

# ONE Minute Brief

7 January 2016

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## Economic and Political News

The Standard Bank South Africa's Purchasing Managers' Index (PMI) dropped to 49.10 in December from a level of 49.60 in November.

The South African Chamber of Commerce and Industry (Sacci) cautioned that South Africa's exclusion from the US African Growth and Opportunity Act (Agoa) would not only impact the agricultural sector but also affect trade relations between South Africa and the US.

De Beers Consolidated Mines spokesperson, Tom Tweedy, stated that the firm has held "numerous" meetings with the National Union of Mineworkers (NUM) about the fate of Kimberley Mines, after the union had claimed that it had not been consulted on the sale of the respective mine to Ekapa Minerals.

Members of the Economic Freedom Fighters (EFF) tried to interrupt the handing over of houses in Marikana by North West premier Supra Mahumapelo to pensioners Piet Stompi Tlou and Dorah Diremela on behalf of President Jacob Zuma. EFF members claimed the houses were meant for mineworkers and threatened to occupy the houses forcefully.

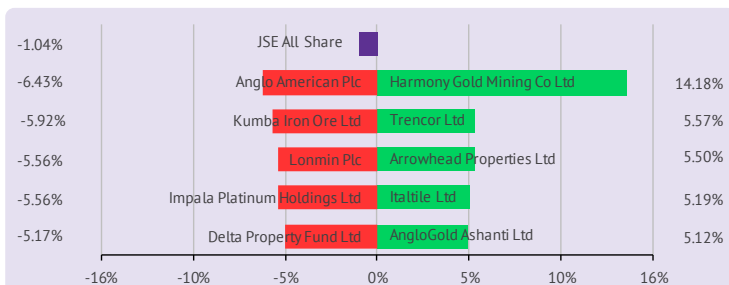
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49082.29	▼	-517.43	-1.04%	-3.18%	-3.18%	-1.77%
JSE Top 40	44150.46	▼	-522.63	-1.17%	-3.60%	-3.60%	-1.15%
FTSE 100	6073.38	▼	-63.86	-1.04%	-2.71%	-2.71%	-1.79%
DAX 30	10214.02	▼	-96.08	-0.93%	-4.92%	-4.92%	-5.62%
CAC 40	4480.47	▼	-57.16	-1.26%	-3.38%	-3.38%	-6.47%
S&P 500	1990.26	▼	-26.45	-1.31%	-2.63%	-2.63%	-1.75%
Nasdaq Composite	4835.77	▼	-55.67	-1.14%	-3.43%	-3.43%	-1.98%
DJIA	16906.51	▼	-252.15	-1.47%	-2.98%	-2.98%	-1.66%

## South Africa Market ▼

### South African markets closed lower

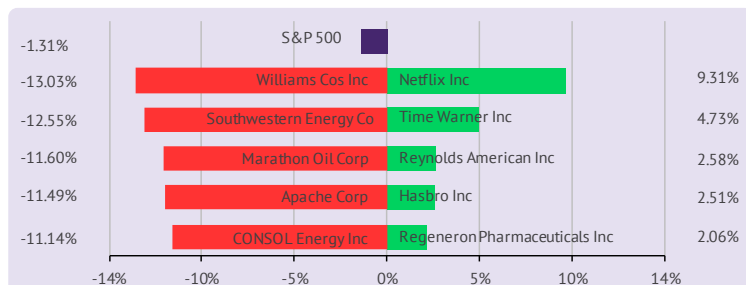
South African markets closed in the red yesterday, led by losses in platinum mining along with resources sector stocks. Data revealed a decline in manufacturing activity in South Africa in December. The JSE All Share Index fell 1.0% to close at 49,082.29.



## US Market ▼

### The S&P 500 futures are trading in the red

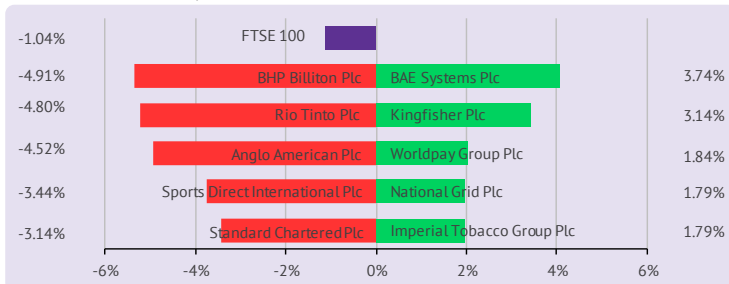
US markets closed lower yesterday, led by losses in energy sector stocks amid worries about slowing global growth and geopolitical tensions. Data indicated an unexpected drop in US ISM non-manufacturing activity in December. The S&P 500 Index dropped 1.3% to close at 1,990.26.



