

ONE Minute Brief

5 September 2017

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Economic and Political News

The Hawks have confirmed investigating Mineral Resources Minister, Mosebenzi Zwane and former Communications Minister, Faith Muthambi, for allegations of treason, fraud and corruption charged against them by the Organisation Undoing Tax Abuse (Outa).

ANC chief whip, Jackson Mthembu, has expressed support for Deputy President Cyril Ramaphosa, terming allegations against him as "political cannibalism".

The Constitutional Court is set to hear today an application by opposition parties for Parliament to institute impeachment proceedings against President, Jacob Zuma.

A poll by Ipsos revealed that while support for the ANC is shrinking, the decline is not benefiting the key opposition parties.

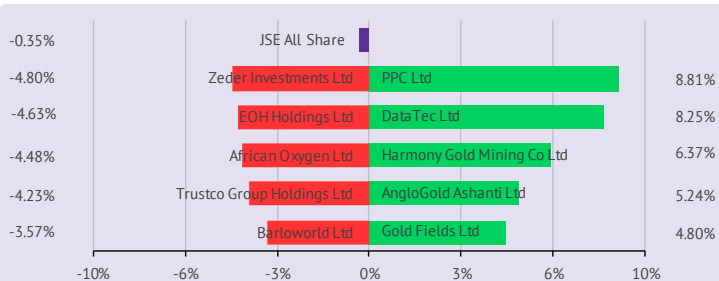
The DA has called for South African Airways Chairperson, Dudu Myeni, to be removed from the office with immediate effect to prevent further damage to the airline.

The Tax Ombud has found that the South African Revenue Service's system allowed it to unduly delay payments of verified refunds to taxpayers in certain cases.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, amid losses in retail and industrial sector stocks. The JSE All Share Index fell 0.4% to close at 56,312.85.



Key Indices

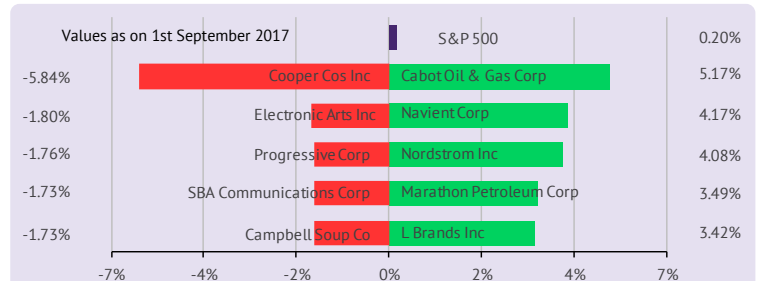
	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56312.85	▼ -200.61	-0.35%	-0.35%	-0.37%	2.38%	11.17%
JSE Top 40	49796.71	▼ -199.69	-0.40%	-0.40%	-0.40%	2.30%	13.43%
FTSE 100	7411.47	▼ -27.03	-0.36%	-0.36%	-0.26%	0.80%	3.76%
DAX 30	12102.21	▼ -40.43	-0.33%	-0.33%	0.38%	-0.52%	5.41%
CAC 40	5103.97	▼ -19.29	-0.38%	-0.38%	0.36%	-0.16%	4.97%
S&P 500*	2476.55	▲ 4.90	0.20%	0.00%	0.20%	0.05%	10.62%
Nasdaq Composite*	6435.33	▲ 6.67	0.10%	0.00%	0.10%	1.27%	19.55%
DJIA*	21987.56	▲ 39.46	0.18%	0.00%	0.18%	0.26%	11.26%

*Values as on 1st September 2017

US Market ▲

The S&P 500 futures are trading in the red

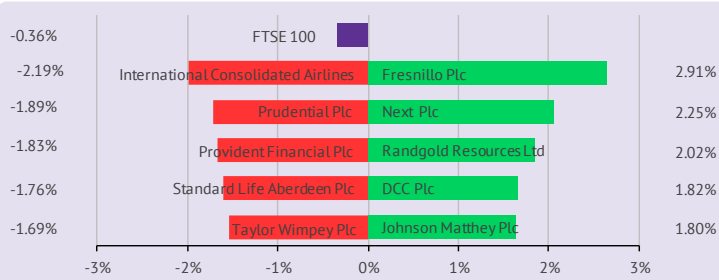
US markets closed higher on Friday. The S&P 500 Index climbed 0.2% to close at 2,476.55.



