

# ONE Minute Brief

27 May 2016

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## Economic and Political News

In South Africa, PPI recorded a rise of 0.8% MoM in April, compared to an advance of 0.7% in the previous month.

Finance Minister Pravin Gordhan, in an address to Parliament, called for the need for government, business and labour to unite to avoid a ratings downgrade and stressed that the weak economy can only be overcome if all players work together.

Fitch has warned South Africa not to adopt populist measures, ahead of the local elections in August. Meanwhile Moody's has indicated that nation's reinforced spending ceiling is important for its credit rating.

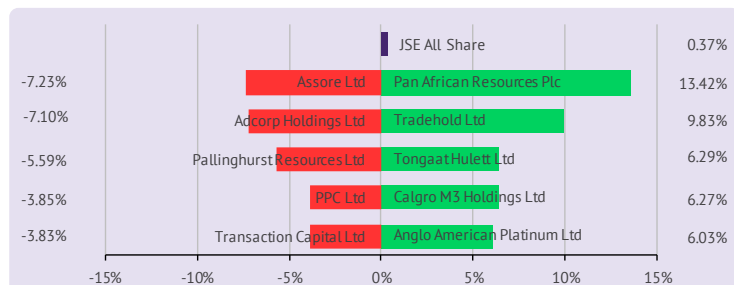
The South African Parliament has approved the land expropriation bill, which would enable the state to make compulsory purchases of land to redress racial disparities in land ownership.

Following reports that the Strategic Fuel Fund's (SFF) sale of a huge amount of its crude stockpiles at low prices, the Central Energy Fund (CEF) has stated that South Africa currently had access to 90 days' worth of oil reserves.

## South Africa Market ▲

### South African markets closed higher

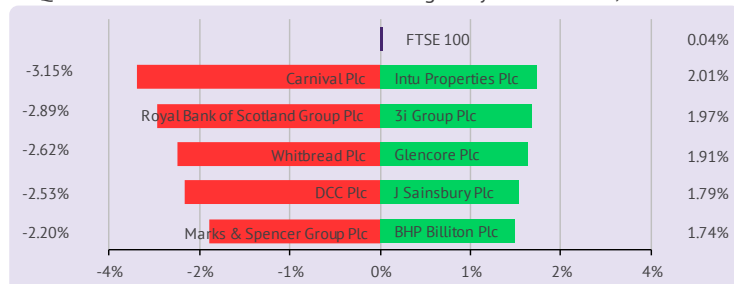
South African markets closed in the green yesterday, amid gains in platinum mining sector stocks. Data indicated that the producer price index rose less than expected on an annual basis in April. The JSE All Share Index rose 0.4% to close at 53,921.00.



## UK Market ▲

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

UK markets finished higher yesterday, supported by gains in mining and commodity sector stocks, following a rise in oil prices. Data revealed that UK's GDP rose in line with expectations on a quarterly basis in 1Q16. The FTSE 100 Index advanced marginally to close at 6,265.65.



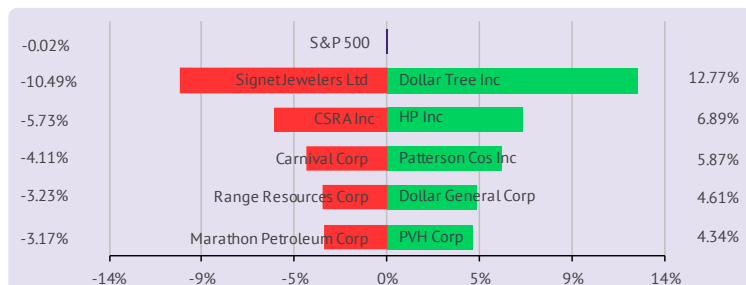
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53921.00	▲	199.12	0.37%	2.44%	1.82%	1.35%	6.37%
JSE Top 40	47835.75	▲	108.49	0.23%	2.80%	2.94%	0.72%	4.45%
FTSE 100	6265.65	▲	2.80	0.04%	1.78%	0.38%	1.08%	0.37%
DAX 30	10272.71	▲	67.50	0.66%	3.60%	2.33%	0.74%	-4.38%
CAC 40	4512.64	▲	31.00	0.69%	3.65%	1.89%	1.00%	-2.68%
S&P 500	2090.10	▼	-0.44	-0.02%	1.84%	1.20%	0.27%	2.26%
Nasdaq Composite	4901.77	▲	6.88	0.14%	2.77%	2.65%	-1.94%	-2.11%
DJIA	17828.29	▼	-23.22	-0.13%	1.87%	0.31%	0.50%	2.31%

