

ONE  
Minute Brief

17 May 2016

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## Economic and Political News

The African National Congress stated that reports of the UK's Defence Ministry trying to keep the ANC in power is just a distraction for the South Africans, while its actual plan is to unseat the President Jacob Zuma. Meanwhile, UK's diplomatic mission in Pretoria has denied the reports stating UK government is helping the ANC to stay in power.

South Africa's thirteen political parties signed the Independent Electoral Commission's Code of Conduct for this year's local government elections. Moreover, the parties have pledged their commitment to the commission's rules and to have free and fair elections.

The Automobile Association mentioned that with the extended period for the Gauteng motorists to pay their outstanding historic e-toll accounts at a reduced rate of 60%, it would be a good opportunity to assess the success of e-toll system.

## Key Indices

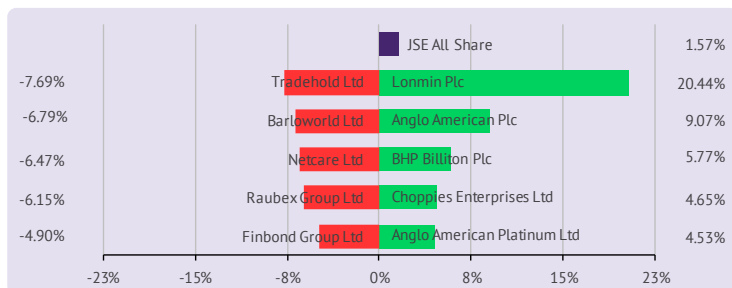
	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52412.68	▲	810.13	1.57%	1.57%	-1.03%	1.35%	3.39%
JSE Top 40	46258.34	▲	855.19	1.88%	1.88%	-0.46%	0.72%	1.01%
FTSE 100	6151.40	▲	12.90	0.21%	0.21%	-1.45%	1.08%	-1.46%
DAX 30*	9952.90	▲	90.78	0.92%	0.00%	-0.86%	0.74%	-7.35%
CAC 40	4312.28	▼	-7.71	-0.18%	-0.18%	-2.63%	1.00%	-7.00%
S&P 500	2066.66	▲	20.05	0.98%	0.98%	0.07%	0.27%	1.11%
Nasdaq Composite	4775.46	▲	57.78	1.22%	1.22%	0.00%	-1.94%	-4.63%
DJIA	17710.71	▲	175.39	1.00%	1.00%	-0.35%	0.50%	1.64%

\*Values as on 13th May 2016

## South Africa Market ▲

## South African markets closed higher

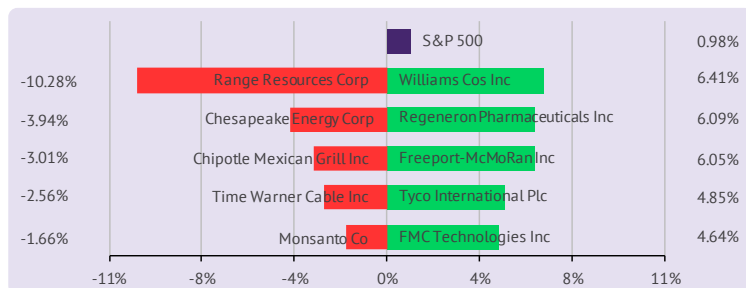
South African markets closed in the green yesterday, amid gains in platinum mining sector stocks. The JSE All Share Index rose 1.6% to close at 52,412.68.



