

ONE Minute Brief

11 February 2016

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Economic and Political News

The World Bank estimated that South Africa will grow at only 0.8% in 2016 and stated that the nation must average economic growth of 7.2% to meet its development targets by passing laws that encouraged competition and decreased cartel activity.

Chief Executive of AngloGold Ashanti Limited, Srinivasan Venkatakrishnan, stated that the company would not look for a new joint venture partner for its Obuasi mine in Ghana until it had a satisfactory investment agreement with the government.

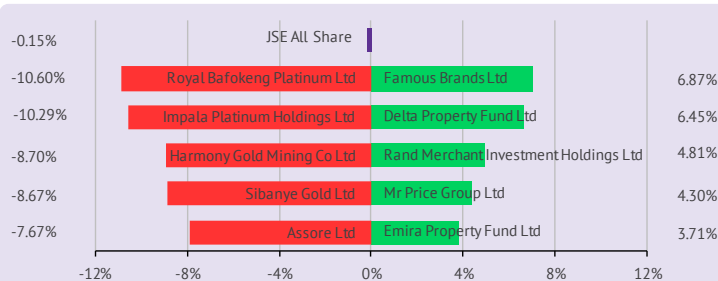
The National Union of Mineworkers (NUM), stated that about 2,000 workers at LafargeHolcim will launch an open-ended strike on Thursday demanding a pay increase of 13%, more than two times the official inflation rate.

Cape Town High Court Judge, Nape Dolamo, ruled against the Democratic Alliance (DA) in its attempt to use an affidavit by Willie Hofmeyr, to suspend Nomgcobo Jiba, the Deputy Head of the National Prosecuting Authority (NPA).

South Africa Market ▼

South African markets closed lower

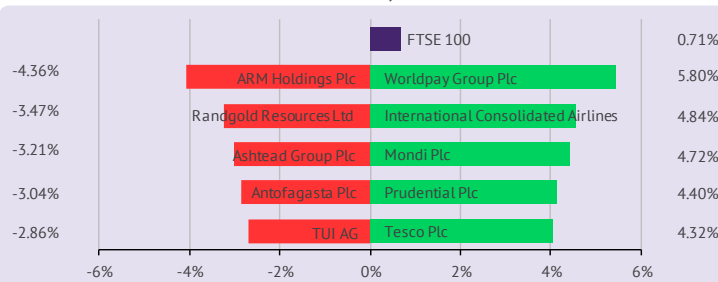
South African markets closed in the red yesterday, led by losses in platinum mining sector stocks. The JSE All Share Index fell 0.2% to close at 48,273.24.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, buoyed by a rebound in banking sector stocks. Data by NIESR revealed a rise in its estimate of UK's gross domestic product (GDP) in the November-January 2016 period. The FTSE 100 Index advanced 0.7% to close at 5,672.30.



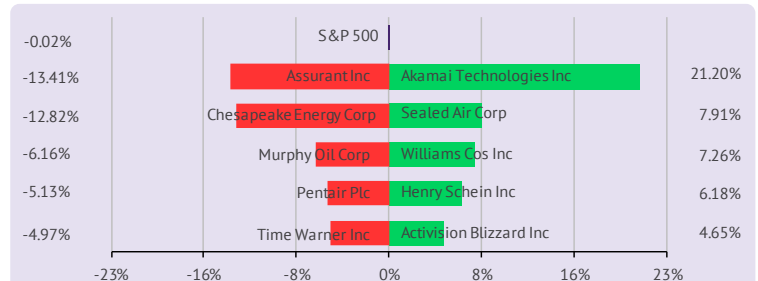
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	48273.24	▼	-71.51	-0.15%	-2.97%	-1.77%	-3.06%	-4.77%
JSE Top 40	43007.47	▲	32.05	0.07%	-3.25%	-2.40%	-3.78%	-6.09%
FTSE 100	5672.30	▲	40.11	0.71%	-3.01%	-6.76%	-2.54%	-9.13%
DAX 30	9017.29	▲	137.89	1.55%	-2.90%	-7.97%	-8.80%	-16.06%
CAC 40	4061.20	▲	63.66	1.59%	-3.32%	-8.06%	-4.75%	-12.42%
S&P 500	1851.86	▼	-0.35	-0.02%	-1.50%	-4.56%	-5.07%	-9.40%
Nasdaq Composite	4283.59	▲	14.83	0.35%	-1.82%	-7.16%	-7.86%	-14.45%
DJIA	15914.74	▼	-99.64	-0.62%	-1.79%	-3.35%	-5.50%	-8.67%

