

ONE Minute Brief

26 February 2016

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Economic and Political News

In South Africa, unemployment rate dropped unexpectedly to a level of 24.5% in 4Q15, lower than market expectations of an advance to a level of 25.6%. The unemployment rate had recorded a reading of 25.5% in the prior quarter.

The producer price index in South Africa advanced 1.6% in January on a monthly basis, more than market expectations for a rise of 0.3%. In the previous month, the index had climbed 0.2%.

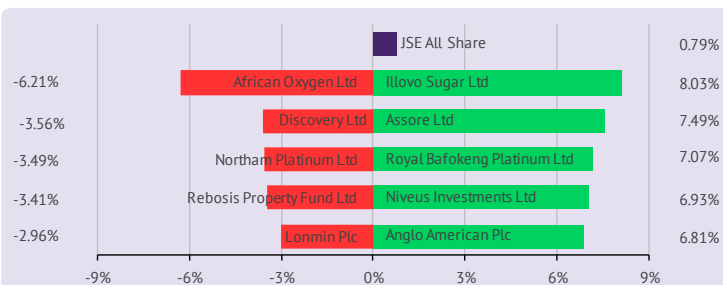
Standard & Poor's Ratings Services stated that its ratings on South Africa wouldn't be immediately affected following the budget announced for 2016. Moreover, the rating agency also indicated that the budget lacked significant policy announcements which could spur growth or provide business confidence needed in the private sector.

Finance Minister, Pravin Gordhan, has asked the developed countries to consider developing nations like South Africa, as their partners. He also stated that the government and the private sector must change the ethical system and business culture in South Africa.

South Africa Market ▲

South African markets closed higher

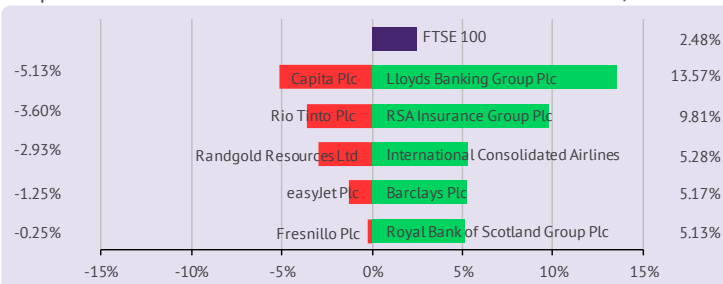
South African markets closed in the green yesterday, amid gains in resources sector stocks. Data revealed that unemployment rate in South Africa dropped to 24.5% in 4Q15, from 25.5% in the preceding three months. The JSE All Share Index rose 0.8% to close at 48,373.17.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, supported by gains in financial sector stocks. Data indicated UK's Gross Domestic Product (GDP) growth in 4Q15 remained unrevised on a quarterly basis, at par with market expectations. The FTSE 100 Index advanced 2.5% to close at 6,012.81.



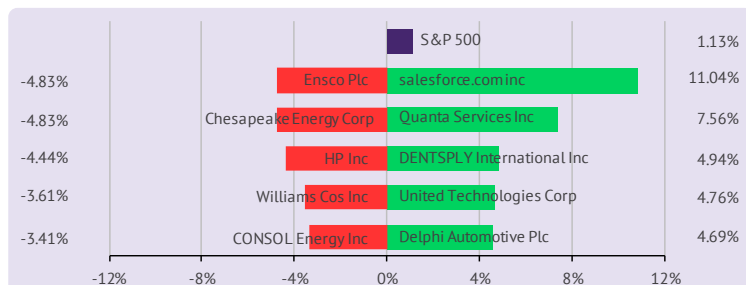
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	48373.17	▲	377.35	0.79%	-1.16%	-1.56%	-3.06%	-4.58%
JSE Top 40	42742.91	▲	290.30	0.68%	-1.68%	-3.00%	-3.78%	-6.67%
FTSE 100	6012.81	▲	145.63	2.48%	1.05%	-1.17%	-2.54%	-3.68%
DAX 30	9331.48	▲	163.68	1.79%	-0.60%	-4.76%	-8.80%	-13.14%
CAC 40	4248.45	▲	93.11	2.24%	0.60%	-3.82%	-4.75%	-8.38%
S&P 500	1951.70	▲	21.90	1.13%	1.77%	0.59%	-5.07%	-4.51%
Nasdaq Composite	4582.21	▲	39.60	0.87%	1.73%	-0.69%	-7.86%	-8.49%
DJIA	16697.29	▲	212.30	1.29%	1.86%	1.40%	-5.50%	-4.18%