## US Market ▲

## The S&amp;P 500 futures are trading in red

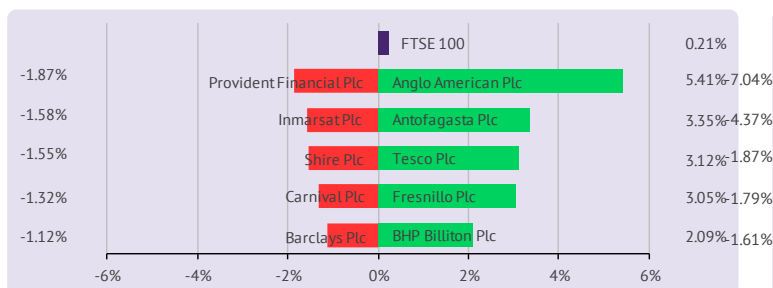
US markets closed higher yesterday, supported by gains in energy sector stocks, as oil prices hit a fresh 2016 high. Data indicated that the US New York empire state manufacturing index eased less than expected in May. The S&P 500 Index climbed 1.0% to close at 2,066.66.



## UK Market ▲

## The FTSE 100 futures are trading in negative territory

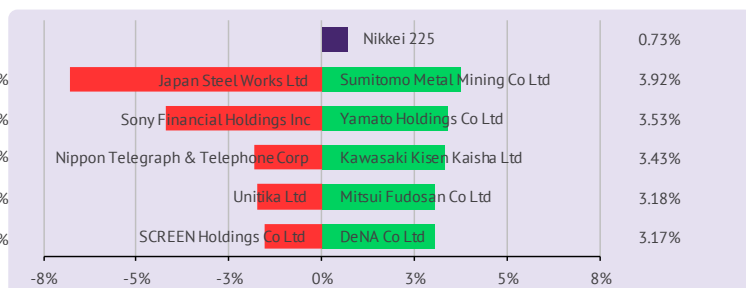
UK markets finished higher yesterday, led by gains in mining sector stocks. The FTSE 100 Index advanced 0.2% to close at 6,151.40.



## Asian Market ◀▶

## Trading mixed

Asian markets are trading mixed this morning. Earlier in the session, data revealed Japan's industrial production advanced on a monthly basis in March. The Nikkei 225 Index is trading 0.7% higher at 16,587.14.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R15.6013. Later today, traders will keep a close watch on the US consumer price index, manufacturing & industrial production and real average weekly earnings for further clues.

The US Dollar rose against the South African Rand yesterday. Data revealed that manufacturing activity in the New York city contracted in May, after showing expansion for two months. Meanwhile, the NAHB housing market index recorded an unchanged reading in May, its fourth consecutive reading indicating expansion and growth in the housing market.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.1% against the South African Rand to trade at R22.5650. Later today, traders will eye UK's consumer price inflation data and producer price index for further direction in the Pound.

The British Pound advanced against the South African Rand yesterday, despite persistent worries over the looming EU referendum in June.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.7% weaker against the South African Rand at R17.6180. Going forward, market participants will keep a tab on Eurozone's trade balance scheduled later in the day.

The Euro strengthened against the South African Rand yesterday, extending gains from previous sessions.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% firmer against the South African Rand at R11.4592. Earlier in the session, the Reserve Bank of Australia's May monetary policy meeting minutes indicated that the policy makers considered keeping the interest rate on hold, but a weakening in the inflationary pressures persuaded the central bank to go ahead with the rate cut as it would help the economy. However, policymakers were still of the view that the economy was continuing to rebalance away from the mining sector. Although, the central bank showed faith in the underlying strength of the nation's economy, but gave no clear hints on whether the central bank will cut rates again.

The Australian Dollar rose against the South African Rand yesterday. Elsewhere, in China, Australia's largest trading partner, industrial output rose less-than-expected in April. Moreover, the nation's retail sales advanced lower than estimated in the same month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.6013 ▼		1.61%	1.61%	9.96%	-3.60%	1.16%
GBPZAR	22.5650 ▲		1.91%	1.91%	8.38%	-1.89%	-1.13%
EURZAR	17.6180 ▼		1.75%	1.75%	8.80%	-3.01%	5.53%
AUDZAR	11.4592 ▲		1.87%	1.87%	5.43%	-4.28%	0.43%
EURUSD	1.1316 ▼		0.11%	0.11%	-1.13%	0.62%	4.19%
GBPU\$	1.4486 ▲		0.26%	0.26%	-1.41%	1.72%	-2.31%
Brent (\$/barrel)	49.3 ▲		2.38%	2.38%	1.75%	19.34%	31.36%
Gold (\$/oz)	1280.4 ▲		0.12%	0.12%	-1.26%	4.56%	20.18%
Platinum (\$/oz)	1058.1 ▲		0.13%	0.13%	-2.31%	10.42%	18.15%
Copper (\$/MT)*	4649.5 ▲		0.29%	0.29%	-8.19%	3.76%	-1.20%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,280.40/oz.

