

ONE Minute Brief

6 May 2016

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Economic and Political News

In April, the Standard Bank Purchasing Managers' Index (PMI) in South Africa rose to 47.90, from a reading of 47.00 registered in the previous month.

In South Africa, the electricity production slid 4.3% on an annual basis in March and the electricity consumption recorded a drop of 5.7% on an annual basis in the same month.

President Jacob Zuma, stated that the Parliament had become a national embarrassment following the earlier opposition protest and demanded the speaker, Baleka Mbete, to bring the house in order.

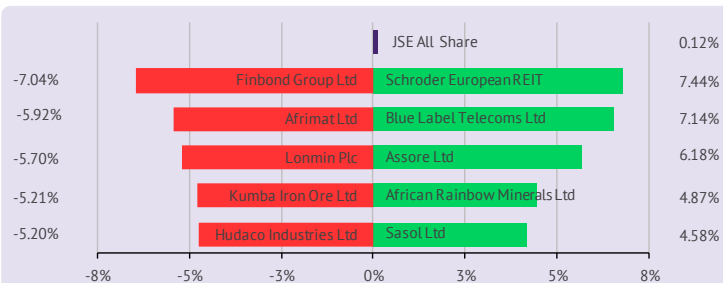
Public Protector, Thuli Madonsela, released two reports on the investigations in which she mentioned that no conclusive evidence was found whether the Free State government abused state resources to advance their election campaign of the ANC during 2011 elections.

The workers at South African Post Office have commenced a two-day strike, demanding a 15% salary increase and converting temporary workers to permanent staff.

South Africa Market ▲

South African markets closed higher

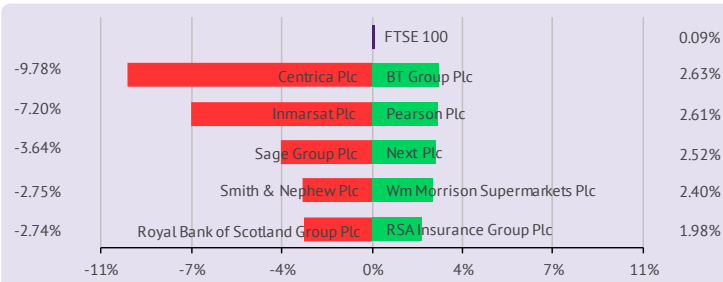
South African markets closed in the green yesterday, amid gains in resources sector stocks. Data revealed that South Africa's Standard Bank PMI rose slightly in April, but remained stuck in contraction. The JSE All Share Index rose 0.1% to close at 51,933.80.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, due to upbeat corporate results and a rise in oil prices. Data indicated that the Markit services PMI in the UK grew at its weakest pace in April, pointing to economic slowdown in the nation. The FTSE 100 Index advanced 0.1% to close at 6,117.25.



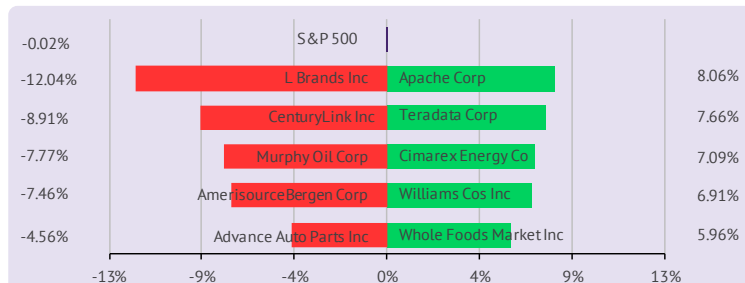
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51933.80	▲	60.30	0.12%	-1.93%	-1.93%	1.35%	2.45%
JSE Top 40	45623.48	▲	63.99	0.14%	-1.82%	-1.82%	0.72%	-0.38%
FTSE 100	6117.25	▲	5.23	0.09%	-2.00%	-2.00%	1.08%	-2.00%
DAX 30	9851.86	▲	23.61	0.24%	-1.86%	-1.86%	0.74%	-8.30%
CAC 40	4319.46	▼	-4.77	-0.11%	-2.47%	-2.47%	1.00%	-6.85%
S&P 500	2050.63	▼	-0.49	-0.02%	-0.71%	-0.71%	0.27%	0.33%
Nasdaq Composite	4717.09	▼	-8.55	-0.18%	-1.22%	-1.22%	-1.94%	-5.80%
DJIA	17660.71	▲	9.45	0.05%	-0.64%	-0.64%	0.50%	1.35%

