

ONE Minute Brief

17 August 2017

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Economic and Political News

In South Africa (SA), retail sales climbed 2.9% on an annual basis in June, compared to a revised advance of 1.6% in the previous month. Markets were expecting retail sales to climb 2.4%. Meanwhile, the Experian Business Debt Index (BDI) remained in negative territory in the second quarter, at -0.22, up from a reading of -0.32 for the first quarter, indicating continued debt stress for businesses.

Rating agency, Moody's indicated that SA's credit rating could be downgraded to junk if policies become "even less predictable" or shift in a way that could undermine the economy. Moreover, Moody's indicated that it might consider changing the nation's rating outlook from negative to stable if the government implements policies and reforms that reflect the continued independence and strength of the country's policy institutions.

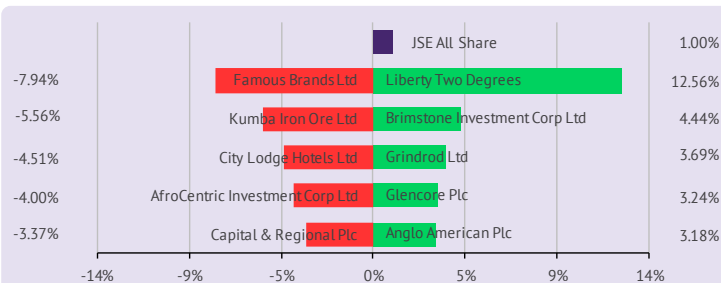
The National Prosecuting Authority has indicated that legal proceedings against the 72 police officers involved in the killing of 34 miners during the Marikana Massacre in 2012, have not yet started.

ANC Treasurer-General, Zweli Mkhize, confirmed that the ANC had received funding from the Gupta family, and further claimed that other parties too had received similar funding.

South Africa Market ▲

South African markets closed higher

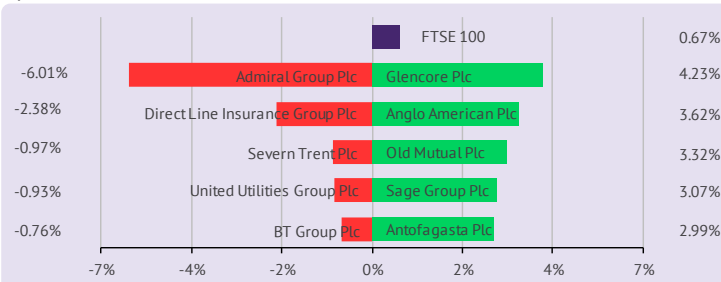
South African markets closed in the green yesterday, amid gains in resources and industrial sector stocks. Data revealed that South Africa's retail sales advanced at a faster-than-expected pace on an annual basis in June. The JSE All Share Index rose 1.0% to close at 55,534.60.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, boosted by gains in material sector stocks. Data showed that UK's ILO unemployment rate surprisingly eased to its lowest level in 42 years in the April-June 2017 period. The FTSE 100 Index advanced 0.7% to close at 7,433.03.



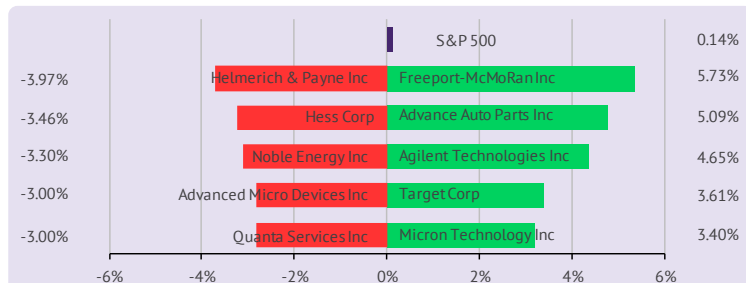
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55534.60	▲	551.28	1.00%	0.69%	0.59%	6.97%	9.64%
JSE Top 40	49211.76	▲	556.64	1.14%	0.91%	0.69%	7.60%	12.09%
FTSE 100	7433.03	▲	49.18	0.67%	1.68%	0.83%	0.81%	4.06%
DAX 30	12263.86	▲	86.82	0.71%	2.08%	1.20%	-1.68%	6.82%
CAC 40	5176.61	▲	36.36	0.71%	2.29%	1.63%	-0.53%	6.46%
S&P 500	2468.11	▲	3.50	0.14%	1.10%	-0.09%	1.93%	10.24%
Nasdaq Composite	6345.11	▲	12.10	0.19%	1.42%	-0.05%	3.38%	17.87%
DJIA	22024.87	▲	25.88	0.12%	0.76%	0.61%	2.54%	11.45%