US Market ▲

The S&P 500 futures are trading in the green

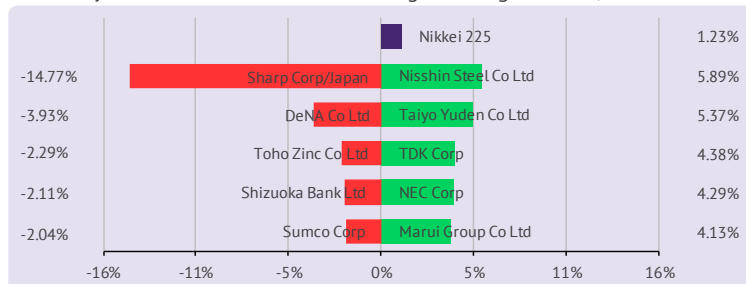
US markets closed higher yesterday, due to gains in financial sector stocks. Data revealed that the US durable goods orders rebounded more than-market expectations, recording its highest leap in 10 months in January. The S&P 500 Index climbed 1.1% to close at 1,951.70.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. Earlier in the session, data showed that Japan's national consumer price inflation recorded a flat reading on an annual basis in January. The Nikkei 225 Index is trading 1.2% higher at 16,338.12.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.1% against the South African Rand to trade at R15.5665. Later today, traders will keep a close watch on the US GDP for 4Q15 and the Reuters/Michigan consumer sentiment index for further clues. Moreover, investor will pay attention to the US personal consumption for 4Q15 and personal income for January.

The US Dollar fell against the South African Rand yesterday, after the US initial jobless claims edged higher-than-expected last week. Meanwhile, new orders for US durable goods in January rose the most in 10 months, as consumer demand gained momentum in the economy. Separately, in South Africa, unemployment rate declined slightly in 4Q15 while producer price inflation rose more-than-market expectations on a monthly basis in January.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound gained 0.2% against the South African Rand to trade at R21.8027. Earlier today, the GfK consumer confidence index in UK recorded a flat reading, its lowest in over a year in February, as concerns over the economic outlook hurt sentiment. With no other economic releases in the UK today, investors will look forward to reports on UK's net consumer credit and mortgage approvals scheduled for release next week.

The British Pound advanced against the South African Rand yesterday. Data showed that, UK's economy expanded 0.5% in 4Q15, at par with market expectations. Elsewhere, in South Africa, unemployment rate dropped slightly in 4Q15.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.3% higher against the South African Rand at R17.2288. Going forward, market participants will keep a tab on the Eurozone's consumer confidence and economic sentiment indices along with a speech by Peter Praet, the Executive board member of the European Central Bank (ECB) for further direction. Furthermore, Germany's consumer price inflation data scheduled to release in a few hours will grab market attention.

The Euro weakened against the South African Rand yesterday, after Eurozone's consumer prices were revised downwards to 0.3% from its earlier estimate of a 0.4% rise, on a yearly basis in January.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell marginally against the South African Rand to trade at R11.2694. Earlier in the session, the Governor of the People's Bank of China, Zhou Xiaochuan indicated that further interest rate cuts are on the agenda and reiterated that there is no basis for a further devaluation of the Yuan.