US Market ▼

The S&P 500 futures are trading in the red

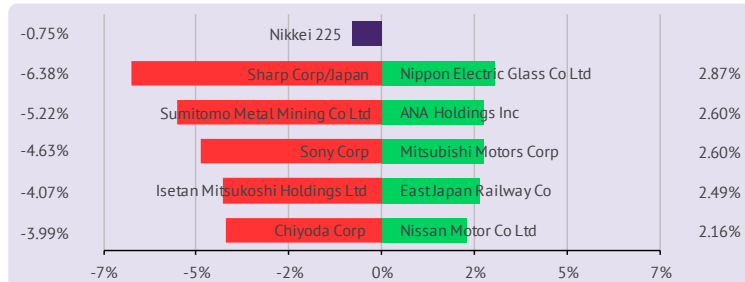
US markets closed lower yesterday, due to losses in consumer discretionary sector stocks. Data revealed that US initial jobless claims increased last week. The jump was the largest since January 2015. The S&P 500 Index dropped marginally to close at 2,050.63.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning. Earlier in the session, China's leading index advanced slightly in March. The Nikkei 225 Index is trading 0.7% lower at 16,026.67.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% firmer against the South African Rand at R15.0099. Later today, traders will keep a close watch on US Non-farm payrolls, average hourly earnings and unemployment rate data for further clues. Additionally, South Africa's SACCI business confidence will also grab market attention.

The US Dollar fell against the South African Rand yesterday, after the number of people applying for fresh unemployment benefits advanced more-than-expected during the last week, with the claims reaching a five week high.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R21.7374. Going ahead, traders will keep an eye on South Africa's SACCI business confidence for further direction.

The British Pound declined against the South African Rand yesterday, after UK services sector growth slowed in April, marking its lowest level since February 2013, hurt by fears of Brexit and an economic global slowdown. The downbeat data indicated a further reduction in the nation's total GDP growth in the short term ahead of the EU referendum.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro rose 0.3% against the South African Rand to trade at R17.1232. Going forward, market participants will keep a tab on Germany's construction PMI, due later in the day.

The Euro weakened against the South African Rand yesterday. The European Central Bank indicated in its Economic Bulletin that economic recovery was on track, due to increasing household consumption and rebounding investments. However, the central bank warned that there are downside risks to the economy.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.8% against the South African Rand to trade at R11.0866. Earlier in the session, the Reserve Bank of Australia (RBA), in its monetary policy statement, slashed the core inflation forecast to be between 1-2% in 2016, from the earlier forecast of 2-3% in February. The cut in inflation forecast came in as result of lower-than-expected outcome for inflation in the March quarter and an expectation that domestic cost pressures, including labour costs, will pick up pace more gradually than expected. Elsewhere, in China, Australia's largest trading partner, the leading index advanced in March.

The Australian Dollar rose against the South African Rand yesterday, after Australia's trade deficit narrowed more-than-expected in March. Further, retail sales rose on a monthly basis in March. Separately, in China, Australia's largest trading partner, services sector continued to expand moderately in March.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.0099	▲	-0.09%	5.14%	5.14%	-3.60%	-3.27%
GBPZAR	21.7374	▲	-0.12%	4.27%	4.27%	-1.89%	-4.88%
EURZAR	17.1232	▲	-0.77%	4.75%	4.75%	-3.01%	1.60%
AUDZAR	11.0866	▼	0.05%	3.27%	3.27%	-4.28%	-1.63%
EURUSD	1.1407	▲	-0.71%	-0.39%	-0.39%	0.62%	4.96%
GBPUSD	1.4483	▼	-0.06%	-0.83%	-0.83%	1.72%	-1.73%
Brent (\$/barrel)	44.7	▼	0.87%	-6.48%	-6.48%	19.34%	20.73%
Gold (\$/oz)	1280.5	▲	-0.16%	-1.41%	-1.41%	4.56%	20.01%
Platinum (\$/oz)	1065.7	▲	0.78%	-1.35%	-1.35%	10.42%	19.30%
Copper (\$/MT)*	4802.3	▼	-1.58%	-5.17%	-5.17%	3.76%	2.05%

*As of Previous Close

Gold ▲

Trading in the green

Gold prices edged 0.6%, at 06:00 SAST, higher to trade at \$1,280.50/oz, reversing losses from previous sessions.

Yesterday, gold prices fell 0.2% to close at \$1,272.30/oz, amid a broad strength in the US Dollar, with investors awaiting the jobs report that will shed light on the Fed's next rate hike.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$44.72/bl.

Yesterday, Brent crude oil advanced 0.9% to settle at \$45.01/bl, after a wildfire in Canada curbed the nation's potential output, mainly supplying the US, along with the political tensions in Libya threatening its crude output.

Platinum ▲

Trading in positive territory

Platinum prices edged 0.2%, at 06:00 SAST, higher to trade at \$1,065.70/oz, extending gains from previous sessions.

Yesterday, platinum prices climbed 0.8% to close at \$1063.80/oz, reversing losses from its previous sessions.

