

ONE Minute Brief

19 May 2016

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Economic and Political News

On a monthly basis, the consumer price index (CPI) in South Africa recorded a rise of 0.8% in April, compared to a similar rise recorded in the previous month. Market anticipation was for the CPI to rise 0.8%.

In South Africa, retail sales recorded a rise of 0.2% on a monthly basis in March, compared to a revised advance of 0.4% in the previous month. Market expectation was for retail sales to climb 0.4%.

Finance Minister, Pravin Gordhan was given a vote of confidence in the National Assembly, where the political parties were voting on his ZAR1.30tn budget. Moreover, Gordhan stated that the nation's debt had not reached unsustainable levels and the deficit was being efficiently managed.

The National Union of Mineworkers (NUM) stated that its members have refused an offer of a 5.0% wage hike from power utility firm, Eskom. The union mentioned that it has demanded an increase of 18% for low paid workers and a 15% hike for the highly paid workers.

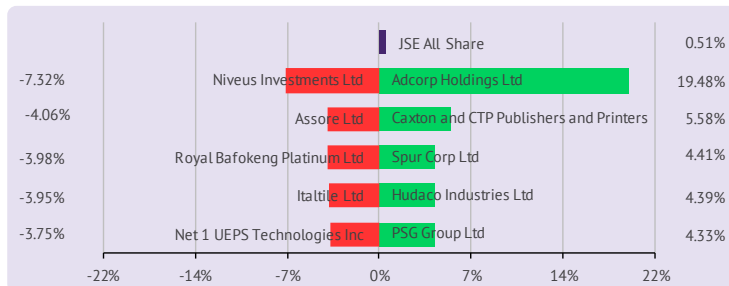
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52797.23	▲	268.39	0.51%	2.32%	-0.30%	1.35%	4.15%
JSE Top 40	46636.41	▲	243.03	0.52%	2.72%	0.36%	0.72%	1.83%
FTSE 100	6165.80	▼	-1.97	-0.03%	0.44%	-1.22%	1.08%	-1.23%
DAX 30	9943.23	▲	53.04	0.54%	-0.10%	-0.95%	0.74%	-7.44%
CAC 40	4319.30	▲	21.73	0.51%	-0.02%	-2.48%	1.00%	-6.85%
S&P 500	2047.63	▲	0.42	0.02%	0.05%	-0.86%	0.27%	0.18%
Nasdaq Composite	4739.12	▲	23.39	0.50%	0.45%	-0.76%	-1.94%	-5.36%
DJIA	17526.62	▼	-3.36	-0.02%	-0.05%	-1.39%	0.50%	0.58%

South Africa Market ▲

South African markets closed higher

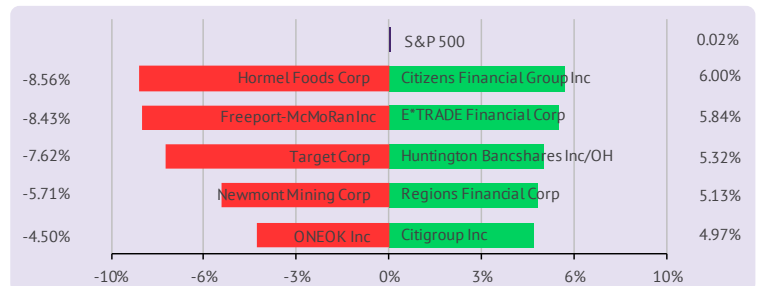
South African markets closed in the green yesterday, amid gains in financial and banking sector stocks. Data indicated that South Africa's annual inflation rate dipped slightly on a yearly basis in April. The JSE All Share Index rose 0.5% to close at 52,797.23.



US Market ▲

The S&P 500 futures are trading in the red

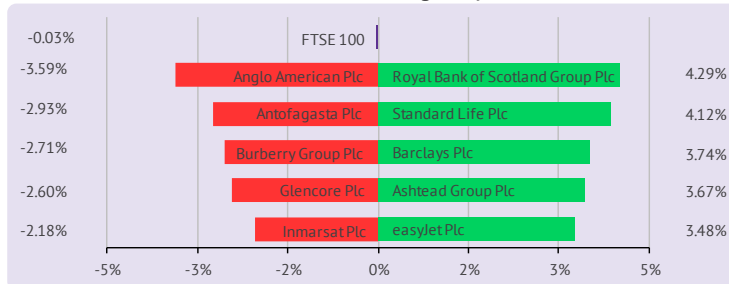
US markets closed higher yesterday, supported by gains in financial, technology and health-care sector stocks. The minutes of the FOMC's latest monetary policy meeting suggested a rate hike in June was on the table. The S&P 500 Index climbed marginally to close at 2,047.63.