## US Market ▼

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

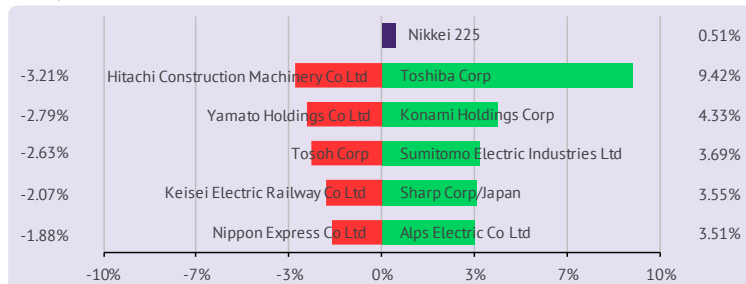
US markets closed lower yesterday, weighed down by losses in materials sector stocks. Data indicated that the durable goods orders in the US advanced more-than-expected in April. The S&P 500 Index dropped marginally to close at 2,090.10.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. Earlier in the session, Japan's national consumer price index declined less-than-expected on an annual basis in April. The Nikkei 225 Index is trading 0.5% higher at 16,857.70.



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## USDZAR ▲

### USD trading stronger against ZAR

At 06:00 SAST, the US Dollar advanced 0.3% against the South African Rand to trade at R15.5587. Later today, traders will keep a close watch on the US gross domestic product and Reuters/Michigan consumer sentiment index for further clues. Federal Reserve, chief, Janet Yellen's speech will attract market attention.

The US Dollar fell against the South African Rand yesterday. Meanwhile data revealed that the orders for durable goods in the US advanced more than expected in April, backed by strong demand for transportation equipment and other products, although a continued weakness was observed in the business spending plans. Moreover, the pending home sales in the nation surged in April, reaching its highest level in a decade. Further, Americans applying for the new unemployment benefits eased more-than-expected during the last week, suggesting strength in the labour market. Elsewhere in South Africa, the producer price inflation slowed in April.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound gained 0.4% against the South African Rand to trade at R22.8500. Earlier in the session, UK's consumer confidence nudged up in May and beat expectations for a further drop.

The British Pound declined against the South African Rand yesterday. Separately, UK's economy expanded 0.4% on a quarterly basis in line with market expectations in the period between January to March, albeit a slump was seen in the construction and manufacturing sectors. Meanwhile, total business investment dropped in the first three months of 2016.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.3% higher against the South African Rand at R17.4156. With no major economic releases in Eurozone today, market participants will keep a tab on the sentiment indices in the Eurozone, scheduled for release next week.

The Euro weakened against the South African Rand yesterday.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R11.2334.

The Australian Dollar fell against the South African Rand yesterday, after Australia's private capital expenditure eased more-than-expected in 1Q16.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.5587	▲	-0.96%	-0.74%	9.02%	-3.60%	0.29%
GBPZAR	22.8500	▲	-1.17%	0.41%	9.46%	-1.89%	-0.14%
EURZAR	17.4156	▲	-0.62%	-0.98%	6.56%	-3.01%	3.36%
AUDZAR	11.2334	▲	-0.62%	-0.72%	3.59%	-4.28%	-1.32%
EURUSD	1.1186	▼	0.35%	-0.27%	-2.24%	0.62%	3.02%
GBPUSD	1.4672	▲	-0.18%	1.16%	0.43%	1.72%	-0.49%
Brent (\$/barrel)	49.2	▼	-0.30%	1.79%	3.03%	19.34%	33.02%
Gold (\$/oz)	1220.2	▼	-0.28%	-2.59%	-5.43%	4.56%	15.11%
Platinum (\$/oz)	993.6	▼	0.10%	-2.69%	-7.66%	10.42%	11.67%
Copper (\$/MT)*	4682.0	▲	0.22%	2.04%	-7.54%	3.76%	-0.50%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged marginally lower to trade at \$1,220.20/oz.

Yesterday, gold prices fell 0.3% to close at \$1,220.40/oz, amid the release of mostly upbeat economic data in the US, which increased expectations for a rate hike in June.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 0.8% to trade at \$49.20/bl.

Yesterday, Brent crude oil dropped 0.3% to settle at \$49.59/bl, reversing the previous rally, amid concerns that higher prices could encourage more crude output.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$993.60/oz.

Yesterday, platinum prices climbed 0.1% to close at \$995.80/oz.



