

ONE Minute Brief

18 August 2017

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Economic and Political News

In South Africa (SA), wholesale trade sales increased by 1.1% in 2Q17, compared with the same period a year ago.

The African National Congress (ANC) has fired its MP, Makhosi Khoza, as chairperson of Parliament's portfolio committee on public service and administration, with immediate effect. Meanwhile, Khoza stated that her removal from the committee was a punishment for taking a stance against corruption. The chief whip of the Democratic Alliance (DA), John Steenhuisen, stated that Khoza's removal reflected continued infighting with the ANC.

President Jacob Zuma has appreciated the Brics Bank for providing loans in local currency. Finance Minister Malusi Gigaba stated that the opening of the first regional centre of the Brics Bank would help in additional funding for large infrastructure projects.

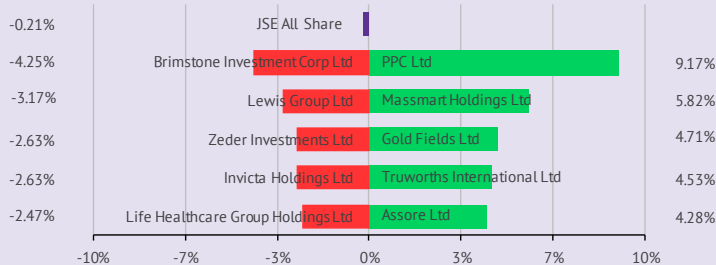
Police in South Africa have issued a red alert to prevent any attempt by Zimbabwean First Lady, Grace Mugabe, accused of assaulting a model, to leave the nation.

Dr. Nkosazana Dlamini-Zuma, a key candidate for the 2019 Presidential election, stated that the challenges she faced during her tenure at the African Union (AU) are same as those faced by South Africa and further added that the nation needed urgent development.

South Africa Market ▼

South African markets closed lower

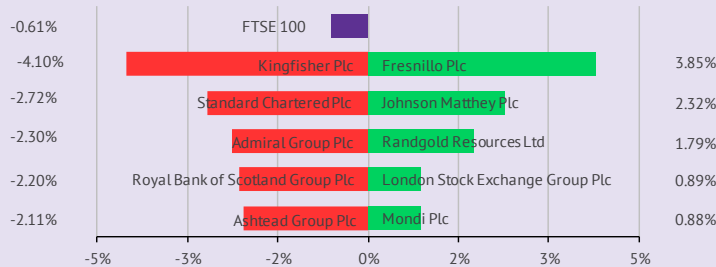
South African markets closed in the red yesterday, weighed down by losses in banking and financial sector stocks. The JSE All Share Index fell 0.2% to close at 55,415.27.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, amid a decline in financial sector stocks. Data revealed that UK's retail sales advanced more-than-expected on a monthly basis in July, led by strong sales in food. The FTSE 100 Index declined 0.6% to close at 7,387.87.



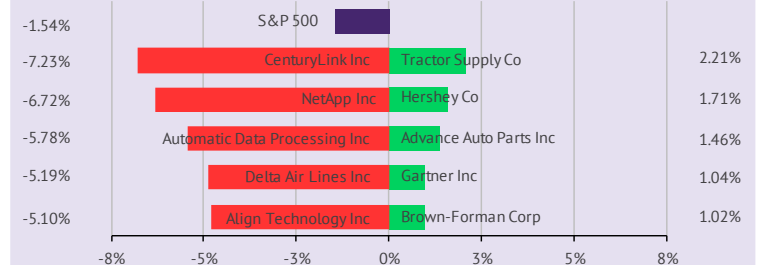
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	55415.27	▼ -119.33	-0.21%	0.47%	0.38%	6.97%	9.40%
JSE Top 40	49065.81	▼ -145.95	-0.30%	0.61%	0.39%	7.60%	11.76%
FTSE 100	7387.87	▼ -45.16	-0.61%	1.07%	0.22%	0.81%	3.43%
DAX 30	12203.46	▼ -60.40	-0.49%	1.58%	0.70%	-1.68%	6.29%
CAC 40	5146.85	▼ -29.76	-0.57%	1.70%	1.04%	-0.53%	5.85%
S&P 500	2430.01	▼ -38.10	-1.54%	-0.46%	-1.63%	1.93%	8.54%
Nasdaq Composite	6221.92	▼ -123.19	-1.94%	-0.55%	-1.99%	3.38%	15.58%
DJIA	21750.73	▼ -274.14	-1.24%	-0.49%	-0.64%	2.54%	10.06%

