

# ONE Minute Brief

5 February 2016

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## Economic and Political News

In January, the SACCI business confidence index in South Africa climbed to 80.00, from a level of 79.60 in the prior month.

On an annual basis, electricity production in South Africa fell by 0.3% in December, compared to a drop of 1.5% in November.

Electricity consumption in South Africa slid 1.5% on a yearly basis, in December, after easing 2.4% in the previous month.

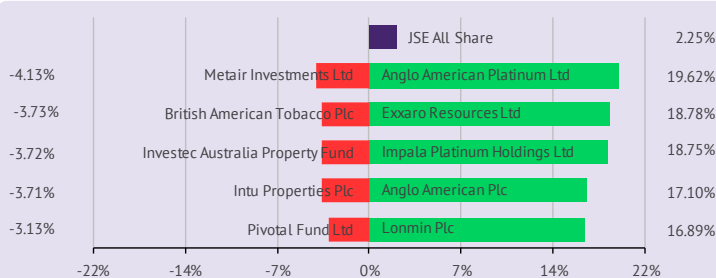
Rating agency Moody's warned that South Africa's weak growth outlook will hamper efforts to raise tax revenues and the nation has to take measures to tackle the effects of severe drought. It further mentioned that South Africa's credit rating could be downgraded if economic growth does not improve.

Eskom, in its update on the power system indicated that it had cut diesel costs significantly during the past quarter and used its diesel-fired open-cycle gas turbines (OCGT) less than it had to previously to meet demand. It further stated a decline in unplanned outages by 10.0% compared to the previous year.

## South Africa Market ▲

### South African markets closed higher

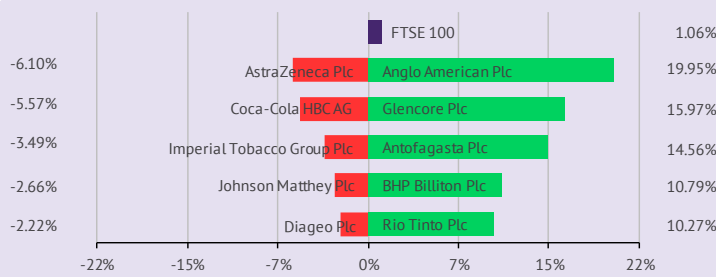
South African markets closed in the green yesterday, led by gains in platinum mining sector stocks. Additionally, data revealed a rise in South Africa's business confidence in January. The JSE All Share Index rose 2.3% to close at 49,627.53.



## UK Market ▲

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

UK markets finished higher yesterday, amid gains in mining and energy sector stocks. Separately, The Bank of England (BoE) kept key interest rate on hold at 0.5%. The FTSE 100 Index advanced 1.1% to close at 5,898.76.



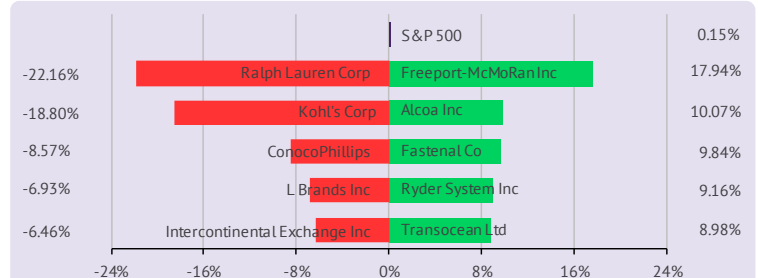
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49627.53	▲	1092.05	2.25%	0.99%	0.99%	-3.06%	-2.10%
JSE Top 40	44292.35	▲	844.91	1.94%	0.51%	0.51%	-3.78%	-3.29%
FTSE 100	5898.76	▲	61.62	1.06%	-3.04%	-3.04%	-2.54%	-5.50%
DAX 30	9393.36	▼	-41.46	-0.44%	-4.13%	-4.13%	-8.80%	-12.56%
CAC 40	4228.53	▲	1.57	0.04%	-4.27%	-4.27%	-4.75%	-8.81%
S&P 500	1915.45	▲	2.92	0.15%	-1.28%	-1.28%	-5.07%	-6.29%
Nasdaq Composite	4509.56	▲	5.32	0.12%	-2.26%	-2.26%	-7.86%	-9.94%
DJIA	16416.58	▲	79.92	0.49%	-0.30%	-0.30%	-5.50%	-5.79%

