

ONE Minute Brief

28 August 2017

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Economic and Political News

The Democratic Alliance (DA) has launched a petition calling for an early emergency election, stating that it believes that the African National Congress (ANC) has lost the confidence of the majority of South Africans.

Finance Minister, Malusi Gigaba, revealed that the government is in talks with lenders and is exploring options for a capital structure to provide the ZAR10bn to bail out South African Airways (SAA). Gigaba added that the cabinet will take the final decision on how to recapitalise SAA by September end.

President, Jacob Zuma, has signed a proclamation for the Special Investigating Unit (SIU) to probe mismanagement and procurement irregularities at the South African Broadcasting Corporation (SABC).

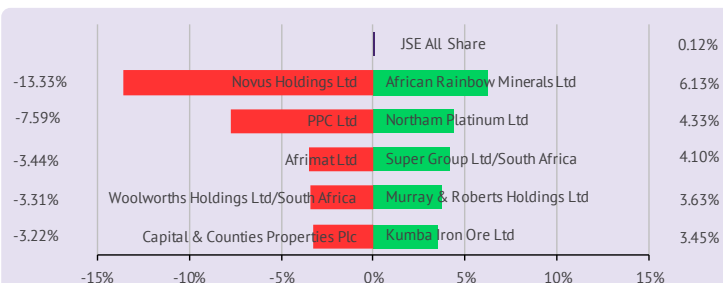
Congress of South African Trade Unions (COSATU) has revealed plans to march against state capture and repeated its call for President, Jacob Zuma, to step down.

Deputy President, Cyril Ramaphosa, has stated that the Hawks must investigate state capture, and not wait for commissions of inquiry.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green on Friday, amid gains in platinum mining and banking sector stocks. The JSE All Share Index rose 0.1% to close at 56,655.88.



Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56655.88	▲	66.89	0.12%	NA	2.62%	6.97%	11.85%
JSE Top 40	50175.33	▲	73.85	0.15%	NA	2.66%	7.60%	14.29%
FTSE 100	7401.46	▼	-5.60	-0.08%	NA	0.40%	0.81%	3.62%
DAX 30	12167.94	▼	-12.89	-0.11%	NA	0.41%	-1.68%	5.98%
CAC 40	5104.33	▼	-8.80	-0.17%	NA	0.21%	-0.53%	4.98%
S&P 500	2443.05	▲	4.08	0.17%	NA	-1.10%	1.93%	9.12%
Nasdaq Composite	6265.64	▼	-5.68	-0.09%	NA	-1.30%	3.38%	16.39%
DJIA	21813.67	▲	30.27	0.14%	NA	-0.35%	2.54%	10.38%

US Market ▲

The S&P 500 futures are trading in the red

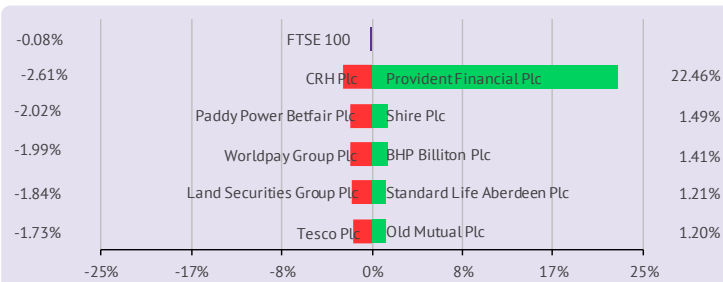
US markets closed higher on Friday, boosted by gains in energy and telecommunication sector stocks. Data showed that US flash durable goods orders retreated more-than-expected in July, its biggest decline since August 2014. The S&P 500 Index climbed 0.2% to 2,443.05.



UK Market ▼

The FTSE 100 futures are trading in negative territory

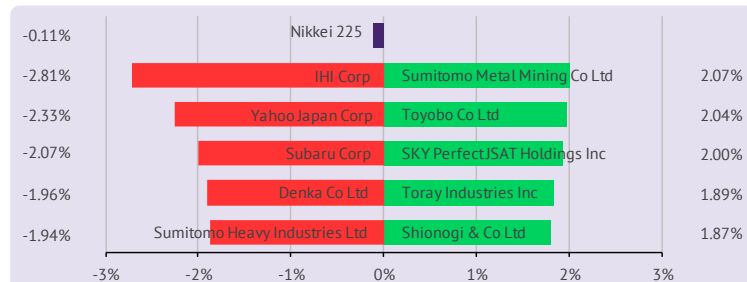
UK markets finished lower on Friday, led by losses in consumer discretionary and material sector stocks. The FTSE 100 Index declined 0.1% to close at 7,401.46.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 0.1% lower at 19,431.63.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.3% against the South African Rand to trade at R13.0559. Later today, traders will keep a close watch on US advance goods trade balance and preliminary wholesale inventories data for further cues.

