

ONE Minute Brief

14 September 2017

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Economic and Political News

In South Africa (SA), retail sales rose less-than-expected by 1.8% YoY in July, compared to a rise of 2.9% in June. The BER business confidence index climbed to 35 in 3Q17, compared to 29 in the prior quarter.

The Treasury plans to submit a special appropriations bill for ZAR10.0bn to Parliament before the end of September to provide South African Airways (SAA) with the necessary capital to continue its operations and repay its loans. The SAA revealed that it will fly 23.0% fewer flights by the end of 2017 as part of a revamp aimed at returning to profit. In other news, the Treasury is also considering a request by the South African Broadcasting Corporation (SABC) for a guarantee of ZAR3.0bn.

Moody's has reiterated its warning that if the independence of the South African Reserve Bank (SARB) and the country's judiciary were to weaken, it could lead to a further downgrade of the nation's rating.

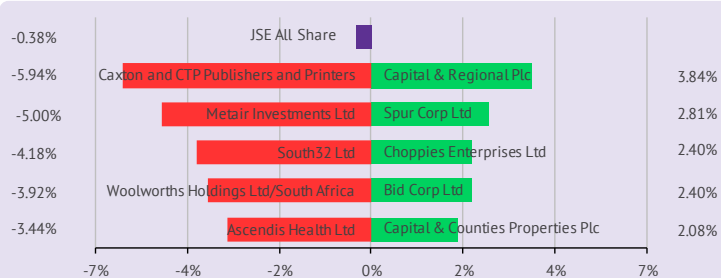
The Chamber of Mines has withdrawn a court application to interdict Mineral Resources Minister Mosebenzi Zwane from implementing the reviewed Mining Charter, after assurance that the minister would not implement the charter before an upcoming court case in mid-December.

Finance Minister, Malusi Gigaba, stated that SA's revenue service collected ZAR13.1bn (\$999mn) less than forecast tax, in 1Q17.

South Africa Market ▼

South African markets closed lower

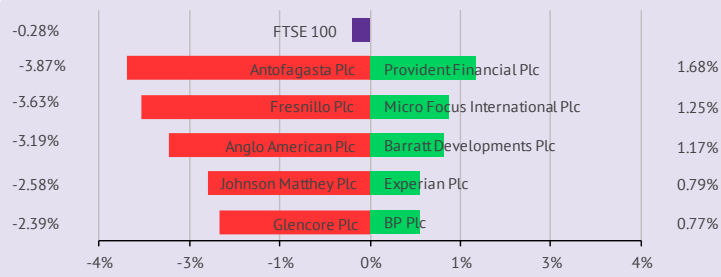
South African markets closed in the red yesterday, amid losses in retail and banking sector stocks. Data revealed that South Africa's retail sales advanced less-than-expected on an annual basis in July. The JSE All Share Index fell 0.4% to close at 56,152.54.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, led by sharp losses in mining sector stocks. Data indicated that UK's average weekly earnings climbed less-than-anticipated in the 3 months to July. The FTSE 100 Index declined 0.3% to close at 7,379.70.



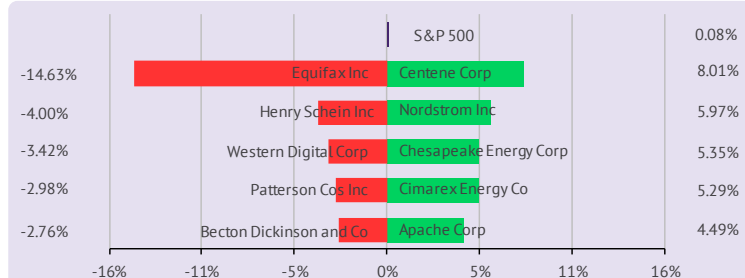
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	56152.54	▼ -213.62	-0.38%	0.77%	-0.65%	2.38%	10.86%
JSE Top 40	49783.59	▼ -187.26	-0.37%	1.03%	-0.43%	2.30%	13.40%
FTSE 100	7379.70	▼ -20.99	-0.28%	0.03%	-0.69%	0.80%	3.32%
DAX 30	12553.57	▲ 28.80	0.23%	2.03%	4.13%	-0.52%	9.34%
CAC 40	5217.59	▲ 8.58	0.16%	2.04%	2.60%	-0.16%	7.31%
S&P 500	2498.37	▲ 1.89	0.08%	1.50%	1.08%	0.05%	11.59%
Nasdaq Composite	6460.19	▲ 5.91	0.09%	1.57%	0.49%	1.27%	20.01%
DJIA	22158.18	▲ 39.32	0.18%	1.65%	0.96%	0.26%	12.12%

