

ONE Minute Brief

16 May 2016

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Economic and Political News

Standard & Poor's, Managing Director for the sub-Saharan Africa, Konrad Reuss, stated that the rating agency is worried about South Africa's dull economic development and its dependency on capital flows.

The Presidency dismissed reports of "imminent arrest" of Finance Minister, Pravin Gordhan and called them the work of peddlers who want to cause confusion and mayhem in the nation. The rumours of Finance Minister's arrest came up following a report stating that the Hawks wanted Gordhan to be prosecuted for his involvement in a case related to the activities of the SARS rogue unit, when he served as the tax agency's commissioner. Meanwhile, the Democratic Alliance stated that the arrest of Finance Minister would be an economic disaster for the nation.

Deputy President, Cyril Ramaphosa and Minister in the Presidency, Jeff Radebe, mentioned that there is strong political will to implement the one-stop shop for investors and the President, Jacob Zuma would take some steps soon to bring it in action.

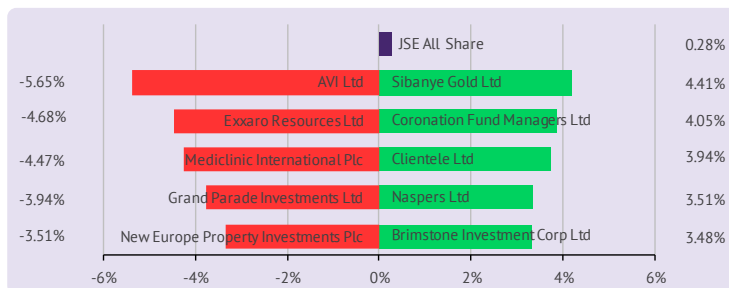
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51602.55	▲	144.07	0.28%	NA	-2.56%	1.35%	1.79%
JSE Top 40	45403.15	▲	212.85	0.47%	NA	-2.30%	0.72%	-0.86%
FTSE 100	6138.50	▲	34.31	0.56%	NA	-1.66%	1.08%	-1.66%
DAX 30	9952.90	▲	90.78	0.92%	NA	-0.86%	0.74%	-7.35%
CAC 40	4319.99	▲	26.72	0.62%	NA	-2.46%	1.00%	-6.84%
S&P 500	2046.61	▼	-17.50	-0.85%	NA	-0.90%	0.27%	0.13%
Nasdaq Composite	4717.68	▼	-19.66	-0.41%	NA	-1.21%	-1.94%	-5.79%
DJIA	17535.32	▼	-185.18	-1.05%	NA	-1.34%	0.50%	0.63%

South Africa Market ▲

South African markets closed higher

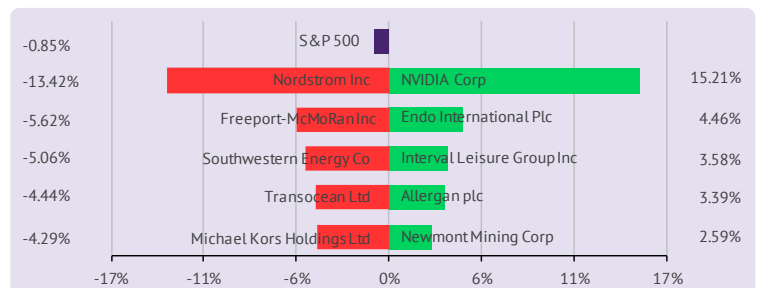
South African markets closed in the green on Friday, amid gains in gold sector stocks. The JSE All Share Index rose 0.3% to close at 51,602.55.



US Market ▼

The S&P 500 futures are trading in the green

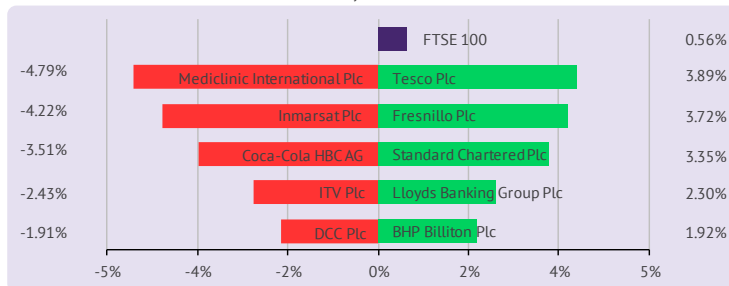
US markets closed lower on Friday, weighed down by losses in financial sector stocks. Data revealed that US advance retail sales advanced more-than-expected in April, suggesting that the US economy was regaining momentum. The S&P 500 Index dropped 0.9% to close at 2,046.61.