UK Market ▼

The FTSE 100 futures are trading in negative territory

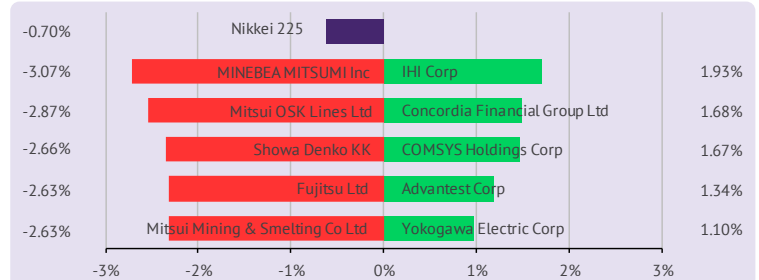
UK markets finished lower yesterday, led by losses in financials and industrial sector stocks. Data revealed that UK's Markit construction PMI surprisingly dropped in August, marking its lowest level in 1 year. The FTSE 100 Index declined 0.4% to close at 7,411.47.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Data showed that Japan's Nikkei services PMI recorded a drop in August, while China's Caixin services PMI advanced in the same month. The Nikkei 225 Index is trading 0.7% lower at 19,372.46.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R12.9439. Later today, traders will keep a close watch on US factory orders, durable goods orders for further cues. Separately, South Africa's Standard Bank PMI and gross domestic product will be on investors' radar.

The US Dollar rose against the South African Rand yesterday.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R16.7370. Data revealed that UK's BRC like-for-like retail sales rose higher than its previous reading on a yearly basis in August, driven by higher sales of autumn fashion ranges and back-to-school kit. Later today, traders will keep an eye on UK's Markit services PMI for further direction.

The British Pound advanced against the South African Rand yesterday. On the macro front, UK's Markit construction PMI recorded an unexpected drop to its lowest level in 1 year in August, led by a sharp slowdown in the commercial sector.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R15.4114. Going forward, market participants will keep a tab on Eurozone's retail sales and Markit services PMI across the region.

The Euro strengthened against the South African Rand yesterday, after Eurozone's Sentix investors' confidence surprisingly advanced in September. Further, producer price index rose less-than-expected on an annual basis in July.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R10.3047. Earlier in the session, The Reserve Bank of Australia (RBA) kept key interest rate unchanged at a record low 1.5%, as widely expected. In a statement following the central bank board meeting, Governor Philip Lowe acknowledged that weak wage growth in Australia is likely to continue for the foreseeable future as inflation remains low. He further added that holding the stance of monetary policy unchanged at this meeting would be consistent with sustainable growth in the economy and in achieving the inflation target over time. Data indicated that Australia's AiG performance of service index registered a decline in August. Furthermore, current account deficit widened more-than-expected in 2Q17. Meanwhile, in China, Australia's largest trading partner, Caixin services PMI expanded at a stronger pace in August.

The Australian Dollar fell against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	12.9439	▼	0.25%	0.25%	-0.25%	-1.39%	-5.53%
GBPZAR	16.7370	▼	0.11%	0.11%	-0.24%	-3.47%	-0.88%
EURZAR	15.4114	▼	0.55%	0.55%	-0.36%	-0.81%	6.87%
AUDZAR	10.3047	▲	-0.07%	-0.07%	-0.31%	-2.31%	4.00%
EURUSD	1.1906	▲	0.30%	0.30%	-0.12%	0.57%	13.16%
GBPUSD	1.2930	▼	-0.15%	-0.15%	0.01%	-2.16%	4.82%
Brent (\$/barrel)	52.2	▼	-0.78%	-0.78%	-0.98%	0.27%	-7.88%
Gold (\$/oz)	1341.3	▲	0.00%	NA	0.61%	4.10%	15.19%
Platinum (\$/oz)	1011.2	▲	0.00%	NA	1.05%	6.14%	11.91%
Copper (\$/MT)*	6886.8	▲	1.21%	1.21%	1.88%	6.68%	24.69%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.1% higher to trade at \$1,341.30/oz.