US Market ▼

The S&P 500 futures are trading in the green

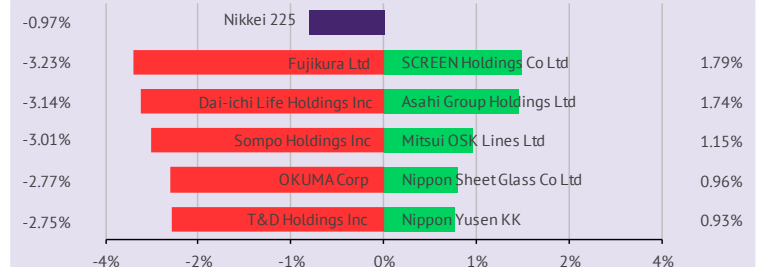
US markets closed lower yesterday, led by sharp losses in information technology sector stocks. Data showed that US manufacturing production surprisingly declined in July, as motor vehicle production slumped. The S&P 500 Index dropped 1.5% to close at 2,430.01.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 1.0% lower at 19,510.82.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.1% against the South African Rand to trade at R13.2694. Later today, traders will keep a close watch on the US Reuters/Michigan consumer confidence index for further direction.

The US Dollar rose against the South African Rand yesterday, after the number of Americans applying for first-time unemployment benefits dropped more-than-expected for the week ended August 12, 2017, its lowest level in six months. The nation's manufacturing production recorded an unexpected drop in July, led by a decrease in production of motor vehicles. Whereas, industrial production rose less-than-expected on a monthly basis in the same month. Further, leading indicator grew in line with market expectations in July.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound rose 0.2% against the South African Rand to trade at R17.0995. With no major economic news in the UK today, investor sentiment will be determined by the global macroeconomic news.

The British Pound advanced against the South African Rand yesterday, UK's retail sales climbed higher than market anticipations on a monthly basis in July, as stronger spending on food outweighed a decline in the purchase of other goods.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.5704. Going forward, market participants will keep a tab on Eurozone's construction output and current account balance along with Germany's producer price index for further cues.

The Euro strengthened against the South African Rand yesterday. In major news, the European Central Bank (ECB) July meeting minutes revealed that the policymakers were highly concerned about the strength in the Euro and warned that easy financing conditions "could not be taken for granted" and depended on the ECB's easy policy and further believed that the currency could rise in value again. Additionally, the senior officials stated that the duration and pace of the central bank's €2.3tn bond-buying programs were not the only measures to adjust their stance and "more policy space" was needed in either direction. On the data front, Eurozone's final consumer price index (CPI) advanced at par with market estimates on an annual basis in July. Moreover, Eurozone's trade surplus expanded more-than-expected in June.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R10.4787.

The Australian Dollar rose against the South African Rand yesterday. Data showed that Australia's unemployment rate dropped at par with the market forecast in July.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.2694	▲	0.64%	-1.53%	0.57%	0.85%	-3.42%
GBPZAR	17.0995	▲	0.47%	-2.69%	-2.06%	2.31%	0.81%
EURZAR	15.5704	▲	0.25%	-2.42%	-0.44%	4.50%	7.65%
AUDZAR	10.4787	▲	0.15%	-1.55%	-1.14%	5.43%	5.57%
EURUSD	1.1733	▲	-0.37%	-0.83%	-1.00%	3.64%	11.51%
GBPUSD	1.2888	▲	-0.18%	-1.12%	-2.63%	1.46%	4.31%
Brent (\$/barrel)	51.0	▼	1.51%	-2.05%	-3.21%	8.10%	-10.19%
Gold (\$/oz)	1292.9	▲	0.74%	-0.10%	1.56%	1.96%	11.70%
Platinum (\$/oz)	982.5	▲	0.74%	-0.81%	4.36%	1.84%	8.88%
Copper (\$/MT)*	6456.3	▼	-0.62%	1.15%	1.89%	6.90%	16.90%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,292.90/oz.

Yesterday, gold prices rose 0.7% to close at \$1,286.40/oz, as weakness in the US and European equity markets increased demand for the previous yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.1% to trade at \$51.00/bl.

Yesterday, Brent crude oil advanced 1.5% to settle at \$51.03/bl, reversing its previous session losses.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.1% to trade at \$982.50/oz.

Yesterday, platinum prices climbed 0.7% to close at \$981.70/oz.

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Major South Africa Corporate News

Exxaro Resources Limited

In its 1H17 results, the company revealed that its revenue advanced 9.9% from the same period of the preceding year to ZAR10.73bn. Its diluted EPS stood at 852.00c, compared with 394.00c recorded in the corresponding period of the previous year.