UK Market ▼

The FTSE 100 futures are trading in negative territory

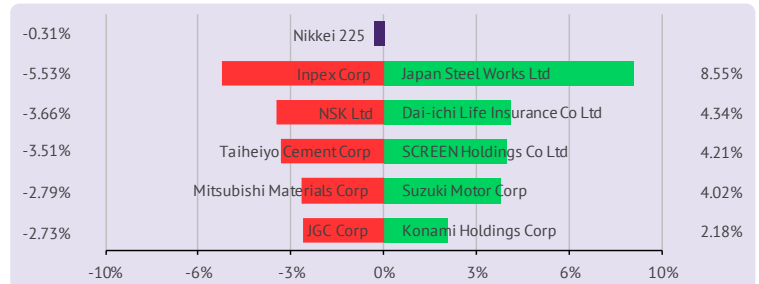
UK markets finished lower yesterday, due to losses in mining sector stocks and as Burberry posted weaker profits. Data revealed that UK's unemployment rate held steady at 5.1% in three-month period ended March. The FTSE 100 Index declined marginally to close at 6,165.80.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Earlier in the session, data indicated that China's MNI business sentiment indicator eased in May. The Nikkei 225 Index is trading 0.3% lower at 16,593.00.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading marginally higher against the South African Rand at R15.8718. Later today, traders will keep a close watch on US Initial jobless claims, Chicago fed national activity and Philadelphia's Fed manufacturing survey for further direction. Additionally, South African Reserve Bank's interest rate decision will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after the minutes of the FOMC recent monetary policy meeting indicated that the policymakers are ready to hike the interest rate in June, provided the economy records strong second quarter growth with firming labour market and inflation reaching its target of 2.0%. Elsewhere, South Africa's consumer price growth slowed on a yearly basis in April. Moreover, the nation's retail sales rose less than expected in March.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R23.1460. Later today, traders will keep an eye on UK's retail sales for further cues. Moreover, South African Reserve Bank's interest rate decision will also attract market attention.

The British Pound advanced against the South African Rand yesterday, after data revealed that UK's labour market stood firm despite the uncertainty surrounding the Brexit vote in the upcoming referendum. The ILO unemployment rate remained steady at 5.1% in the January-March period, while the claimant count rate fell unexpectedly in April. Moreover, the average weekly earnings advanced more-than-expected in three-month period ended March 2016.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro gained 0.2% against the South African Rand to trade at R17.8338. Going forward, market participants will keep a tab on the ECB's account of the monetary policy meeting and the region's construction output, scheduled today.

The Euro strengthened against the South African Rand yesterday. Meanwhile, Eurozone's inflation growth slipped back into the deflation territory on an annual basis in April, despite the energy prices stabilizing.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R11.4436. Earlier in the session, data showed that Australia's unemployment rate remained unchanged at 5.7% in April, staying a two-and-a-half-year low, while the economy added less than expected jobs during the same period. Elsewhere, in China, Australia's largest trading partner, the MNI sentiment indicator eased in May.

The Australian Dollar rose against the South African Rand yesterday, after Australia's Westpac leading index advanced in April.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.8718	▲	2.08%	3.03%	11.49%	-3.60%	2.57%
GBPZAR	23.1460	▼	3.16%	4.84%	11.50%	-1.89%	1.71%
EURZAR	17.8338	▲	1.17%	2.09%	9.17%	-3.01%	5.89%
AUDZAR	11.4436	▼	0.82%	2.51%	6.09%	-4.28%	1.06%
EURUSD	1.1220	▲	-0.86%	-0.82%	-2.05%	0.62%	3.22%
GBPUSD	1.4574	▼	0.94%	1.63%	-0.06%	1.72%	-0.97%
Brent (\$/barrel)	48.1	▼	-0.71%	2.30%	1.66%	19.34%	31.25%
Gold (\$/oz)	1258.4	▼	-0.20%	0.13%	-1.25%	4.56%	20.20%
Platinum (\$/oz)	1027.1	▼	-1.14%	-0.91%	-3.33%	10.42%	16.91%
Copper (\$/MT)*	4623.3	▼	-0.77%	-0.28%	-8.70%	3.76%	-1.75%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged lower 1.3% to trade at \$1,258.40/oz.

Yesterday, gold prices fell 0.2% to close at \$1,274.40/oz, as the US Dollar strengthened, following hawkish minutes of the Fed's recent meeting, which kept the door open for a rate hike in June.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 1.7% to trade at \$48.10/bl.

Yesterday, Brent crude oil dropped 0.7% to settle at \$48.93/bl, after the US Energy Department reported that crude oil inventories unexpectedly rose by 1.30mn bls to 541.30mn bls last week, against an anticipated decrease of 2.8mn bls.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices retreated 1.5% to trade at \$1,027.10/oz.

Yesterday, platinum prices declined 1.1% to close at \$1042.50/oz.

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Major South Africa Corporate News

Adcorp Holdings Limited

In its trading statement for FY16 the company revealed that headline EPS is expected to be between 298.00c and 304.00c, indicating an increase between 0.0% and 2.0% compared with the preceding year. However, its EPS is expected to decline between 17.0% to 19.0% from the previous year to be in the range of 191.00c to 196.00c.

