

# ONE Minute Brief

3 June 2016

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## Economic and Political News

The electricity production rose 0.8% in South Africa on a yearly basis, in April, compared to the production falling 4.3% in the previous month. Meanwhile, the nation's electricity consumption registered a drop of 1.4%, following the consumption falling 5.7%, in the prior month.

NUM President, Piet Matosa, announced that about 45,000 workers face retrenchment in South Africa, as the mining sector is struggling. Moreover, the mining sector stays under pressure amid low commodity prices and higher costs leading to job losses.

Electoral Commission of South Africa stated that around 26.00mn people are registered and eligible to vote in the upcoming elections.

The Claassen board of inquiry probing the national police commissioner, Riah Phiyega's fitness for office heard that her interference at the Marikana unrest in North West was limited due to strict provisions of the SA Police Service Act. Moreover, Evidence leaders have come out strongly against her, stating that the situation could have been controlled.

## South Africa Market ▲

### South African markets closed higher

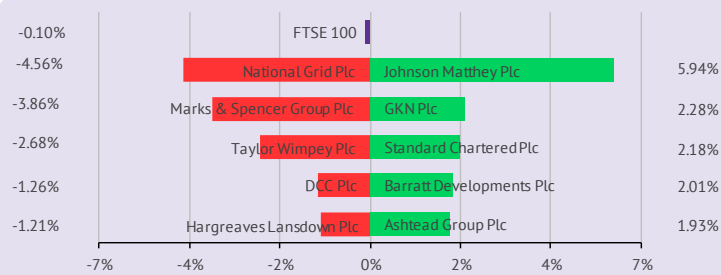
South African markets closed in the green yesterday, amid gains in banking sector stocks. The JSE All Share Index rose 0.4% to close at 53,716.91.



## UK Market ▼

### The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, led by decline in resources sector stocks after the OPEC failed to reach a deal to limit oil production. Also, data revealed that UK's construction PMI declined surprisingly in May. The FTSE 100 Index declined 0.1% to close at 6,185.61.



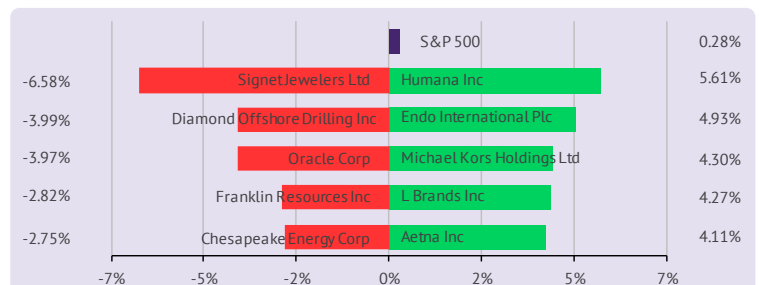
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53716.91	▲	198.55	0.37%	-0.72%	-0.35%	1.79%	5.96%
JSE Top 40	47677.99	▲	167.92	0.35%	-0.82%	-0.62%	3.23%	4.11%
FTSE 100	6185.61	▼	-6.32	-0.10%	-1.36%	-0.73%	-0.18%	-0.91%
DAX 30	10208.00	▲	3.56	0.03%	-0.76%	-0.53%	2.23%	-4.98%
CAC 40	4466.00	▼	-9.39	-0.21%	-1.08%	-0.88%	1.73%	-3.69%
S&P 500	2105.26	▲	5.93	0.28%	0.30%	0.40%	1.53%	3.00%
Nasdaq Composite	4971.36	▲	19.11	0.39%	0.77%	0.47%	3.62%	-0.72%
DJIA	17838.56	▲	48.89	0.27%	-0.19%	0.29%	0.08%	2.37%

## US Market ▲

### The S&P 500 futures are trading in the red

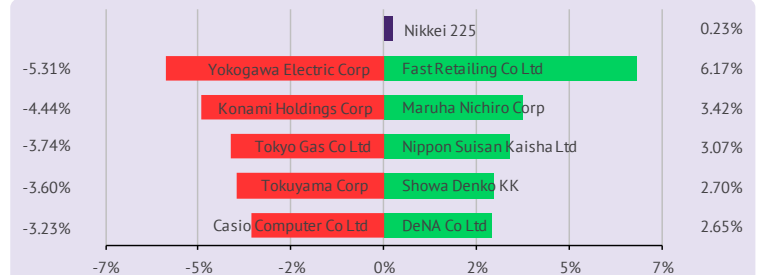
US markets closed higher yesterday, supported by gains in health care sector stocks. ADP report indicated that private sector employment in the US accelerated last month. The S&P 500 Index climbed 0.3% to close at 2,105.26.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. Earlier in the session, China's service sector activity slowed in May. The Nikkei 225 Index is trading 0.2% higher at 16,601.41.