US Market ▲

The S&P 500 futures are trading in the red

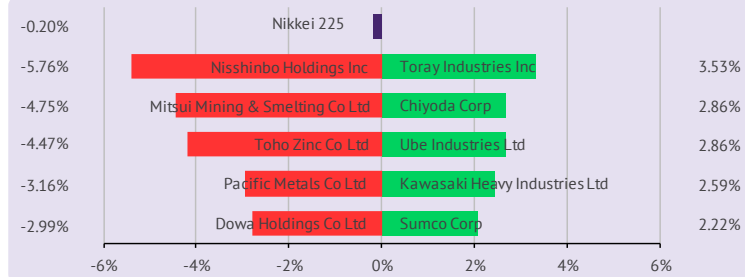
US markets closed higher yesterday, boosted by gains in energy sector stocks. Data showed that US monthly budget deficit widened higher than market expectations in August. The S&P 500 Index climbed 0.1% to close at 2,498.37.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Data indicated that China's industrial production and retail sales grew less than market forecast on an annual basis in August. The Nikkei 225 Index is trading 0.2% lower at 19,825.99.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar marginally climbed against the South African Rand to trade at R13.1391. Later today, traders will keep a close watch on the US consumer price index (CPI), initial jobless claims and average weekly earnings for further direction. Separately, South Africa's current account balance will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. On the data front, US monthly budget deficit widened more-than-expected in August. Whereas, MBA mortgage applications recorded a rise for the week ended September 8, 2017. Separately, South Africa's retail sales rose less than market anticipations on a yearly basis and monthly retail sales painted a negative picture for July. In contrast, BER business confidence index surged in 3Q17.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound marginally dropped against the South African Rand to trade at R17.3491. On the macro front, UK's RICS house price balance advanced at a faster pace in August. Later today, traders will keep an eye on the Bank of England's interest rate decision for further cues.

The British Pound advanced against the South African Rand yesterday, after UK's ILO unemployment rate surprisingly declined to its lowest level in 42 years in July. Further, Claimant count rate recorded a steady reading in August. Meanwhile, average weekly earnings rose less than market expectations in the May-July 2017 period.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro marginally fell against the South African Rand to trade at R15.6017.

The Euro strengthened against the South African Rand yesterday, after Eurozone's industrial production rebounded at par with the market forecast on a monthly basis in July. Separately, Germany's final CPI recorded an unchanged reading on an annual basis in August.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R10.5149. Earlier in the session, Australia's consumer inflation expectation recorded a rise in September, less than its previous reading. Further, the unemployment rate remained steady in August. Meanwhile, in China, Australia's largest trading partner, industrial production grew at a slower pace on a yearly basis in August. Further, retail sales climbed less than market expectations on an annual basis in the same month.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's Westpac consumer confidence rebounded in September.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.1391	▲	0.96%	1.59%	1.01%	-1.39%	-4.35%
GBPZAR	17.3491	▼	0.40%	1.70%	3.15%	-3.47%	2.50%
EURZAR	15.6017	▼	0.26%	0.31%	0.77%	-0.81%	8.08%
AUDZAR	10.5149	▲	0.54%	0.77%	1.49%	-2.31%	5.88%
EURUSD	1.1874	▼	-0.69%	-1.25%	-0.21%	0.57%	13.05%
GBPUSD	1.3203	▼	-0.54%	0.08%	2.17%	-2.16%	7.09%
Brent (\$/barrel)	55.0	▼	1.64%	2.57%	4.35%	0.27%	-2.92%
Gold (\$/oz)	1325.5	▲	-0.35%	-1.71%	0.43%	4.10%	14.98%
Platinum (\$/oz)	981.4	▼	-0.33%	-2.87%	-1.53%	6.14%	9.05%
Copper (\$/MT)*	6511.3	▼	-1.75%	-2.41%	-3.67%	6.68%	17.89%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.1% to trade at \$1,325.50/oz.

Yesterday, gold prices fell 0.4% to close at \$1,324.20/oz, as strength in the US Dollar dented demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 0.3% to trade at \$54.99/bl.

Yesterday, Brent crude oil advanced 1.6% to settle at \$55.16/bl, after the International Energy Agency stated that the global oil surplus has started to shrink on the back of strong global demand and an output drop from OPEC and other producers. Meanwhile, the US Energy Department reported that crude oil inventories rose by 5.9mn bls for the week ended September 8, 2017.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.2% to trade at \$981.40/oz.

Yesterday, platinum prices declined 0.3% to close at \$983.20/oz.