## US Market ▲

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

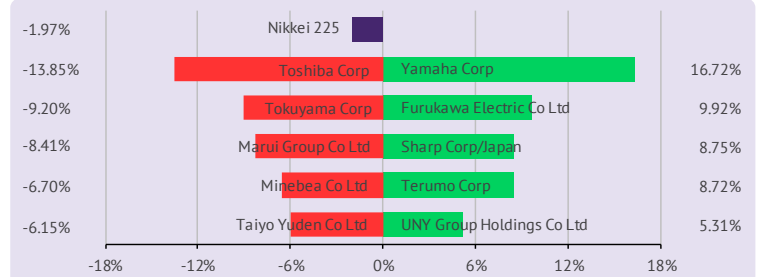
US markets closed higher yesterday, supported by gains in material sector stocks. Meanwhile, data indicated that US factory orders dropped more-than-expected in December. The S&P 500 Index climbed 0.2% to close at 1,915.45.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. The Nikkei 225 Index is trading 2.0% lower at 16,708.98.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% firmer against the South African Rand at R15.9133. Later today, traders will keep a close watch on US non-farm payrolls, unemployment rate and average hourly earnings of employees along with a report on trade balance for further clues. Additionally, gross gold & foreign exchange reserves of South Africa will be on trader's radar.

The US Dollar fell against the South African Rand yesterday, after US factory orders posted its biggest drop in a year in December while durable goods orders fell more-than-expected in the same month. Additionally, US initial jobless claims rose more than anticipated last week. On the other hand, business confidence in South Africa improved marginally in January.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R23.1796. With no economic releases in the UK today, investors will focus on South Africa's gold & foreign exchange reserves data for further direction.

The British Pound declined against the South African Rand yesterday. The BoE maintained the key interest rate at 0.5% but cut its forecasts for economic growth and inflation. The central bank indicated that economic conditions have further deteriorated and the UK economy was not growing as fast as expected. Elsewhere, South Africa's business confidence index recovered from its lowest level in 23 years in January.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R17.8179. Going forward, market participants will keep a tab on German factory orders data scheduled for release in a few hours.

The Euro strengthened against the South African Rand yesterday, after the President of the European Central Bank (ECB), Mario Draghi, stated that the bank will not surrender to low inflation and mentioned that the central bank's stimulus tools are designed to get inflation back to target. He further suggested that more policy easing may be needed to counter deteriorating global conditions.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R11.4305. Earlier in the session, the Reserve Bank of Australia (RBA) in its latest monetary policy statement, cuts its 2017 forecast on GDP growth but kept its inflation outlook unchanged. Data revealed that retail sales in Australian retail sales fell flat in December while the AiG performance of construction index registered a drop in January.

The Australian Dollar rose against the South African Rand yesterday, after business confidence in Australia rose in 4Q15.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.9133	▲	-0.39%	-0.16%	-0.16%	2.70%	2.53%
GBPZAR	23.1796	▲	-0.77%	2.23%	2.23%	-0.72%	1.49%
EURZAR	17.8179	▲	0.21%	3.34%	3.34%	2.40%	5.81%
AUDZAR	11.4305	▲	0.02%	1.48%	1.48%	-0.95%	0.51%
EURUSD	1.1199	▼	0.87%	3.43%	3.43%	-0.30%	3.12%
GBPUSD	1.4568	▼	-0.10%	2.35%	2.35%	-3.33%	-1.06%
Brent (\$/barrel)	34.7	▲	-1.66%	-0.81%	-0.81%	-6.81%	-7.56%
Gold (\$/oz)	1156.2	▼	1.42%	3.68%	3.68%	5.30%	9.18%
Platinum (\$/oz)	908.3	▲	2.98%	3.66%	3.66%	-1.95%	1.64%
Copper (\$/MT)*	4691.8	▲	1.15%	2.66%	2.66%	-2.88%	-0.30%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices retreated 0.1% to trade at \$1,156.20/oz.