## UK Market ▼

### The FTSE 100 futures are trading in negative territory

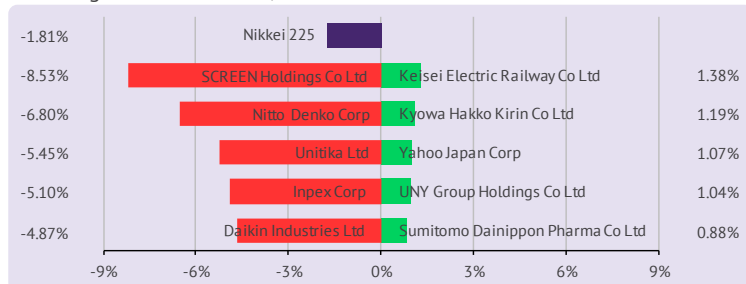
UK markets finished lower yesterday, weighed down by losses in mining sector stocks. Separately, data indicated a more-than-expected drop in UK's service sector activity in December. The FTSE 100 Index declined 1.0% to close at 6,073.38.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, amid falling oil prices. Trading was halted on China's stock markets in the morning after shares fell more than 5% for the second time this week. The Nikkei 225 Index is trading 1.8% lower at 17,861.22.



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## USDZAR ▲

### USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% higher against the South African Rand at R15.9310. Later today, traders will track US initial jobless claims as well as South Africa's SACCI business confidence and South Africa's reserves data for further direction.

The US Dollar rose against the South African Rand yesterday. The minutes of the latest the Federal Open Market Committee's (FOMC) meeting indicated that members agreed that all subsequent rate hikes would be gradual and would remain low in the long-run for some time. Additionally, data revealed a drop in US trade deficit in November and a rise in private sector employment in December. Meanwhile, US non-manufacturing activity slid surprisingly in December while factory orders declined as expected in November. On the other hand, growth in manufacturing activity in South Africa slowed in December.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.4% against the South African Rand to trade at R23.2991. Later in the session today, investors will look forward to UK's Halifax house price data along with South Africa's business confidence as well as gold and forex reserves data for further clues.

The British Pound advanced against the South African Rand yesterday, despite data showing that UK service sector activity expanded at a slower rate than expected in December. Additionally, South Africa's manufacturing activity declined in December.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.7% higher against the South African Rand at R17.2304. Going forward, market participants will keep a tab on the European Central Bank's (ECB) monetary policy meeting accounts along with unemployment rate and retail sales data of the Eurozone. Additionally, Germany's factory orders and retail sales data will also attract market attention.

The Euro strengthened against the South African Rand yesterday, after a rise in Eurozone service sector activity in December. Additionally, service sector activity in Germany expanded unexpectedly in the same month.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R11.2252. Earlier in the session, data revealed that Australia's trade deficit narrowed in November and building approvals fell more-than-expected on a monthly basis in the same month.

The Australian Dollar rose against the South African Rand yesterday, despite a decline in Australia's AiG performance of services index in December. Additionally, in China, Australia's key trading partner, service activity grew at a slower pace in December.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.9310	▲	1.42%	2.51%	2.49%	7.12%	2.49%
GBPZAR	23.2991	▲	1.25%	1.82%	1.79%	4.72%	1.79%
EURZAR	17.2304	▲	1.82%	1.79%	1.77%	10.03%	1.77%
AUDZAR	11.2252	▲	0.16%	0.24%	-1.28%	8.80%	-1.28%
EURUSD	1.0817	▲	0.34%	-0.68%	-0.73%	2.84%	-0.73%
GBPUSD	1.4626	▼	-0.27%	-0.71%	-0.76%	-2.13%	-0.76%
Brent (\$/barrel)	33.5	▼	-6.01%	-8.18%	-8.18%	-16.43%	-8.18%
Gold (\$/oz)	1097.4	▲	1.25%	2.99%	2.99%	-0.53%	2.99%
Platinum (\$/oz)	884.2	▲	-1.68%	-2.02%	-2.02%	7.06%	-2.02%
Copper (\$/MT)*	4619.5	▼	-0.50%	-1.83%	-1.83%	2.32%	-1.83%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,097.40/oz.

Yesterday, gold prices rose 1.3% to close at \$1,091.90/oz, extending recent gains amid concerns over the Chinese economy and tensions in North Korea and the Middle East, thus enhancing the demand of the safe-haven yellow metal.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 2.3% lower to trade at \$33.45/bl.

