

ONE
Minute Brief

14 October 2015

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Economic and Political News

The National Union of Mineworkers (NUM) announced that it has agreed in principle to a two-year wage deal with coal producers, thus ending a strike in the coal sector.

The International Monetary Fund (IMF) downgraded South Africa's economic growth forecast for 2015 to 1.4% from 2%. It projected that the gross domestic product will expand 1.3% in 2016, which would be the slowest pace since the recession in 2009.

The Parliament of South Africa announced that it has placed five officials from the committees section on precautionary suspension, pending an investigation into suspected irregularities in the procurement of services.

Chancellor House Holdings Managing Director, Mamatho Netsianda, has denied that the company was connected to the African National Congress (ANC), while adding that it did not have any influence in its partnership with Hitachi Limited winning USD5.6bn in contracts.

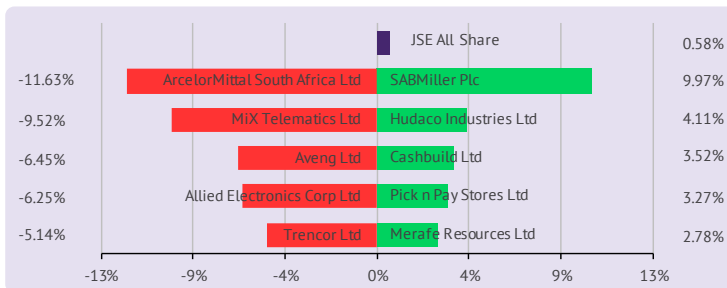
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53063.06	▲	305.46	0.58%	-0.44%	5.94%	0.23%	6.62%
JSE Top 40	47643.86	▲	402.10	0.85%	-0.35%	6.16%	1.20%	8.36%
FTSE 100	6342.28	▼	-28.90	-0.45%	-1.15%	4.63%	-2.98%	-3.41%
DAX 30	10032.82	▼	-87.01	-0.86%	-0.63%	3.85%	-5.84%	2.32%
CAC 40	4643.38	▼	-45.32	-0.97%	-1.23%	4.22%	-4.25%	8.67%
S&P 500	2003.69	▼	-13.77	-0.68%	-0.56%	4.36%	-2.64%	-2.68%
Nasdaq Composite	4796.61	▼	-42.03	-0.87%	-0.70%	3.82%	-3.27%	1.28%
DJIA	17081.89	▼	-49.97	-0.29%	-0.02%	4.90%	-1.47%	-4.16%

South Africa Market ▲

South African markets closed higher

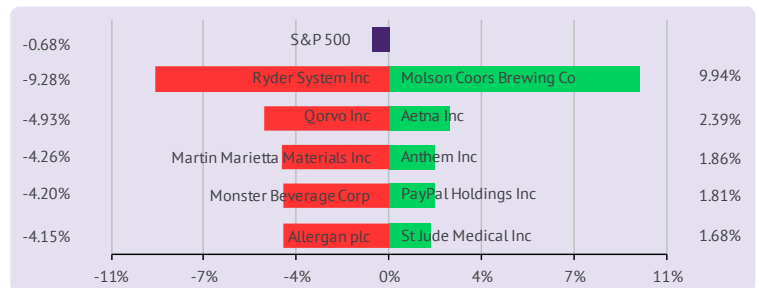
South African markets closed in the green yesterday, led by gains in industrial sector stocks. The JSE All Share Index advanced 0.6% to close at 53,063.06.



US Market ▼

The S&P 500 futures are trading flat

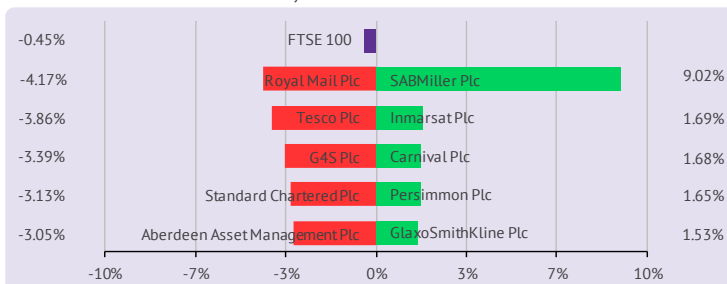
US markets ended lower yesterday, led by losses in industrial and biotechnology sector stocks. The S&P 500 Index declined 0.7% to close at 2,003.69.



UK Market ▼

The FTSE 100 futures are trading in positive territory

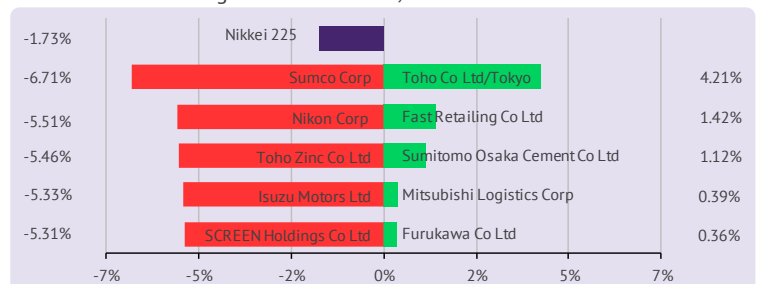
UK markets finished weaker yesterday, weighed down by losses in shares of Royal Mail and as mining sector stocks extended their downward trend, following weak import data from China. The FTSE 100 Index fell 0.5% to close at 6,342.28.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street. Data indicated a less-than-expected rise in China's consumer price inflation on an annual basis in September. The Nikkei 225 Index is trading 1.7% lower at 17,919.82.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.4% against the South African Rand to trade at R13.5053. Later in the session today, traders will track US retail sales and producer price inflation data. Additionally, investors await the release of the US monthly budget statement and the Federal Reserve's (Fed) Beige Book.