The Australian Dollar rose against the South African Rand yesterday. Data showed Australia's private capital expenditure advanced unexpectedly in 4Q15.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.5665	▼	-0.12%	1.20%	-1.96%	2.70%	0.69%
GBPZAR	21.8027	▲	0.05%	-1.57%	-3.84%	-0.72%	-4.54%
EURZAR	17.2288	▲	-0.05%	0.19%	-0.18%	2.40%	2.21%
AUDZAR	11.2694	▼	0.44%	2.44%	0.19%	-0.95%	-0.77%
EURUSD	1.1068	▲	0.16%	-0.94%	1.77%	-0.30%	1.46%
GBPUSD	1.4003	▲	0.23%	-2.75%	-2.01%	-3.33%	-5.28%
Brent (\$/barrel)	35.1	▼	2.56%	6.91%	1.58%	-6.81%	-5.34%
Gold (\$/oz)	1236.9	▼	0.01%	0.68%	10.96%	5.30%	16.85%
Platinum (\$/oz)	921.2	▼	-1.77%	-1.97%	6.03%	-1.95%	3.96%
Copper (\$/MT)*	4609.3	▼	-0.81%	-0.32%	0.86%	-2.88%	-2.05%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped 0.2% to trade at \$1,236.90/oz.

Yesterday, gold prices rose marginally to close at \$1,238.80/oz, despite a rally in global equity markets.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged lower 0.6% to trade at \$35.08/bl.

Yesterday, Brent crude oil advanced 2.6% to settle at \$35.29/bl, after Venezuelan Oil Minister, Eulogio Del Pino, indicated that his nation along with top oil producers would conduct a meeting in March to discuss measures to stabilise the highly volatile petroleum markets.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.6% lower to trade at \$921.20/oz.

Yesterday, platinum prices declined 1.7% to close at \$927.00/oz, reversing previous session gains.



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Major South Africa Corporate News

Discovery Limited

In its 1H16 results, the company, indicated that its net insurance premium revenue advanced 14.7% from the same period of the prior year to R13.95bn. However, its headline diluted EPS fell to 276.70c from 578.90c posted in the corresponding period of the previous year. Its normalised headline diluted EPS stood at 331.90c, compared with 331.40c recorded in the same period a year ago, weighed down partly by the cost of setting up a bank. Furthermore, the company stated that its undiluted headline EPS and basic EPS for FY16 is anticipate to be at least 20.0% lower (176.50c and 183.00c respectively) from the preceding year (882.40c and 914.80c respectively).

Impala Platinum Holdings

In its 1H16 results, the firm, revealed that its revenue rose to R16.98bn from R15.90bn posted in the same period of the prior year. However, its diluted headline EPS declined 19.7% from the corresponding period of the previous year to 53.00c. Additionally, the company stated that its gross refined platinum production increased 9.8% from the previous comparable period to 692,100.00oz. For FY16, the company revised its platinum production guidance to be between 630,000.00oz and 650,000.00oz.

JSE Limited

In its FY15 results, the company, stated that its revenue across all its operating divisions jumped 20.0% from the prior year to R2.13bn, driven by significantly higher market activity. Its diluted headline EPS advanced to R10.16 from R7.27 posted in the preceding year. Its profit before tax stood at R1.24bn, compared with R0.87bn recorded in the previous year.

Mondi Limited

In its FY15 results, the company, indicated that its group revenue increased to EUR6.82bn from EUR6.40bn posted in the previous year. Excluding the effects of acquisitions and disposals, revenue was up 3.9%, driven by generally higher domestic selling prices in the upstream paper businesses and good volume gains in Containerboard, Corrugated Packaging and Consumer Packaging. Its headline diluted EPS advanced 24.1% from the previous year to 123.10c.

Sibanye Gold Limited

In its FY15 results, the firm, stated that its revenue rose to R22.72bn from R21.78bn posted in the prior year. However, its diluted headline EPS dropped 55.4% from last year to 74.00c. Gold production of 47,775.00kg (1.54mnoz) was 3.0% lower than the previous year, reflecting the impact of the poor March 2015 quarter and the effects of Eskom load shedding in the June 2015 quarter. For FY16, the company expects gold production to increase to approximately 50,000.00kg (1.61mnoz).

Trencor Limited

The company announced that Neil Jowell would retire as the Chairman and Executive Director and Cecil Jowell would retire as the Executive Director with effect from June 7, 2016. Furthermore, the company revealed that Jimmy McQueen has been appointed as the Chief Executive Officer, while Ricardo Antonio Sieni CA has been appointed as the Financial Director effective March 1, 2016.

