

22nd February 2017

DATA & NEWS RELEASES

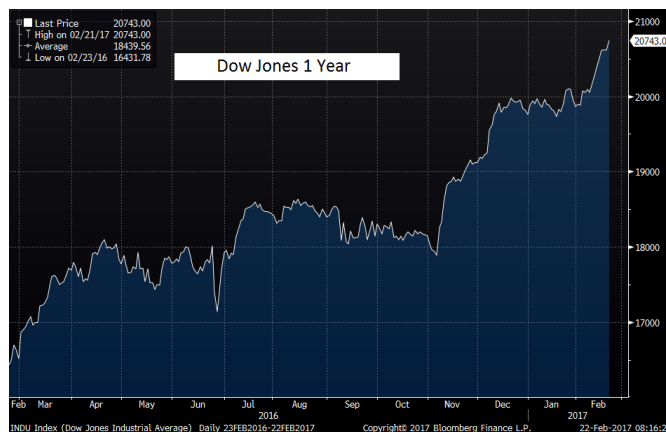
EC	09:00 GMT – GE - IFO Bus Climate Surv: 109.6
	09:00 GMT – GE - IFO Expectations Surv: 103.0
	09:00 GMT – GE - IFO Current Asses Surv: 116.6
	09:30 GMT – UK – GDP (QoQ) Surv: 0.6%
	09:30 GMT – UK – GDP (YoY) Surv: 2.2%
US	12:00 GMT – MBA Mortgage
	15:00 GMT – Existing Home Sales Surv: 5.55M
	15:00 GMT – Existing Home Sales (MoM) Surv: 1.1%
	19:00 GMT – FOMC Minutes

BUDGET DAY.....

The much expected 2017 budget speech is upon us and for you and I it's likely to mean that life is going to get a bit tougher. Amidst a tumultuous backdrop, Pravin Gordhan is going to announce measures to try and narrow the R28 billion shortfall and the most likely measures are going to be through income tax hikes and possibly even VAT. The conundrum lies in the fact that the economy is barely crawling as it is so further reducing disposable income of the people is going to be sticky at best. Of course, you have the ever watchful "eye of Mordor" aka the ratings agencies scrutinizing every detail of the budget and how the nation is going to simultaneously reduce spending and stimulate growth. The same ratings agencies have all placed SA on negative watch so once again we are relying on Pravin Gordhan to pull a rabbit out of the hat and somehow deliver a balanced budget. The same Pravin Gordhan who staved off the almost certain downgrade late last year and the same Pravin Gordhan, if rumours are to be taken seriously, whose job is earmarked for the ex Eskom boss who is cloaked in controversy over his dealings with the Gupta's surrounding coal supply contracts at the state power utility.

The local unit remains fairly range bound with very little data globally to support any major directional change.

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There appears to be decent sellers around 13.1500 and support around 13.0500 for the time being.

In the global spectrum it appears to be more of the same with equity markets still rampant, a firm greenback and strong commodity prices. For now, at least, the Trump/reflation trade appears to be intact and investors just can't get enough of it. US equity markets printed another fresh all time high with the DOW soaring to 20700! We have minutes from the previous FOMC meeting out tonight and perhaps there will be some clues as to likelihood of a March hike.

TRADE OVERVIEW

A busier day on the desk with decent import flows on the dip to 13.0500 early in the session. Exporters are however still abundant and the spikes in USD/ZAR have been met with decent selling.

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