

ONE Minute Brief

17 February 2016

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Economic and Political News

President Jacob Zuma has promised to take "concrete action" to prevent South Africa's debt from being downgraded to a junk status, as pressures are starting to build on the country's economy. He also added that the government needed to tackle issues on co-operating with business and curbing spending.

Social Development Minister, Bathabile Dlamini, indicated that the Expanded Public Works Programme is on track to meet its five-year target of creating work opportunities. She further stated that since April 2014, about 1.5mn job opportunities have been created against a target of 6.0mn by 2016.

The African National Congress (ANC) spokesman, Zizi Kodwa, stated that the opposition parties have used the debate on President Zuma's State of the Nation Address to condemn his poor management of the economy instead of reflecting on his progress report and government priorities for this financial year.

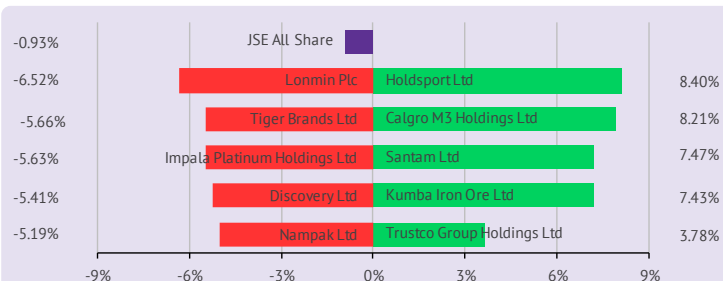
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49387.10	▼	-464.85	-0.93%	1.64%	0.50%	-3.06%
JSE Top 40	43951.37	▼	-427.73	-0.96%	1.93%	-0.26%	-3.78%
FTSE 100	5862.17	▲	37.89	0.65%	2.71%	-3.64%	-2.54%
DAX 30	9135.11	▼	-71.73	-0.78%	1.87%	-6.77%	-8.80%
CAC 40	4110.66	▼	-4.59	-0.11%	2.89%	-6.94%	-4.75%
S&P 500	1895.58	▲	30.80	1.65%	1.65%	-2.30%	-5.07%
Nasdaq Composite	4435.96	▲	98.44	2.27%	2.27%	-3.86%	-7.86%
DJIA	16196.41	▲	222.57	1.39%	1.39%	-1.64%	-5.50%

South Africa Market ▼

South African markets closed lower

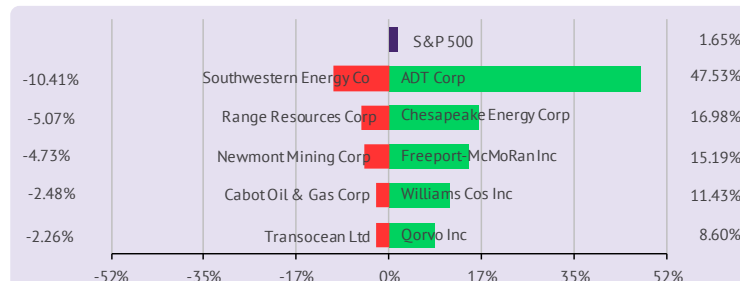
South African markets closed in the red yesterday, amid losses in platinum and banking sector stocks. The JSE All Share Index fell 0.9% to close at 49,387.10.



US Market ▲

The S&P 500 futures are trading in the red

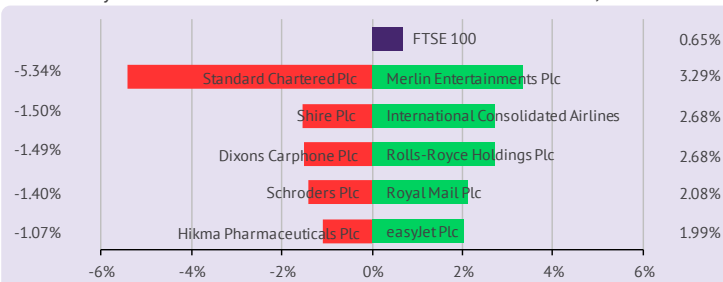
US markets closed higher yesterday, due to gains in consumer discretionary sector stocks. Data revealed that the US New York Empire State Manufacturing index rose in February. The S&P 500 Index climbed 1.7% to close at 1,895.58.