US Market ▲

The S&P 500 futures are trading in the red

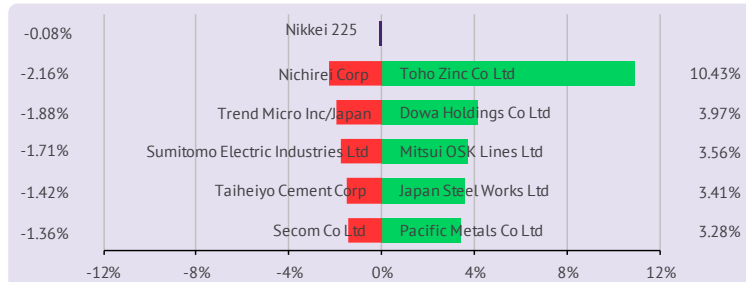
US markets closed higher yesterday, driven by a rise in material sector stocks. Data indicated that US housing starts and building permits painted a negative picture in July. The S&P 500 Index climbed 0.1% to close at 2,468.11.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. On the data front, Japan's Merchandise trade surplus narrowed less-than-expected in July. The Nikkei 225 Index is trading 0.1% lower at 19,712.82.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% higher against the South African Rand at R13.1856. Later today, traders will keep a close watch on US initial jobless claims, manufacturing production, industrial production and leading indicators for further direction.

The US Dollar fell against the South African Rand yesterday, after the Federal Open Market Committee (FOMC), in its July meeting minutes, revealed that the policymakers were highly concerned about recent weak inflation and some of the members called for halting interest rate hikes till the time it was clear that the trend was transitory. Furthermore, the Federal Reserve (Fed) was prepared to start reducing its \$4.5 trillion portfolio of Treasury bonds and mortgage-backed securities. Furthermore, the currency extended losses after President, Donald Trump, stated that he had disbanded two councils of corporate executives after several CEOs stepped down from his advisory panels to protest his comments about violence in Charlottesville, Virginia. On the macro front, US housing starts unexpectedly declined on a monthly basis in July. Furthermore, building permits retreated more-than-expected on a monthly basis in the same month. Separately, South Africa's retail sales rose more than market anticipations on a yearly basis in June.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R17.0181. Later today, traders will keep an eye on UK's retail sales for further indication.

The British Pound declined against the South African Rand yesterday. On the data front, UK's ILO unemployment rate recorded an unexpected drop in the April-June 2017 period, reaching its lowest level since 1975. Moreover, the nation's average weekly earnings advanced higher-than-estimated in the April-June 2017 period. Further, the UK claimant count rate remained steady in July.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro gained 0.2% against the South African Rand to trade at R15.5327. Going forward, market participants will keep a tab on the ECB account of the monetary policy meeting, Eurozone's consumer price index and trade balance figures for further cues.

The Euro weakened against the South African Rand yesterday. In economic news, Eurozone's flash gross domestic product recorded an unchanged reading on a quarterly basis in 2Q17.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.2% against the South African Rand to trade at R10.4636. Earlier in the session, Australia's unemployment rate declined in line with market expectations in July.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's Westpac leading index bounced back into positive territory on a monthly basis in July.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.1856	▲	-1.04%	-2.16%	-0.06%	0.85%	-4.03%
GBPZAR	17.0181	▲	-0.88%	-3.14%	-2.52%	2.31%	0.35%
EURZAR	15.5327	▲	-0.76%	-2.67%	-0.69%	4.50%	7.38%
AUDZAR	10.4636	▲	0.29%	-1.70%	-1.29%	5.43%	5.41%
EURUSD	1.1780	▲	0.27%	-0.46%	-0.63%	3.64%	11.93%
GBPUSD	1.2907	▲	0.17%	-0.95%	-2.45%	1.46%	4.50%
Brent (\$/barrel)	50.5	▲	-1.04%	-3.51%	-4.65%	8.10%	-11.53%
Gold (\$/oz)	1293.0	▲	0.25%	-0.84%	0.81%	1.96%	10.87%
Platinum (\$/oz)	981.5	▲	0.73%	-1.54%	3.59%	1.84%	8.09%
Copper (\$/MT)*	6496.5	▲	2.40%	1.78%	2.53%	6.90%	17.63%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 1.3% to trade at \$1,293.00/oz.

Yesterday, gold prices rose 0.3% to close at \$1,276.90/oz, as weakness in the US Dollar underpinned demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.5% to trade at \$50.50/bl.

Yesterday, Brent crude oil dropped 1.0% to settle at \$50.27/bl, after the US Energy Department reported that total crude oil production in the US recorded a rise of 79,000 bls a day to 9.5mn bls a day last week, notching its highest level since mid-July 2015. Meanwhile, the Department also reported that crude oil inventories fell by 8.9mn bls for the week ended August 11, 2017.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.7% to trade at \$981.50/oz.

