

ONE Minute Brief

25 May 2016

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Economic and Political News

In South Africa, leading indicator recorded a rise to 91.90 in March. In the previous month, leading indicator had registered a reading of 91.60.

In its economic outlook report, the African Development Bank has stated that electricity shortages, low commodity prices and low consumer and business confidence will continue to affect South Africa's economic growth adversely.

The National Assembly passed the Higher Education Amendment Bill yesterday. The Democratic Alliance staged a walkout after it failed to block the passage of the bill.

The National Assembly stated that it has adopted a motion to form an ad hoc committee to appoint a successor for Public Protector Thuli Madonsela.

The Treasury mentioned that it had conducted meetings with a team from the credit rating agency Standard & Poor's ahead of the review to be published in the first week of June.

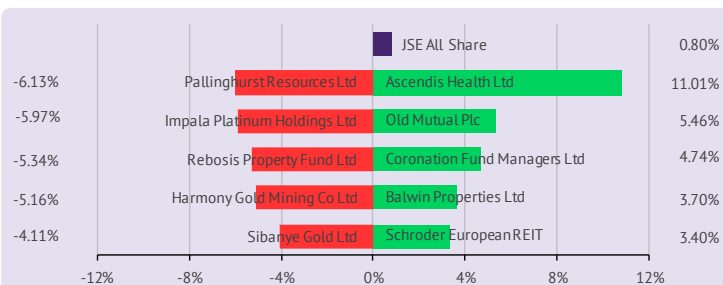
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53050.76	▲	422.14	0.80%	0.78%	0.18%	1.35%	4.65%
JSE Top 40	47033.77	▲	495.84	1.07%	1.08%	1.21%	0.72%	2.70%
FTSE 100	6219.26	▲	82.83	1.35%	1.02%	-0.36%	1.08%	-0.37%
DAX 30	10057.31	▲	215.02	2.18%	1.42%	0.18%	0.74%	-6.38%
CAC 40	4431.52	▲	106.42	2.46%	1.78%	0.06%	1.00%	-4.43%
S&P 500	2076.06	▲	28.02	1.37%	1.16%	0.52%	0.27%	1.57%
Nasdaq Composite	4861.06	▲	95.27	2.00%	1.92%	1.79%	-1.94%	-2.92%
DJIA	17706.05	▲	213.12	1.22%	1.17%	-0.38%	0.50%	1.61%

South Africa Market ▲

South African markets closed higher

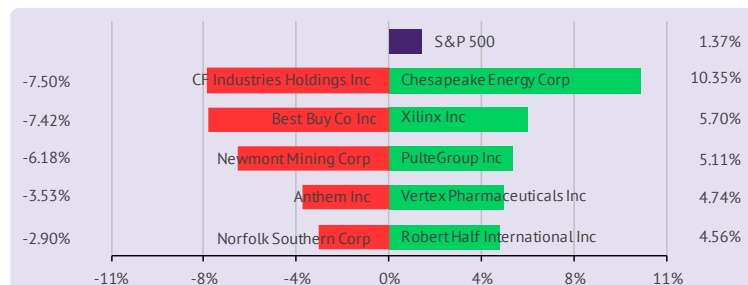
South African markets closed in the green yesterday, amid gains in financial sector stocks. Data revealed that South Africa's leading indicator advanced in March. The JSE All Share Index rose 0.8% to close at 53,050.76.



US Market ▲

The S&P 500 futures are trading in the green

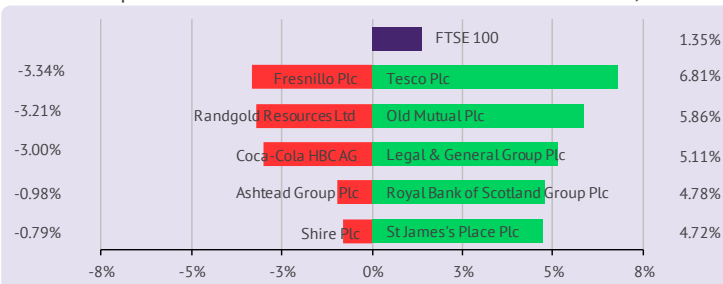
US markets closed higher yesterday, led by gains in information technology sector stocks. Data revealed that the Richmond Fed manufacturing index in the US dropped in May. The S&P 500 Index climbed 1.4% to close at 2,076.06.