The US Dollar fell against the South African Rand on Friday, after preliminary durable goods orders in the US dropped more than market estimates to its lowest level since August 2014 in July. Federal Reserve (Fed) Chair, Janet Yellen, indicated that actions regulators took as a consequence to previous financial crisis have made the system safer although some risk still remains but the crisis have taught some lessons. No indication about the future monetary policy was given by her.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained 0.2% against the South African Rand to trade at R16.8201.

The British Pound declined against the South African Rand on Friday.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.5661. With no major economic news in the Eurozone today, investor sentiment will be determined by global macroeconomic news.

The Euro weakened against the South African Rand on Friday, after the European Central Bank (ECB) President, Mario Draghi, stated that the global economy is gaining momentum, however, a global tilt towards protectionism would pose a risk to growth for the global economy. He further warned against lax regulation, which could rekindle the problems that created the 2008 financial crisis. He also stated that significant monetary accommodation is still required and that inflation is not yet close to the ECB's target. On the macro front, Germany's economy grew in line with market expectations on a quarterly basis in 2Q17, led by a rise in spending and investment. Moreover, the Ifo business expectation index surprisingly advanced in August, notching its strongest level since January 2014. Whereas, the Ifo business climate index eased less-than-expected in the same month.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.7% against the South African Rand to trade at R10.3611.

The Australian Dollar fell against the South African Rand on Friday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.0559	▲	-1.35%	NA	-1.24%	0.85%	-5.16%
GBPZAR	16.8201	▲	-0.69%	NA	-3.69%	2.31%	-0.86%
EURZAR	15.5661	▲	-0.26%	NA	-0.50%	4.50%	7.59%
AUDZAR	10.3611	▲	-1.38%	NA	-2.74%	5.43%	3.86%
EURUSD	1.1922	▼	1.06%	NA	0.69%	3.64%	13.42%
GBPUSD	1.2883	▲	0.63%	NA	-2.52%	1.46%	4.43%
Brent (\$/barrel)	52.6	▲	0.71%	NA	-0.59%	8.10%	-7.76%
Gold (\$/oz)	1299.4	▲	0.47%	NA	2.04%	1.96%	12.23%
Platinum (\$/oz)	981.3	▲	-0.36%	NA	4.08%	1.84%	8.60%
Copper (\$/MT)*	6648.5	▼	-0.22%	NA	4.93%	6.90%	20.38%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.5% to trade at \$1,299.40/oz.

On Friday, gold prices rose 0.5% to close at \$1,292.50/oz, notching its highest level since early June, as weakness in the greenback underpinned demand for the safe have yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.3% higher to trade at \$52.59/bl.

On Friday, Brent crude oil advanced 0.7% to settle at \$52.41/bl, after Baker Hughes reported that US oil rig count fell by 4 to 759 last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.2% to trade at \$981.30/oz.

On Friday, platinum prices declined 0.4% to close at \$979.10/oz.



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Major South Africa Corporate News

Adcock Ingram Holdings Limited

In its FY17 results, the company revealed that its revenue advanced 7.0% from the same period of the preceding year to ZAR5.95bn. Its diluted HEPS stood at 312.60c, compared with 228.70c recorded in the corresponding period of the previous year.

Northam Platinum Limited

In its FY17 results, the company stated that its sales revenue increased to ZAR6.86bn from ZAR6.09bn posted in the corresponding period of the previous year. Its fully diluted headline loss per share stood at 181.90c compared with 140.90c from the same period of the prior year.

Net 1 UEPS Technologies, Inc.

In its FY17 results, the company indicated that its revenue rose to \$155.05mn from \$151.25mn posted in the corresponding period of the previous year. Its diluted EPS significantly dropped from the same period of the prior year to \$0.20.

Major Global Economic News

Eurozone

The ECB President, Mario Draghi, indicated that the global economy is gaining momentum, however, a global tilt toward protectionism would pose a risk to growth for the global economy. He further warned against lax regulation, which could rekindle the problems that created the 2008 financial crisis. He also stated that significant monetary accommodation is still required and that inflation is not yet close to the ECB's target.

In Germany, the seasonally adjusted final GDP rose 0.6% on a quarterly basis in 2Q17, at par with market expectations. The preliminary figures had also recorded an advance of 0.6%. GDP had registered a revised rise of 0.7% in the prior quarter.

In August, the Ifo business expectations index unexpectedly rose to 107.90 in Germany, compared to a level of 107.30 in the prior month. Market expectation was for the index to ease to 106.80.