Yesterday, gold prices rose 0.1% to close at \$1,274.20/oz, amid a broad weakness in the greenback, reduced demand for the safe-haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 0.6% to trade at \$49.26/bl.

Yesterday, Brent crude oil advanced 2.4% to settle at \$48.97/bl, after a bullish analysis from Goldman Sachs group indicated that the oil markets are now facing a supply shortfall, along with the outages in Canada and Nigeria, gave a boost to the commodity prices.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.4% to trade at \$1,058.10/oz.

Yesterday, platinum prices climbed 0.1% to close at \$1053.50/oz, reversing previous session losses.



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## Major South Africa Corporate News

### Astral Foods Limited

In its 1H16 results, the company stated that its revenue increased to R5.82bn from R5.75bn posted in the corresponding period of the previous year, as a result of the increase in the value of external feed sales. However, its diluted headline EPS fell 22.6% from the same period of the prior year to 773.00c. The groups operating profit stood at R0.43bn, compared with R0.55bn recorded in the corresponding period of the preceding year.

### Barloworld Limited

In its 1H16 results, the company revealed that its revenue advanced 4.2% from the same period of the preceding year to R31.95bn. However, its headline diluted EPS fell to 334.80c from 365.60c recorded in the corresponding period of the previous year. It indicated that there are mining project opportunities in the pipeline which could boost its revenues in FY17 and FY18.

### Delta Property Fund Limited

In its FY16 results, the company stated that its revenue increased to R1.22bn from R0.94bn posted in the previous year. However, its basic and diluted headline EPS from continuing operations fell 57.5% from the prior year to 58.66c. Its profit from operations stood at R1.05bn, compared with R1.19bn recorded in the preceding year.

### Famous Brands Limited

The company indicated that it has acquired a 51.0% stake in the recently launched Salsa Mexican Grill. The purchase consideration would be settled from the firm's cash reserves. The effective date of the transaction is June 1, 2016.

### Grindrod Limited

The company announced that Mrs Tantaswa Nyoka has resigned from the board and as member of the Audit Committee effective May 16, 2016. She also resigned from the board of Grindrod Bank Limited on April 7, 2016.

### Lonmin Plc

In its 1H16 results, the company reported that its revenue advanced to \$515.00mn from \$508.00mn posted in the same period of the prior year. Its diluted loss substantially dropped to 1.80c from diluted loss of 164.60c recorded in the corresponding period of the preceding year. Further, it revealed that its total refined platinum production rose 33.0% from the same period of the preceding year to 348,885oz. It maintained its platinum sales guidance for FY16 at circa 700,000oz. In its production results for 2Q16, it indicated that total refined platinum production climbed 44.9% from the corresponding period of the previous year to 177,444oz.

## Major Global Economic News

### US

In May, the New York Empire State manufacturing index in the US registered a drop to a level of -9.02, lower than market expectations of a drop to 6.50. The index had registered a level of 9.56 in the prior month.

The NAHB housing market index remained steady at a level of 58.00 in May, in the US. Market anticipation was for the housing market index to climb to a level of 59.00.

### Asia

The RBA's May monetary policy meeting minutes revealed that the central bank members considered leaving interest rates on hold, but a broad-based weakening of inflation pressures persuaded them that the economy would need an interest-rate cut. At the meeting, the RBA reduced official cash rate by a quarter point to a record low 1.75%. Despite this, the central bank has reiterated their faith in the underlying strength of the Australian economy, and its ongoing rebalancing away from resource-related infrastructure investment.