On Friday, gold prices rose 0.6% to close at \$1,326.60/oz, as North Korea tested a nuclear bomb over the weekend increased demand for the safe haven yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.4% to trade at \$52.15/bl.

Yesterday, Brent crude oil dropped 0.8% to settle at \$52.34/bl, extending its previous session losses.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.2% to trade at \$1,011.20/oz.

On Friday, platinum prices climbed 1.1% to close at \$1009.00/oz.

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Major South Africa Corporate News

EOH Holdings Limited

In its FY17 trading statement, the company revealed that its EPS is expected to increase between 774.00c and 845.00c and HEPS is anticipated to rise in the range of 791.00c to 863.00c.

Major Global Economic News

Asia

The RBA kept benchmark interest rate unchanged at a record low 1.5%, as widely expected. In a statement following the central bank board meeting, Governor Philip Lowe acknowledged that weak wage growth in Australia is likely to continue for the foreseeable future as inflation remains low. He further added that holding the stance of monetary policy unchanged at this meeting would be consistent with sustainable growth in the economy and in achieving the inflation target over time.

In Australia, the AIG performance of services index eased to 53.00 in August. The index had recorded a reading of 56.40 in the prior month.

Australia has posted the seasonally adjusted current account deficit of AUD9.60bn in 2Q17, following a revised current account deficit of AUD4.80bn in the prior quarter. Market anticipation was for the nation to record a current account deficit of AUD7.50bn.

In China, the Caixin/Markit services PMI index rose to a level of 52.70 in August, compared to a reading of 51.50 in the prior month.

In Japan, the Nikkei services PMI fell to a level of 51.60 in August, compared to a level of 52.00 in the previous month.

UK

In the UK, the construction PMI unexpectedly eased to 51.10 in August, compared to a level of 51.90 in the previous month. Markets were expecting the construction PMI to advance to a level of 52.00.

In August, retail sales across all sectors advanced 1.3% on an annual basis, in the UK. In the prior month, retail sales across all sectors had recorded a rise of 0.9%.

Eurozone

In the Eurozone, the Sentix investor confidence index registered an unexpected rise to 28.20 in September, higher than market expectations of a fall to a level of 27.00. The index had recorded a level of 27.70 in the prior month.

In July, the PPI rose 2.0% on a yearly basis in the Eurozone, compared to a reading of 2.4% in the prior month. Market expectation was for the PPI to advance 2.1%.

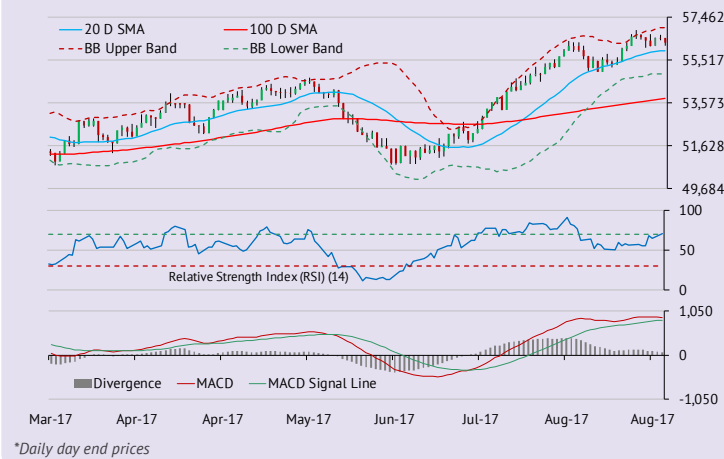
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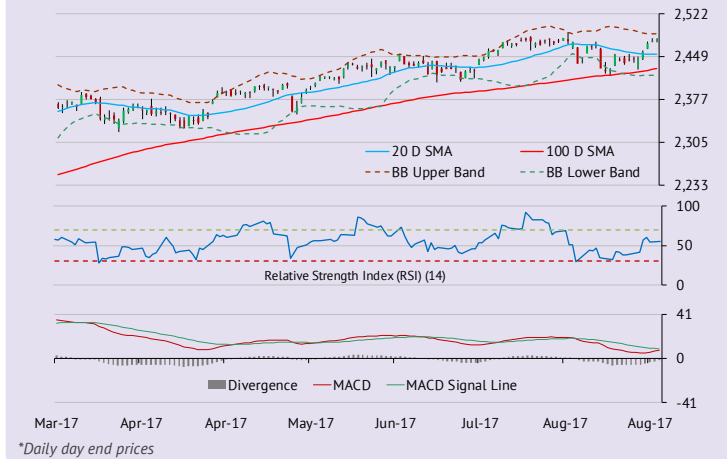
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 56,016.00, and a fall through could take it to the next support level of 55,719.14. The index is expected to find its first resistance at 56,660.49, and a rise through could take it to the next resistance level of 57,008.12.