UK Market ▲

The FTSE 100 futures are trading in positive territory

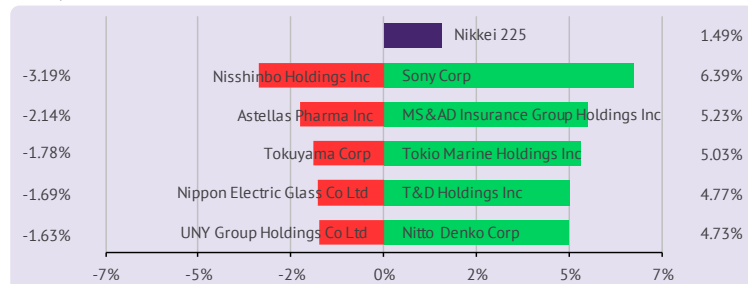
UK markets finished higher yesterday, supported by gains in banking sector stocks and upbeat trading results from Kingfisher Plc. Data indicated that UK's public sector net borrowings surprisingly reported a deficit in April. The FTSE 100 Index advanced 1.4% to close at 6,219.26.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. Data indicated that China's leading economic index recorded a rise in April. The Nikkei 225 Index is trading 1.5% higher at 16,745.21.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R15.6160. Later today, traders will keep a close watch on US goods trade balance and Markit services PMI for further direction.

The US Dollar fell against the South African Rand yesterday, after the US Richmond Fed manufacturing index slid back into contraction in May. Meanwhile, new home sales rose strongly in April, rising at its fastest pace in more than eight years, suggesting a robust demand in the housing market. Elsewhere, in South Africa, the leading indicator improved in March.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.5% lower against the South African Rand at R22.8126. With no economic releases in UK today, traders will eye UK gross domestic product data scheduled to release tomorrow.

The British Pound advanced against the South African Rand yesterday. Separately, data indicated that UK's public sector net borrowing rose higher than market estimates in April. Moreover, retail sales nudged up in May, although retailers expect June to be the worst trading month in more than three years, following uncertainty arising out of the upcoming referendum.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R17.4211. Going forward, market participants will keep a tab on Germany's GfK consumer confidence survey and IFO expectations, scheduled for release in a few hours.

The Euro weakened against the South African Rand yesterday, after the ZEW survey indicated that the economic sentiment in the Eurozone eased in May, as confidence among market participants decreased. Elsewhere, Germany's economy expanded 0.7% in 1Q16, on the back of robust domestic demand as economic growth accelerated at its fastest pace in two years.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose marginally against the South African Rand to trade at R11.2529. Earlier in the session, data indicated that Australia's construction work done dropped in the 1Q16.

The Australian Dollar fell against the South African Rand yesterday. Meanwhile, RBA Governor, Glenn Steven, defended the central bank's decision to cut interest rate in the recent monetary policy meeting, indicating that RBA was committed to achieving an inflation target rate of 2-3%.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.6160	▼	-0.40%	0.17%	10.01%	-3.60%	1.21%
GBPZAR	22.8126	▼	0.65%	1.09%	10.20%	-1.89%	0.53%
EURZAR	17.4211	▼	-1.10%	-0.55%	7.03%	-3.01%	3.81%
AUDZAR	11.2529	▲	-0.95%	-0.38%	3.94%	-4.28%	-0.99%
EURUSD	1.1155	▲	-0.70%	-0.74%	-2.70%	0.62%	2.53%
GBPUUSD	1.4609	▼	1.05%	0.92%	0.20%	1.72%	-0.72%
Brent (\$/barrel)	49.2	▲	0.54%	-0.23%	1.00%	19.34%	30.39%
Gold (\$/oz)	1231.6	▲	-1.78%	-1.89%	-4.75%	4.56%	15.94%
Platinum (\$/oz)	1005.4	▲	-0.88%	-1.87%	-6.88%	10.42%	12.62%
Copper (\$/MT)*	4622.0	▲	0.97%	0.73%	-8.73%	3.76%	-1.78%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.2% to trade at \$1,231.60/oz.

Yesterday, gold prices fell 1.7% to close at \$1,229.20/oz, amid a broad strength in the US Dollar and as a rally in global equity markets reduced demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

Brent crude oil edged higher 1.2% at 06:00 SAST, to trade at \$49.18/bl, extending gains from the previous session.

Yesterday, Brent crude oil advanced 0.5% to settle at \$48.61/bl, rising to its highest level in seven months after the American Petroleum Institute (API) reported that crude oil inventories declined 5.1mn bls last week to 536.8mn last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$1,005.40/oz.

Yesterday, platinum prices declined 0.9% to close at \$1004.20/oz.



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Major South Africa Corporate News

Adcorp Holdings Limited

In its FY16 results, the company indicated that its revenue rose to R15.59bn from R13.32bn posted in the preceding year. Its diluted headline EPS advanced 2.9% from the prior year to 289.30c.

