

ONE Minute Brief

20 January 2016

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Economic and Political News

Democratic Alliance finance spokesman, David Maynier, stated that the International Monetary Fund's (IMF) downward revision of the growth forecast for South Africa (SA) was due to economic policy failures. The IMF in an update to its World Economic Outlook report revised SA's economic growth rate for 2016 down to 0.7% compared with October's estimate of 1.3%.

DA leader, Mmusi Maimane, mentioned that the party would initiate public dialogues meant to mend race relations among South Africans titled "Stand Up, Speak Out". Also each member of the DA would be required to sign an anti-racism pledge.

The National Union of Metalworkers of SA (Numsa) announced that it would embark on two days of socioeconomic strikes over the new controversial pension reforms. Meanwhile, the Congress of SA Trade Unions (Cosatu) has also called for broad society mobilisation to fight against the new reforms.

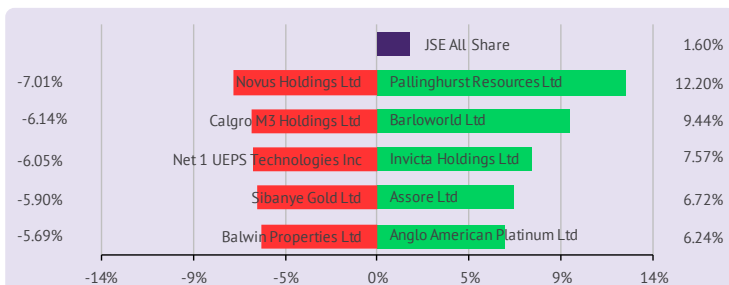
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	47627.76	▲	751.14	1.60%	1.42%	-6.05%	-1.77%	-6.05%
JSE Top 40	42872.39	▲	778.99	1.85%	1.82%	-6.39%	-1.15%	-6.39%
FTSE 100	5876.80	▲	96.88	1.68%	1.25%	-5.86%	-1.79%	-5.86%
DAX 30	9664.21	▲	142.36	1.50%	1.25%	-10.04%	-5.62%	-10.04%
CAC 40	4272.26	▲	82.69	1.97%	1.48%	-7.87%	-6.47%	-7.87%
S&P 500	1881.33	▲	1.00	0.05%	0.05%	-7.96%	-1.75%	-7.96%
Nasdaq Composite	4476.95	▼	-11.47	-0.26%	-0.26%	-10.59%	-1.98%	-10.59%
DJIA	16016.02	▲	27.94	0.17%	0.17%	-8.09%	-1.66%	-8.09%

South Africa Market ▲

South African markets closed higher

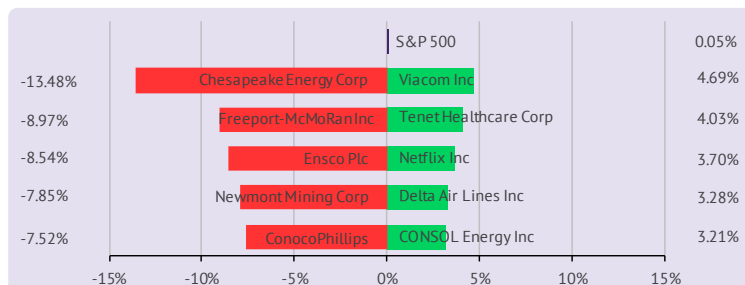
South African markets closed in the green yesterday, led by gains in banking sector stocks. The JSE All Share Index rose 1.6% to close at 47,627.76.



US Market ▲

The S&P 500 futures are trading in the red

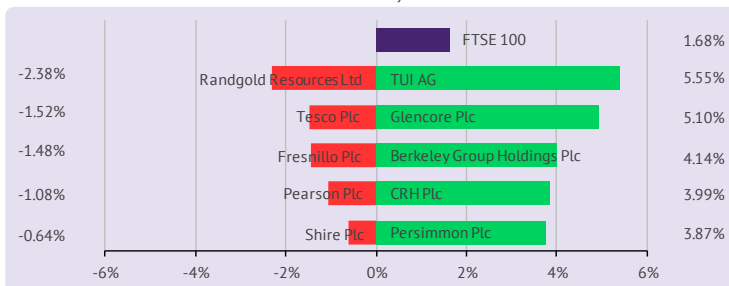
US markets closed higher yesterday, supported by gains in utilities sector stocks despite pressure from a renewed drop in oil prices erasing most of an early rally. The S&P 500 Index climbed 0.1% to close at 1,881.33.