Major Global Economic News

UK

In the UK, the second estimate of GDP advanced 0.5% on a quarterly basis in 4Q 2015, compared to a rise of 0.5% in the previous quarter. Markets were anticipating GDP to climb 0.5%. The preliminary figures had also recorded an advance of 0.5%.

The GfK consumer confidence index in UK, unexpectedly recorded a flat reading in February, compared to an advance to a level of 4.00 in the previous month.

Eurozone

The consumer price index in the Eurozone eased 1.4% on a monthly basis in January, in line with market expectations. The consumer price index had recorded an unchanged reading in the previous month.

In Germany, the GfK consumer confidence index recorded an unexpected rise to a level of 9.50 in March, compared to a level of 9.40 in the previous month. Market anticipation was for the index to ease to a level of 9.30.

US

In January, the preliminary durable goods orders rose 4.9% in the US, on a monthly basis, higher than market expectations for a rise of 2.9%. In the prior month, orders had recorded a revised drop of 4.6%.

The seasonally adjusted initial jobless claims registered a rise to 272.00K in the US, in the week ended February 20, 2016, compared to a reading of 262.00K in the prior week. Market anticipation was for claims to rise to 270.00K.

Asia

The national consumer price index (CPI) in Japan remained unchanged in January, on an annual basis, compared to a rise of 0.2% in the previous month. Markets were anticipating the national consumer price index (CPI) to record a flat reading.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Jan)	✓✓	0.00%*	0.20%	Monthly
Japan	01:30	National CPI Ex Food, Energy (YoY) (Jan)	✓✓	0.70%*	0.80%	Monthly
UK	02:05	Gfk Consumer Confidence (Feb)	✓✓	0.00*	4.00	Monthly
China	03:30	House Price Index (YoY) (Jan)	✓	2.50%*	1.60%	Monthly
France	09:45	Producer Prices (MoM) (Jan)	✓	-	-1.20%	Monthly
France	09:45	Gross Domestic Product (QoQ) (Q4) (F)	✓	0.20%	0.20%**	Quarterly
France	09:45	Consumer Price Index (EU norm) (MoM) (Feb) (P)	✓	0.40%	-1.10%	Monthly
France	09:45	Consumer Spending (MoM) (Jan)	✓	0.60%	0.70%	Monthly
Spain	10:00	Consumer Price Index (MoM) (Feb) (P)	✓	0.10%	-1.90%	Monthly
Italy	11:00	Wage Inflation (MoM) (Jan)	✓	-	0.00%	Monthly
Portugal	11:30	Consumer Confidence (Feb)	✓	-	-12.60	Monthly
Portugal	11:30	Business Confidence (Feb)	✓	-	0.60	Monthly
Eurozone	12:00	Consumer Confidence (Feb) (F)	✓✓	-	-8.80**	Monthly
Eurozone	12:00	Business Climate Indicator (Feb)	✓✓	0.27	0.29	Monthly
Eurozone	12:00	Economic Sentiment Indicator (Feb)	✓	104.30	105.00	Monthly
Eurozone	12:00	Industrial Confidence (Feb)	✓	-3.60	-3.20	Monthly
Eurozone	12:00	Services Sentiment Indicator (Feb)	✓	11.40	11.60	Monthly
Germany	15:00	Consumer Price Index (MoM) (Feb) (P)	✓✓	0.50%	-0.80%	Monthly
Germany	15:00	Consumer Price Index (YoY) (Feb) (P)	✓✓	0.10%	0.50%	Monthly
US	15:30	Gross Domestic Product Annualised (QoQ) (Q4) (S)	✓✓✓	0.40%	0.70%**	Quarterly
US	15:30	Personal Consumption (QoQ) (Q4) (S)	✓✓	2.20%	2.20%**	Quarterly
US	17:00	Personal Income (MoM) (Jan)	✓✓	0.40%	0.30%	Monthly
US	17:00	Personal Spending (Jan)	✓✓	0.30%	0.00%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Feb) (F)	✓✓✓	91.00	90.70**	Monthly
US	17:00	Personal Consumption Expenditure Core (MoM) (Jan)	✓✓	0.20%	0.00%	Monthly
Eurozone	20:30	ECB's Peter Praet Speaks on Panel in New York	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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