Allied Electronics Corp. Limited

In its FY16 results, the company stated that its revenue from continuing operations increased to R14.36bn from R12.01bn posted in the previous year. However, it reported a diluted headline loss from total operations of 143.00c/share, compared with a diluted headline EPS of 93.00c recorded in the prior year. Its profit before taxation fell to R474.00mn from R718.00mn reported in the preceding year.

Arrowhead Properties Limited

In its 1H16 results, the company revealed that its revenue (excluding straight line rental income) advanced 33.8% from the same period of the preceding year to R0.74bn. Its headline and diluted headline EPS stood at 61.52c. The company declared a dividend of 20.76/share for 1Q16, to be paid on June 13, 2016.

Impala Platinum Holdings Limited

The company announced that the Chief Executive and Executive Director, Mr Terence Goodlace, will resign from his position on December 1, 2016.

Sun International Limited

The company indicated that its Time Square Project would pay R675.00mn to Peermont Group after its attempt to acquire the firm collapsed amid a failure to win an approval from the Competition Commission.

The Spar Group Limited

In its 1H16 results, the company stated that its net revenue increased to R42.48bn from R36.38bn posted in the corresponding period of the previous year. Its diluted headline EPS rose 5.4% from the same period of the prior year to 442.20c. Its profit before tax stood at R1.14bn, compared with R1.06bn recorded in the corresponding period of the preceding year.

Major Global Economic News

Asia

In Australia, the seasonally adjusted unemployment rate remained flat at a level of 5.7% in April, compared to market expectations of an advance to 5.8%.

In March, machinery orders in Japan registered an unexpected rise of 5.5% on a monthly basis, more than market expectations for a fall of 2.0%. In the previous month, it had dropped 9.2%.

In May, the MNI business sentiment index in China eased to a level of 50.0, compared to a reading of 50.5 in the prior month.

US

According to minutes of the US Federal Open Market Committee's (FOMC) April 26-27 meeting, most members of the Fed interest-rate setting committee are ready to lift interest rates in June, if incoming data indicates towards a stronger second quarter economic growth, firming labour market and with inflation progressing towards the committee's 2.0% objective. The minutes further revealed that some Fed officials were worried about the upcoming Brexit vote and the unanticipated developments associated with China's management of its exchange rate.

On a weekly basis, mortgage applications in the US recorded a drop of 1.6% in the week ended May 13, 2016. In the previous week, mortgage applications had risen 0.4%.

UK

In the UK, the ILO unemployment rate remained unchanged at 5.1% in the January-March 2016 period. Markets were expecting the ILO unemployment rate to record a steady reading.

In the UK, the claimant count rate fell to a level of 2.1% in April, meeting market expectations, from a revised reading of 2.2%, in the prior month.

Eurozone

The final estimate of consumer price index in the Eurozone dropped 0.2% in April on an annual basis, compared to a flat reading in the previous month. Markets were anticipating the index to fall 0.2% and preliminary figures had also recorded a fall of 0.2%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Machinery Orders (MoM) (Mar)	✓	5.50%*	-9.20%	Monthly
China	03:45	MNI Business Sentiment Survey (May)	✓	50.00*	50.50	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Mar)	✓✓	0.70%	-1.20%	Monthly
France	07:30	ILO Unemployment (Q1)	✓	10.20%	10.30%	Quarterly
France	07:30	Unemployment Rate (Q1)	✓✓	9.90%	10.00%	Quarterly
Japan	08:00	Machine Tool Orders (YoY) (Apr) (F)	✓✓	-	-26.40%**	Monthly
Eurozone	10:00	Current Account s.a (Mar)	✓	-	EUR19.00bn	Monthly
UK	10:30	Retail Sales (MoM) (Apr)	✓	0.60%	-1.30%	Monthly
Eurozone	11:00	Construction Output s.a (MoM) (Mar)	✓	-	-1.10%	Monthly
Eurozone	13:30	ECB account of the monetary policy meeting	✓✓	-	-	As scheduled
Canada	14:30	Wholesale Sales (MoM) (Mar)	✓	-0.50%	-2.20%	Monthly
US	14:30	Initial Jobless Claims (14-May)	✓✓	275.00K	294.00K	Weekly
US	14:30	Chicago Fed National Activity Index (Apr)	✓	-0.20	-0.44	Monthly
US	14:30	Philadelphia Fed Manufacturing Survey (May)	✓✓	3.00	-1.60	Monthly
US	16:00	Leading Indicator (MoM) (Apr)	✓✓	0.40%	0.20%	Monthly
US	16:30	Fed's William Dudley speech	✓	-	-	As scheduled
South Africa	-	SARB Interest Rate Decision	✓✓✓	7.00%	7.00%	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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