

ONE Minute Brief

29 January 2016

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Economic and Political News

The South African Reserve Bank (SARB) raised the benchmark repo rate by 50 basis points to 6.75% on mounting concerns over rising inflation, even as economic growth also slowed due to considerable fall in the rand. The central bank Governor, Lesetja Kganyago, stated that food prices pose a significant risk to inflation outlook while projecting inflation to be 6.8% in 2016 and 7% in 2017. The central bank also cut the nations growth forecast for 2016 further, to 0.9% from 1.5%.

On a monthly basis, the producer price index registered a less-than-expected rise of 0.2% in South Africa in December, compared to an advance of 0.1% in the prior month.

Mining Minister, Mosebenzi Zwane, announced that a record low of 77 workers were killed in mining accidents in 2015, compared to 84 in 2014. Meanwhile, he also stated that that 32,000 workers could lose their jobs following a slump in commodity prices due to economic downturn in China.

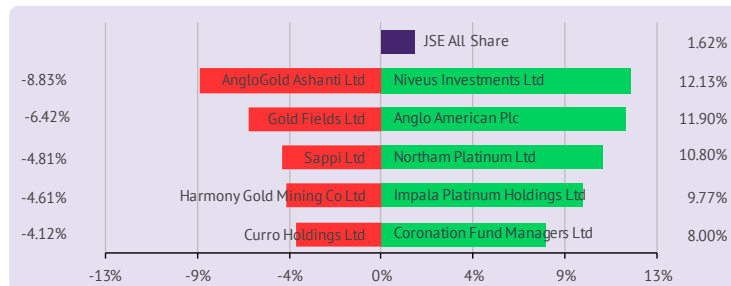
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	48702.61	▲	778.69	1.62%	2.18%	-3.93%	-3.93%
JSE Top 40	43746.33	▲	807.39	1.88%	1.85%	-4.48%	-4.48%
FTSE 100	5931.78	▼	-58.59	-0.98%	0.54%	-4.97%	-4.97%
DAX 30	9639.59	▼	-241.23	-2.44%	-1.28%	-10.27%	-10.27%
CAC 40	4322.16	▼	-58.20	-1.33%	-0.34%	-6.79%	-6.79%
S&P 500	1893.36	▲	10.41	0.55%	-0.71%	-7.37%	-7.37%
Nasdaq Composite	4506.68	▲	38.51	0.86%	-1.84%	-10.00%	-10.00%
DJIA	16069.64	▲	125.18	0.79%	-0.15%	-7.78%	-7.78%

South Africa Market ▲

South African markets closed higher

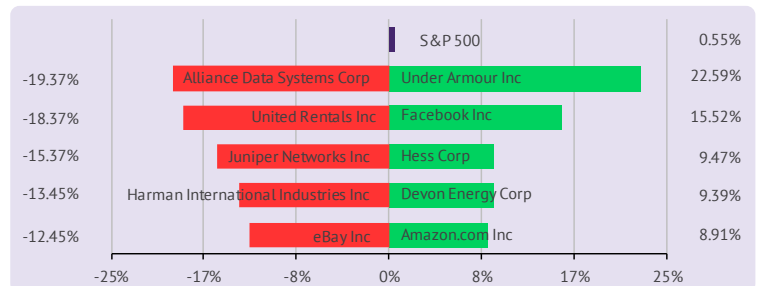
South African markets closed in the green yesterday, led by gains in platinum mining sector stocks and after the SARB increased the key interest rate by 50 basis points to 6.75%. The JSE All Share Index rose 1.6% to close at 48,702.61.



