

# ONE Minute Brief

12 February 2016

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## Economic and Political News

In South Africa, manufacturing production rose more-than-expected by 1.8% on a monthly basis, in December, following a revised fall of 1.3% in the prior month.

The mining production in South Africa, on an annual basis, eased less-than-expected by 0.3% in December compared to a revised drop of 1.3% in the previous month.

In South Africa on an annual basis, gold production recorded a drop of 4.9% in December, following a revised increase of 2.3% in November.

President Jacob Zuma, in his State of the Nation Address, stated that South Africa needs an effective turnaround plan to address its challenges and put its economy on an accelerated growth track. He further announced cost cutting initiatives and mentioned that the government will work closely with businesses to restore investor's confidence and prevent the nation's credit rating being downgraded to a junk status.

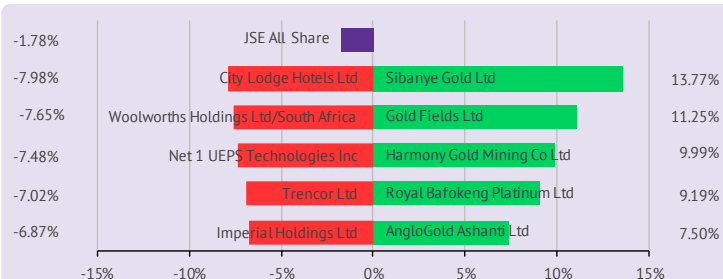
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	47411.57	▼	-861.67	-1.78%	-4.71%	-3.52%	-3.06%	-6.47%
JSE Top 40	42054.18	▼	-953.29	-2.22%	-5.40%	-4.56%	-3.78%	-8.17%
FTSE 100	5536.97	▼	-135.33	-2.39%	-5.32%	-8.99%	-2.54%	-11.30%
DAX 30	8752.87	▼	-264.42	-2.93%	-5.74%	-10.67%	-8.80%	-18.52%
CAC 40	3896.71	▼	-164.49	-4.05%	-7.24%	-11.78%	-4.75%	-15.97%
S&P 500	1829.08	▼	-22.78	-1.23%	-2.71%	-5.73%	-5.07%	-10.51%
Nasdaq Composite	4266.84	▼	-16.75	-0.39%	-2.21%	-7.52%	-7.86%	-14.79%
DJIA	15660.18	▼	-254.56	-1.60%	-3.36%	-4.90%	-5.50%	-10.13%

## South Africa Market ▼

### South African markets closed lower

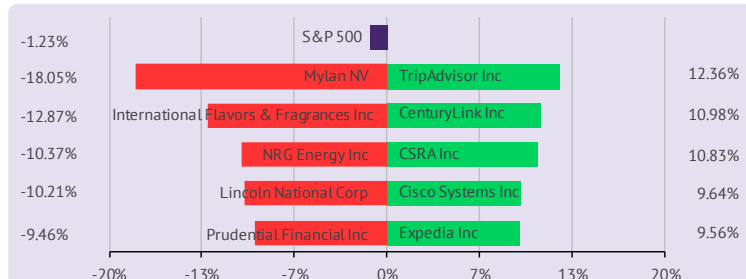
South African markets closed in the red yesterday, amid losses in industrial sector stocks. Data revealed that the South African manufacturing production climbed on a yearly basis in December. The JSE All Share Index fell 1.8% to close at 47,411.57.



## US Market ▼

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

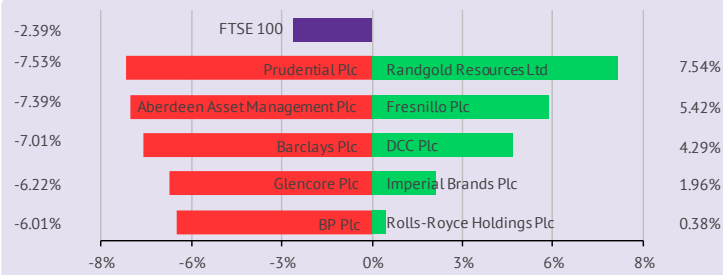
US markets closed lower yesterday, weighed down by tumbling oil prices and a losses in financial sector stocks. Meanwhile, data revealed that US initial jobless claims fell last week. The S&P 500 Index dropped 1.2% to close at 1,829.08.



