

# ONE Minute Brief

6 June 2016

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## Economic and Political News

South Africa's Standard Bank PMI registered a rise to a level of 50.20, compared to 47.90 in the previous month.

Standard & Poor's rating agency reaffirmed South Africa's sovereign debt rating just one notch above junk, while keeping the negative outlook intact, citing low GDP growth. Meanwhile, President Jacob Zuma stated that the South African government was working closely with trade unions and business to turn around the economy. Finance Minister, Pravin Gordhan stated that the ratings decision was positive and emphasised on chalking out a plan with the aim to ensure significant improvement in the economy during the next six months.

Eskom announced that it will continue to provide stable supply of electricity in the nation, after S&P Global stated that the power utility's efforts helped it to affirm South Africa's investment grade credit rating.

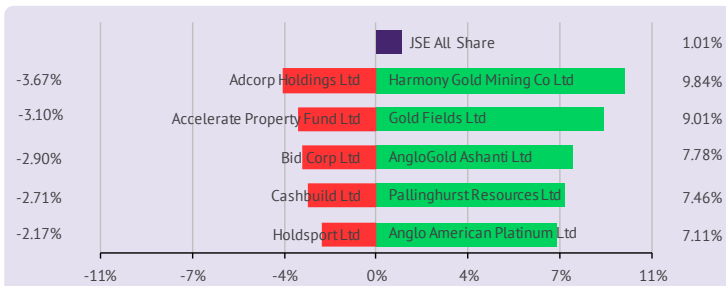
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	54259.36	▲	542.45	1.01%	NA	0.66%	1.79%	7.03%
JSE Top 40	48083.54	▲	405.55	0.85%	NA	0.23%	3.23%	4.99%
FTSE 100	6209.63	▲	24.02	0.39%	NA	-0.34%	-0.18%	-0.52%
DAX 30	10103.26	▼	-104.74	-1.03%	NA	-1.55%	2.23%	-5.96%
CAC 40	4421.78	▼	-44.22	-0.99%	NA	-1.86%	1.73%	-4.64%
S&P 500	2099.13	▼	-6.13	-0.29%	NA	0.10%	1.53%	2.70%
Nasdaq Composite	4942.52	▼	-28.85	-0.58%	NA	-0.11%	3.62%	-1.30%
DJIA	17807.06	▼	-31.50	-0.18%	NA	0.11%	0.08%	2.19%

## South Africa Market ▲

### South African markets closed higher

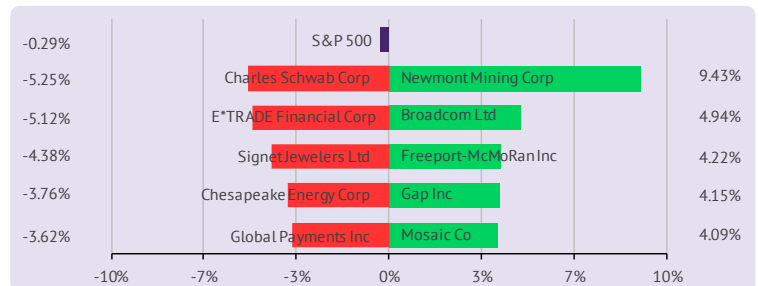
South African markets rose on Friday, amid gains in gold mining sector stocks. Data indicated that Markit/Standard Bank's PMI for South Africa expanded in May from April. The JSE All Share Index rose 1.0% to close at 54,259.36.



## US Market ▼

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

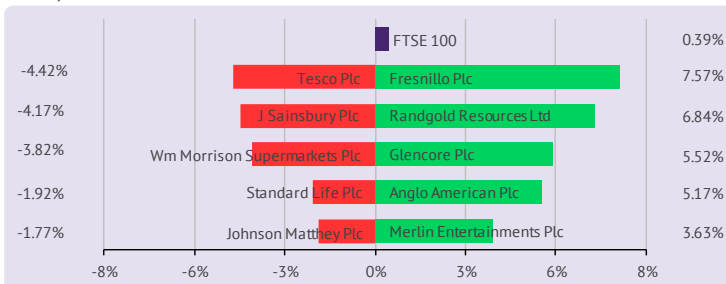
US markets closed lower on Friday, weighed down by losses in financial sector stocks. Data revealed that the non-farm payrolls in the US came in much below market expectations in May. The S&P 500 Index dropped 0.3% to close at 2,099.13.



