

# ONE Minute Brief

6 April 2016

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## Economic and Political News

The Markit/Standard Bank Purchasing Managers' Index (PMI) dropped to 47.00 in March, compared to market expectations of rise to a level of 49.50. The index had recorded a level of 49.10 in February.

President Jacob Zuma survived an impeachment vote in Parliament with 233 lawmakers voting against the motion and 143 voting in favour. Meanwhile, the Presidency specified that the Constitutional Court did not judge that President Zuma had broken his oath of office. After the vote, Finance Minister, Pravin Gordhan, indicated that ratings agencies will take the political, economic and the fiscal situation situation in South Africa into account when reviewing the nation's credit rating.

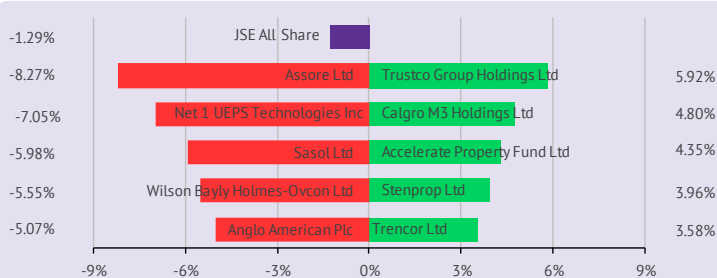
Eskom announced that at least 4.6mn households have been connected to its power grid since 1991. It also stated that the power utility completed 5,620 self-funded electrification connections as well as 1,080 farm-dweller connections in the 2014/15 financial year.

President Zuma appointed Advocate, Jan Lekhoa Mothibi, as the head the Special Investigating Unit (SIU) with effect from May 01, 2016.

## South Africa Market ▼

### South African markets closed lower

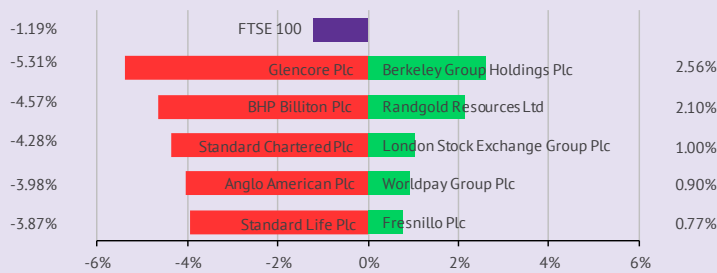
South African markets closed in the red yesterday, led by losses in resources sector stocks. Data revealed that South Africa's manufacturing PMI unexpectedly declined in March. The JSE All Share Index fell 1.3% to close at 51,226.09.



## UK Market ▼

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

UK markets finished lower yesterday, weighed down by losses in commodity sector stocks. Data indicated that growth in UK's service sector in March was better than expected. The FTSE 100 Index declined 1.2% to close at 6,091.23.



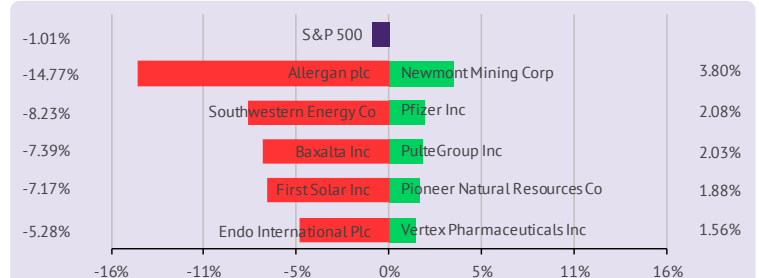
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51226.09	▼ -669.05	-1.29%	-0.69%	-1.96%	5.74%	1.05%
JSE Top 40	45112.97	▼ -659.52	-1.44%	-0.82%	-2.23%	5.34%	-1.49%
FTSE 100	6091.23	▼ -73.49	-1.19%	-0.89%	-1.36%	1.28%	-2.42%
DAX 30	9563.36	▼ -258.72	-2.63%	-2.36%	-4.04%	4.95%	-10.98%
CAC 40	4250.28	▼ -94.94	-2.18%	-1.66%	-3.07%	0.72%	-8.34%
S&P 500	2045.17	▼ -20.96	-1.01%	-1.33%	-0.71%	6.60%	0.06%
Nasdaq Composite	4843.93	▼ -47.86	-0.98%	-1.44%	-0.53%	6.84%	-3.26%
DJIA	17603.32	▼ -133.68	-0.75%	-1.06%	-0.46%	7.08%	1.02%