## UK Market ▼

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

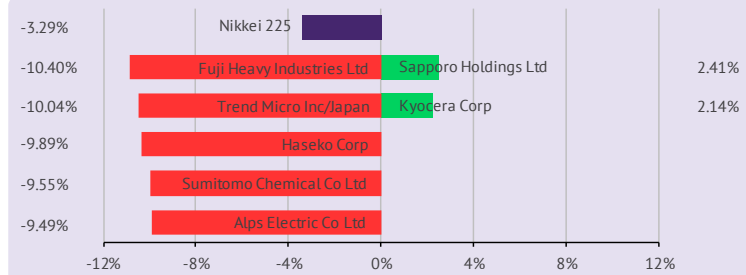
UK markets finished lower yesterday, led by a decline in financial and mining sector stocks. Additionally, UK's bank index fell to its lowest level in 7 years. The FTSE 100 Index declined 2.4% to close at 5,536.97, its lowest level in more than 3 years.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street and following a decline in oil prices. Markets in China are closed on account of a public holiday. The Nikkei 225 Index is trading 3.3% lower at 15,195.82.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R15.8599. Later today, traders will keep a close watch on the US advance retail sales for January and business inventories data for December. Moreover, the university of Michigan consumer confidence index for February, will also garner market attention.

The US Dollar fell against the South African Rand yesterday. The US Federal Reserve (Fed) Chief, Janet Yellen, in her testimony indicated that central bank recognises financial market worries, as well as the downward pressure that declining oil prices were putting on US inflation which remains below its 2.0% target. She further added that the Fed should remain prepared to cut short-term interest rates into negative territory if the economy takes a downturn. Separately, US initial jobless claims dropped more-than consensus estimates during last week.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.2% against the South African Rand to trade at R22.9545. Later today, traders will monitor UK's construction output for December, for further clues.

The British Pound declined against the South African Rand yesterday. Data released showed that the RICS house price balance for UK remained steady at a level of 49.00 in January.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.4% weaker against the South African Rand at R17.9240. Going forward, market participants will keep a tab on Eurozone's Q4 gross domestic product and industrial production for December. Moreover, the traders will eye the German consumer price inflation and gross domestic product data, set for release in a few hours.

The Euro strengthened against the South African Rand yesterday, reversing its previous session losses.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar climbed marginally against the South African Rand to trade at R11.2814. Earlier in the session, data showed that the Australian home loans advanced less-than market expectations and investment spending fell in December compared to its previous month level.

The Australian Dollar rose against the South African Rand. Yesterday, the Reserve Bank of Australia (RBA) Governor, Glenn Stevens, stated that contained inflation in the country gave central bank the scope to cut interest rates again if necessary. Further, he downplayed concerns about the health of the nation's banks, citing that their exposure to debt in the oil and gas sector was quite less. Separately, the Australian consumer inflation expectation remained unchanged at 3.6% in February.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.8599	▼	-0.02%	-0.93%	-0.06%	2.70%	2.64%
GBPZAR	22.9545	▼	-0.39%	-0.84%	1.62%	-0.72%	0.88%
EURZAR	17.9240	▼	0.23%	0.83%	4.53%	2.40%	7.04%
AUDZAR	11.2814	▲	0.04%	-0.43%	0.22%	-0.95%	-0.74%
EURUSD	1.1301	▼	0.29%	1.55%	4.55%	-0.30%	4.23%
GBPUUSD	1.4474	▼	-0.39%	-0.17%	1.57%	-3.33%	-1.81%
Brent (\$/barrel)	31.7	▲	-2.53%	-11.74%	-13.47%	-6.81%	-19.37%
Gold (\$/oz)	1233.7	▼	4.45%	7.78%	11.78%	5.30%	17.70%
Platinum (\$/oz)	953.8	▼	3.10%	6.58%	10.17%	-1.95%	8.02%
Copper (\$/MT)*	4454.3	▲	0.10%	-3.86%	-2.53%	-2.88%	-5.34%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices fell 1.1% to trade at \$1,233.70/oz.

Yesterday, gold prices rose 4.5% to close at \$1,247.90/oz, as heightened uncertainty over economic growth and losses in global equity markets prompted investors to seek safety in the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 5.6% higher to trade at \$31.74/bl.

Yesterday, Brent crude oil dropped 2.5% to settle at \$30.06/bl, as global oversupply of crude oil and weakening demand is expected to keep prices low for the rest of the year. Meanwhile, UAE Energy Minister, Suhail bin Mohammed al-Mazrouei stated that the members of the Organization of the Petroleum Exporting Countries (OPEC) might be ready to cooperate on a cut in oil production.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 1.0% lower to trade at \$953.80/oz.

Yesterday, platinum prices climbed 3.1% to close at \$963.20/oz, reversing previous session losses.

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## Major South Africa Corporate News

### JSE Limited

In its trading statement for the twelve months ended 31 December 2015, the exchange, stated that it expects basic EPS for the group to be in the range of R10.02 to R10.76, representing an increase of 35.0% to 45.0% from the preceding year's basic EPS. Its headline EPS is anticipated to be between R9.92 and R10.66, compared with headline EPS of R7.35 recorded in the previous year. The company indicated that the increase in earnings was primarily attributable to double-digit revenue growth across all operating divisions.