UK Market ▲

The FTSE 100 futures are trading in negative territory

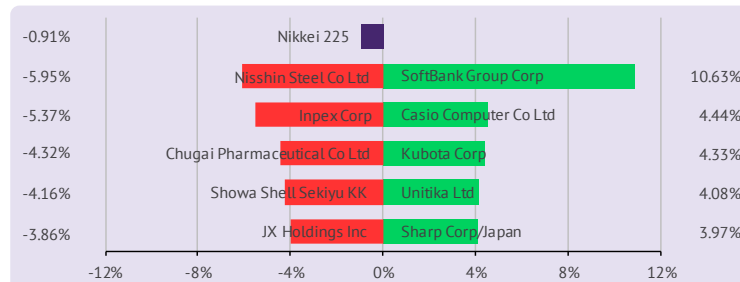
UK markets finished higher yesterday, after top oil producers agreed to freeze output at current levels. Meanwhile, data indicated that UK's consumer price inflation eased more-than-expected on a monthly basis in January. The FTSE 100 Index advanced 0.7% to close at 5,862.17.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking. Data indicated that Japan's machine orders rose less-than-expected on a monthly basis in December. The Nikkei 225 Index is trading 0.9% lower at 15,907.79.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed marginally against the South African Rand to trade at R15.7992. Later today, traders will keep a close watch on US housing starts and building permits data for further clues. Moreover, US industrial production and manufacturing (SIC) production will attract market attention. Additionally, investors will keep an eye on South Africa's consumer price inflation and retail sales data.

The US Dollar rose against the South African Rand yesterday. Meanwhile, the US New York Empire State Manufacturing Index came in weaker-than-expected in February. Moreover, the US NAHB housing market index fell to its lowest level in February since May.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R22.5925. Later today, investors will focus on UK's claimant count change and ILO unemployment rate for further direction. Additionally, South Africa's retail sales and consumer price inflation data will be on trader's radar.

The British Pound declined against the South African Rand yesterday, after UK's consumer price inflation retreated more than anticipated on a monthly basis in January.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R17.6222. Going forward today, market participants will keep a tab on Eurozone's construction output for December.

The Euro strengthened against the South African Rand yesterday. Meanwhile, the ZEW survey indicated that the economic sentiment in the Eurozone weakened in February. Separately, economic sentiment in Germany dropped to its lowest level in sixteen months in February.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R11.2115. Earlier in the session, data showed that the Australian Westpac leading index fell on a monthly basis in January.

The Australian Dollar rose against the South African Rand yesterday. Elsewhere, in China, the new Yuan loans rose in January.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.7992	▲	0.47%	-0.52%	-0.59%	2.70%	2.09%
GBPZAR	22.5925	▲	-0.57%	-1.97%	-0.29%	-0.72%	-1.01%
EURZAR	17.6222	▲	0.39%	-1.42%	2.32%	2.40%	4.77%
AUDZAR	11.2115	▼	0.10%	-0.43%	-0.18%	-0.95%	-1.13%
EURUSD	1.1155	▲	-0.09%	-0.99%	2.86%	-0.30%	2.55%
GBPUSD	1.4301	▲	-0.98%	-1.48%	0.30%	-3.33%	-3.04%
Brent (\$/barrel)	32.5	▲	-3.62%	-3.54%	-7.37%	-6.81%	-13.68%
Gold (\$/oz)	1209.1	▲	-2.52%	-2.52%	8.20%	5.30%	13.93%
Platinum (\$/oz)	940.5	▲	-2.17%	-2.17%	7.21%	-1.95%	5.11%
Copper (\$/MT)*	4561.0	▼	-0.25%	1.20%	-0.20%	-2.88%	-3.08%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices rose 0.1% to trade at \$1,209.10/oz.