Yesterday, platinum prices climbed 0.7% to close at \$974.50/oz.

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Major South Africa Corporate News

City Lodge Hotels Limited

In its FY17 results, the company indicated that its revenue rose to ZAR1.52bn from ZAR1.49bn posted in the corresponding period of the previous year. Its diluted HEPS decreased 6.0% from the same period of the prior year to 808.00c.

Emira Property Fund Limited

In its FY17 results, the company revealed that its revenue declined 3.9% from the same period of the preceding year to ZAR1.72bn. Its diluted HEPS stood at 101.10c, compared with 164.75c recorded in the corresponding period of the previous year.

Major Global Economic News

US

The FOMC's July meeting minutes stated that the policymakers were highly anxious about recent weak inflation and some of the officials called for halting interest rate hikes till the time it was clear that the trend was transitory. Furthermore, the Fed was ready to start diminishing its \$4.5 trillion portfolio of Treasury bonds and mortgage-backed securities.

In July, housing starts recorded an unexpected drop of 4.8% on monthly basis in the US, to an annual rate of 1155.00K, lower than market expectations of 1220.00K. Housing starts had recorded a revised level of 1213.00K in the prior month.

In the US, building permits eased 4.1% on a monthly basis to an annual rate of 1223.00K in July, lower than market expectations of 1250.00K. Building permits had registered a revised level of 1275.00K in the prior month.

Asia

In Australia, the seasonally adjusted unemployment rate dropped to a level of 5.6% in July, at par with market forecast, compared to a revised level of 5.7% in the prior month.

In Japan, Merchandise (total) trade surplus fell to JYP418.80bn in July, from a trade surplus of JPY439.90bn in the previous month. Market anticipation was for the country's trade surplus to narrow to JPY327.10bn.

UK

In the UK, the ILO unemployment rate unexpectedly dropped to a level of 4.4% in the April-June 2017 period, compared to a reading of 4.5% in the March-May 2017 period. Markets were expecting the ILO unemployment rate to record a flat reading.

In July, the claimant count rate remained steady at 2.30% in the UK.

In the UK, the average earnings including bonus advanced 2.1% on an annual basis in the April-June 2017 period, higher than market expectations for an advance of 1.8%. In the March-May 2017 period, the average earnings including bonus had advanced by a revised 1.9%.

Eurozone

In the Eurozone, the seasonally adjusted second estimate of GDP registered a rise of 0.6% on a quarterly basis in 2Q17, in line with market expectations. GDP had risen by a revised 0.5% in the prior quarter. The preliminary figures had also indicated an advance of 0.6%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Exports (YoY) (Jul)	✓✓	13.40%*	9.70%	Monthly
Japan	01:50	Imports (YoY) (Jul)	✓	16.30%*	15.50%	Monthly
Japan	01:50	Adjusted Merchandise Trade Balance (Jul)	✓	JPY337.40bn*	JPY81.40bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Jul)	✓✓	JPY418.80bn*	JPY439.90bn	Monthly
France	07:30	ILO Unemployment (Q2)	✓	9.50%	9.60%	Quarterly
France	07:30	Unemployment Rate (Q2)	✓✓	9.20%	9.30%	Quarterly
UK	10:30	Retail Price Index Ex Food (Jul)	✓	-	281.90	Monthly
UK	10:30	Retail Sales (MoM) (Jul)	✓	0.20%	0.60%	Monthly
UK	10:30	Retail Sales (YoY) (Jul)	✓✓	1.40%	2.90%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Jul) (F)	✓✓✓	1.20%	1.20%**	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Jul)	✓✓✓	-0.50%	0.00%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Jul) (F)	✓✓	1.30%	1.30%**	Monthly
Eurozone	11:00	Trade Balance s.a. (Jun)	✓✓	EUR20.30bn	EUR19.70bn	Monthly
Eurozone	13:30	ECB account of the monetary policy meeting	✓✓✓	-	-	As scheduled
US	14:30	Continuing Jobless Claims (05-Aug)	✓	1955.00K	1951.00K	Weekly
US	14:30	Initial Jobless Claims (12-Aug)	✓✓✓	240.00K	244.00K	Weekly
US	14:30	Philadelphia Fed Manufacturing Survey (Aug)	✓✓	18.00	19.50	Monthly
US	15:15	Capacity Utilisation (Jul)	✓	76.70%	76.60%	Monthly
US	15:15	Industrial Production (MoM) (Jul)	✓✓	0.30%	0.40%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Jul)	✓✓	0.20%	0.20%	Monthly
US	16:00	Leading Indicator (MoM) (Jul)	✓✓	0.30%	0.60%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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