### Woolworths Holdings Limited

In its 1H16 results, the company, indicated that its turnover (including concession sales) advanced 17.1% from the same period of the prior year to R35.46bn, excluding revenue from David Jones, which was acquired on August 01, 2014. Its diluted headline EPS increased 30.8% from the prior corresponding period in FY15 to 251.70c. Its adjusted diluted headline EPS stood at 250.80c, compared with 241.50c recorded in the corresponding period of the preceding year. The company stated that results were driven by a strong performance from core womenswear and menswear categories and a strong improvement from kidswear. Going forward, the company expects economic conditions to toughen up due to deterioration in the outlook for the global economy. However, it revealed that trading in the first six weeks in 2H16 has remained robust.

## Major Global Economic News

### Asia

The RBA Governor, Glenn Stevens, in his semi-annual testimony reiterated that low inflation in Australia could give the RBA room for further easing if economy needs it. He stated that unexpected strength in the domestic labour market could be temporary and the fall in mining investment spending would continue for at least more than a year.

In Australia, the seasonally adjusted home loan approvals climbed 2.6% in December, lower than market expectations for an advance of 3.0%. Home loan approvals had climbed by a revised 1.9% in the prior month.

The investment lending for homes in Australia advanced 0.6% in December, from a revised rise of 1.0% in the prior month.

### US

The US Fed Chair, Janet Yellen, acknowledged financial market concerns, as well as the downward pressure that falling oil prices were putting on US inflation. She stated that the Fed is prepared to cut short-term interest rates into negative territory if the economy takes a downturn. She further added that the board members would carefully deliberate about the impact of new developments on the US economy in March.

The seasonally adjusted initial jobless claims dropped to 269.00K in the US, in the week ended February 06, 2016, compared to a level of 285.00K in the previous week. Markets were anticipating initial jobless claims to fall to 280.00K.

### Eurozone

In January, the consumer price index registered a drop of 0.4% on a monthly basis in Switzerland, in line with market expectations. The index had registered a similar fall in the prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q4) (P)	✓✓✓	0.30%	0.30%	Quarterly
Germany	09:00	Consumer Price Index (MoM) (Jan) (F)	✓✓	-0.80%	-0.80%**	Monthly
Germany	09:00	Gross Domestic Product n.s.a. (QoQ) (Q4) (P)	✓✓	1.70%	1.80%	Quarterly
Germany	09:00	Wholesale Price Index (MoM) (Jan)	✓	-	-0.80%	Monthly
France	09:45	Nonfarm Payrolls (QoQ) (Q4) (P)	✓	0.00%	0.00%	Quarterly
Spain	10:00	Consumer Price Index (MoM) (Jan) (F)	✓	-1.90%	-1.90%**	Monthly
Italy	11:00	Gross Domestic Product (QoQ) (Q4) (P)	✓✓	0.30%	0.20%	Quarterly
Italy	11:00	Gross Domestic Product (YoY) (Q4) (P)	✓✓	1.20%	0.80%	Quarterly
Portugal	11:30	Gross Domestic Product (QoQ) (Q4) (P)	✓	0.40%	0.00%	Quarterly
Portugal	11:30	Gross Domestic Product (YoY) (Q4) (P)	✓	1.40%	1.40%	Quarterly
UK	11:30	Construction Output (YoY) (Dec)	✓	0.80%	-1.10%	Monthly
Eurozone	12:00	Gross Domestic Product s.a. (QoQ) (Q4) (P)	✓✓	0.30%	0.30%	Quarterly
Eurozone	12:00	Industrial Production s.a. (MoM) (Dec)	✓✓	0.30%	-0.70%	Monthly
Eurozone	12:00	Gross Domestic Product s.a. (YoY) (Q4) (P)	✓✓	1.50%	1.60%	Quarterly
Greece	12:00	Gross Domestic Product n.s.a (YoY) (Q4) (P)	✓	-0.80%	-0.90%	Quarterly
Canada	15:30	Teranet/National Bank HP Index (Jan)	✓	-	177.51	Monthly
Canada	15:30	Teranet/National Bank HPI (MoM) (Jan)	✓	-	-0.10%	Monthly
Canada	15:30	Teranet/National Bank HPI (YoY) (Jan)	✓	-	6.20%	Monthly
US	15:30	Advance Retail Sales (MoM) (Jan)	✓✓✓	0.10%	-0.10%	Monthly
US	15:30	Retail Sales Ex Auto & Gas (Jan)	✓	0.30%	0.00%	Monthly
US	15:30	Import Price Index (MoM) (Jan)	✓	-1.50%	-1.20%	Monthly
US	15:30	Retail Sales ex Autos (MoM) (Jan)	✓✓	0.00%	-0.10%	Monthly
US	15:30	Retail Sales "Control Group" (MoM) (Jan)	✓✓	0.30%	-0.30%	Monthly
US	17:00	Fed's William Dudley speech	✓	-	-	As scheduled
US	17:00	Business Inventories (Dec)	✓	0.20%	-0.20%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Feb) (P)	✓✓✓	93.00	92.00	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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