The US Dollar rose against the South African Rand yesterday. Data showed that the NFIB small business optimism index in the US rose unexpectedly in September. Meanwhile, the President of the Federal Reserve Bank (Fed) of St. Louis, James Bullard, stated that the prudent course for the Fed would be to begin to hike rates before the end of the year.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R20.6403. Later today, investors will keep a tab on UK's ILO unemployment rate, claimant count change and average earnings data for further direction.

The British Pound strengthened against the South African Rand yesterday. Data showed that UK's input producer price index advanced more-than-expected on a monthly basis, while annual retail prices rose less-than-expected in September. Meanwhile, UK's annual consumer price inflation fell below zero for the first time since April.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R15.3785. Going forward today, market participants will look forward to the Eurozone industrial production data for further cues.

The Euro advanced against the South African Rand yesterday, despite a deterioration in economic sentiment in the Eurozone and Germany in October. Data showed that German consumer price inflation declined on a monthly basis in September.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% weaker against the South African Rand at R9.7668. Earlier in the session, data revealed that the Australian Westpac consumer confidence index advanced in October, while the consumer price index in China, Australia's major trading partner, recorded a less-than-expected rise on an annual basis in September.

The Australian Dollar rose against the South African Rand yesterday, amid a rise in Australia's business confidence index and a widening in China's trade surplus in September.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.5053	▼	1.75%	1.53%	-2.16%	4.35%	17.18%
GBPZAR	20.6403	▼	1.08%	1.12%	-1.34%	2.88%	14.72%
EURZAR	15.3785	▼	1.83%	1.59%	-0.45%	4.01%	10.14%
AUDZAR	9.7668	▼	0.07%	0.31%	0.96%	2.94%	3.83%
EURUSD	1.1387	▲	0.19%	0.18%	1.82%	-0.31%	-5.96%
GBPUSD	1.5284	▲	-0.66%	-0.42%	0.79%	-1.42%	-2.18%
Brent (\$/barrel)	49.3	▲	-1.24%	-6.48%	1.80%	-10.67%	-14.11%
Gold (\$/oz)	1171.9	▲	0.08%	0.82%	4.51%	-1.46%	-1.55%
Platinum (\$/oz)	989.7	▼	-0.31%	1.23%	9.29%	-10.22%	-17.98%
Copper (\$/MT)*	5287.8	▼	-0.77%	-0.42%	2.15%	0.57%	-16.96%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,171.90/oz.

Yesterday, gold prices advanced 0.1% to close at \$1,165.80/oz, extending previous session gains.

Brent Crude Oil ▲

Trading stronger

Brent crude oil, at 06:00 SAST, marginally advanced to trade at \$49.26/bl.

Yesterday, Brent crude oil fell 1.2% to settle at \$49.24/bls. The International Energy Agency (IEA) said it expected a "marked slowdown" in oil demand growth and that the world oil market would remain oversupplied for at least another year. A Reuters survey estimated that US crude stockpiles had increased by 2.8mn bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.2% to trade at \$989.70/oz.

Yesterday, platinum prices declined 0.3% to close at \$991.50/oz, reversing previous session gains.



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Major South Africa Corporate News

Pan African Resources Plc

The company notified that the group has successfully concluded wage negotiations at its gold mining operations and has entered into multi-year agreements with the employee unions.

Pick n Pay Stores Limited

In its 1H16 results, the company indicated that its turnover advanced 8.5% from the same period of the preceding year to R34.86bn, despite an increasingly challenging market environment. Its profit before tax rose to R451.00mn from R366.80mn recorded in the corresponding period of the prior year. The company stated that its diluted headline EPS stood at R0.65, compared with R0.53 posted in the same period of the prior year on the back of a stronger sales performance, combined with sound gross margin management and tightly controlled capital and operating costs.

SABMiller Plc

The company announced that it has agreed in principle on the key terms of a possible recommended offer to be made by AB InBev for its entire issued and to be issued share capital. Under the terms of the potential deal, the brewer would recommend its shareholders to approve the latest proposal of GBP44.00/share. AB InBev has also agreed to pay a large USD3.00bn breakup fee if the deal failed, and gave clearance for the UK brewer to continue paying normal dividends of about GBP1.30bn to shareholders before the deal closes.

Major Global Economic News

UK

On a monthly basis, the consumer price index in the UK unexpectedly fell 0.1% in September, compared to a rise of 0.2% in August. Market expectation was for the index to remain unchanged.