Yesterday, gold prices rose 1.4% to close at \$1,157.60/oz, as the US Dollar weakened broadly, after downbeat US economic data, thus increasing obstacles to a Fed rate hike in the near term.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 0.6% to trade at \$34.65/bl.

Yesterday, Brent crude oil dropped 1.7% to settle at \$34.46/bl. Meanwhile, speculation continued of possible talks between the members of the Organization of the Petroleum Exporting Countries (OPEC) to stem oil output. Separately, a report indicated that the White House might include a \$10 per barrel oil fee in its 2017 budget proposal.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.2% to trade at \$908.30/oz.

Yesterday, platinum prices climbed 3.0% to close at \$906.30/oz.



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## Major South Africa Corporate News

### Arcelormittal South Africa Limited

In its operating update and trading statement for FY15, the company, revealed that it expects loss to be more than 2,100.00c/share or 54 times and headline loss to rise by more than 1,250.00c or 22 times when compared with the previous year as it impairs assets and reviews the viability of its Saldanha steelworks. Furthermore, the company announced that Paul O'Flaherty would resign as the Chief Executive Officer (CEO) and Executive Director effective from February 12, 2016. Dean Subramanian, currently the Chief Financial Officer, would be appointed as the acting CEO until a new CEO is elected.

### Assore Limited

In its trading statement for the six months ended 31 December 2015, the company, indicated that it expects headline earnings to decline to between R699.00mn and R751.00mn, compared with R990.00mn recorded in the corresponding period of the prior year. As a result, its headline EPS is anticipated to decline in the range of 24.1% to 29.4% from the same period of the preceding year to be between R6.78 and R7.28. Furthermore, the company stated that its attributable EPS is estimated to be between R5.68 and R6.13, compared with R9.06 reported in the same period a year ago.

### Cashbuild Limited

The company announced that it has received unconditional approval from the South African Competition Commission to acquire 100.0% of the shareholding in P and L Hardware (Pty) Limited, effective on February 29, 2016.

### Harmony Gold Mining Company Limited

In its 1H16 results, the firm, stated that its revenue rose to R8.71bn from R8.15bn posted in the same period of the prior year. However, it reported a diluted headline loss of R1.03/share, compared with loss of R1.75/share recorded in the corresponding period of the preceding year. Additionally, the company indicated that it produced 287.07mnoz of gold in 2Q16, representing an increase of 2.0% from the prior three months. It stated that output would probably fall in 3Q15 due to the slow start after the December break, but its production guidance of around 1.10mnoz for FY16 was left unchanged.

## Major Global Economic News

### US

In December, factory orders eased 2.9% in the US, compared to a downwardly revised fall of 0.7% in the prior month. Market expectation was for factory orders to drop 2.8%.

The final durable goods orders fell 5.0% on a monthly basis in the US, in December, more than market expectations for a drop of 4.5%. The preliminary figure had recorded a drop of 5.1%.

In the US, the seasonally adjusted initial jobless claims registered a rise to 285.00K in the week ended January 30, compared to analyst expectations for a reading of 278.00K. It followed a level of 277.00K in the prior week.

### UK

The BoE kept voted 9-0 to keep interest rate on hold at 0.5% and maintained the asset purchase facility at a level of GBP375.00bn, in line with market expectations. Board member, Ian McCafferty, unexpectedly dropped his call for an increase, citing a temporary weaker wages outlook. The BoE lowered its growth forecasts to 2.2% from 2.5% for 2016, but still expected the next move in interest rates to be upwards.