UK Market ▲

The FTSE 100 futures are trading in positive territory

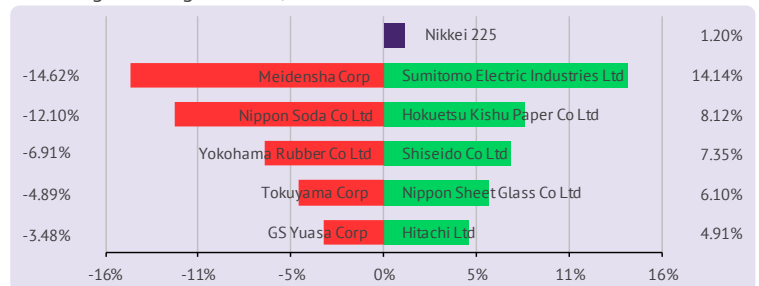
UK markets finished higher on Friday, despite fall in share prices of Inmarsat and Coca-Cola HBC. Elsewhere in the economy, UK's construction output fell more-than-expected in March. The FTSE 100 Index advanced 0.6% to close at 6,138.50.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Over the weekend, data indicated that China's industrial production and retail sales rose less-than-expected on a yearly basis in April. The Nikkei 225 Index is trading 1.2% higher at 16,609.77.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R15.3737. Later today, traders will keep a close watch on the US New York empire state manufacturing index and the NAHB housing market index for further clues.

The US Dollar rose against the South African Rand on Friday, after US advance retail sales climbed in April, recording its biggest increase in a year as consumer spending rose with purchases in automobiles and range of other goods. Moreover, the consumer sentiment rebounded strongly in nearly a year in May, indicating that consumers expect positive prospects about the US economy. Furthermore, the business inventories indicated a robust turnaround in March, with automobile stocks marking their biggest rise since 2013. Additionally, producer prices advanced less-than-expected on a monthly basis in April, amid a rise in energy prices.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound retreated 0.1% against the South African Rand to trade at R22.1004. With no major economic releases in the UK today, traders will keep an eye on UK's consumer price index, scheduled for tomorrow.

The British Pound advanced against the South African Rand on Friday, despite UK's construction output falling in March, marking its third consecutive monthly decline, showing more signs that the EU referendum in June is affecting the nation's economic growth.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.3% against the South African Rand to trade at R17.3834.

The Euro strengthened against the South African Rand on Friday, after in Germany, Eurozone's largest economy, the economic growth picked up momentum in the first quarter of 2016, amid robust domestic consumption. Moreover, the Eurozone's gross domestic product (GDP) advanced but slightly missed expectations in the first three months of 2016, yet posted strong growth during a period of global uncertainty. Separately, Germany's consumer prices dropped in line with expectations on a monthly basis in April.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R11.2044. Overnight data, indicated that in China, Australia's largest trading partner, industrial output advanced lower than market expectations in April. Moreover, retail sales rose less-than-expected, in the same period dismissing overall hopes of a stabilization in the world's second largest economy.

The Australian Dollar rose against the South African Rand on Friday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.3737	▼	2.70%	NA	8.21%	-3.60%	-0.45%
GBPZAR	22.1004	▼	1.85%	NA	6.35%	-1.89%	-2.98%
EURZAR	17.3834	▼	2.04%	NA	6.93%	-3.01%	3.72%
AUDZAR	11.2044	▲	1.99%	NA	3.49%	-4.28%	-1.42%
EURUSD	1.1305	▼	-0.60%	NA	-1.23%	0.62%	4.08%
GBPUUSD	1.4365	-	-0.60%	NA	-1.66%	1.72%	-2.56%
Brent (\$/barrel)	48.4	▲	-0.52%	NA	-0.62%	19.34%	28.30%
Gold (\$/oz)	1278.2	▲	0.12%	NA	-1.38%	4.56%	20.04%
Platinum (\$/oz)	1058.4	▲	-0.18%	NA	-2.44%	10.42%	17.99%
Copper (\$/MT)*	4636.0	▲	0.19%	NA	-8.45%	3.76%	-1.48%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged higher 0.4% to trade at \$1,278.20/oz.