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Major South Africa Corporate News

Anglogold Ashanti Limited

The company announced that the security situation in the Obausi mine in Ghana continues to deteriorate and AngloGold Ashanti Ghana has been forced to invoke the dispute resolution provisions in its mining lease to protect and enforce its contractual rights. The firm hopes that the commencement of International Centre for Settlement of Investment Disputes proceedings will reinstate law and order at the mine.

Barclays Africa Group Limited

The company announced that Barclays has sold 103,592,491 ordinary shares in the capital of Barclays Africa at a price of R126.00/share, through an accelerated bookbuild placing, raising gross sale proceeds of approximately R13.05bn. Following completion of the placing, Barclays will hold 424.70mn ordinary shares in the capital of Barclays Africa, representing approximately 50.1% of Barclays Africa's issued share capital.

Nedbank Group Limited

In its update on performance for 1Q16, the company stated that its leverage ratios are well above minimum regulatory requirements. The group's liquidity coverage ratio was 84.5%. Its net interest income for the period grew at low double digit levels, supported by continued growth in interest-earning assets.

Old Mutual Plc

In its update for 1Q16, the bank indicated that its gross sales climbed by 17.0% from the corresponding period of the previous year to GBP5.40bn, due to strong sales in the Investment Division and the UK Platform. Its funds under management rose 3.0% from the previous quarter to GBP107.10bn, on the back of strong growth in net client cash flows.

Redefine Properties Limited

In its 1H16 results, the company revealed that its total income advanced 2.8% from the same period of the preceding year to R3.38bn. Its diluted headline EPS stood at 40.00c, compared with 45.86c recorded in the corresponding period of the previous year. The firm declared an interim cash dividend of 41.70c, with an option to reinvest the amount in company shares.

The Bidvest Group Limited

In its management update on general trading conditions in the foodservice operations, the company stated that the UK business continues to grow in both foodservice and fresh offerings. South Africa continues to produce good results in spite of the tough operating conditions. For FY16, the company expects good results amid positive trading and buoyant activity levels across all markets.

Major Global Economic News

Asia

The Markit services PMI in Japan registered a drop to 49.30 in April, from a registered reading of 50.00 in the previous month.

The RBA in its quarterly statement, indicated that underlying inflation is expected to be 1-2% in 2016, down from the its 2-3% forecast in February, reflecting the lower-than-expected outcome for inflation in the March quarter and an expectation that domestic cost pressures, including labor costs, will pick up more gradually than anticipated. Meanwhile, the central bank kept its 2016 GDP growth forecast unchanged at 2.5% to 3.5% for this year and next and predicted unemployment will remain around the current 5.7%.

The leading index in China advanced to 99.10 in March, compared to a level of 99.00 in the prior month.

US

The seasonally adjusted initial jobless claims in the US advanced to 274.00K in the week ended 30 April 2016, compared to market expectations of a rise to a level of 260.00K. In the previous week, initial jobless claims had registered a level of 257.00K.

UK

In April, the services PMI in the UK fell to a level of 52.30, lower than market expectations of a drop to 53.50. In the previous month, the services PMI had recorded a reading of 53.70.

In April, official reserves dropped to USD728.00mn in the UK. In the previous month, official reserves had registered a rise of USD756.00mn.

Eurozone

In European Central Bank's Economic Bulletin, the central bank indicated that it must guard against low inflation, while the economic recovery is expected to continue on the back of household consumption and rebounding investments. However, the ECB presented a gloomy picture about the price pressures in the Eurozone and warned of the downside risks to the economy.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Monetary Base (YoY) (Apr)	✓	26.80%*	28.50%	Monthly
Japan	01:50	Monetary Base (Apr)	✓✓✓	JPY386.20tn*	JPY375.70tn	Monthly
Japan	04:00	Markit Japan Services PMI (Apr)	✓✓	49.30*	50.00	Monthly
Japan	04:00	Markit/JMMA Composite PMI (Apr)	✓✓	48.90*	49.90	Monthly
UK	10:00	New Car Registrations (YoY) (Apr)	✓	-	5.30%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Apr)	✓✓	-	81.20	Monthly
Canada	14:30	Unemployment Rate (Apr)	✓✓✓	7.20%	7.10%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Apr)	✓✓	0.30%	0.30%	Monthly
US	14:30	Change in Manufacturing Payrolls (Apr)	✓	-5.00K	-29.00K	Monthly
US	14:30	Change in Non-farm Payrolls (Apr)	✓✓✓	200.00K	215.00K	Monthly
US	14:30	Change in Private Payrolls (Apr)	✓✓	195.00K	195.00K	Monthly
US	14:30	Unemployment Rate (Apr)	✓✓✓	4.90%	5.00%	Monthly
Canada	14:30	Net Change in Employment (Apr)	✓✓✓	1.00K	40.60K	Monthly
US	14:30	Change in Household Employment (Apr)	✓	170.00K	246.00K	Monthly
US	21:00	Consumer Credit Change (Mar)	✓✓	USD16.00bn	USD17.22bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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