UK Market ▲

The FTSE 100 futures are trading in negative territory

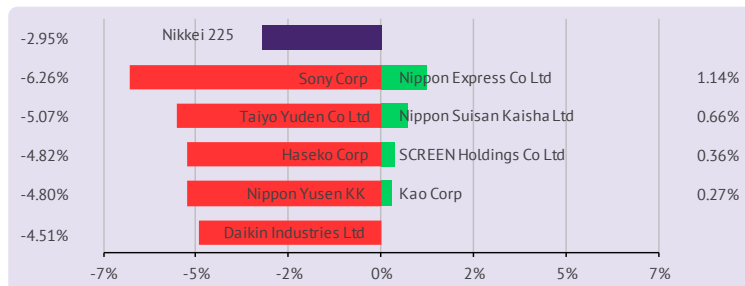
UK markets rebounded and finished higher yesterday on hopes of further stimulus from China. Data revealed an unexpected rise in UK's consumer price index (CPI) on a monthly basis in December. The FTSE 100 Index advanced 1.7% to close at 5,876.80.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid a further decline in oil prices. The Nikkei 225 Index is trading 2.9% lower at 16,546.18.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% higher against the South African Rand at R16.8466. Later today, traders will look forward to the US CPI, housing starts, building permits and mortgage applications data. Additionally, South Africa's CPI and retail sales data will also be eyed.

The US Dollar fell against the South African Rand yesterday. Data revealed that the US NAHB housing market index remained steady in January at a level of 60.0.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R23.8405. Later in the session, investors will keep a tab on UK's ILO unemployment rate, claimant count change and average earnings data as well as the South African CPI and retail sales data for further direction.

The British Pound declined against the South African Rand yesterday, after the Bank of England (BoE) Governor, Mark Carney stated that collapsing oil prices and a weaker global environment particularly volatility in China would delay a hike in the key interest rate. Meanwhile, UK's consumer price index rose unexpectedly on a monthly basis 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 R18.4438. Going forward, market participants will focus on Germany's producer price inflation data for further clues.

The Euro weakened against the South African Rand yesterday, amid a drop in economic sentiment in Eurozone and Germany in January. Additionally, consumer price inflation in Germany dropped as expected on a monthly basis in December. Meanwhile, Eurozone's CPI improved in line with expectations on a monthly basis in December.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% weaker against the South African Rand at R11.5676. Earlier in the session, data indicated that Australia's Westpac consumer confidence index dropped in January. Elsewhere, in China, Australia's key trading partner, the foreign direct investment (FDI) unexpectedly declined in December.

The Australian Dollar rose against the South African Rand yesterday. Meanwhile, data revealed that the Chinese economy grew at its slowest pace in 25 years in 4Q15. On the other hand, on a yearly basis, retail sales and industrial production in China rose less-than-expected in December, thus paving way for the Government to roll out more support measures.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	16.8466	▲	-0.46%	0.07%	8.56%	7.12%	8.56%
GBPZAR	23.8405	▲	-0.92%	-0.53%	4.42%	4.72%	4.42%
EURZAR	18.4438	▲	-0.43%	-0.17%	8.94%	10.03%	8.94%
AUDZAR	11.5676	▼	0.15%	0.68%	2.12%	8.80%	2.12%
EURUSD	1.0948	▲	0.11%	-0.07%	0.41%	2.84%	0.41%
GBPUSD	1.4152	▼	-0.46%	-0.53%	-3.83%	-2.13%	-3.83%
Brent (\$/barrel)	28.2	▼	0.74%	-0.62%	-22.85%	-16.43%	-22.85%
Gold (\$/oz)	1092.8	▲	-0.15%	-0.15%	2.73%	-0.53%	2.73%
Platinum (\$/oz)	831.4	▲	0.36%	0.36%	-7.07%	7.06%	-7.07%
Copper (\$/MT)*	4414.8	▲	0.84%	2.02%	-6.18%	2.32%	-6.18%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.3% to trade at \$1,092.80/oz.

Yesterday, gold prices fell 0.2% to close at \$1,089.10/oz, after weak economic growth in China enhanced the demand prospects of the safe-haven yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.9% lower to trade at \$28.20/bl.

Yesterday, Brent crude oil advanced 0.7% to settle at \$28.76/bl, amid expectations of more stimulus measures from the Chinese government. The gains were however limited as the International Energy Agency (IEA) reported that unseasonably warm weather and rising supply will keep the crude oil market oversupplied until at least late 2016 and could push the price below its current 12-year lows. The IEA left its estimate of growth in global demand for 2016 unchanged at around 1.2mn bpd and also stuck with its forecast for a decline of around 600,000 bpd in non-OPEC output.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.3% to trade at \$831.40/oz.

Yesterday, platinum prices climbed 0.4% to close at \$828.70/oz.



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Major South Africa Corporate News

Clover Industries Limited

The firm announced that Christiaan Philippus Lerm, an executive of Brands and Marketing, would retire as an Executive Director of the company effective June 30, 2016.