On Friday, gold prices rose 0.1% to close at \$1,272.70/oz. However, gold prices pared gains, on the back of stronger greenback, following the release of upbeat retail sales data from the US.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 1.3% to trade at \$48.43/bl.

On Friday, Brent crude oil dropped 0.5% to settle at \$47.83/bl, after the Organisation of Petroleum Exporting Countries (OPEC) indicated that its output surged to the highest levels since at least 2008, highlighting that the oil markets remained oversupplied. Meanwhile, Baker Hughes reported that US oil rig count fell by 10 to 318 last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.6% higher to trade at \$1,058.40/oz.

On Friday, platinum prices declined 0.2% to close at \$1052.10/oz.

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Major South Africa Corporate News

Bidvest Group Limited

In its management update, the company revealed that a significant acquisition will be concluded early in the new financial year, strengthening the commercial products division, which the firm expects to deliver similar growth as shown in 1H16. The firm added that for the first time in fifteen years, the freight business is struggling, because the lower commodities cycle impacted the flow of exports

New Europe Property Investments Plc

In its 1Q16 results, the company stated that its net rental income increased to EUR0.03bn from EUR0.02bn posted in the corresponding period of the previous year. However, its headline diluted EPS fell 1.2% from the same period of the prior year to 7.46c. Its EBITDA stood at EUR0.03bn, compared with EUR0.02bn recorded in the corresponding period of the previous year.

Major Global Economic News

US

The US advance retail sales rose 1.3% on a monthly basis in April, compared to a fall of 0.3% in the previous month. Markets were anticipating retail sales to climb 0.8%.

In March, US business inventories advanced 0.4% on a monthly basis, compared to a drop of 0.1% in the previous month. Market expectation was for business inventories to rise 0.2%.

The flash Reuters/Michigan consumer sentiment index in the US recorded a rise to 95.80 in May, higher than market expectations of an advance to a level of 89.50. The sentiment index had registered a level of 89.00 in the prior month.

In April, producer prices in the US advanced 0.2% on a monthly basis, less than market expectations for a rise of 0.3%. It followed a drop of 0.1% in the prior month.

Asia

In April, industrial production recorded a rise of 6.0% in China, on an annual basis, lower than market expectations for an advance of 6.5%. In the prior month, industrial production had advanced 6.8%.

In April, retail sales in China climbed 10.1% on a yearly basis, less than market expectations for an advance of 10.6%. In the previous month, retail sales had advanced 10.5%.

New Yuan loans in China recorded a drop to CNY555.60bn in April, compared to a level of CNY1370.00bn in the prior month. Markets were anticipating loans to drop to a level of CNY800.00bn.

Eurozone

In 1Q16, the seasonally adjusted final GDP in the Eurozone rose 0.5% on a quarterly basis, lower than market expectations for an advance of 0.6%. The preliminary figures had recorded an advance of 0.6% and registered a rise of 0.3% in the prior quarter.

In 1Q16, on a quarterly basis, the seasonally adjusted preliminary GDP in Germany recorded a rise of 0.7%, higher than market expectations for an advance of 0.6%. GDP had climbed 0.3% in the previous quarter.

In Germany, the final consumer price index registered a drop of 0.4% on a monthly basis in April, in line with market expectations. In the previous month, the index had advanced 0.8% and the preliminary figures had also indicated a fall of 0.4%.

UK

In March, on an annual basis, construction output registered a drop of 4.5% in the UK, more than market expectations for a fall of 2.7%. In the prior month, output had recorded a revised drop of 0.4%.

On a monthly basis, the Rightmove house price index advanced 0.4% in the UK, in May, from a rise of 1.3% in the prior month.

