

ONE Minute Brief

16 February 2016

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Economic and Political News

The United Nations World Food Programme (WFP) mentioned that as many as 49.00mn people in Southern Africa could be affected by the worsening drought, due to the severe El Nino weather conditions. The El Nino climate cycle has led to the lowest rainfall recorded in the nation between October and December since 1981.

Mineral Resources Minister, Mosebenzi Zwane, announced that the government will not be funding the rescue mission of the three trapped Lily Mine workers. Further, the Vantage Goldfields were advised by a team of geological experts to not send people underground to rescue the workers.

Trade and Industry Minister, Rob Davies, stated that the Department of Trade and Industry announced an initiative to revitalise industrial parks situated in the various parts of the country, mainly the former homelands in an attempt to promote industrialisation, manufacturing and employment opportunities.

Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49851.95	▲	1262.26	2.60%	2.60%	1.44%	-3.06%	-1.66%
JSE Top 40	44379.10	▲	1259.44	2.92%	2.92%	0.71%	-3.78%	-3.10%
FTSE 100	5824.28	▲	116.68	2.04%	2.04%	-4.27%	-2.54%	-6.70%
DAX 30	9206.84	▲	239.33	2.67%	2.67%	-6.03%	-8.80%	-14.30%
CAC 40	4115.25	▲	120.19	3.01%	3.01%	-6.83%	-4.75%	-11.25%
S&P 500*	1864.78	▲	35.70	1.95%	0.00%	-3.89%	-5.07%	-8.77%
Nasdaq Composite*	4337.51	▲	70.68	1.66%	0.00%	-5.99%	-7.86%	-13.38%
DJIA*	15973.84	▲	313.66	2.00%	0.00%	-2.99%	-5.50%	-8.33%

*As on February 12, 2016

South Africa Market ▲

South African markets closed higher

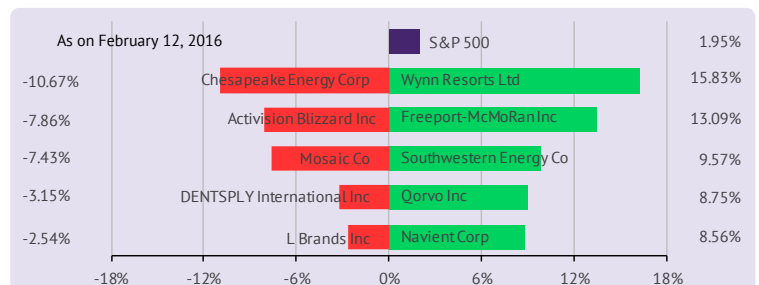
South African markets closed in the green yesterday, amid gains in banking and financial sectors stocks. The JSE All Share Index rose 2.6%



US Market ▲

The S&P 500 futures are trading in the green

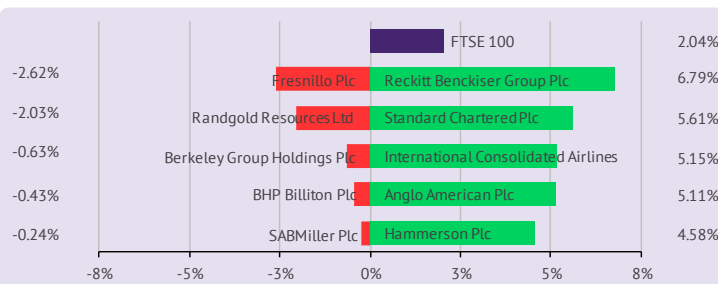
Markets in the US were closed yesterday on account of President's Day holiday. The S&P 500 Index climbed 2.0% on Friday to close at 1,864.78.