US Market ▲

The S&P 500 futures are trading in the green

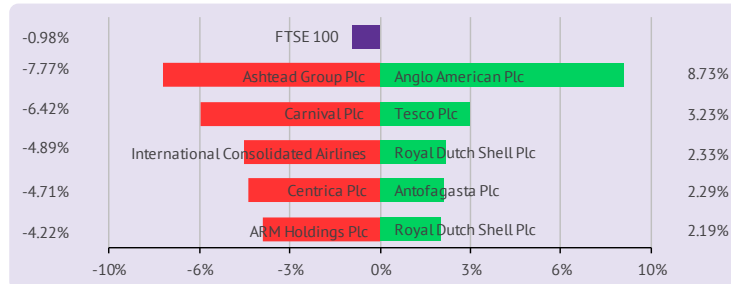
US markets closed higher yesterday, amid a rally in oil prices and upbeat corporate results from Under Armour Inc and Facebook Inc. Meanwhile, US durable goods orders fell more-than-expected in December. The S&P 500 Index climbed 0.6% to close at 1,893.36.



UK Market ▼

The FTSE 100 futures are trading in positive territory

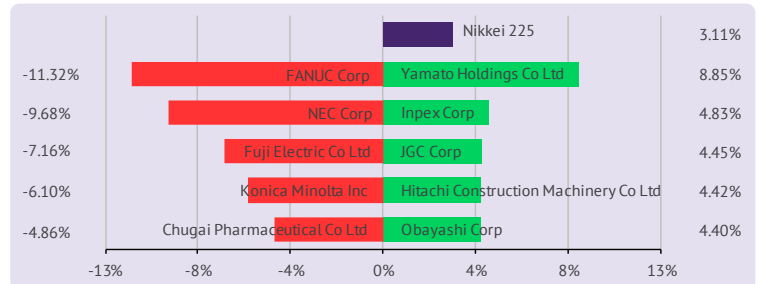
UK markets finished lower yesterday, weighed down by losses in Ashted Group Plc and travel sector stocks. Meanwhile, data revealed that the UK economy expanded in line with market expectations in 4Q15. The FTSE 100 Index declined 1.0% to close at 5,931.78.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The BoJ surprised markets by adopting negative interest rate for the first time to support the economy. The Nikkei 225 Index is trading 3.1% higher at 17,571.50.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R16.1940. Later today, traders will look forward to the US gross domestic product (GDP), the Reuters/Michigan consumer sentiment index and the Chicago Purchasing Managers' Index (PMI) for further clues. Additionally, the South African budget and trade balance will attract market attention.

The US Dollar fell against the South African Rand yesterday, after US durable goods orders dropped more-than-expected in December. Meanwhile, the number of individuals filing for jobless benefits in the US last week decreased while pending home sales inched up on a monthly basis in December. On the other hand, the SARB, hiked the benchmark interest rate by 50 basis points.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R23.2658. Early this morning, data revealed that a rise in UK consumer confidence in January. With no other economic releases in the UK today, investors will focus on the budget balance, trade balance, private sector credit and M3 money supply data of South Africa for further direction.

The British Pound declined against the South African Rand yesterday. Meanwhile, a preliminary print showed that the UK economy grew in line with expectations in 4Q15. On the other hand, a survey indicated a drop in the CBI reported retail sales in January. Elsewhere, the central bank of South Africa raised the benchmark repo rate to 6.75% citing concerns over inflation and economic growth.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.2% against the South African Rand to trade at R17.6843. Going forward, market participants will keep a tab on Eurozone's consumer price inflation as well as the region's private sector credit and M3 money supply data. Additionally, Germany's retail sales data will be on trader's radar.

The Euro weakened against the South African Rand yesterday, after the economic sentiment and consumer confidence indices in the Eurozone declined in January. Furthermore, a preliminary print indicated a drop in Germany's consumer price inflation on a monthly basis in the same month.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated marginally against the South African Rand to trade at R11.4688. Earlier in the session, data indicated a rise in Australia's producer price index in 4Q15 while credit given to the private sector climbed less-than-expected in December.