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Major South Africa Corporate News

Capevin Holdings Limited

In its FY17 results, the company announced that its profit after tax decreased to ZAR345.16mn from ZAR409.83mn in the prior year. Its diluted EPS fell to 39.20c from 46.40c in the previous year.

Major Global Economic News

Asia

In Australia, the consumer inflation expectations dropped to 3.8% in September. The consumer inflation expectations had registered a level of 4.2% in the previous month.

In August, the seasonally adjusted unemployment rate remained unchanged at a level of 5.6% in Australia, meeting market expectations.

In China, industrial production recorded a rise of 6.0% on an annual basis in August, less than market expectations for a rise of 6.6%. In the previous month, industrial production had recorded a rise of 6.4%.

In August, retail sales climbed 10.1% on a yearly basis in China, lower than market expectations for a rise of 10.5%. In the previous month, retail sales had recorded a rise of 10.4%.

In Japan, The final industrial production advanced 4.7% on an annual basis in July. Industrial production had advanced 5.5% in the previous month. The preliminary figures had also indicated an advance of 4.7%.

US

In the US, budget deficit widened to USD107.70bn in August, compared to market expectations of a budget deficit of USD119.00bn. The US had registered a budget deficit of USD107.10bn in the previous month.

In the US, MBA mortgage applications rose 9.9% in the week ended September 8, 2017. In the prior week, mortgage applications had climbed 3.3%.

UK

In the UK, the ILO unemployment rate unexpectedly eased to a level of 4.3% in the May-July 2017 period, compared to a level of 4.4% in the April-June 2017 period. Markets were expecting the ILO unemployment rate to record a flat reading.

In August, the claimant count rate remained unchanged at a level of 2.3% in the UK.

In the UK, the average earnings including bonus recorded a rise of 2.1% on a yearly basis in the May-July 2017 period, lower than market expectations for an advance of 2.3%. The average earnings including bonus had registered a similar rise in the April-June 2017 period.

In August, the RICS house price balance unexpectedly climbed to 6.0% in the UK, compared to market expectations of a drop to a level of 0.0%. House price balance had recorded a level of 1.0% in the previous month.

Eurozone

In the Eurozone, the seasonally adjusted industrial production advanced 0.1% on a monthly basis in July, compared to a drop of 0.6% in the previous month. Markets were expecting industrial production to advance 0.1%.

In Germany, the final CPI registered a rise of 1.8% on a yearly basis in August, meeting market expectations. The CPI had risen 1.7% in the previous month. The preliminary figures had also indicated a rise of 1.8%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	RICS Housing Price Balance (Aug)	✓✓	6.00%*	1.00%	Monthly
China	04:00	Industrial Production (YoY) (Aug)	✓✓	6.00%*	6.40%	Monthly
China	04:00	Industrial Production YTD (YoY) (Aug)	✓✓	6.70%*	6.80%	Monthly
China	04:00	Retail Sales (YoY) (Aug)	✓✓✓	10.10%*	10.40%	Monthly
China	04:00	Retail Sales YTD (YoY) (Aug)	✓✓	10.40%*	10.40%	Monthly
Japan	06:00	Tokyo Condominium Sales (YoY) (Aug)	✓	6.90%*	3.30%	Monthly
Japan	06:30	Capacity Utilisation (MoM) (Jul)	✓	-1.80%*	2.10%	Monthly
Japan	06:30	Industrial Production (MoM) (Jul) (F)	✓✓✓	-0.80%*	-0.80%**	Monthly
Japan	06:30	Industrial Production (YoY) (Jul) (F)	✓✓	4.70%*	4.70%**	Monthly
South Africa	10:00	Current Account Balance (Q2)	✓✓✓	-ZAR88.00bn	-ZAR91.00bn	Quarterly
South Africa	10:00	Current Account to GDP (Q2)	✓✓✓	-1.90%	-2.10%	Quarterly
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.25%	0.25%	As scheduled
UK	13:00	BoE Asset Purchase Facility	✓✓✓	GBP435.00bn	GBP435.00bn	As scheduled
US	14:30	Consumer Price Index n.s.a. (MoM) (Aug)	✓	-	-0.10%	Monthly
US	14:30	Consumer Price Index (MoM) (Aug)	✓✓✓	0.30%	0.10%	Monthly
US	14:30	Consumer Price Index (YoY) (Aug)	✓✓	1.80%	1.70%	Monthly
US	14:30	Continuing Jobless Claims (02-Sep)	✓	1965.00K	1940.00K	Weekly
US	14:30	Initial Jobless Claims (09-Sep)	✓✓✓	300.00K	298.00K	Weekly
Germany	17:30	Bundesbank's Weidmann speaks in Frankfurt	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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