Yesterday, gold prices fell 2.5% to close at \$1,207.90/oz, amid a broad strength in the US Dollar, reducing demand of the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

Brent crude oil, reversed previous session losses and at 06:00 SAST, edged 1.1% higher to trade at \$32.53/bl.

Yesterday, Brent crude oil dropped 3.6% to settle at \$32.18/bl, after top oil producers ruled out cuts in oil output. Reports indicated that Saudi Arabia and Russia, the world's largest crude-oil exporters announced, that they would freeze oil output at January levels in attempt to support prices provided other major producers joined in. Separately, a Reuter's survey forecasted that crude oil inventories in the US climbed by 3.90mn barrels to 505.90mn last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.3% to trade at \$940.50/oz.

Yesterday, platinum prices declined 2.2% to close at \$937.30/oz, extending previous session losses.



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Major South Africa Corporate News

Anglo American Plc

In its FY15 results, the company, stated that its group revenue decreased to USD23.00bn from USD30.99bn posted in the previous year. Its loss before tax stood at USD5.45bn, compared with USD0.26bn recorded in the preceding year. Its underlying EPS dropped 63.0% from the prior year to USD0.64. Additionally, the company revealed that its net debt remained flat at USD12.90mn. In order to correct its balance sheet, it would now look forward to reducing its workforce by 60.0% to reduce costs and also disposed some of its assets.

Anglogold Ashanti Limited

The firm notified that following the withdrawal of government military protection from its Obuasi Gold Mine on February 02, 2016. The Ghana Army has a Memorandum of Understanding with the Chamber of Mines, on behalf of its members, to deploy military personnel at mining operations. The company expressed concerns about the prevailing conditions in the mine, with illegal miners continuing to enter the site.

Mondi Plc

In its trading statement for the year ended 31 December 2015, the company, revealed that it expects underlying operating profit to be above EUR767.00mn posted in the previous year. It expects basic headline EPS to be in the range of 121.00c to 126.00c, representing an increase of between 22.0% and 27.0% from the prior year and its basic underlying EPS in anticipated to rise in the range of 22.0% and 27.0% from last year to be between 131.00c and 136.00c.

Murray & Roberts Holdings Limited

In its voluntary trading statement for 1H16, the firm, indicated that it expects basic headline EPS from continuing operations to be in the range of 86.00c to 96.00c, compared with 81.00c reported in the same period a year ago. Its diluted headline EPS from continuing operation is anticipated to advance in the range of 6.0% to 19.0% from the corresponding period of prior year to be between 84.00c and 94.00c.

Santam Limited

In its trading statement for FY15, the company, revealed that its headline EPS is expected to be in the range of R18.08 to R18.80, an increase of 25.0% to 30.0% from the previous year. Its EPS is expected to increase in the range of 48.0% to 53.0% from the prior year to be between R20.45 and R21.14. The company stated that the increase in earnings was driven by significant improvements in both insurance and investment results, compared with the previous year. Additionally, the EPS was also positively impacted by the profit on the sale of its 33.6% shareholding in Credit Guarantee Insurance Corporation of Africa Limited in October 2015.

Super Group Limited

In its 1H16 results, the company stated that its revenue climbed 40.0% from the same period of the prior year to R12.24bn, mainly as a result of the inclusion of Allen Ford (UK) for the full period as compared with only one month in FY14. Its headline diluted EPS increased to R1.56 from R1.29 posted in the corresponding period of last year. Its core headline diluted EPS stood at R1.55, compared with R1.40 recorded in the same period of the preceding year. Furthermore, the company indicated that it would continue to explore more investment opportunities internationally and in South Africa to maintain its position as an innovative, integrated mobility solutions company.

Major Global Economic News

US

In February, the New York Empire State manufacturing index rose to a level of -16.64 in the US, compared to market expectations of an advance to a level of -10.50. In the prior month, the index had registered a reading of -19.37.

