

ONE Minute Brief

31 May 2016

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Economic and Political News

The Treasury announced that South Africa posted a budget deficit of ZAR29.14bn in April, compared to ZAR18.44bn in the previous month.

South African Communications Minister, Faith Muthambi, supported SABC's decision on banning the airing footages of violent protests. Meanwhile, Cosatu stated the decision of not broadcasting the destruction of public property during protests as "autocratic and patronising".

The Energy Department announced that the retail price of petrol in South Africa will increase by 4.0% effective June 1, while the wholesale diesel will be up by 7.0%.

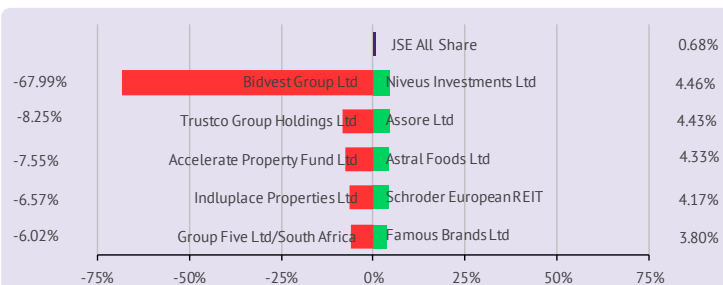
The Presidency stated that it will be inappropriate for President Jacob Zuma to interfere in the decisions made by the Elite police unit, Hawks, over the investigation involving Finance Minister, Pravin Gordhan.

The Agricultural Ministry stated that South Africa was still suffering from the after effects of a drought despite increased rainfall in May, leading to low dam water levels and crop supplies being scant.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in resources and industrial sector stocks. The JSE All Share Index rose 0.7% to close at 54,474.09.



Key Indices

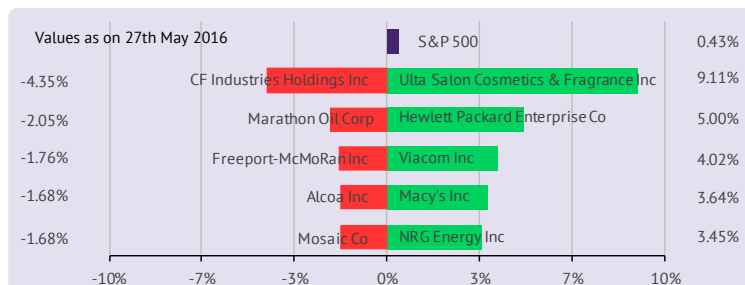
	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54474.09	▲	368.72	0.68%	0.68%	2.86%	1.35%	7.46%
JSE Top 40	48447.60	▲	377.82	0.79%	0.79%	4.25%	0.72%	5.79%
FTSE 100*	6270.79	▲	5.14	0.08%	0.00%	0.46%	1.08%	0.46%
DAX 30	10333.23	▲	46.92	0.46%	0.46%	2.93%	0.74%	-3.81%
CAC 40	4529.40	▲	14.66	0.32%	0.32%	2.27%	1.00%	-2.32%
S&P 500*	2099.06	▲	8.96	0.43%	0.00%	1.63%	0.27%	2.70%
Nasdaq* Composite	4933.51	▲	31.74	0.65%	0.00%	3.31%	-1.94%	-1.48%
DJIA*	17873.22	▲	44.93	0.25%	0.00%	0.56%	0.50%	2.57%

*Values as on 27th May 2016

US Market ▲

The S&P 500 futures are trading in the green

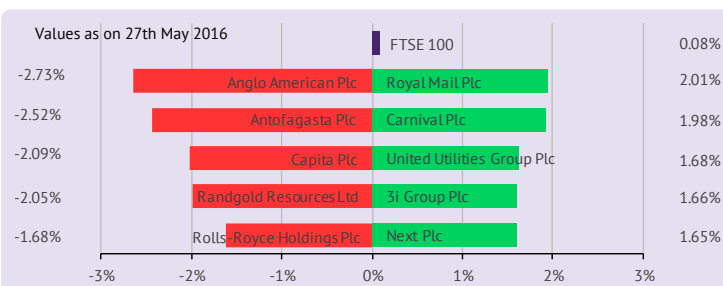
US markets were closed yesterday on account of memorial day.