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## USDZAR ▲

### USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R15.5833. Later today, traders will keep a close watch on the US non-farm payrolls and unemployment rate along with average hourly earnings for further direction. Moreover, the trade balance, Markit services PMI and the durable goods orders will be on investors' radar. Additionally, traders will keep an eye on South Africa's Standard Bank PMI for further clues.

The US Dollar fell against the South African Rand yesterday. Separately, data revealed that the private sector employment in the US advanced in May from April, at par with market expectations. Moreover, the Americans applying for new unemployment benefits fell slightly during the last week, falling to its lowest level in five weeks. Meanwhile, the New York City business index contracted at its fastest pace in seven years.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced marginally against the South African Rand to trade at R22.4670. Later today, traders will eye UK Markit services PMI for further direction in the Pound.

The British Pound declined against the South African Rand yesterday, after growth in Britain's construction sector unexpectedly slowed, as output growth eased to its weakest level in almost three years in May.

## EURZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.1% higher against the South African Rand at R17.3847. Going forward, market participants will keep a tab on Markit's survey for the services and composite PMI across the Eurozone along with the retail sales scheduled in a few hours.

The Euro weakened against the South African Rand yesterday. Separately, the European Central Bank left the interest rate unchanged at 0.0% at its recent monetary policy meeting. Moreover, the ECB Governor, Mario Draghi stated that the inflation rates will improve in 2016. Further the bank raised its inflation outlook to 2.0% for 2016, while expecting the economic growth of 1.6%. Moreover, the producer prices dropped on a monthly basis in April.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R11.2698. Earlier in the session, Australia's performance of service index expanded in May. Elsewhere, in China, Australia's top trading partner, growth in the services sector slowed in May.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's retail sales rose less than expected on a monthly basis in May. Meanwhile, the nation's trade deficit narrowed in April.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.5833	▲	-0.16%	-0.96%	-0.84%	10.36%	0.68%
GBPZAR	22.4670	▲	-0.16%	-2.35%	-1.27%	9.38%	-1.48%
EURZAR	17.3847	▲	-0.51%	-0.64%	-0.68%	7.28%	3.34%
AUDZAR	11.2698	▲	-0.55%	-0.33%	-0.89%	4.99%	-0.88%
EURUSD	1.1155	▲	-0.33%	0.32%	0.17%	-2.78%	2.62%
GBPUSD	1.4415	▼	0.05%	-1.37%	-0.41%	-0.85%	-2.16%
Brent (\$/barrel)	50.0	▼	0.64%	1.46%	0.30%	3.66%	34.23%
Gold (\$/oz)	1213.2	▲	-0.17%	-0.33%	-0.41%	-5.87%	14.11%
Platinum (\$/oz)	961.0	▲	-1.21%	-2.25%	-2.07%	-9.09%	7.67%
Copper (\$/MT)*	4617.0	▼	-0.32%	-2.19%	-1.70%	-7.25%	-1.89%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,213.20/oz.

Yesterday, gold prices fell 0.2% to close at \$1,209.80/oz, amid mounting speculation of an interest rate hike by the US Fed, ahead of the US non-farm payrolls data to be released later today.

## Brent Crude Oil ▼

### Trading weaker

Brent crude oil declined marginally, at 06:00 SAST, to trade at \$50.02/bl, reversing previous session gains.

Yesterday, Brent crude oil advanced 0.6% to settle at \$50.04/bl, after reaching the \$50.00/bl mark for the first time in seven months, after the US Energy Department reported that crude oil inventories fell by 1.4mn bls last week. However, the OPEC meeting in Vienna failed to reach an agreement on production cut.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.1% to trade at \$961.00/oz.

Yesterday, platinum prices declined 1.2% to close at \$960.10/oz.

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## Major South Africa Corporate News

### Investec Plc

The company announced its intention to conduct a placing of up to 30,870,000 new ordinary shares in the company, representing approximately 5.0% of the company's and 3.4% of Investec Plc and Investec Limited's issued share capital. The placing will raise approximately GBP145.00mn of gross proceeds to fund a tender offer for certain preference shares of the company.

### MMI Holdings Limited

In its trading update for the nine months ended 31 March 2016, the company reported that its expense reduction project is progressing well and the group is confident that the targeted annual reduction of R750.00mn will be achieved by the end of FY19. Total new business volume was 6.0% higher than reported in the prior year.

### Mondi Limited

The company, along with Mondi Plc, signed an agreement for the acquisition of 90.0% of the outstanding share capital in Kalenobel from ARGUS Capital, and M. Olcay Hephiz, for a consideration of around EUR90.00mn.