On a monthly basis, the final industrial production advanced 3.8% in March, in Japan. In the previous month, industrial production had registered a drop of 5.2% and the preliminary figures had indicated a rise of 3.6%.

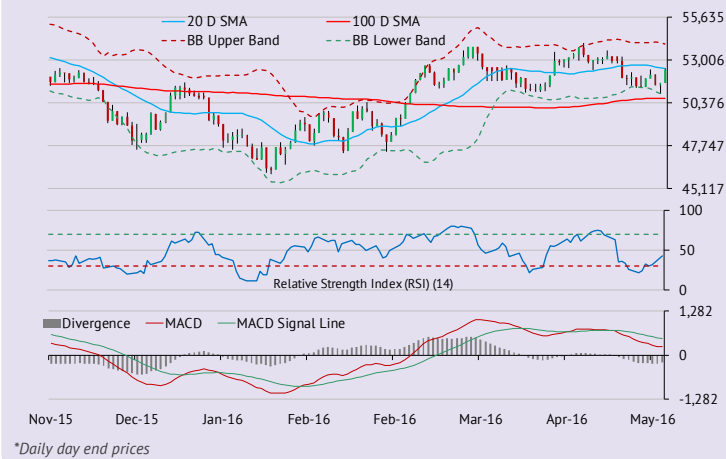
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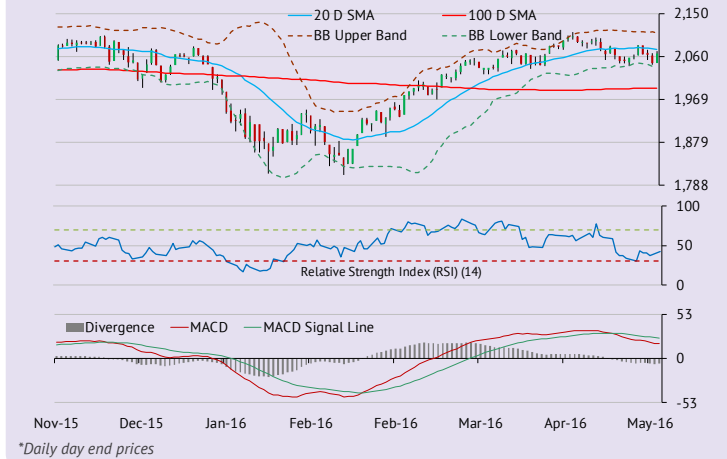
## Technical Snapshot

### JSE All Share



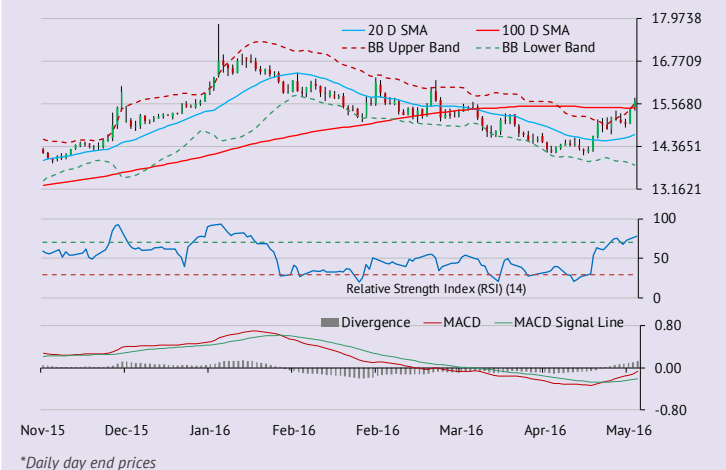
The JSE All Share index is expected to find support at 51,392.02, and a fall through could take it to the next support level of 50,371.36. The index is expected to find its first resistance at 52,964.74, and a rise through could take it to the next resistance level of 53,516.80.