US Market ▼

The S&P 500 futures are trading in the red

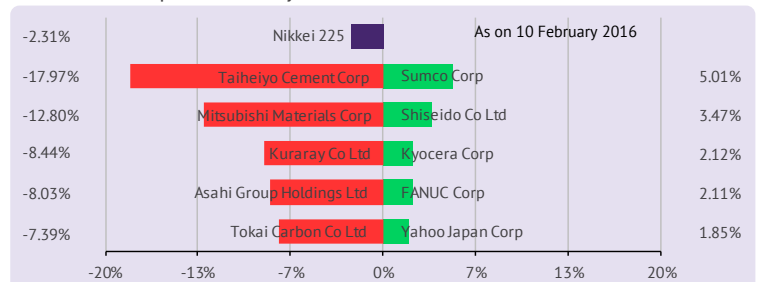
US markets closed lower yesterday, weighed down by losses in material sector stocks. Separately, the US Federal Reserve (Fed) Chair, Janet Yellen, stated that she did not expect the Fed to reverse its rate hike program. The S&P 500 Index dropped marginally to close at 1,851.86.



Asian Market ▼

Trading lower

Asian markets are trading lower (Kospi and Hang Seng) this morning, as investors digested remarks from the Fed Chair, Janet Yellen along with volatile oil prices. Markets in China, Japan and Taiwan are closed on account of a public holiday.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar rose 0.2% against the South African Rand to trade at R15.9083. Later today, traders will keep a close watch on a speech by the US Fed Chairwoman, Janet Yellen before the Senate Banking Committee along with a report on the initial jobless claims for the week ending 6 February. Additionally, South Africa's mining and manufacturing production data will attract market attention.

The US Dollar fell against the South African Rand, after the Fed Chief, Janet Yellen warned that volatility in financial markets and uncertainty over China's growth have raised risks to the US economy. She further indicated that it was unlikely for the central bank to reverse its plan of raising interest rates this year. Meanwhile, the US posted a budget surplus in January, compared to a deficit in the same month a year ago.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R23.1301. Early morning data revealed that the RICS house price balance for UK remained steady at a level of 49.00 in January. With no more economic releases in the UK today, investors will look forward to the mining and manufacturing production data for South Africa for further direction in the currency pair.

The British Pound declined against the South African Rand, after UK's industrial production contracted at a faster pace on a monthly basis in December. Meanwhile, the NIESR projected that the UK economy expanded at a slightly lower rate in the November-January 2016 period, compared to the previous three month period. Furthermore, UK's manufacturing production unexpectedly fell for the third straight month on a monthly basis in December.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R17.9602. Going forward with no major economic releases in the Eurozone, market participants will keep a tab on South Africa's mining and manufacturing production data scheduled to release today for further clues.

The Euro weakened against the South African Rand, reversing previous session gains.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R11.2858. Earlier in the session, data showed that consumer inflation expectations in Australia remained unchanged at 3.6% for February.

The Australian Dollar fell against the South African Rand, despite a rise in the consumer confidence index in Australia in February.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.9083 ▲		-1.13%	-0.91%	-0.04%	2.70%	2.66%
GBPZAR	23.1301 ▲		-0.65%	-0.45%	2.01%	-0.72%	1.27%
EURZAR	17.9602 ▲		-1.14%	0.60%	4.30%	2.40%	6.79%
AUDZAR	11.2858 ▲		-0.79%	-0.48%	0.18%	-0.95%	-0.78%
EURUSD	1.1290 ▼		-0.01%	1.26%	4.25%	-0.30%	3.93%
GBPUSD	1.4539 ▲		0.50%	0.22%	1.98%	-3.33%	-1.42%
Brent (\$/barrel)	30.5 ▼		1.72%	-9.45%	-11.23%	-6.81%	-17.27%
Gold (\$/oz)	1207.1 ▲		-0.33%	3.19%	7.01%	5.30%	12.69%
Platinum (\$/oz)	936.0 ▲		-0.55%	3.38%	6.85%	-1.95%	4.77%
Copper (\$/MT)*	4450.0 ▼		-1.42%	-3.96%	-2.63%	-2.88%	-5.43%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.0% higher to trade at \$1,207.10/oz.

Yesterday, gold prices fell 0.3% to close at \$1,194.70/oz. However, losses in gold price were kept in check, after the Fed Chief, Janet Yellen, comments indicated that the Fed could find it hard to raise interest rate in the near term. She also added that there were less chances that the central bank would need to reverse the rate tightening cycle.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 1.1% lower to trade at \$30.51/bL

Yesterday, Brent crude oil advanced 1.7% to settle at \$30.84/bL, after the US Energy Department reported that crude oil inventories unexpectedly fell by 0.75mn bls last week.