## Major Global Economic News

### US

In the US, the ADP private sector employment rose by 173.00K in May, following a revised gain of 166.00K in the previous month. Market anticipation was for the employment to rise 173.00K.

In the week ended May 28, 2016, the seasonally adjusted initial jobless claims in the US dropped unexpectedly to 267.00K, compared to a reading of 268.00K in the previous week. Market expectation was for initial jobless claims to rise to a level of 270.00K.

In the US, the New York City current business condition index dropped to 37.20 in May, compared to the index recorded a reading of 57.00, in the previous month.

### Eurozone

The ECB held the key interest rate steady at 0.0%, meeting market expectations. In a press conference that accompanied the decision, the ECB President, Mario Draghi, indicated that Eurozone inflation rates will likely recover in 2016. Further, the bank raised its inflation outlook for 2016 to 0.2%, from 0.1% projected previously, while also raising the economic growth forecast to 1.6%, from 1.4%. However, the ECB Chief also noted that subdued economic growth in emerging markets and the UK referendum on the European Union could threaten the Euro region's recovery.

In April, the producer price index (PPI) in the Eurozone registered an unexpected drop of 0.3% on a monthly basis, lower than market expectations for an advance of 0.1%. In the prior month, PPI had risen 0.3%.

### Asia

The Caixin/Markit services PMI index fell to a level of 51.20 in May, in China, compared to a reading of 51.80 in the previous month.

The Nikkei services PMI in Japan advanced to 50.4 in May, compared to a level of 49.3 in the prior month.

In May, the AIG performance of services index registered a rise to 51.50 in Australia, compared to a level of 49.70 in the prior month.

### UK

In May, the construction PMI in the UK eased unexpectedly to 51.20, compared to market expectations of an unchanged reading. In the previous month, the index had recorded a level of 52.00.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	Caixin/Markit Services PMI (May)	✓✓	51.20*	51.80	Monthly
Japan	04:00	Markit Japan Services PMI (May)	✓✓	50.40*	49.30	Monthly
Eurozone	08:30	Bundesbank Publishes Semi-annual Economic Forecasts	✓	-	-	As scheduled
France	09:50	Markit Services PMI (May) (F)	✓	51.80	51.80**	Monthly
Germany	09:55	Markit Services PMI (May) (F)	✓✓	55.20	55.20**	Monthly
Eurozone	10:00	Markit Composite PMI (May) (F)	✓✓✓	52.90	52.90**	Monthly
Eurozone	10:00	Markit Services PMI (May) (F)	✓✓✓	53.10	53.10**	Monthly
UK	10:30	Official Reserves (Changes) (May)	✓✓	-	USD728.00mn	Monthly
UK	10:30	Markit Services PMI (May)	✓✓	52.50	52.30	Monthly
Spain	11:00	House Price Index (QoQ) (Q1)	✓	-	0.30%	Quarterly
Eurozone	11:00	Retail Sales (MoM) (Apr)	✓✓	0.40%	-0.50%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (May)	✓✓	0.20%	0.30%	Monthly
US	14:30	Average Weekly Hours All Employees (May)	✓	34.50	34.50	Monthly
US	14:30	Change in Household Employment (May)	✓	-	-316.00K	Monthly
US	14:30	Unemployment Rate (May)	✓✓✓	4.90%	5.00%	Monthly
US	14:30	Underemployment Rate (May)	✓✓	-	9.70%	Monthly
Canada	14:30	Labour Productivity (QoQ) (Q1)	✓	0.40%	0.10%	Quarterly
Canada	14:30	International Merchandise Trade (Apr)	✓	-CAD2.50bn	-CAD3.41bn	Monthly
US	14:30	Change in Manufacturing Payrolls (May)	✓	-2.00K	4.00 K	Monthly
US	14:30	Change in Non-farm Payrolls (May)	✓✓✓	160.00K	160.00K	Monthly
US	14:30	Change in Private Payrolls (May)	✓✓	150.00K	171.00K	Monthly
US	14:30	Trade Balance (Apr)	✓✓	-USD41.00bn	-USD40.40bn	Monthly
US	15:45	Markit Services PMI (May) (F)	✓✓	51.40	51.20**	Monthly
US	15:45	Markit Composite PMI (May) (F)	✓✓	-	50.80**	Monthly
US	16:00	Durable Goods Orders (Apr) (F)	✓✓✓	-	3.40%**	Monthly
US	16:00	ISM Non-Manufacturing PMI (May)	✓✓	55.30	55.70	Monthly
US	16:00	Factory Orders (MoM) (Apr)	✓✓	1.90%	1.10%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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