## UK Market ▲

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

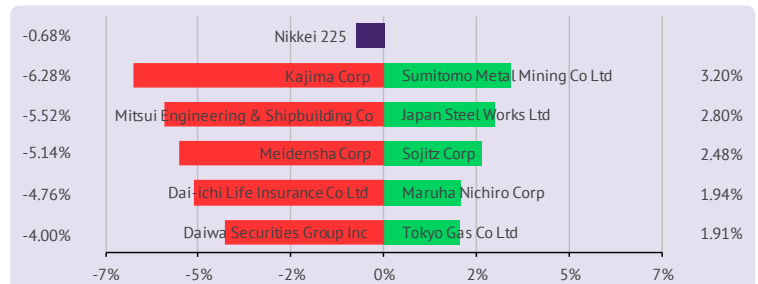
UK markets finished higher on Friday, supported by gains in commodity sector stocks. Data revealed that UK's services PMI rose higher than expected in May from April. The FTSE 100 Index advanced 0.4% to close at 6,209.63.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning. The Nikkei 225 Index is trading 0.7% lower at 16,529.67.



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## USDZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R15.1300. Later today, traders will keep a close watch on the speech of Federal Reserve Chief, Janet Yellen, scheduled later in the day.

The US Dollar fell against the South African Rand on Friday, after the US economy created less than expected jobs in May, notching its smallest figure since September 2010 and dampening the prospects of a Fed rate hike in June. Meanwhile, the unemployment rate fell more-than-expected to 4.7% in May, the lowest rate since 2007. Moreover, the ISM non-manufacturing PMI eased in May from April, marking its lowest reading since February 2014, albeit remaining in expansion. Further, the trade deficit widened in April, as demand for imported goods increased while new orders for the factory orders increased in April, posting its biggest increase in six months. The South African currency also benefited from S&P's decision to affirm its sovereign debt rating at one notch above junk. Adding to the positive sentiment, the Markit/Standard Bank PMI expanded in May from April.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.6% against the South African Rand to trade at R21.7752. With no economic releases in the UK today, traders will eye UK's BRC retail sales, scheduled in early hours of tomorrow.

The British Pound declined against the South African Rand on Friday. Data revealed that UK's services gained more than expected momentum in May, after hitting a 38-month low in the previous month.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R17.1530. Going forward, market participants will keep a tab on Eurozone's Sentix investor confidence for further clues. Moreover, Germany's factory orders and Markit construction PMI will also grab market attention.

The Euro weakened against the South African Rand on Friday. Data indicated that Eurozone's Markit services PMI advanced more than expected in May. Moreover, retail sales remained flat on a monthly basis in April. Separately, in Germany, the services PMI climbed in line with market expectations in May.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.3% against the South African Rand to trade at R11.0848. With no major economic releases in Australia today, traders will focus on the Reserve Bank of Australia's interest rate decision, scheduled to release tomorrow.

The Australian Dollar fell against the South African Rand on Friday. Separately, data released indicated that Australia's AIG performance of services index expanded in May from April.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.1300	▲	-3.11%	NA	-3.92%	10.36%	-2.45%
GBPZAR	21.7752	▼	-2.46%	NA	-3.69%	9.38%	-3.91%
EURZAR	17.1530	▼	-1.22%	NA	-1.89%	7.28%	2.09%
AUDZAR	11.0848	▼	-1.25%	NA	-2.13%	4.99%	-2.12%
EURUSD	1.1338	▼	1.94%	NA	2.11%	-2.78%	4.61%
GBPU\$	1.4378	▼	0.66%	NA	0.24%	-0.85%	-1.52%
Brent (\$/barrel)	50.0	▲	-0.80%	NA	-0.50%	3.66%	33.15%
Gold (\$/oz)	1244.1	▲	2.50%	NA	2.08%	-5.87%	16.97%
Platinum (\$/oz)	988.0	▲	2.27%	NA	0.15%	-9.09%	10.12%
Copper (\$/MT)*	4696.5	▲	1.72%	NA	-0.01%	-7.25%	-0.20%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged higher 0.3% to trade at \$1,244.10/oz.