UK Market ▲

The FTSE 100 futures are trading in positive territory

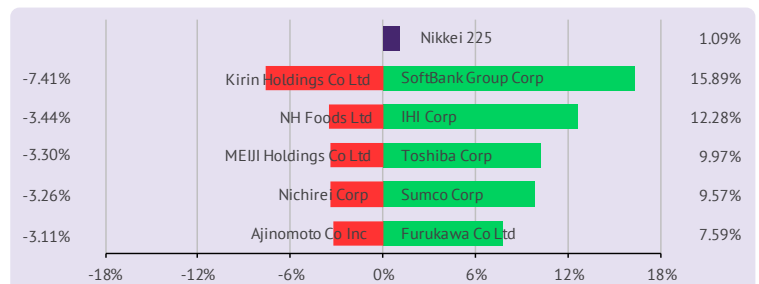
UK markets finished higher yesterday, after better-than-expected annual results of Reckitt Benckiser Group Plc. The FTSE 100 Index advanced 2.0% to close at 5,824.28.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Early morning data revealed a more-than-expected surge in Chinese new Yuan loans in January. The Nikkei 225 Index is trading 1.1% higher at 16,196.98.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading marginally lower against the South African Rand at R15.7185. Later today, traders will keep a close watch on the US NAHB housing market index and the New York Empire State Manufacturing Index for further direction.

The US Dollar fell against the South African Rand yesterday. Markets in US were closed yesterday on account of President's Day holiday.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R22.6760. Later today, traders will look forward to UK's consumer and producer price index for further clues.

The British Pound declined against the South African Rand yesterday. Separately, UK's Rightmove house price index rose on a monthly basis in February.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R17.5312. Going forward, the ZEW's survey of economic sentiment for Eurozone and Germany, will attract market attention.

The Euro weakened against the South African Rand yesterday, after the data released indicated that the trade surplus in Eurozone narrowed in December.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.4% against the South African Rand to trade at R11.2629. Earlier in the session, the Reserve Bank of Australia (RBA) in the minutes of its latest monetary policy revealed that members noted that domestic conditions were positive and that there was scope for economic growth to increase over the next few years. Elsewhere new Yuan loans in China, Australia's largest trading partner, increased in January.

The Australian Dollar fell against the South African Rand yesterday. Meanwhile, new motor vehicle sales in Australia increased on a monthly basis in January, from a drop recorded in the previous month. Meanwhile, Chinese exports and imports dropped more-than-expected on an annual basis in January.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.7185	▼	-0.98%	-0.98%	-1.06%	2.70%	1.61%
GBPZAR	22.6760	▼	-1.40%	-1.40%	0.29%	-0.72%	-0.44%
EURZAR	17.5312	▼	-1.80%	-1.80%	1.93%	2.40%	4.37%
AUDZAR	11.2629	▲	-0.53%	-0.53%	-0.27%	-0.95%	-1.23%
EURUSD	1.1152	▼	-0.90%	-0.90%	2.95%	-0.30%	2.64%
GBPUSD	1.4428	▼	-0.51%	-0.51%	1.29%	-3.33%	-2.09%
Brent (\$/barrel)	34.7	▲	0.09%	0.09%	-3.89%	-6.81%	-10.43%
Gold (\$/oz)*	1193.0	▼	0.70%	NA	10.99%	5.30%	16.87%
Platinum (\$/oz)*	928.1	▼	0.50%	NA	9.58%	-1.95%	7.45%
Copper (\$/MT)*	4572.5	▲	1.46%	1.46%	0.05%	-2.88%	-2.83%

*As of Previous Close *1D change as on February 12, 2016

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 3.7% lower to trade at \$1,193.00/oz, as global equity markets rebounded strongly, denting the demand of the safe-haven yellow metal.

On Friday, gold prices fell 0.7% to close at \$1,239.10/oz.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil advanced 4.0% to trade at \$34.71/bl.

Yesterday, Brent crude oil advanced 0.1% to settle at \$33.39/bl, extending previous session gains on rising speculation that Saudi Arabia and Russia's oil minister will discuss the state of the market, amid the global supply glut.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged lower 3.1% to trade at \$928.10/oz.