In Germany, the Ifo business climate index dropped to 115.90 in August, higher than market expectations of a fall to a level of 115.50. In the previous month, the index had recorded a reading of 116.00.

In August, the Ifo current assessment index registered a drop to 124.60 in Germany, compared to a revised reading of 125.50 in the previous month. Market expectation was for the index to drop to a level of 125.00.

US

Fed Chair, Janet Yellen, stated that actions regulators took as a consequence to previous financial crisis have made the system safer although some risk still remains but the crisis have taught some lessons. No indication about the future monetary policy was given by her.

In the US, the preliminary durable goods orders registered a drop of 6.8% on a monthly basis in July, higher than market expectations for a fall of 6.0%. In the previous month, durable goods orders had recorded a rise of 6.4%.



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40 Best Performers on the All Share Index

Company Name	Last Close	1 Week % Change	MTD % Change	YTD % Change
Naspers Ltd	301000	3.79%	10.84%	49.45%
Exxaro Resources Ltd	12480	11.43%	22.25%	44.69%
Kumba Iron Ore Ltd	20649	9.06%	43.12%	41.37%
Dis-Chem Pharmacies Ltd	3060	2.68%	6.14%	36.96%
Trencor Ltd	3830	2.30%	13.65%	36.22%
Adcock Ingram Holdings Ltd	6458	0.44%	4.50%	35.26%
Anglo American Platinum Ltd	34800	1.73%	24.77%	31.61%
Clicks Group Ltd	14749	1.72%	8.96%	30.63%
Discovery Ltd	14853	3.60%	15.93%	30.58%
Mondi Plc	35450	1.80%	3.63%	30.41%
Mondi Ltd	35450	1.84%	3.53%	29.83%
Glencore Plc	5974	2.75%	22.29%	29.18%
Capitec Bank Holdings Ltd	88700	3.06%	13.90%	28.97%
Cie Financiere Richemont SA	11653	3.33%	5.35%	28.42%
Shoprite Holdings Ltd	21729	8.58%	3.97%	27.85%
Gold Fields Ltd	5422	-5.29%	16.85%	26.28%
Vodacom Group Ltd	18421	1.86%	14.48%	24.14%
Astral Foods Ltd	15690	2.87%	-1.03%	23.66%
PSG Konsult Ltd	900	-1.10%	9.76%	23.34%
Fortress Income Fund Ltd	3892	0.31%	11.23%	23.14%
Equites Property Fund Ltd	1865	0.97%	8.68%	21.98%
Sibanye Gold Ltd	2010	4.47%	27.05%	21.81%
PSG Group Ltd	26323	3.28%	9.88%	21.67%
Bid Corp Ltd	29540	-4.09%	-1.42%	21.62%
Mr Price Group Ltd	18700	6.02%	28.24%	20.56%
Sanlam Ltd	7242	5.19%	5.52%	19.89%
RCL Foods Ltd/South Africa	1511	-2.52%	0.73%	19.83%
Anglo American Plc	22673	4.29%	32.57%	19.58%
Holdsport Ltd	6705	2.21%	17.91%	18.19%
African Oxygen Ltd	2151	7.55%	8.86%	16.41%
Murray & Roberts Holdings Ltd	1340	-7.46%	0.83%	16.32%
Imperial Holdings Ltd	20850	13.33%	25.60%	16.26%
MAS Real Estate Inc	2539	1.76%	8.04%	15.88%
Standard Bank Group Ltd	16994	4.89%	15.97%	15.25%
Hudaco Industries Ltd	12555	-1.14%	-2.89%	14.33%
BHP Billiton Plc	24347	6.33%	20.97%	14.11%
Investec Ltd	10116	2.49%	0.35%	14.06%
AVI Ltd	10235	3.80%	3.74%	13.93%
Investec Plc	10100	2.43%	0.39%	13.82%
Cashbuild Ltd	38500	5.19%	11.90%	13.54%
JSE All Share Index	56656	2.44%	2.62%	11.85%

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
 Eurozone	10:00	M3 Money Supply (YoY) (Jul)	✓	4.90%	5.00%	Monthly
 Italy	10:00	Manufacturing Confidence (Aug)	✓✓	108.00	107.70	Monthly
 Italy	10:00	Consumer Confidence (Aug)	✓	106.90	106.70	Monthly
 US	14:30	Wholesale Inventories (MoM) (Jul) (P)	✓✓✓	0.30%	0.70%	Monthly
 US	16:30	Dallas Fed Manufacturing Business Index (Aug)	✓	-	16.80	Monthly
 Japan	-	Cabinet Office Monthly Economic Report	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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