On Friday, gold prices rose 2.5% to close at \$1,240.10/oz, as the US jobs report indicated fewer number of jobs created in the economy, which dulled expectations of a Fed rate hike in June, increasing demand for the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 0.7% to trade at \$49.98/bl.

On Friday, Brent crude oil dropped 0.8% to settle at \$49.64/bl, after the Baker Hughes reported that oil rig count in the US rose by 4 to 408 last week.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.6% higher to trade at \$988.00/oz.

On Friday, platinum prices climbed 2.3% to close at \$981.90/oz.

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## Major South Africa Corporate News

### Famous Brands Limited

The company indicated that Norman Richards, currently the Financial Director, would be appointed as Commercial Executive while Kelebogile (Lebo) Ntlha, currently the Financial Executive and Company Secretary, would be appointed as a Financial Director. These appointments would be effective from July 1, 2016.

### Illovo Sugar Limited

In its FY16 results, the company reported that its revenue decreased to R13.17bn from R13.27bn posted in the previous year. Its headline diluted EPS dropped 36.5% from the prior year to 113.60c. The firm expects that overall sugar production in FY17 to be similar to the prior season.

### Imperial Holdings Limited

The company announced that Imperial's entire logistics interests will be managed as one division, effective July 1, 2016 with Mr. Marius Swanepoel, as the Chief Executive Officer (CEO). With effect from the July 1, 2016, Imperial's entire vehicle interests will be managed as one division. From July 1, 2016 until the 31 December 2016, Mr. Mark Lamberti will be Executive Chairman of this division. On January 1, 2017, Mr Osman Arbee, would be appointed as the CEO of the newly created Vehicles division. The firm also indicated that Mr. Mohammed Akoojee would be the Group's Chief Financial Officer, effective April 1, 2017.

## Major Global Economic News

### US

In the US, non-farm payrolls registered a rise of just 38.00K in May, compared to market anticipations of an advance of 160.00K. Non-farm payrolls had registered a revised increase of 123.00K in the prior month.

The unemployment rate in the US fell more than expected to 4.7% in May from 5.0% in April. Markets were anticipating a drop to 4.9%.

In April, the trade deficit worsened less than expected to USD37.40bn in the US, following a revised trade deficit of USD35.50bn in the previous month. Markets were expecting the nation to record a deficit of USD41.00bn.

Markit's final US services PMI was surprisingly revised higher to 51.30 in May from a flash reading of 51.20. However, Markit services PMI had recorded a reading of 52.80 in the prior month.

ISM's US non-manufacturing PMI eased to 52.90 in May, compared to market expectations of a drop to 55.30. The index had recorded a reading of 55.70 in the previous month.

### Murray & Roberts Holdings Limited

The company revealed that Coronation Asset Managers (Pty) Ltd has acquired a beneficial interest in its securities, resulting in 15.0% of the issued ordinary share capital being held by Coronation.

### Net 1 UEPS Technologies Inc.

The company announced that it has filed for a declaratory order with the High Court of the Gauteng Division in South Africa, to provide certainty on the interpretation of the Social Assistance Act of 2004 and recent regulations which limit direct deductions from social grants paid to beneficiaries. The company is of belief that if the word "deductions" were broadly interpreted by the South African Social Security Agency, debit transactions would no longer be used as a method to make regular payments for financial services.

### Eurozone

In May, the final services PMI in the Eurozone recorded an unexpected rise to 53.30, compared to market expectations of a steady reading. The preliminary figures had indicated a steady reading and index had registered a reading of 53.10, in the previous month.

In the Eurozone, on a monthly basis, the seasonally adjusted retail sales remained flat in April, compared to a revised fall of 0.6% in the previous month. Market expectation was for retail sales to rise 0.4%.

The final services PMI in Germany rose to a level of 55.20 in May, compared to a reading of 54.50 in the previous month. The preliminary figures had indicated a rise to 55.20.