S&P 500



The S&P 500 index is expected to find support at 2,443.04, and a fall through could take it to the next support level of 2,409.53. The index is expected to find its first resistance at 2,495.22, and a rise through could take it to the next resistance level of 2,513.89.

USDZAR



The pair is expected to find support at 12.8426, and a fall through could take it to the next support level of 12.7141. The pair is expected to find its first resistance at 13.1113, and a rise through could take it to the next resistance level of 13.2515.

XAU/USD



Gold is expected to find support at \$1,306.53/oz, and a fall through could take it to the next support level of \$1,286.47/oz. The precious metal is expected to find its first resistance at \$1,338.73/oz, and a rise through could take it to the next resistance level of \$1,350.87/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Sales Like-For-Like (YoY) (Aug)	✓	1.30%*	0.90%	Monthly
Japan	02:30	Markit Japan Services PMI (Aug)	✓✓	51.60*	52.00	Monthly
Japan	02:30	Markit/JMMA Composite PMI (Aug)	✓✓	51.90*	51.80	Monthly
China	03:45	Caixin/Markit Services PMI (Aug)	✓✓	52.70*	51.50	Monthly
China	03:45	HSBC China Composite PMI (Aug)	✓✓✓	52.40*	51.90	Monthly
Germany	09:55	Markit Services PMI (Aug) (F)	✓✓	53.40	53.40**	Monthly
UK	10:00	New Car Registrations (YoY) (Aug)	✓	-	-9.30%	Monthly
Eurozone	10:00	Markit Composite PMI (Aug) (F)	✓✓✓	55.80	55.80**	Monthly
Eurozone	10:00	Markit Services PMI (Aug) (F)	✓✓	54.90	54.90**	Monthly
UK	10:30	Markit Services PMI (Aug)	✓✓✓	53.50	53.80	Monthly
Eurozone	11:00	Retail Sales (MoM) (Jul)	✓✓✓	-0.30%	0.50%	Monthly
Eurozone	11:00	Retail Sales (YoY) (Jul)	✓✓	2.60%	3.10%	Monthly
South Africa	11:30	Gross Domestic Product (QoQ) (Q2)	✓✓✓	2.30%	-0.70%	Quarterly
South Africa	11:30	Gross Domestic Product (YoY) (Q2)	✓✓✓	0.50%	1.00%	Quarterly
UK	12:00	Inflation Report Hearings	✓✓	-	-	As scheduled
US	13:30	Fed's Brainard Speaks to The Economic Club of New York	✓	-	-	As scheduled
US	16:00	Durable Goods Orders ex Transportation (Jul) (F)	✓✓	-	0.50%**	Monthly
US	16:00	Durable Goods Orders (Jul) (F)	✓✓✓	1.00%	-6.80%**	Monthly
US	16:00	Factory Orders (MoM) (Jul)	✓✓✓	-3.30%	3.00%	Monthly
US	19:10	Fed's Kashkari Holds Townhall Event in Minneapolis	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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