The Halifax house price index advanced 1.7% in the UK on a monthly basis in January, compared to a revised rise of 2.0% in the prior month. Markets were expecting the index to climb 0.1%.

### Asia

The RBA in its monetary policy statement, projected that the economy would grow at an average rate of 2.5% in 2016 and 3.0% in 2017 and also forecasted a continued decline in unemployment. However, the central bank kept inflation views unchanged but noted concerns about the health of China's economy.

The seasonally adjusted retail sales in Australia recorded an unexpected flat reading on a monthly basis in December, compared to market expectations of a steady rise of 0.4%.

In January, the AiG performance of construction index in Australia recorded a drop to 46.30, from a reading of 46.80 in the previous month.

### Eurozone

The ECB President, Mario Draghi, reiterated his pledge to reconsider the central bank's next month's monetary policy meeting, as inflation expectations in the Euro-region continue to remain on the downside.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Japan Foreign Reserves (Jan)	✓	USD1248.10bn*	USD1233.20bn	Monthly
Japan	07:00	Coincident Index (Dec) (P)	✓	111.00	111.90	Monthly
Japan	07:00	Leading Economic Index (Dec) (P)	✓✓	102.70	103.50	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Jan)	✓✓	USD40.85bn	USD40.65bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Jan)	✓✓	USD45.72bn	USD45.79bn	Monthly
Germany	09:00	Factory Orders s.a. (MoM) (Dec)	✓✓	-0.50%	1.50%	Monthly
France	09:45	Current Account (Dec)	✓	-	-EUR1.40bn	Monthly
France	09:45	Exports (Dec)	✓	-	EUR38.42bn	Monthly
France	09:45	Imports (Dec)	✓	-	EUR43.05bn	Monthly
France	09:45	Trade Balance (Dec)	✓	-	-EUR4.63bn	Monthly
Switzerland	10:00	Foreign Currency Reserves (Jan)	✓	-	CHF559.70bn	Monthly
Italy	12:00	Bank of Italy Report on Balance-Sheet Aggregates	✓	-	-	As scheduled
Eurozone	13:30	SSM Chair Daniele Nouy Speaks in London	✓	-	-	As scheduled
Canada	15:30	Full Time Employment Change (Jan)	✓✓	-	-6.40K	Monthly
US	15:30	Average Hourly Earnings All Employees (MoM) (Jan)	✓✓	0.30%	0.00%	Monthly
US	15:30	Average Weekly Hours All Employees (Jan)	✓	34.50	34.50	Monthly
US	15:30	Change in Household Employment (Jan)	✓	-	485.00K	Monthly
US	15:30	Unemployment Rate (Jan)	✓✓✓	5.00%	5.00%	Monthly
US	15:30	Underemployment Rate (Jan)	✓✓	-	9.90%	Monthly
Canada	15:30	Participation Rate (Jan)	✓	65.90%	65.90%	Monthly
Canada	15:30	Unemployment Rate (Jan)	✓✓✓	7.10%	7.10%	Monthly
Canada	15:30	International Merchandise Trade (Dec)	✓	-CAD2.20bn	-CAD1.99bn	Monthly
US	15:30	Change in Manufacturing Payrolls (Jan)	✓	-2.00K	8.00K	Monthly
US	15:30	Change in Non-farm Payrolls (Jan)	✓✓✓	190.00K	292.00K	Monthly
US	15:30	Change in Private Payrolls (Jan)	✓✓	180.00K	275.00K	Monthly
US	15:30	Trade Balance (Dec)	✓✓	-USD43.20bn	-USD42.37bn	Monthly
Canada	15:30	Net Change in Employment (Jan)	✓✓✓	6.00K	22.80K	Monthly
Canada	17:00	Ivey PMI s.a (Jan)	✓✓	49.50	49.90	Monthly
US	22:00	Consumer Credit Change (Dec)	✓✓	USD16.00bn	USD13.95bn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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