UK Market ▲

The FTSE 100 futures are trading in positive territory

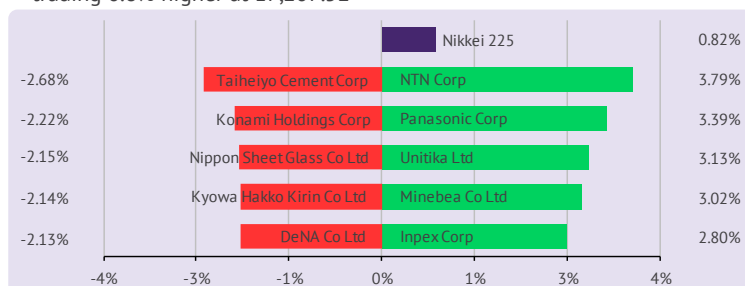
UK markets were closed yesterday on account of a spring bank holiday.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning and poised for a strong finish in May month. Earlier in the session, Japan's industrial production rose unexpectedly on a monthly basis in April. The Nikkei 225 Index is trading 0.8% higher at 17,207.52



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% lower against the South African Rand at R15.7271. Later today, traders will keep a close watch on US personal income and spending along with the US consumer confidence for further direction. Additionally, traders will eye South Africa's trade balance and private sector credit scheduled to be released in a few hours.

The US Dollar rose against the South African Rand yesterday. Elsewhere, in South Africa, the budget deficit expanded in April from March.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R23.1387. Earlier in the session, Llyods business barometer indicated that the business confidence in the UK slipped in May, ahead of the upcoming EU referendum.

The British Pound advanced against the South African Rand yesterday, extending gains from previous sessions.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.4% against the South African Rand to trade at R17.5433. Going forward, market participants will keep a tab on Eurozone's unemployment rate and consumer prices for further clues. Moreover, Germany's unemployment rate and retail sales will be on investors' radar.

The Euro strengthened against the South African Rand yesterday, after Eurozone's economic sentiment indicator advanced more-than-expected in May, as consumers remained optimistic about the economic conditions in the Euro region. Moreover, the business climate indicator surged higher than market expectations in May. Meanwhile, the services sentiment indicator eased in the same month. Elsewhere, Germany's consumer prices rose marginally on an annual basis in May, while the consumer price inflation advanced on a monthly basis in line with market expectations in the same month.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar gained 0.3% against the South African Rand to trade at R11.3927. Earlier in the session, Australia's current account deficit narrowed in the first quarter of 2016. Moreover, the nation's private sector credit rose slightly in at par with market expectations in April.

The Australian Dollar rose against the South African Rand yesterday. Separately, Australia's new home sales eased on a monthly basis in April.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.7271	▼	0.54%	0.54%	11.09%	-3.60%	2.20%
GBPZAR	23.1387	▼	0.68%	0.68%	11.34%	-1.89%	1.57%
EURZAR	17.5433	▼	0.78%	0.78%	8.07%	-3.01%	4.82%
AUDZAR	11.3927	▲	0.55%	0.55%	4.98%	-4.28%	0.00%
EURUSD	1.1149	▲	0.21%	0.21%	-2.73%	0.62%	2.50%
GBPUSD	1.4706	▲	0.12%	0.12%	0.22%	1.72%	-0.69%
Brent (\$/barrel)	49.7	▼	0.89%	0.89%	3.39%	19.34%	33.48%
Gold (\$/oz)#	1215.0	▲	-0.50%	NA	-5.94%	4.56%	14.49%
Platinum (\$/oz)#	981.6	▼	-1.40%	NA	-8.92%	10.42%	10.15%
Copper (\$/MT)*	4720.5	=	0.00%	NA	-6.78%	3.76%	0.31%
*As of Previous Close		#1D change as on May 27, 2016					

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.1% to trade at \$1,215.00/oz.

On Friday, gold prices fell 0.5% to close at \$1,213.80/oz.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.2% to trade at \$49.65/bl.

Yesterday, Brent crude oil advanced 0.9% to settle at \$49.76/bl, although uncertainty increased over the upcoming OPEC meeting which is expected to see discussion on the issue of oversupply in the oil markets.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.1% to trade at \$981.60/oz.

On Friday, platinum prices declined 1.4% to close at \$982.20/oz.



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Major South Africa Corporate News

Famous Brands Limited

In its FY16 results, the company revealed that its revenue advanced 31.2% from the preceding year to R4.31bn. Its diluted headline EPS stood at 540.00c, compared with 467.00c recorded in the previous year. Its profit before tax rose to R772.58mn from R679.36mn posted in the prior year.

Sibanye Gold Limited

The company announced that the South African Labour Court has declared the strike by workers belonging to the Association of Mineworkers and Construction Union (AMCU) at its Kroondal Operations, as unlawful and unprotected.

Tongaat Hulett Limited

In its FY16 results, the company stated that its revenue increased to R16.68bn from R16.16bn posted in the previous year. However, its diluted headline EPS fell 17.9% from the prior year to 678.10c. The company expects that in FY17, the firm would benefit from improved local sugar market revenues following the import protection measures implemented in South Africa, Mozambique and Zimbabwe.