In the US, the NAHB housing market index registered a drop to 58.00 in February, lower than market expectations of a fall to a level of 60.00. In the previous month, the index had registered a revised level of 61.00.

Asia

The Westpac leading index in Australia recorded a fall of 0.04% on a monthly basis in January, following a drop of 0.3% recorded in the preceding month.

In Japan, machinery orders advanced 4.2% on a monthly basis in December, compared to the drop of 14.4% in the previous month. Markets expected machinery orders to rise 4.4%.

Eurozone

In the Eurozone, the ZEW survey indicated that the economic sentiment index fell to a level of 13.60 in February. In the previous month, the economic sentiment index had registered a reading of 22.70

In February, the ZEW's economic sentiment index in Germany declined to 1.00, compared to a level of 10.20 in the previous month. Market expectation was for the economic sentiment index to drop to a level of 0.00.

UK

In the UK, the consumer price index eased 0.8% on a monthly basis in January, more than market expectations for a drop of 0.7%. In the previous month, the consumer price index had climbed 0.1%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Machinery Orders (MoM) (Dec)	✓	4.20%*	-14.40%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Jan) (F)	✓✓	-	-17.20%**	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Jan)	✓✓✓	0.50%	0.30%	Monthly
South Africa	10:00	Consumer Price Index (YoY) (Jan)	✓✓✓	6.00%	5.20%	Monthly
Eurozone	10:00	Non-monetary policy's ECB meeting	✓	-	-	As scheduled
UK	11:30	Average Earnings excluding Bonus (3Mo/Yr) (Dec)	✓	1.80%	1.90%	Monthly
UK	11:30	ILO Unemployment Rate (3M) (Dec)	✓✓	5.00%	5.10%	Monthly
UK	11:30	Claimant Count Change (Jan)	✓✓	-3.00K	-4.30K	Monthly
UK	11:30	Employment Change (3M/3M) (Dec)	✓✓	225.00K	267.00K	Monthly
UK	11:30	Average Earnings including Bonus (3Mo/Yr) (Dec)	✓✓	1.90%	2.00%	Monthly
Switzerland	12:00	ZEW Survey - Expectations (Feb)	✓✓	-	-3.00	Monthly
Eurozone	12:00	Construction Output s.a (MoM) (Dec)	✓	-	0.80%	Monthly
Greece	12:00	Consumer Price Index (YoY) (Jan)	✓	-0.20%	-0.20%	Monthly
South Africa	13:00	Retail Sales (MoM) (Dec)	✓✓✓	-0.70%	2.50%	Monthly
South Africa	13:00	Retail Sales (YoY) (Dec)	✓✓✓	3.50%	3.90%	Monthly
US	14:00	MBA Mortgage Applications (12-Feb)	✓	-	9.30%	Weekly
US	15:30	Producer Price Index (MoM) (Jan)	✓	-0.20%	-0.20%	Monthly
US	15:30	Producer Price Index ex Food & Energy (MoM) (Jan)	✓	0.10%	0.10%	Monthly
US	15:30	Producer Prices (Jan)	✓	-	191.30	Monthly
Canada	15:30	Canadian portfolio investment in foreign securities (Dec)	✓	-	CAD16.46bn	Monthly
US	15:30	Building Permits (Jan)	✓✓	1200.00K	1232.00K	Monthly
US	15:30	Building Permits (MoM) (Jan)	✓✓	-0.30%	-3.90%	Monthly
US	15:30	Housing Starts (Jan)	✓✓	1173.00K	1149.00K	Monthly
US	15:30	Housing Starts (MoM) (Jan)	✓✓	2.00%	-2.50%	Monthly
US	16:15	Capacity Utilisation (Jan)	✓	76.70%	76.50%	Monthly
US	16:15	Industrial Production (MoM) (Jan)	✓✓	0.40%	-0.40%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Jan)	✓✓	0.20%	-0.10%	Monthly
US	21:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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