### S&P 500



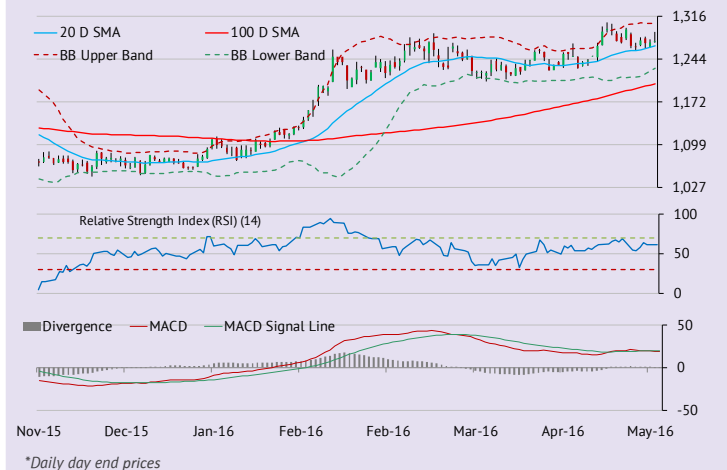
The S&P 500 index is expected to find support at 2,044.90, and a fall through could take it to the next support level of 2,023.15. The index is expected to find its first resistance at 2,086.64, and a rise through could take it to the next resistance level of 2,106.63.

### USDZAR



The pair is expected to find support at 15.1174, and a fall through could take it to the next support level of 14.5826. The pair is expected to find its first resistance at 15.9655, and a rise through could take it to the next resistance level of 16.2788.

### XAU/USD



Gold is expected to find support at \$1,258.20/oz, and a fall through could take it to the next support level of \$1,242.20/oz. The precious metal is expected to find its first resistance at \$1,290.30/oz, and a rise through could take it to the next resistance level of \$1,306.40/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	06:30	Capacity Utilisation (MoM) (Mar)	✓	3.20%*	-5.40%	Monthly
Japan	06:30	Industrial Production (MoM) (Mar) (F)	✓	3.80%*	3.60%**	Monthly
Eurozone	09:45	ECB's Praet Speaks on Economic Reforms in Brussels	✓	-	-	As scheduled
UK	10:30	Consumer Price Index (MoM) (Apr)	✓✓	0.30%	0.40%	Monthly
UK	10:30	Core Consumer Price Index (YoY) (Apr)	✓✓✓	1.40%	1.50%	Monthly
UK	10:30	Retail Price Index (MoM) (Apr)	✓	0.30%	0.40%	Monthly
UK	10:30	ONS House Price Index (YoY) (Mar)	✓	-	7.60%	Monthly
UK	10:30	Producer Price Index - Input n.s.a (MoM) (Apr)	✓	1.10%	2.00%	Monthly
Eurozone	11:00	Trade Balance s.a. (Mar)	✓	EUR22.00bn	EUR20.20bn	Monthly
Germany	12:00	German Buba Monthly Report	✓✓	-	-	As scheduled
US	14:30	Consumer Price Index (MoM) (Apr)	✓✓	0.30%	0.10%	Monthly
US	14:30	Consumer Price Index Core s.a (Apr)	✓	246.45	246.10	Monthly
US	14:30	Housing Starts (MoM) (Apr)	✓✓	3.30%	-8.80%	Monthly
US	14:30	Building Permits (MoM) (Apr)	✓✓	5.50%	-7.70%	Monthly
Canada	14:30	Manufacturing Shipments (MoM) (Mar)	✓	-1.90%	-3.30%	Monthly
US	15:15	Capacity Utilisation (Apr)	✓	75.00%	74.80%	Monthly
US	15:15	Industrial Production (MoM) (Apr)	✓✓	0.30%	-0.60%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Apr)	✓✓	0.30%	-0.30%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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