### UK

In the UK, the services PMI registered a rise to 53.50 in May, surpassing market expectations of a reading of 52.50. In the prior month, the index had recorded a reading of 52.30.



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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	11.71%	1.73%	228.33%
Assore Ltd	160	-4.52%	-20.00%	157.65%
AngloGold Ashanti Ltd	236	9.58%	4.49%	122.23%
Lonmin Plc	40	-3.08%	-1.46%	118.31%
Sibanye Gold Ltd	48	2.98%	-10.45%	110.07%
Anglo American Platinum Ltd	386	3.93%	-6.22%	108.04%
Anglo American Plc	137	-2.91%	-13.82%	97.99%
Kumba Iron Ore Ltd	79	-4.92%	-32.13%	90.53%
Impala Platinum Holdings Ltd	48	-0.52%	-19.49%	89.70%
Pan African Resources Plc	3	-3.50%	9.24%	89.14%
African Rainbow Minerals Ltd	79	-6.90%	-29.57%	81.70%
Northam Platinum Ltd	44	2.10%	-8.86%	67.53%
Royal Bafokeng Platinum Ltd	43	2.31%	-2.50%	59.51%
Bidvest Group Ltd	135	34.06%	37.42%	51.26%
Murray & Roberts Holdings Ltd	12	1.01%	-18.24%	50.75%
Gold Fields Ltd	62	10.36%	-4.45%	46.45%
Illovo Sugar Ltd	25	0.24%	1.69%	46.39%
Exxaro Resources Ltd	63	-4.60%	-29.58%	43.51%
JSE Ltd	175	2.34%	6.05%	37.66%
Coronation Fund Managers Ltd	69	0.14%	-6.66%	30.62%
Blue Label Telecoms Ltd	16	-1.26%	-0.13%	29.22%
Massmart Holdings Ltd	128	3.91%	5.09%	28.33%
Clicks Group Ltd	114	7.35%	9.65%	28.09%
Imperial Holdings Ltd	151	6.74%	0.99%	26.09%
African Oxygen Ltd	16	2.52%	-7.39%	25.38%
Foschini Group Ltd	151	9.10%	-1.07%	24.00%
Shoprite Holdings Ltd	176	5.06%	2.79%	22.85%
Santam Ltd	233	1.70%	-0.87%	22.85%
Tongaat Hulett Ltd	114	0.50%	-3.49%	22.05%
Ascendis Health Ltd	25	-0.61%	6.97%	20.70%
Niveus Investments Ltd	24	-3.58%	-3.81%	20.00%
Barloworld Ltd	74	5.69%	-9.74%	19.90%
Alexander Forbes Group Holdings Ltd	7	8.32%	-2.09%	18.55%
Hyprop Investments Ltd	123	1.90%	-0.30%	18.53%
Steinhoff International Holdings NV	93	-0.60%	4.15%	18.01%
Tiger Brands Ltd	368	4.78%	4.50%	16.29%
Sasol Ltd	485	1.15%	4.44%	15.64%
Redefine Properties Ltd	11	1.27%	-8.95%	15.36%
Italtile Ltd	14	0.74%	7.51%	15.25%
SPAR Group Ltd	212	3.19%	-0.35%	15.15%
<b>JSE All Share Index</b>	<b>54259</b>	<b>0.28%</b>	<b>0.66%</b>	<b>7.03%</b>

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Germany	08:00	Factory Orders s.a. (MoM) (Apr)	✓✓	-0.50%	1.90%	Monthly
UK	10:00	New Car Registrations (YoY) (May)	✓	-	2.00%	Monthly
Eurozone	10:00	ECB Vice President Constancio Speaks in Frankfurt	✓	-	-	As scheduled
Eurozone	10:30	Sentix Investor Confidence (Jun)	✓✓	7.00	6.20	Monthly
Eurozone	15:45	ECB Board Member Coeure Moderates Panel in Frankfurt	✓	-	-	As scheduled
Eurozone	15:45	ECB Publishes Weekly, Monthly QE Holdings	✓	-	-	As scheduled
US	18:30	Fed Chair Yellen to Speak in Philadelphia	✓✓✓	-	-	As scheduled
China	-	Leading Index (Apr)	✓✓	-	99.10	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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