## US Market ▼

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

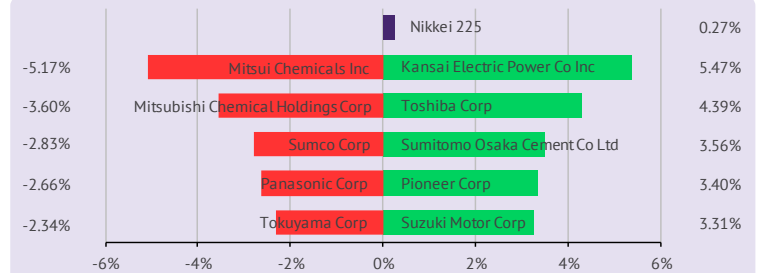
US markets closed lower yesterday, amid concerns about global economic outlook. Data showed that US trade deficit widened more-than-expected in February. The S&P 500 Index dropped 1.0% to close at 2,045.17.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. Early morning data revealed that Chinese Caixin/Markit services PMI advanced in March. The Nikkei 225 Index is trading 0.3% higher at 15,775.64.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.4% against the South African Rand to trade at R15.0340. Later in the session, traders will track the minutes of the Federal Open Market Committee's (FOMC) latest monetary policy meeting for cues on the future course of interest rates in the nation. Additionally, Fed officials, Loretta J. Mester and James Bullard are scheduled to speak later in the day.

The US Dollar rose against the South African Rand yesterday, even after data showed that the US trade deficit widened to a six-month high in February. Additionally, according to ISM, the US service sector expanded in March. Furthermore, manufacturing activity in South Africa in March declined to its lowest in almost two years.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.5% against the South African Rand to trade at R21.2869. Earlier in the session, data showed that the BRC shop price index in the UK declined on a yearly basis in March. With no major economic releases today, investors look forward to NIESR's estimate of UK's gross domestic product (GDP) as well as manufacturing and industrial production data, scheduled to release later this week.

The British Pound advanced against the South African Rand yesterday, after services PMI in the UK came in better than anticipated. Meanwhile, the South African manufacturing PMI for March slumped to its lowest level in 20 months.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.7% against the South African Rand to trade at R17.0721. Going forward, market participants will focus on Germany's industrial production data scheduled for release in a few hours for further direction.

The Euro strengthened against the South African Rand yesterday, after an unexpected rise in Eurozone's retail sales on a monthly basis in February. Meanwhile, services PMI's in the Eurozone and Germany dropped surprisingly in March. Elsewhere, German factory orders recorded an unexpected decline on a monthly basis in February, weighed down by falling foreign demand.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R11.3653. Earlier in the session today, data revealed that the service sector in China, Australia's key trading partner, expanded at a faster pace in March.

The Australian Dollar rose against the South African Rand yesterday. The Reserve Bank of Australia (RBA) kept the key interest rate steady at 2.0%, but warned of additional rate cuts in the future amid continued low inflation. Data revealed that Australia's trade deficit unexpectedly widened in February, while growth in Australia's service sector activity contracted in March.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.0340	▼	2.12%	2.77%	2.26%	-6.98%	-2.41%
GBPZAR	21.2869	▼	1.38%	2.27%	0.87%	-4.01%	-6.21%
EURZAR	17.0721	▼	1.94%	2.70%	2.29%	-2.64%	2.30%
AUDZAR	11.3653	▼	1.30%	0.95%	0.74%	-0.26%	0.26%
EURUSD	1.1365	▼	-0.06%	-0.09%	0.03%	4.61%	4.77%
GBPUSD	1.4156	▼	-0.72%	-0.45%	-1.39%	3.17%	-3.94%
Brent (\$/barrel)	38.5	▲	0.48%	-2.07%	-6.10%	10.28%	1.58%
Gold (\$/oz)	1230.6	▲	0.85%	0.51%	-0.47%	-0.02%	15.86%
Platinum (\$/oz)	951.7	▲	0.80%	-0.38%	-2.72%	4.53%	6.54%
Copper (\$/MT)*	4792.8	▲	0.28%	-1.38%	-1.80%	3.72%	1.85%

\*As of Previous Close

## Gold ▲

### Trading in the green

Gold prices, extended previous session gains and at 06:00 SAST, edged 0.2% higher to trade at \$1,230.60/oz.

Yesterday, gold prices rebounded from recent losses and rose 0.9% to close at \$1,228.40/oz, after a sharp drop in global stock markets and worries over global economic growth boosted demand for the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 1.7% higher to trade at \$38.52/bl.