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## Major South Africa Corporate News

### Famous Brands Limited

The company announced that it has acquired 100.0% of the business of Lamberts Bay Foods, a wholly-owned subsidiary of Oceana Group Limited which will be settled by the firm's cash reserves, subject to an approval from the Competition Commission.

### Foschini Group Limited

In its FY16 results, the company stated that its revenue from continuing operations increased to R23.75bn from R18.54bn posted in the previous year. Its total headline diluted EPS rose 31.1% from the prior year to 1,014.50c. While it remains concerned that the impact of the introduction of the Affordability Regulations will put pressure on credit sales, it anticipates a strong growth in cash sales.

### Net 1 UEPS Technologies Inc

The company announced that its wholly-owned subsidiary, Transact24 has received Payment Intermediary Services Licences from the Financial Services Commission of Mauritius, to offer online merchants the ability to accept various forms of electronic payments worldwide.

### Pan African Resources Plc

The company stated that it has made an offer to acquire Jadeita Limited's a 33.6% stake in Shanduka Gold Proprietary Limited. If Jadeite accepts the offer, the transaction is expected to be completed by June 7, 2016. The deal worth approximately R545.60mn will be settled from the company's existing reserves and proceeds of a vendor consideration placing of new Pan African ordinary shares.

### Vukile Property Fund Limited

In its FY16 results, the company revealed that its gross property income advanced 39.6% from the preceding year to R2.34bn. However, its headline diluted EPS fell to 168.00c, from 186.81c recorded in the previous year. The dividend for FY16 rose by 7.0% to 146.35c/share.

## Major Global Economic News

### UK

On a quarterly basis, the second estimate of gross domestic product (GDP) advanced 0.4% in 1Q16, in the UK, compared to an advance of 0.6% in the prior quarter. Markets were anticipating GDP to advance 0.4% and the preliminary figures had also recorded a rise of 0.4%.

The consumer confidence in the UK rose unexpectedly to a level of -1.00 in May, compared to market expectations of a fall to -4.00. In the previous month, the consumer confidence had recorded a level of -3.00.

In the UK, the preliminary total business investment slid 0.5% on a quarterly basis, in 1Q16, from a drop of 2.0% in the prior quarter.

In the UK, the flash private consumption rose 0.7% on a quarterly basis in 1Q16, compared to a revised advance of 0.6% in the previous quarter. Market anticipation was for private consumption to rise 0.5%.

### Asia

In April, the national consumer price index (CPI) slid 0.3% on an annual basis in Japan, compared to a fall of 0.1% in the prior month. Market anticipation was for the national CPI to fall 0.4%.

### US

The flash durable goods orders climbed 3.4% in the US on a monthly basis in April, more than market expectations for an advance of 0.5%. In the previous month, orders had climbed 0.8%.

The seasonally adjusted initial jobless claims eased to 268.00 K in the week ended May 21, 2016, in the US, compared to a reading of 278.00K in the prior week. Market expectation was for initial jobless claims to ease to a level of 275.00K.

In the US, pending home sales advanced 5.1%, on a monthly basis in April, more than market expectations for an advance of 0.7%. In the prior month, sales had climbed by a revised 1.6%.

The Kansas City Fed manufacturing activity index recorded an unexpected drop to a level of -5.00 in May, in the US, compared to a level of -4.00 in the previous month. Market expectation was for the index to climb to -3.00.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:05	GfK Consumer Confidence (May)	✓✓	-1.00*	-3.00	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Apr)	✓✓	-0.30%*	-0.10%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (May)	✓	-0.50%*	-0.40%	Monthly
China	03:30	Industrial Profits (YoY) (Apr)	✓✓	4.20%*	11.10%	Monthly
France	08:45	Consumer Confidence (May)	✓	95.00	94.00	Monthly
Spain	09:00	Retail Sales (YoY) (Apr)	✓	3.90%	4.40%	Monthly
Italy	10:00	Business Confidence (May)	✓	103.00	102.70	Monthly
Italy	10:00	Consumer Confidence (May)	✓	114.50	114.20	Monthly
US	14:30	Gross Domestic Purchases Price Index (Q1) (S)	✓✓✓	0.70%	0.70%**	Quarterly
US	14:30	Personal Consumption (QoQ) (Q1) (S)	✓✓	2.10%	1.90%**	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q1) (S)	✓✓✓	0.90%	0.50%**	Quarterly
US	16:00	Reuters/Michigan Consumer Sentiment Index (May) (F)	✓✓✓	95.40	95.80**	Monthly
US	16:30	Fed's Yellen to Speak at Harvard's Radcliffe Day	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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