On Friday, platinum prices declined 0.5% to close at \$958.10/oz.



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Major South Africa Corporate News

Clientele Limited

In its 1H16 results, the group, indicated that its net insurance premiums rose 16.2% from the same period of the previous year to R862.22mn on the back of the sustained production of good quality business in recent years. Its headline diluted EPS stood at 60.50c, compared with 54.99c recorded in the corresponding period of the preceding year due to an increase in net premium income and a small rise in operating expenses, despite low investment returns. Moreover, the company stated that it would continue to keep up the positive momentum that has been achieved in the production of quality business in recent financial years and the ongoing improvements in understanding its customer needs and customer service.

Group Five Limited

In its 1H16 results, the company stated that its revenue was up 5.2% from the same period of the preceding year to R7.27bn in a very subdued market. Its operating profit advanced to R289.27mn from R205.55mn posted in the corresponding period of the prior year. Its fully diluted headline EPS stood at 131.00c, compared with 108.00c recorded in the same period of the previous year. Additionally, the company indicated that investment and concessions exceptionally performed, realising a margin of 39.0%, which was way above the margin target range of 15.0% to 20.0% and even better than the 23.8% achieved in the previous comparable period.

Impala Platinum Holdings Limited

In its trading statement for 1H16, the producer indicated that its headline EPS is expected to be in the range of 50.00c to 59.00c, which is between 10.0% and 20.0% lower than the same period of the prior year, due to weaker rand metal prices. It expects basic EPS to be between 29.00c and 35.00c, falling 15.0% to 30.0% from the corresponding period of the preceding year. The company stated that the difference between EPS and headline EPS was primarily due to the impairment of the 12 Shaft mechanised section, which was closed in December 2015.

KAP Industrial Holdings Limited

In its 1H16 results, the firm, revealed that its revenue from continuing operations rose 2.8% from the same period of the prior year to R8.19bn, with growth coming mainly from the diversified industrial segment. Its fully diluted headline EPS from continuing operations increased to 21.10c from 18.40c posted in the corresponding period of the preceding year. Going forward, the company stated that it would continue to focus on optimising existing operations, growing market share and growth in the rest of African territories where it has an existing footprint.

Major Global Economic News

Eurozone

The European Central Bank (ECB) President, Mario Draghi indicated that the central bank will not hesitate to act if the financial market turmoil or effect of low energy prices reduces inflation expectations. Additionally, the central bank Chief reiterated that it will re-assess its monetary policy at its March 10 meeting.

In December, the seasonally adjusted trade surplus in the Eurozone dropped to EUR21.00bn from a revised surplus of EUR22.60bn in the prior month.

Asia

The RBA in the minutes of its latest monetary policy meeting indicated that members have positive outlook on the domestic economy. The minutes also revealed that that the bank would again ease policy if the Australian economy needed a boost.

New Yuan loans in China rose to CNY 2510.0 billion in January, more than market expectations of an increase to CNY 1900.00 billion. In the prior month, new Yuan loans had recorded a reading of CNY 597.80 billion.