Gold Fields Limited

In its 1H17 results, the company reported that its revenue advanced 4.0% from the same period of the preceding year to \$1.33bn. However, its diluted HEPS stood at 9.00c, compared with 14.00c recorded in the corresponding period of the previous year.

Harmony Gold Mining Company Limited

In its FY17 results, the company revealed that its revenue rose 5.1% from the same period of the preceding year to ZAR19.26bn. Its diluted EPS stood at 79.00c, compared with 213.00c recorded in the corresponding period of the previous year.

Sibanye Gold Limited

In its 1H17 trading statement, the company indicated that it expects a loss of at least ZAR4.80bn and attributable earnings of ZAR333.00mn. Further, loss per share is anticipated to be at least 320.00c with headline loss per share of at least 145.00c.

Standard Bank Group Limited

In its 1H17 results, the bank stated that its revenue increased to ZAR12.09bn from ZAR11.69bn posted in the corresponding period of the previous year. Its diluted EPS rose 13.8% from the same period of the prior year to 760.50c.

Truworths International Limited

In its FY17 results, the company stated that its revenue increased to ZAR19.85bn from ZAR18.23bn posted in the corresponding period of the previous year. Its diluted HEPS fell 1.0% from the same period of the prior year to 660.90c.

Major Global Economic News

US

In the US, the seasonally adjusted initial jobless claims registered a drop to 232.00K in the week ended August 12, 2017, compared to market expectations of a drop to 240.00K. In the prior week, initial jobless claims had recorded a level of 244.00K.

In the US, manufacturing production recorded an unexpected drop of 0.1% on a monthly basis in July, less than market expectations for a rise of 0.2%. In the previous month, manufacturing production had climbed 0.2%.

In July, Industrial production climbed 0.2% on a monthly basis in the US, less than market expectations for an advance of 0.3%. Industrial production had risen 0.4% in the previous month.

In the US, leading indicator climbed 0.3% on a monthly basis in July, compared to an advance of 0.6% in the previous month. Markets were anticipating leading indicator to climb 0.3%.

UK

In the UK, retail sales recorded a rise of 0.3% on a monthly basis in July, compared to a revised similar rise in the prior month. Market expectation was for retail sales to advance 0.2%.

Eurozone

The ECB in its July meeting minutes stated that the central bank officials were worried about the strength in the Euro and warned that easy financing conditions "could not be taken for granted" and depended on the ECB's easy policy and further believed that the currency could increase in value again. Additionally, the policymakers stated that the duration and pace of the central bank's €2.3tn bond-buying programs were not the only measures to adjust their stance and "more policy space" was needed in either direction.

In July, the final consumer price index (CPI) rose 1.3% on an annual basis in the Eurozone, in line with market expectations. The preliminary figures had also recorded an advance of 1.3%. In the prior month, the CPI had registered a similar rise.

In the Eurozone, the seasonally adjusted trade surplus expanded to EUR22.30bn in June, from a revised trade surplus of EUR19.00bn in the previous month. Market expectation was for the region to register a trade surplus of EUR20.30bn.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	03:30	House Price Index (YoY) (Jul)	✓	9.70%*	10.20%	Monthly
Germany	08:00	Producer Price Index (MoM) (Jul)	✓✓	0.00%	0.00%	Monthly
Germany	08:00	Producer Price Index (YoY) (Jul)	✓✓	2.20%	2.40%	Monthly
Eurozone	10:00	Current Account n.s.a. (Jun)	✓	-	EUR18.30bn	Monthly
Eurozone	10:00	Current Account s.a (Jun)	✓✓	-	EUR30.10bn	Monthly
Italy	10:00	Current Account (Jun)	✓	-	EUR3.26bn	Monthly
Eurozone	11:00	Construction Output s.a. (MoM) (Jun)	✓	-	-0.70%	Monthly
Eurozone	11:00	Construction Output w.d.a. (YoY) (Jun)	✓	-	2.60%	Monthly
Canada	14:30	Consumer Price Index s.a. (MoM) (Jul)	✓✓	-	0.00%	Monthly
Canada	14:30	Consumer Price Index (Jul)	✓✓	130.40	130.40	Monthly
Canada	14:30	Consumer Price Index (YoY) (Jul)	✓✓	1.20%	1.00%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Aug) (P)	✓✓✓	94.00	93.40	Monthly
US	16:15	Fed's Kaplan Speaks in Dallas	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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