Major Global Economic News

Eurozone

In the Eurozone, the economic sentiment indicator registered a rise to 104.70 in May, compared to market expectations of an advance to 104.40. The indicator had registered a revised level of 104.00 in the previous month.

The final consumer confidence index in the Eurozone registered a rise to -7.00 in May, in line with market expectations. The index had recorded a level of -9.30 in the previous month and the preliminary figures had also indicated a rise to -7.00.

In the Eurozone, the business climate indicator rose to a level of 0.26 in May, compared to market expectations of an advance to 0.17. In the prior month, the indicator had recorded a revised level of 0.15.

In May, the flash consumer price index rose 0.3% on a monthly basis in Germany, at par with market expectations. In the previous month, the CPI had recorded a drop of 0.4%.

In Germany, the import price index recorded an unexpected drop of 0.1% on a monthly basis in April, less than market expectations for a rise of 0.4%. In the previous month, the index had registered a rise of 0.7%.

UK

In the UK, the business barometer fell to a level of 32.00 in May, compared to a level of 38.00 in the prior month.

Asia

In April, unemployment rate remained steady at a level of 3.2% in Japan, meeting market expectations.

In Japan, the flash industrial production unexpectedly rose 0.3% on a monthly basis in April, following a 3.8% rise, in the prior month. Market expectations for the production was to register a drop of 1.5%.

The seasonally adjusted current account deficit of AUD20.80bn in 1Q16, following a revised deficit of AUD22.60bn in the prior quarter. Markets were expecting the nation to post a deficit of AUD19.50bn.

In April, on a monthly basis, the private sector credit climbed 0.5% in Australia, meeting market expectations. In the prior month, the private sector credit had climbed 0.4%.

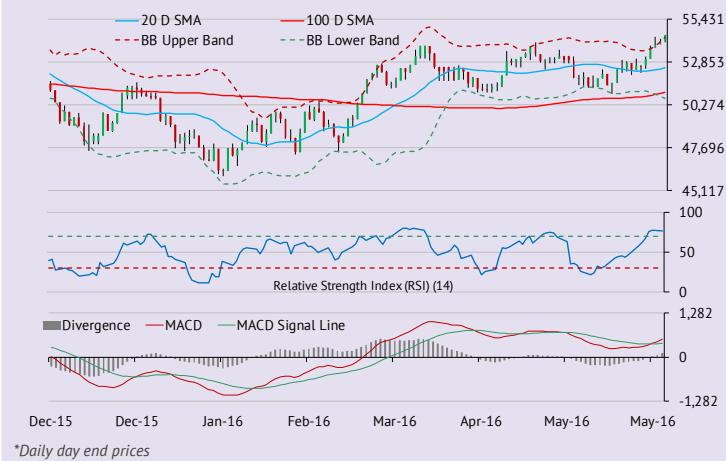
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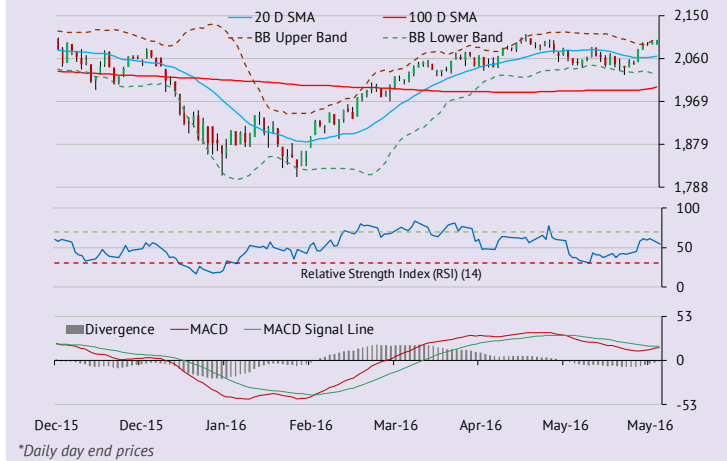
Technical Snapshot

JSE All Share



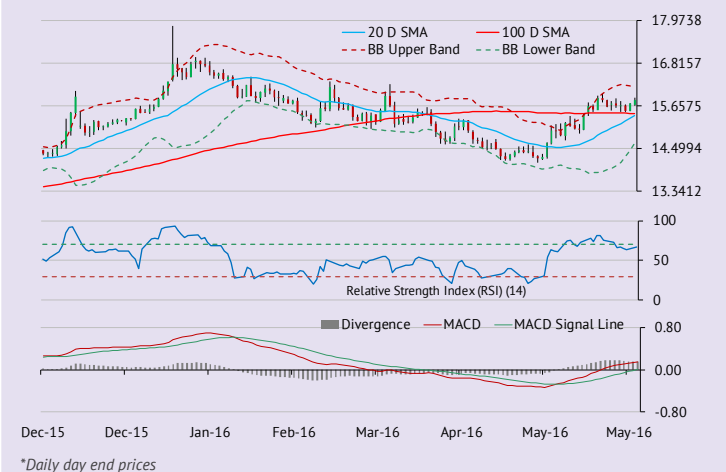
The JSE All Share index is expected to find support at 53,103.53, and a fall through could take it to the next support level of 51,732.96. The index is expected to find its first resistance at 55,172.99, and a rise through could take it to the next resistance level of 55,871.88.