Ascendis Health Limited

The company announced that it has agreed to acquire Remedica Holdings Limited, a pharmaceutical company based in Cyprus, for a total consideration of between c.EUR260.00mn and EUR335.00mn.

Brait SE

In its trading statement for FY16, the company indicated that it expects an increase of 74.0% to 80.0% in its reported Net Asset Value to between R134.19 and R138.82, partly due to positive effect from the strengthening of the GBP against the rand over the financial year.

Reunert Limited

In its 1H16 results, the company stated that its revenue advanced 2.2% from the same period of the previous year to R4.02bn. Its diluted headline EPS from continuing operations rose to 268.00c from 239.00c posted in the corresponding period of the prior year.

Tiger Brands Limited

In its 1H16 results, the company revealed that its group turnover rose 9.1% from the corresponding period of the prior year to R15.89bn. Its diluted headline EPS from continuing operations stood at 964.70c, compared with 956.30c recorded in the same period of the preceding year.

Major Global Economic News

Eurozone

The economic sentiment index in the Eurozone recorded a drop to 16.80 in May. The economic sentiment index had registered a reading of 21.50 in the previous month.

The seasonally adjusted final gross domestic product (GDP) in Germany registered a rise of 0.7% in 1Q16 on a quarterly basis, in line with market expectations. The preliminary figures had also indicated an advance of 0.7% and in the previous quarter, GDP had climbed 0.3%.

In Germany, the economic sentiment index eased unexpectedly to a level of 6.40 in May, compared to a level of 11.20 in the prior month. Markets were anticipating the index to climb to a level of 12.00.

UK

In the UK, the public sector net borrowing has unexpectedly posted a deficit of GBP6.60bn in April, as compared to a revised deficit of GBP6.10bn in the prior month. Markets were expecting public sector net borrowing to report a deficit of GBP5.80bn.

The CBI distributive trade survey's retail sales balance in the UK advanced to 7.0% in May, compared to a level of 13.0% in the previous month. Markets were expecting the retail sales balance to rise to 8.0%.

US

The US Richmond Fed manufacturing index dropped to -1.00 in May, that compared to a reading of 14.00 in the previous month. Markets were anticipating the index to ease to 8.00.

In April, new home sales in the US unexpectedly climbed by 16.6%, on monthly basis, to a level of 619.00K, compared to a revised reading of 531.00K in the prior month. Market anticipation was for new home sales to drop to 523.00K.

Asia

In China, the leading economic index advanced 0.1% in April on a monthly basis, following an advance by a revised 0.3%, in the prior month.

On a quarterly basis in Australia, the seasonally adjusted construction work done registered a drop of 2.6% in 1Q16, higher than market expectations for a drop of 1.5%. Construction work done had registered a revised drop of 2.9% in the previous quarter.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Switzerland	08:00	UBS Consumption Indicator (Apr)	✓✓	-	1.51	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Jun)	✓✓	9.70	9.70	Monthly
Eurozone	08:30	ECB Governing Council member Luis Linde Speaks in Madrid	✓	-	-	As scheduled
Spain	09:00	Producer Price Index (MoM) (Apr)	✓	-	0.70%	Monthly
Germany	10:00	Ifo - Business Climate (May)	✓✓	106.80	106.60	Monthly
Italy	10:00	Industrial Orders s.a (MoM) (Mar)	✓	-	0.70%	Monthly
Italy	10:00	Industrial Sales s.a. (MoM) (Mar)	✓	-	0.10%	Monthly
Germany	10:00	Ifo - Current Assessment (May)	✓✓	113.30	113.20	Monthly
Germany	10:00	Ifo - Expectations (May)	✓✓	100.80	100.40	Monthly
Switzerland	11:00	ZEW Survey - Expectations (May)	✓✓	-	11.50	Monthly
US	13:00	MBA Mortgage Applications (20-May)	✓	-	-1.60%	Weekly
US	15:00	Housing Price Index (MoM) (Mar)	✓	0.50%	0.40%	Monthly
US	15:00	House Price Purchase Index (QoQ) (Q1)	✓✓	-	1.40%	Quarterly
US	15:45	Markit Composite PMI (May) (P)	✓✓	-	52.40	Monthly
US	15:45	Markit Services PMI (May) (P)	✓✓	53.00	52.80	Monthly
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
Canada	16:00	Bank of Canada Rate Statement	✓✓✓	-	-	As scheduled
Eurozone	-	EcoFin Meeting	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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