Yesterday, Brent crude oil advanced 0.5% to settle at \$37.87/bl, after Kuwait's Governor for the Organization of the Petroleum Exporting Countries (OPEC), Nawal Al-Fuzaia, stated that the meeting to freeze oil output will proceed even without approval from Iran. Additionally, the American Petroleum Institute (API) reported that crude oil inventories declined by 4.3mn bls last week.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$951.70/oz.

Yesterday, platinum prices climbed 0.8% to close at \$950.00/oz, reversing previous session losses.

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## Major South Africa Corporate News

### Barclays Africa Group Limited

The company announced that Barclays Plc has notified its shareholders that it wishes to sell its stake in the company.

### Metair Investments Limited

The company announced that Public Investment Corporation Limited has purchased further beneficial stake in the company and its total stake in the issued ordinary share capital of the company now stands at 15.348%.

### Sun International Limited

The firm, announced that further into its third tranche of its acquisition of Grand Parade Investment (GPI) slots, the company will acquire 19.9% stake for a total consideration that will be based on an equity value of GPI Slots determined by applying a 7.5 times EBITDA multiple to the actual GPI Slots EBITDA achieved for the year ending June 30, 2016. The transaction is expected to take place on July 01, 2016.

## Major Global Economic News

### US

Trade deficit in the US expanded to USD47.10bn in February, compared to market expectations of a deficit of USD46.20bn. The US had reported a revised deficit of USD45.90bn in the previous month.

In March, the ISM non-manufacturing PMI registered a rise to a level of 54.50, in the US, more than market expectations of an advance to a level of 54.20. In the prior month, the PMI had recorded a reading of 53.40.

In the US, the final Markit services PMI rose to a level of 51.30 in March, against a reading of 49.70 in the previous month. Markets were expecting the index to advance to a level of 51.20. The preliminary figure had indicated a climb to 51.00.

The IBD/TIPP economic optimism index in the US, eased unexpectedly to 46.30 in April, compared to a reading of 46.80 in the prior month.

### UK

The Markit services PMI in the UK, rose to a level of 53.70 in March, compared to market expectations of an advance to 53.50. The PMI had registered a level of 52.70 in the prior month.

In the UK, the BRC shop price index eased 1.7% on a yearly basis, in March, following a drop of 2.0% in February.

UK's official reserves climbed USD756.00mn in March, from a rise of USD1362.00mn in the previous month.

### Eurozone

The final Markit services PMI in March, recorded an unexpected drop to 53.10 in the Eurozone. In the previous month, the PMI had recorded a level of 53.30. The preliminary figure had recorded an advance to 54.00.

The seasonally adjusted retail sales in the Eurozone, surprisingly advanced 0.2% on a monthly basis in February, more than market expectations for a flat reading. In the prior month, retail sales had recorded a revised rise of 0.3%.

The final Markit services PMI in March, eased unexpectedly to 55.10 in Germany, from a reading of 55.30 in February. The preliminary figure had recorded an advance to 55.50.

In Germany, the seasonally adjusted factory orders registered a surprising drop of 1.2% on a monthly basis in February, compared to a revised rise of 0.5% in the previous month.

### Asia

China's Caixin/Markit services PMI climbed to 52.20 in March. In the previous month, the index had registered a level of 51.20.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Mar)	✓	-1.70%*	-2.00%	Monthly
China	03:45	Caixin/Markit Services PMI (Mar)	✓✓	52.20*	51.20	Monthly
China	03:45	HSBC China Composite PMI (Mar)	✓✓	51.30*	49.40	Monthly
Japan	07:00	Coincident Index (Feb) (P)	✓	110.30	113.50	Monthly
Japan	07:00	Leading Economic Index (Feb) (P)	✓✓	99.80	101.80	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Feb)	✓✓	-1.80%	3.30%	Monthly
Eurozone	09:00	ECB's Nouy Speaks at European Banking Event	✓	-	-	As scheduled
UK	10:00	New Car Registrations (YoY) (Mar)	✓	-	8.40%	Monthly
US	13:00	MBA Mortgage Applications (01-Apr)	✓	-	-1.00%	Weekly
Canada	16:00	Ivey PMI s.a (Mar)	✓✓	54.80	53.40	Monthly
US	16:30	EIA Crude Oil Stocks Change (Barrels) (01-Apr)	✓✓✓	-	2.30mn bls	Weekly
US	18:20	Fed President Mester Discusses Economic Outlook in Cleveland	✓	-	-	As scheduled
US	18:20	Fed's Mester Speaks in Cleveland	✓	-	-	As scheduled
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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