Yesterday, Brent crude oil dropped 6.0% to settle at \$34.23/bl, after data from the US Energy Department (EIA) indicated that US gasoline inventories surged the most since 1993, overshadowing an unexpected slump in crude oil inventories last week. Meanwhile, the EIA reported that US crude oil inventories dropped unexpectedly by 5.08mn bls last week.

## Platinum ▲

### Trading in positive territory

Platinum prices reversed previous session losses and at 06:00 SAST, gained 1.2% to trade at \$884.20/oz.

Yesterday, platinum prices declined 1.7% to close at \$873.70/oz.



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## Major South Africa Corporate News

### Old Mutual Plc

Media reports revealed that the company disposed its Bermuda business to Beechwood for an undisclosed figure. The sale is part of the company's plans to exit Bermuda when its guaranteed minimum accumulation benefits mature in 2018.

## Major Global Economic News

### UK

The Markit services PMI fell to a level of 55.50 in December, in the UK, compared to a reading of 55.90 in the prior month. Markets were expecting the services PMI to drop to 55.60.

In December, official reserves in the UK recorded a rise of USD527.00mn. In the previous month, official reserves had registered a drop of USD1394.00mn.

### US

The minutes of the FOMC's latest monetary policy meeting showed that board members unanimously agreed to raise short-term interest rates, but some of the policymakers had expressed the need to see more confirmation that inflation was actually rising before agreeing to another rate hike in 2016. Additionally, the board saw gradual increases of interest rates over the next year.

The ISM non-manufacturing PMI eased unexpectedly to a level of 55.30 in December, in the US, compared to a reading of 55.90 in the prior month.

In the US, the ADP private sector employment advanced by 257.00K in December, compared to a revised increase of 211.00K in the prior month. Markets were anticipating the private sector employment to advance 198.00K.

In the US, factory orders fell 0.2% in November on a monthly basis, meeting market expectations, compared to a revised rise of 1.3% in the prior month.

The US trade deficit narrowed more than expected to a level of USD42.37bn in November, from a revised deficit of USD44.58bn in the prior month.

### Asia

The seasonally adjusted trade deficit in Australia narrowed more than expected to AUD2906.00mn in November, less than market expectations of a deficit of AUD2970.00mn. Australia had registered a revised deficit of AUD3247.00mn in the prior month.

In November, the seasonally adjusted building approvals registered a drop of 12.7% on a monthly basis in Australia, higher than market expectations for a fall of 3.0%. In the prior month, building approvals had climbed by a revised 3.3%.

### Eurozone

The final Markit services PMI remained steady at a level of 54.20 in December, in the Eurozone. Markets were expecting to ease to a level of 53.90. The preliminary figures had recorded a drop to 53.90.

The final Markit services PMI rose unexpectedly to a level of 56.00 in December, in Germany, compared to a level of 55.60 in November. The preliminary figures had recorded a drop to 55.40.

The producer price index (PPI) in the Eurozone slid 0.2% in November on a monthly basis, at par with market expectations. The PPI had recorded a drop of 0.3% in the previous month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
South Africa	08:00	Net Gold & Forex Reserve (Dec)	✓✓	-	USD40.47bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Dec)	✓✓	-	USD45.14bn	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Nov)	✓✓	0.10%	1.80%	Monthly
Germany	09:00	Retail Sales (MoM) (Nov)	✓✓	0.50%	-0.40%	Monthly
UK	10:00	Halifax House Prices (MoM) (Dec)	✓	0.50%	-0.20%	Monthly
Italy	11:00	Unemployment Rate (Nov)	✓	11.50%	11.50%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Dec)	✓	-	82.70	Monthly
Eurozone	12:00	Unemployment Rate (Nov)	✓✓	10.70%	10.70%	Monthly
Eurozone	12:00	Consumer Confidence (Dec) (F)	✓✓	-5.70	-5.70**	Monthly
Eurozone	12:00	Retail Sales (MoM) (Nov)	✓✓	0.20%	-0.10%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Nov)	✓✓	-	-2.70%	Monthly
South Africa	13:00	Electricity Production (YoY) (Nov)	✓✓	-	-3.20%	Monthly
Eurozone	14:30	ECB Monetary Policy Meeting Accounts	✓✓✓	-	-	As scheduled
Canada	15:10	Bank of Canada's Poloz speaks in Ottawa	✓✓	-	-	As scheduled
US	15:30	Initial Jobless Claims (02-Jan)	✓✓	275.00K	287.00K	Weekly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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