Platinum ▲

Trading in positive territory

Platinum prices, reversed previous session losses and at 06:00 SAST, edged 0.2% higher to trade at \$936.00/oz.

Yesterday, platinum prices declined 0.6% to close at \$934.20/oz, reversing previous session gains.



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Major South Africa Corporate News

Blue Label Telecoms Limited

In its trading statement for the six months ended 30 November 2015, the company stated that its EPS is expected to increase in the range of 21.0% to 25.0% from the same period of the prior year to be between 51.78c and 53.49c. Its headline EPS is expected to be in the range of 52.55c to 54.27c, reflecting growth of 23.0% to 27.0% from the corresponding period of the previous year. It also expects its core EPS, which represents the actual earnings of the group, to be between 53.36c and 54.70c, compared with 44.47c reported in the same period a year ago. The company indicated that the increase in earnings was primarily attributable to organic growth, on the back of an extended customer base supported by an enhanced bouquet of products and services offered to it. Additionally, the company continued to control its operational costs.

Brait SE

In an update for 3Q16, the firm revealed that its net asset value (NAV) gained 10.4% from the prior quarter to R136.34. From the same period of the previous year, NAV increased 120.1% and a three year compounded annual growth rate (CAGR) was 76.7%. Meanwhile, when ordinary share dividends paid-till-date was included, three year CAGR was 77.0%.

Sappi Limited

In its 1Q16 results, the company indicated that its sales fell to USD1.28bn from USD1.38bn posted in the same period of the preceding year. However, its operating profit jumped 78.3% from the corresponding period of the prior year to USD123.00mn, after higher prices for the cotton substitute helped offset the effects of a drought in South Africa on volumes. Its diluted headline EPS increased to 12.00¢ from 5.00¢ recorded in the same period of the previous year. Going forward, the company anticipates strong growth in earnings for FY16 compared with last year and expects net debt to fall further.

Major Global Economic News

UK

In the November-January 2016 period, NIESR estimated GDP in the UK registered a rise of 0.4%, compared to a revised advance of 0.5% in the October-December 2015 period.

In the UK, manufacturing production unexpectedly eased 0.2% on a monthly basis in December, less than market expectations for a rise of 0.1%. In the previous month, manufacturing production had dropped by a revised 0.3%.

In December, industrial production registered a drop of 1.1% on a monthly basis in the UK, higher than market expectations for a fall of 0.1%. In the previous month, industrial production had declined by a revised 0.8%.

The RICS house price balance in the UK remained steady at a level of 49.00 in January, compared to market expectations of a rise to a level of 52.00.

Eurozone

In December, industrial production unexpectedly eased 1.6% on a monthly basis in France, lower than market expectations for a rise of 0.2%. In the prior month, industrial production had fallen 0.9%.

Manufacturing production in France unexpectedly eased 0.8% on a monthly basis in December, against market expectations for a rise of 0.3%. In the previous month, manufacturing production had registered a revised climb of 0.6%.

US

The US Fed Chairwoman, Janet Yellen, warned that volatile financial markets and uncertainty over China's economic growth have raised risks to the US economy. She stated that the Fed was unlikely to cut rates but signaled a gradual increase in interest rates as she expected continued US economic growth on the back of continued hiring and increase in wages.

The US posted a USD55.2bn budget surplus in January, from a deficit of USD17.5bn in the same month a year ago.

Mortgage applications in the US, on a weekly basis, recorded a rise of 9.3% in the week ended February 05, 2016, from a drop of 2.6% in the previous week.

Asia

The consumer inflation expectations in Australia remained steady a level of 3.6% in February.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	02:01	RICS Housing Price Balance (Jan)	✓✓	49.00%*	49.00%	Monthly
Switzerland	10:15	Consumer Price Index (MoM) (Jan)	✓✓	-0.40%	-0.40%	Monthly
South Africa	11:30	Gold Production (YoY) (Dec)	✓✓	-	2.20%	Monthly
South Africa	11:30	Platinum Production (YoY) (Dec)	✓✓	-	24.90%	Monthly
South Africa	11:30	Mining Production (YoY) (Dec)	✓✓	-0.90%	-0.80%	Monthly
Greece	12:00	Unemployment Rate (Dec)	✓	24.40%	24.50%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Dec)	✓✓	0.10%	-1.20%	Monthly
Canada	15:30	New Housing Price Index (MoM) (Dec)	✓	0.20%	0.20%	Monthly
US	15:30	Continuing Jobless Claims (30-Jan)	✓	2250.00K	2255.00K	Weekly
US	15:30	Initial Jobless Claims (06-Feb)	✓✓	280.00K	285.00K	Weekly
US	17:00	Fed's Yellen to Appear Before Senate Banking Committee	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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