housing market index surprisingly rose in August. Additionally, business inventories for June increased more than market forecast in June.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is marginally trading firmer against the South African Rand at R17.1433. Later today, traders will keep an eye on ILO unemployment rate, claimant count rate and average weekly earnings for further direction.

The British Pound declined against the South African Rand yesterday, after UK's consumer price index (CPI) advanced less-than-expected on a yearly basis in July, led by drop-in fuel prices. Moreover, house price index recorded a higher-than-anticipated rise on an annual basis in June. Further, retail price index rose more than market expectations on a monthly basis in July.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R15.6370. Going forward, market participants will keep a tab on Eurozone's gross domestic product for further indication.

The Euro weakened against the South African Rand yesterday. In economic news, Germany's gross domestic product (GDP) slowed a bit on a quarterly basis in 2Q17.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R10.4314. Earlier in the session, data revealed that Australia's Westpac leading index rebounded on a monthly basis in July.

The Australian Dollar fell against the South African Rand yesterday. The Reserve Bank of Australia in its August 1 meeting minutes revealed that the senior officials are anxious about the shortage of skilled labour which might lift wages at a stronger pace and fuel inflation. The central bank left its key interest rate unchanged at a record low of 1.5%, citing strength in the Australian dollar, growing housing debt and sluggish income growth as key concerns.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.3190	▲	-0.07%	-1.13%	0.98%	0.85%	-3.03%
GBPZAR	17.1433	▲	-0.81%	-2.28%	-1.65%	2.31%	1.24%
EURZAR	15.6370	▲	-0.46%	-1.92%	0.07%	4.50%	8.21%
AUDZAR	10.4314	▲	-0.48%	-1.99%	-1.58%	5.43%	5.11%
EURUSD	1.1740	▲	-0.38%	-0.73%	-0.90%	3.64%	11.62%
GBPUSD	1.2871	▲	-0.73%	-1.11%	-2.62%	1.46%	4.32%
Brent (\$/barrel)	51.1	▲	0.14%	-2.50%	-3.64%	8.10%	-10.59%
Gold (\$/oz)	1278.6	▲	-0.82%	-1.09%	0.56%	1.96%	10.59%
Platinum (\$/oz)	968.4	▲	-0.77%	-2.25%	2.84%	1.84%	7.30%
Copper (\$/MT)*	6344.0	▼	-0.37%	-0.61%	0.12%	6.90%	14.87%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.4% to trade at \$1,278.60/oz.

Yesterday, gold prices fell 0.8% to close at \$1,273.70/oz, as the US Dollar strengthened on the back of an upbeat economic data in the US lowered demand for the precious metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.5% to trade at \$51.05/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$50.80/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined by 9.2mn bls for the week ended August 11, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$968.40/oz.

Yesterday, platinum prices declined 0.8% to close at \$967.40/oz.

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Major South Africa Corporate News

Curro Holdings Limited

In its 1H17 results, the group stated that its revenue increased to ZAR1.08bn from ZAR0.87bn posted in the corresponding period of the previous year. Its diluted HEPS rose 24.0% from the same period of the prior year to 26.80c.

Northam Platinum Limited

In its 1H17 trading update, the company announced that it expects group's loss per share to be in the range of 167.80c per share and 196.00c per share and headline loss per share to be between 167.30c per share and 196.30c per share.

Grindrod Limited

In its 1H17 trading statement, the company revealed that it anticipates 1H17 loss to be between ZAR97.00mn and ZAR77.00mn and headline loss is expected to be in the range of ZAR139.00mn to ZAR119.00mn. Further, it expects loss per share and headline loss per share to be between 12.90c to 10.30c per share and 18.50c and 15.90c per share, respectively.

Major Global Economic News

US

In the US, advance retail sales climbed 0.6% on a monthly basis in July, higher than market expectations for an advance of 0.3%. Advance retail sales had risen by a revised 0.3% in the previous month.

In August, the housing market index recorded an unexpected rise to 68.00 in the US, compared to market expectations of an unchanged reading. The index had registered a level of 64.00 in the previous month.

In the US, business inventories advanced 0.5% on a monthly basis in June, higher than market expectations for a rise of 0.4%. In the previous month, business inventories had risen 0.3%.

UK

In the UK, the CPI climbed 2.6% on an annual basis in July, compared to a similar rise in the previous month. Market expectation was for the CPI to advance 2.7%.

In July, the retail price index registered a rise of 3.6% on a yearly basis in the UK, higher than market expectations for an advance of 3.5%. The index had advanced 3.50% in the previous month.

In the UK, the house price index rose 4.9% on a yearly basis in June, higher than market expectations for an advance of 4.3%. The index had recorded a rise of 5.0% in the prior month.

Eurozone

In Germany, the seasonally adjusted preliminary GDP advanced 0.6% on a quarterly basis in 2Q17, lower than market expectations for an advance of 0.7%. In the prior quarter, GDP had registered a similar rise.

Asia

In Australia, the Westpac leading index climbed 0.12% on a monthly basis in July. In the prior month, the index had fallen by a revised 0.15%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous/ **Previous Est.	Frequency
UK	10:30	Claimant Count Change (Jul)	✓✓	-	6.00K	Monthly
UK	10:30	Claimant Count Rate s.a. (Jul)	✓✓	-	2.30%	Monthly
UK	10:30	Claimant Count s.a. (Jul)	✓✓	-	829.00K	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Jun)	✓✓✓	4.50%	4.50%	Monthly
UK	10:30	Average Earnings Excluding Bonus (3Mo/Yr) (Jun)	✓	2.00%	2.00%	Monthly
UK	10:30	Average Earnings Including Bonus (3Mo/Yr) (Jun)	✓✓	1.80%	1.80%	Monthly
UK	10:30	Employment Change (3M/3M) (Jun)	✓✓	97.00K	175.00K	Monthly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q2) (S)	✓✓✓	0.60%	0.60%**	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (YoY) (Q2) (S)	✓✓	2.10%	2.10%**	Quarterly
US	13:00	MBA Mortgage Applications (11-Aug)	✓	-	3.00%	Weekly
South Africa	13:00	Retail Sales (MoM) (Jun)	✓✓✓	-	0.90%	Monthly
South Africa	13:00	Retail Sales (YoY) (Jun)	✓✓✓	2.30%	1.70%	Monthly
US	14:30	Building Permits (Jul)	✓✓	1250.00K	1254.00K	Monthly
US	14:30	Housing Starts (Jul)	✓✓✓	1220.00K	1215.00K	Monthly
US	14:30	Housing Starts (MoM) (Jul)	✓✓	0.40%	8.30%	Monthly
US	14:30	Building Permits (MoM) (Jul)	✓✓	-2.00%	7.40%	Monthly
US	20:00	FOMC Economic Projections	✓✓✓	-	-	As scheduled
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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