In September, the non-seasonally adjusted output producer price index dropped 0.1% on a monthly basis in the UK, at par with market expectations. The index fell by a revised 0.5% in August.

In the UK, on a monthly basis, the non-seasonally adjusted input producer price index registered a rise of 0.6% in September, compared to market expectations for an advance of 0.3%. The index had registered a revised drop of 3.0% in the previous month.

On an annual basis, the retail price index in the UK recorded a rise of 0.8% in September, compared to an advance of 1.1% in the previous month. Markets were anticipating the index to climb 1.0%.

US

In the US, the NFIB small business optimism index advanced unexpectedly to a level of 96.10 in September, compared to market expectations of a drop to 95.50. In the previous month, the index had recorded a level of 95.90.

James Bullard, the President of the Fed Bank of St. Louis, called for the US Fed to begin raising rates before the end of the year. He added that he still expected the US economy to grow above 2% and inflation to move above the Fed's 2% target by 2017.

Eurozone

The ZEW economic sentiment index in the Eurozone eased to 30.10 in October, compared to a level of 33.30 in the previous month.

The final consumer price index eased 0.2% in Germany, on a monthly basis in September, in line with market expectations. In August, the index had recorded an unchanged reading. Preliminary figures had also indicated a fall of 0.2%.

In Germany, the ZEW economic sentiment index in October, fell to a level of 1.90, compared to a reading of 12.10 in the prior month. Markets were anticipating the index to ease to 6.50.

The ZEW current situation index in Germany registered a drop to 55.20 in October, compared to a reading of 67.50 in the prior month. Markets were anticipating the index to fall to 64.00.

In Germany, on a monthly basis, the wholesale price index recorded a drop of 0.6% in September, compared to a drop of 0.8% in the previous month.

Asia

The consumer price index in China recorded a rise of 1.6% in China on a yearly basis in September, compared to a climb of 2.0% in the previous month. Markets were anticipating the index to advance 1.8%.

The producer price index dropped 5.9% in China, on an annual basis in September, in line with market expectations. In the prior month, the index had registered a similar fall.

The Westpac consumer confidence index in Australia recorded a rise of 4.2%, on a monthly basis, to a level of 97.80 in October, compared to a reading of 93.90 in the previous month.

In September, on a monthly basis, the domestic corporate goods price index in Japan eased 0.5%, compared to market expectations for a drop of 0.4%. In the previous month, the index had fallen 0.6%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Domestic Corporate Goods Price Index (MoM) (Sep)	✓✓	-0.50%*	-0.60%	Monthly
Eurozone	03:00	ECB's Mersch Speaks in Singapore	✓	-	-	As scheduled
China	03:30	Consumer Price Index (MoM) (Sep)	✓✓✓	0.10%*	0.50%	Monthly
China	03:30	Producer Price Index (YoY) (Sep)	✓✓	-5.90%*	-5.90%	Monthly
Spain	09:00	Consumer Price Index (MoM) (Sep) (F)	✓	-0.30%	-0.30%**	Monthly
Italy	10:00	Consumer Price Index (MoM) (Sep) (F)	✓	-0.30%	-0.30%**	Monthly
UK	10:30	Average Earnings excluding Bonus (3M/YoY) (Aug)	✓	3.10%	2.90%	Monthly
UK	10:30	Average Earnings including Bonus (3M/YoY) (Aug)	✓✓	3.00%	2.90%	Monthly
UK	10:30	Claimant Count Change (Sep)	✓✓	-2.20K	1.20K	Monthly
UK	10:30	Claimant Count Rate (Sep)	✓✓	2.30%	2.30%	Monthly
UK	10:30	Employment Change (3M/3M) (Aug)	✓✓	140.00K	42.00K	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Aug)	✓✓✓	5.50%	5.50%	Monthly
Switzerland	11:00	ZEW Survey - Expectations (Oct)	✓✓	-	9.70	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (Aug)	✓✓	-0.50%	0.60%	Monthly
US	13:00	MBA Mortgage Applications (09-Oct)	✓	-	25.50%	Weekly
US	14:30	Advance Retail Sales (MoM) (Sep)	✓✓✓	0.20%	0.20%	Monthly
US	14:30	Retail Sales ex Autos (MoM) (Sep)	✓✓	-0.10%	0.10%	Monthly
US	14:30	Producer Price Index (MoM) (Sep)	✓✓	-0.20%	0.00%	Monthly
US	16:00	Business Inventories (Aug)	✓	0.10%	0.10%	Monthly
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled
China	-	M2 Money Supply (YoY) (Sep)	✓	13.10%	13.30%	Monthly
China	-	New Yuan Loans (Sep)	✓✓✓	CNY900.00bn	CNY809.60bn	Monthly
China	-	Aggregate Financing (Sep)	✓	CNY1200.00bn	CNY1080.00bn	Monthly
Japan	-	Cabinet office Monthly Economic Report	✓	-	-	As scheduled
US	-	Monthly Budget Statement (Sep)	✓✓	USD95.00bn	-USD64.42bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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