The Australian Dollar fell against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	16.1940	▼	-1.52%	-1.67%	4.67%	7.12%	4.67%
GBPZAR	23.2658	▲	-0.75%	-0.97%	2.02%	4.72%	2.02%
EURZAR	17.6843	▼	-1.09%	-0.20%	5.47%	10.03%	5.47%
AUDZAR	11.4688	▼	-0.67%	-0.51%	0.98%	8.80%	0.98%
EURUSD	1.0926	▼	0.45%	1.34%	0.69%	2.84%	0.69%
GBPUSD	1.4368	▲	0.77%	0.54%	-2.62%	-2.13%	-2.62%
Brent (\$/barrel)	34.3	▲	2.39%	5.31%	-9.09%	-16.43%	-9.09%
Gold (\$/oz)	1113.7	▼	-0.02%	1.76%	5.23%	-0.53%	5.23%
Platinum (\$/oz)	868.9	▲	-1.42%	4.60%	-2.67%	7.06%	-2.67%
Copper (\$/MT)*	4539.8	▼	-1.23%	2.03%	-3.53%	2.32%	-3.53%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices declined 0.2% to trade at \$1,113.70/oz.

Yesterday, gold prices fell marginally to close at \$1,115.60/oz, extending previous session losses.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.1% higher to trade at \$34.25/bl.

Yesterday, Brent crude oil advanced 2.4% to settle at \$33.89/bl, after Russian Energy Minister, Alexander Novak, proposed reductions in output of about 500,000 bpd, which would be the first global deal in over a decade to help stem the supply glut.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.1% to trade at \$868.90/oz.

Yesterday, platinum prices declined 1.4% to close at \$867.90/oz, reversing previous session gains.



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Major South Africa Corporate News

Anglo American Platinum Limited

In its production results for 4Q15, the firm, indicated that the production was flat at 598,000oz from the same period last year with operational improvements at own and joint venture operations, offset by a reduction in purchase of concentrate ounces from third parties.

Aquarius Platinum Limited

In its production results for quarter ended 31 December 2015, the firm, stated that its production from operating mines rose 0.5% from the previous corresponding period but fell 4.0% from the previous quarter. Platinum prices fell towards the end of the year, impacted by macro concerns with the main factors impacting demand across the month included impact of the VW scandal and continued demand and supply concerns of the PGM complex in China.

City Lodge Hotels Limited

In its trading statement, the company, indicated that it expects diluted basic EPS to be in the range of 441.60c to 460.00c, a rise of 20.0% to 25.0%, compared with 368.00c posted in the same period of the prior year. It expects headline diluted EPS to be between 439.90c and 458.80c, indicating an increase of 16.0% to 21.0%, compared with 379.20c reported in the corresponding period of the preceding year.

Kumba Iron Ore Limited

In its production and sales report, the company, revealed that its full year production of 44.90mnt was in line with expectations. However, for 4Q15, total production fell 12.0% to 10.90mn from the same period of the prior year and down 4.0% from the previous quarter. Restructuring at Sishen Mine is expected to impact approximately 2,633 Kumba employees. Contractors at the mine have commenced with their restructuring process and approximately 1,300 contractors will be affected.

Lonmin Plc

In its production results for three months ended 31 December 2015, the firm, stated that the total production at the mine stood at 2.50mnt. For FY16, the company expects platinum sales to be around 700,000oz. The company maintains unit cost guidance of R10,000/PGM oz. It expects capex to be approximately USD132.00mn (including the USD29.00mn for the Bulk Tailing Treatment plant expected to be funded by a third party).

Sasol Limited

In its trading statement for 1H15, the company, indicated that its headline EPS is expected to decline between 23.0% and 28.0% (approximating R7.36 to R8.96), compared with R32.00 posted in the same period of the preceding year. Its EPS is expected to drop between 62.0% and 67.0% (approximating R19.86 to R21.47), compared with R32.04 reported in the corresponding period of the previous year.

Major Global Economic News

US

In the US, the flash durable goods orders registered a drop of 5.1% on a monthly basis in December, higher than market expectations for a decline of 0.7%. Durable goods orders had slipped 0.5% in the previous month.

The seasonally adjusted initial jobless claims in the US fell more-than-expected to a level of 278.00K in the week ended January 23, 2016, lower than a revised reading of 294.00K in the previous week.