S&P 500



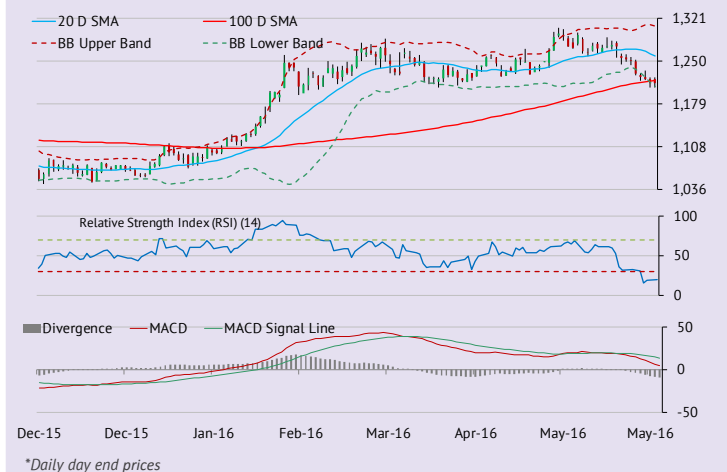
The S&P 500 index is expected to find support at 2,068.12, and a fall through could take it to the next support level of 2,037.18. The index is expected to find its first resistance at 2,114.53, and a rise through could take it to the next resistance level of 2,130.00.

USDZAR



The pair is expected to find support at 15.5799, and a fall through could take it to the next support level of 15.3464. The pair is expected to find its first resistance at 15.9601, and a rise through could take it to the next resistance level of 16.1068.

XAU/USD



Gold is expected to find support at \$1,195.87/oz, and a fall through could take it to the next support level of \$1,177.93/oz. The precious metal is expected to find its first resistance at \$1,242.27/oz, and a rise through could take it to the next resistance level of \$1,270.73/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	Lloyds Business Barometer (May)	✓	32.00*	38.00	Monthly
Japan	01:30	Unemployment Rate (Apr)	✓✓	3.20%*	3.20%	Monthly
Japan	01:50	Industrial Production (MoM) (Apr) (P)	✓	0.30%*	3.80%	Monthly
Japan	07:00	Construction Orders (YoY) (Apr)	✓	-	19.80%	Monthly
Japan	07:00	Small Business Confidence (May)	✓	47.50	47.80	Monthly
Japan	07:00	Housing Starts (YoY) (Apr)	✓	4.10%	8.40%	Monthly
Germany	08:00	Retail Sales (MoM) (Apr)	✓✓	0.90%	-1.10%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Apr)	✓	9.90%	10.30%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Apr)	✓✓	8.80%	8.94%	Monthly
Germany	09:55	Unemployment Rate s.a. (May)	✓✓	6.20%	6.20%	Monthly
Eurozone	10:00	M3 Money Supply (YoY) (Apr)	✓	5.00%	5.00%	Monthly
Italy	10:00	Unemployment Rate (Apr)	✓	11.40%	11.40%	Monthly
Eurozone	11:00	Unemployment Rate (Apr)	✓✓	10.20%	10.20%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (May) (F)	✓✓✓	-0.10%	-0.20%**	Monthly
Italy	12:00	Gross Domestic Product (QoQ) (Q1) (F)	✓✓	0.30%	0.30%**	Quarterly
Portugal	12:00	Gross Domestic Product (QoQ) (Q1) (F)	✓	0.10%	0.10%**	Quarterly
South Africa	14:00	Trade Balance (Apr)	✓✓	-ZAR0.60bn	ZAR2.90bn	Monthly
Canada	14:30	Gross Domestic Product Annualised (QoQ) (Q1)	✓✓✓	2.80%	0.80%	Quarterly
US	14:30	Personal Income (MoM) (Apr)	✓✓	0.40%	0.40%	Monthly
Canada	14:30	Gross Domestic Product (MoM) (Mar)	✓✓	-0.10%	-0.10%	Monthly
US	14:30	Personal Spending (Apr)	✓✓	0.70%	0.10%	Monthly
US	15:45	Chicago PMI (May)	✓	50.50	50.40	Monthly
US	16:00	Consumer Confidence (May)	✓✓✓	96.30	94.20	Monthly
US	16:30	Dallas Fed Manufacturing Business Index (May)	✓	-8.00	-13.90	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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