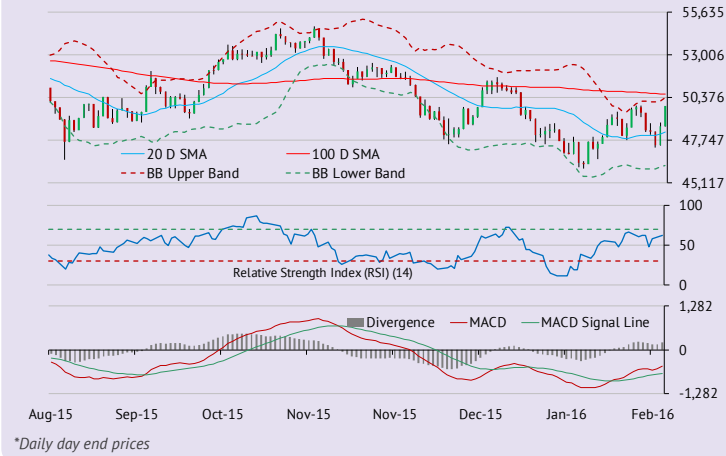
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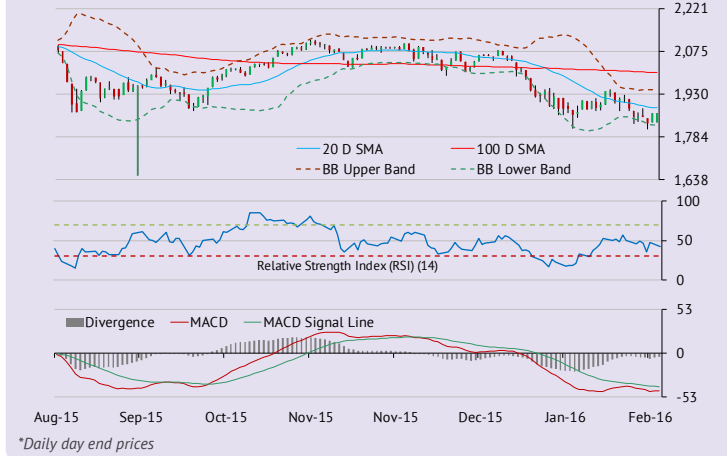
Technical Snapshot

JSE All Share



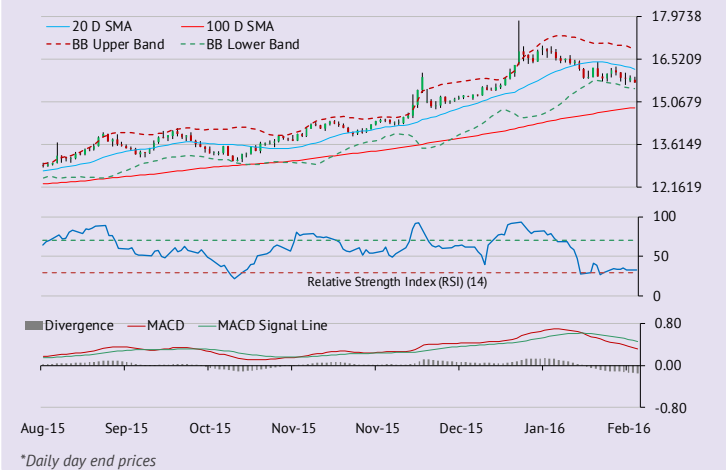
The JSE All Share index is expected to find support at 48,134.18, and a fall through could take it to the next support level of 46,416.42. The index is expected to find its first resistance at 50,710.83, and a rise through could take it to the next resistance level of 51,569.72.

S&P 500



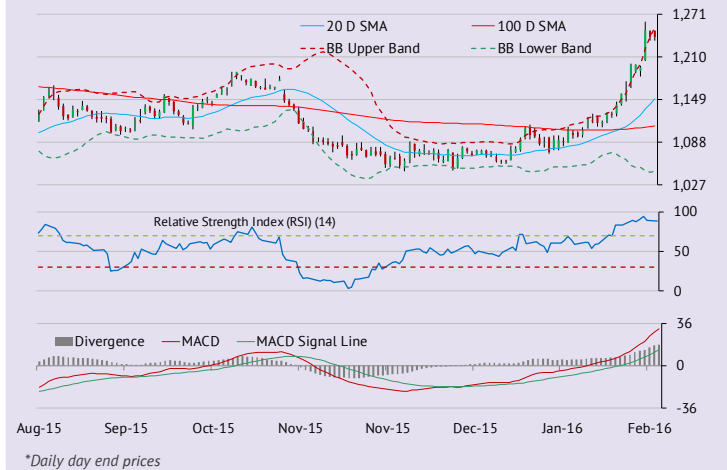
The S&P 500 index is expected to find support at 1,822.72, and a fall through could take it to the next support level of 1,780.66. The index is expected to find its first resistance at 1,894.22, and a rise through could take it to the next resistance level of 1,923.66.