Asia

The Bank of Japan (BoJ) unexpectedly adopted a negative interest rate of 0.1%, its first benchmark rate move in five years, to revive the nation's economy. However, it refrained to expand its QE programme beyond its current level of JPY80tn a year. The board split 5-4 to charge interest rate of -0.1% on current accounts held at the central bank.

In December, on a yearly basis, the national CPI recorded a rise of 0.2% in Japan, compared to a climb of 0.3% in the previous month.

The flash industrial production dropped 1.4% in Japan on a monthly basis in December, compared to a fall of 0.9% in November. Markets were expecting industrial production to decline 0.3%.

UK

UK's preliminary GDP on a quarterly basis rose 0.5% in 4Q15, at par with market expectations. In the prior quarter, the GDP had advanced 0.4%.

In January, the Gfk consumer confidence index climbed unexpectedly to a level of 4.00 in the UK, compared to a reading of 2.00 in the prior month.

Eurozone

The final consumer confidence index fell to a level of -6.30 in January in the Eurozone, meeting market expectations. The preliminary figures had also recorded a drop to -6.30.

In the Eurozone, the economic sentiment indicator registered a drop to 105.00 in January, compared to a revised reading of 106.70 in the prior month. Market anticipation was for the indicator to fall to 106.40.

In January, the preliminary consumer price index (CPI) in Germany recorded a drop of 0.8% on a monthly basis, at par with consensus estimates and compared to a fall of 0.1% in December.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:30	Unemployment Rate (Dec)	✓✓	3.30%*	3.30%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Dec)	✓✓	0.20%*	0.30%	Monthly
Japan	01:30	National CPI Ex Food, Energy (YoY) (Dec)	✓✓	0.80%*	0.90%	Monthly
Japan	01:50	Industrial Production (MoM) (Dec) (P)	✓	-1.40%*	-0.90%	Monthly
UK	02:05	Gfk Consumer Confidence (Jan)	✓✓	4.00*	2.00	Monthly
Japan	05:00	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	0.10%	As scheduled
South Africa	08:00	M3 Money Supply (YoY) (Dec)	✓✓	9.75%	9.35%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Dec)	✓✓	9.85%	9.53%	Monthly
France	08:30	Gross Domestic Product (QoQ) (Q4) (P)	✓	0.20%	0.30%	Quarterly
Germany	09:00	Retail Sales (MoM) (Dec)		0.40%	0.20%	Monthly
France	09:45	Consumer Price Index (EU norm) (MoM) (Jan)	✓	-1.00%	0.20%	Monthly
Spain	10:00	Gross Domestic Product (QoQ) (Q4) (P)	✓	0.80%	0.80%	Quarterly
Spain	10:00	Consumer Price Index (MoM) (Jan) (P)	✓	-1.50%	-0.30%	Monthly
Eurozone	11:00	Private Loans (YoY) (Dec)	✓	-	1.40%	Monthly
Eurozone	11:00	M3 Money Supply (3m) (Dec)	✓	5.20%	5.10%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Jan) (F)	✓✓✓	0.40%	0.20%**	Monthly
South Africa	14:00	Trade Balance (Dec)	✓✓	ZAR4.90bn	ZAR1.80bn	Monthly
South Africa	14:00	Budget (Dec)	✓✓	ZAR29.70bn	-ZAR21.79bn	Monthly
US	15:30	Personal Consumption Expenditure Core (QoQ) (Q4) (P)	✓	1.20%	1.40%	Quarterly
Canada	15:30	Gross Domestic Product (MoM) (Nov)	✓✓	0.30%	0.00%	Monthly
US	15:30	Gross Domestic Product Annualised (QoQ) (Q4) (P)	✓✓✓	0.80%	2.00%	Quarterly
US	16:45	Chicago PMI (Jan)	✓	45.30	42.90	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Jan) (F)	✓✓✓	93.00	93.30**	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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