Sibanye Gold Limited

The firm announced that at a special general meeting of Aquarius Platinum Limited held on January 18, 2016, the required majority of Aquarius shareholders approved the Amalgamation and Amalgamation Agreement under which Sibanye would acquire all of the shares in Aquarius for a cash consideration of USD0.195/share. Separately, it also informed that Investec Limited has acquired additional stake in the company and now the total interest in the issued ordinary shares of Sibanye held by Investec amounts to 5.0368%.

Mediclinic International Limited

The hospital group announced that the South African Competition Commission recommended the unconditional approval of the combination of the businesses of Mediclinic and Al Noor Hospitals Group to the Tribunal and accordingly the tribunal hearing is expected to take place on January 27, 2016. Also, it was notified that the Namibian Competition Authority has also given its unconditional approval for the proposed combination.

Tsogo Sun Holdings Limited

The company announced that Standard Bank Group Limited has acquired a beneficial interest in the securities of the company, such that the total of all beneficial interests in Tsogo Sun's ordinary shares held by Standard Bank now amounts to 10.06% of the issued ordinary share capital of the company.

Major Global Economic News

UK

The BoE Governor, Mark Carney, stated that now is not the time to increase the key interest rate and that monetary policy would depend on economic prospects. He noted that the world economy is weak and economic growth in the UK has slowed. He also indicated that the recent fall in oil prices would likely keep the inflation rate very low for a longer period.

In the UK, the CPI registered an unexpected rise of 0.1% in December on a monthly basis, more than market expectations for a flat reading.

US

The NAHB housing market index remained flat at 60.00 in January, in the US. Markets were expecting the index to advance to 61.00.

Eurozone

In December, the CPI was flat in the Eurozone on a monthly basis, in line with market expectations. In November, the index had fallen 0.1%.

The Eurozone has reported a seasonally adjusted current account surplus of EUR26.40bn in November, following a revised surplus of EUR25.60bn in the previous month.

The ZEW economic sentiment index fell to a level of 22.70 in January, in the Eurozone. In December, the index had registered a reading of 33.90.

The seasonally adjusted construction output in the Eurozone climbed 0.8% on a monthly basis, in November, compared to an advance by a revised 0.6% in the prior month.

In December, the final CPI registered a drop of 0.1% on a monthly basis in Germany, meeting market expectations. The preliminary figures had also indicated a fall of 0.1%.

The ZEW economic sentiment index recorded a drop to 10.20 in January, in Germany, compared to market expectations of a fall to 8.00. In the prior month, the index had registered a reading of 16.10.

Asia

In China, FDI unexpectedly declined 5.8% on a yearly basis in December, compared to a rise of 1.9% in the prior month. Analysts expected it to increase 3.1%.

The final machine tool orders registered a drop of 25.7% on a yearly basis in December, in Japan. The preliminary figures had recorded a decline of 25.8%.

Westpac consumer confidence index in Australia recorded a drop of 3.5% to a level of 97.30 in January. The index had registered a level of 100.80 in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	04:00	Actual FDI (YoY) (Dec)	✓✓	-5.80%*	1.90%	Monthly
Germany	09:00	Producer Price Index (MoM) (Dec)	✓✓	-0.40%	-0.20%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Dec)	✓✓	0.30%	0.10%	Monthly
UK	11:30	Average Earnings excluding Bonus (3Mo/Yr) (Nov)	✓	1.80%	2.00%	Monthly
UK	11:30	Average Earnings including Bonus (3Mo/Yr) (Nov)	✓✓	2.10%	2.40%	Monthly
UK	11:30	Claimant Count Change (Dec)	✓✓	2.80K	3.90K	Monthly
UK	11:30	Claimant Count Rate (Dec)	✓✓	2.30%	2.30%	Monthly
UK	11:30	Employment Change (3M/3M) (Nov)	✓✓	235.00K	207.00K	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Nov)	✓✓	5.20%	5.20%	Monthly
Switzerland	12:00	ZEW Survey - Expectations (Jan)	✓✓	-	16.60	Monthly
South Africa	13:00	Retail Sales (MoM) (Nov)	✓✓	0.60%	0.20%	Monthly
US	14:00	MBA Mortgage Applications (15-Jan)	✓	-	21.30%	Weekly
US	15:30	Consumer Price Index (MoM) (Dec)	✓✓	0.00%	0.00%	Monthly
US	15:30	Consumer Price Index Ex Food & Energy (MoM) (Dec)	✓	0.20%	0.20%	Monthly
US	15:30	Housing Starts (MoM) (Dec)	✓✓	2.30%	10.50%	Monthly
US	15:30	Building Permits (MoM) (Dec)	✓✓	-6.40%	11.00%	Monthly
Canada	17:00	Bank of Canada Releases Monetary Policy Report	✓✓	-	-	As scheduled
Canada	17:00	Bank of Canada Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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