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40 Best Performers on the All Share Index

Company Name	Last Close	1 Week % Change	MTD % Change	YTD % Change
Harmony Gold Mining Co Ltd	51	-2.72%	0.99%	225.96%
Assore Ltd	184	-8.23%	-8.23%	195.57%
Sibanye Gold Ltd	54	-3.52%	0.30%	135.27%
AngloGold Ashanti Ltd	239	-2.06%	5.74%	124.90%
Kumba Iron Ore Ltd	90	-11.11%	-21.92%	119.20%
African Rainbow Minerals Ltd	94	-12.96%	-16.15%	116.34%
Anglo American Platinum Ltd	385	-4.01%	-6.37%	107.73%
Impala Platinum Holdings Ltd	50	-6.35%	-15.24%	99.72%
Lonmin Plc	36	0.72%	-10.71%	97.81%
Pan African Resources Plc	3	3.08%	10.56%	91.43%
Anglo American Plc	126	-8.61%	-20.67%	82.26%
Northam Platinum Ltd	45	-6.72%	-7.24%	70.52%
Royal Bafokeng Platinum Ltd	43	-2.48%	-1.88%	60.53%
Murray & Roberts Holdings Ltd	12	-4.67%	-15.59%	55.63%
Gold Fields Ltd	65	-5.62%	-0.22%	52.94%
Exxaro Resources Ltd	66	-14.48%	-26.72%	49.34%
Illovo Sugar Ltd	24	0.00%	-0.16%	43.73%
Blue Label Telecoms Ltd	16	-1.91%	4.33%	34.98%
Coronation Fund Managers Ltd	71	3.43%	-4.63%	33.46%
Niveus Investments Ltd	26	5.52%	5.73%	31.90%
JSE Ltd	158	0.58%	-4.31%	24.21%
Alexander Forbes Group Holdings Ltd	7	0.00%	1.81%	23.27%
African Oxygen Ltd	16	-5.88%	-9.09%	23.08%
Tongaat Hulett Ltd	111	-0.66%	-5.90%	18.99%
Santam Ltd	225	-3.43%	-4.19%	18.73%
Massmart Holdings Ltd	118	-2.54%	-3.37%	18.00%
Group Five Ltd/South Africa	23	-3.02%	-6.87%	17.47%
Redefine Properties Ltd	11	-0.26%	-7.65%	17.01%
Shoprite Holdings Ltd	167	1.37%	-2.65%	16.36%
SPAR Group Ltd	214	2.71%	0.59%	16.24%
Pick n Pay Stores Ltd	75	1.72%	1.53%	15.38%
Cashbuild Ltd	345	-0.29%	-0.59%	15.00%
Clicks Group Ltd	102	0.56%	-2.01%	14.47%
Raubex Group Ltd	19	14.91%	2.62%	13.89%
Barloworld Ltd	70	-4.81%	-14.48%	13.60%
Invicta Holdings Ltd	51	-3.60%	-6.35%	13.23%
Liberty Holdings Ltd	130	-1.95%	-6.79%	13.21%
Foschini Group Ltd	138	-3.59%	-9.82%	13.04%
Hyprop Investments Ltd	116	-0.93%	-5.46%	12.39%
Holdsport Ltd	63	3.89%	3.89%	12.30%
JSE All Share Index	51603	0.36%	-2.56%	1.79%

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	Rightmove House Price Index (MoM) (May)	✓	0.40%*	1.30%	Monthly
Japan	01:50	Domestic Corporate Goods Price Index (MoM) (Apr)	✓	-0.30%*	-0.10%	Monthly
Japan	01:50	Loans & Discounts Corp (YoY) (Mar)	✓	2.58%*	2.32%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Apr) (P)	✓✓	-	-21.20%	Monthly
Eurozone	13:00	ECB's Makuch Speaks to Slovak Lawmakers	✓	-	-	As scheduled
US	14:30	NY Empire State Manufacturing Index (May)	✓	6.50	9.56	Monthly
Canada	15:00	Existing Home Sales (MoM) (Apr)	✓	-	1.50%	Monthly
Eurozone	15:45	ECB Publishes Weekly QE Data	✓	-	-	As scheduled
US	16:00	NAHB Housing Market Index (May)	✓	59.00	58.00	Monthly
Canada	16:30	BoC Review	✓✓	-	-	As scheduled
US	22:00	Net Long-Term TIC Flows (Mar)	✓✓	-	USD72.00bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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