USDZAR



The pair is expected to find support at 15.4905, and a fall through could take it to the next support level of 15.2592. The pair is expected to find its first resistance at 16.1138, and a rise through could take it to the next resistance level of 16.5058.

XAU/USD



Gold is expected to find support at \$1,193.87/oz, and a fall through could take it to the next support level of \$1,148.63/oz. The precious metal is expected to find its first resistance at \$1,272.57/oz, and a rise through could take it to the next resistance level of \$1,306.03/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	04:00	M2 Money Supply (YoY) (Jan)	✓	14.00%*	13.30%	Monthly
China	04:00	New Yuan Loans (Jan)	✓✓✓	CNY2510.00bn*	CNY597.80bn	Monthly
China	04:00	Aggregate Financing (Jan)	✓	CNY3420.00bn*	CNY1815.10bn	Monthly
Eurozone	09:00	EU 27 New Car Registrations (YoY) (Jan)	✓	-	16.60%	Monthly
Italy	11:00	Global Trade Balance (Dec)	✓	-	EUR4.41bn	Monthly
Italy	11:00	Trade Balance (Dec)	✓	-	EUR4409.00mn	Monthly
Germany	11:00	German High Court Holds Hearing on ECB's Bond-Buying Pro	✓	-	-	As scheduled
UK	11:30	Consumer Price Index (MoM) (Jan)	✓✓	-0.70%	0.10%	Monthly
UK	11:30	Producer Price Index - Output n.s.a (YoY) (Jan)	✓✓	-0.90%	-1.20%	Monthly
UK	11:30	Retail Price Index (MoM) (Jan)	✓	-0.60%	0.30%	Monthly
UK	11:30	Retail Price Index (YoY) (Jan)	✓	1.40%	1.20%	Monthly
UK	11:30	ONS House Price Index (YoY) (Dec)	✓	-	7.70%	Monthly
UK	11:30	Retail Price Index (Jan)	✓	259.00	260.60	Monthly
UK	11:30	PPI Core Output (MoM) n.s.a (Jan)	✓	0.10%	0.20%	Monthly
UK	11:30	PPI Core Output (YoY) n.s.a (Jan)	✓✓	0.00%	0.10%	Monthly
UK	11:30	Producer Price Index - Input n.s.a (YoY) (Jan)	✓	-8.60%	-10.80%	Monthly
UK	11:30	Producer Price Index - Output n.s.a (MoM) (Jan)	✓	-0.20%	-0.20%	Monthly
UK	11:30	Retail Price Index Ex Mort Int.Payments (YoY) (Jan)	✓	1.40%	1.30%	Monthly
UK	11:30	Producer Price Index - Input n.s.a (MoM) (Jan)	✓	-1.20%	-0.80%	Monthly
Germany	12:00	ZEW Survey - Economic Sentiment (Feb)	✓✓✓	0.00	10.20	Monthly
Eurozone	12:00	ZEW Survey - Economic Sentiment (Feb)	✓✓	-	22.70	Monthly
Germany	12:00	ZEW Survey - Current Situation (Feb)	✓✓	55.00	59.70	Monthly
US	15:30	NY Empire State Manufacturing Index (Feb)	✓	-10.50	-19.37	Monthly
Canada	15:30	Manufacturing Shipments (MoM) (Dec)	✓	0.50%	1.00%	Monthly
Canada	16:00	Existing Home Sales (MoM) (Jan)	✓	-	-0.60%	Monthly
US	17:00	NAHB Housing Market Index (Feb)	✓✓	60.00	60.00	Monthly
US	23:00	Net Long-Term TIC Flows (Dec)	✓✓	-	USD31.40bn	Monthly
US	23:00	Total Net TIC Flows (Dec)	✓	-	-USD3.20bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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