

# ONE Minute Brief

15 June 2016

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## Economic and Political News

The current account deficit in South Africa widened to ZAR211.00bn in 1Q16, following a revised deficit of ZAR191.00bn in the previous quarter. The current account balance to GDP widened to a deficit of 5.0% compared to a revised deficit of 4.6% in the previous quarter.

Capital inflows into South Africa declined from R53.5bn in the fourth quarter of 2015 to just R27.6bn in the first quarter of 2016.

South Africa's National Union of Mineworkers (NUM) announced that workers were anticipated to return to work at Northam Platinum's Zondereinde mine in Northam, after staying away this week, following incidents of violence at the site last week.

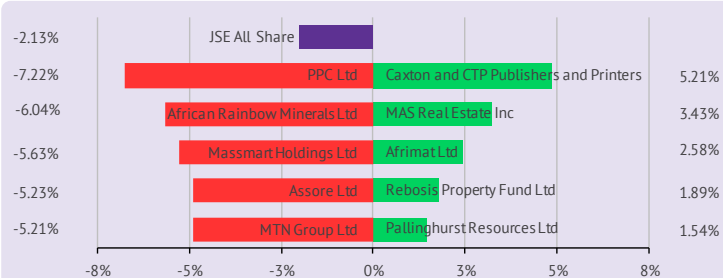
South Africa's Constitutional Court gave green signal to local elections in August, dismissing delay concerns which followed a lower court demand that all the addresses of registered voters should be verified.

A Reuter's survey indicated that there was a chance of South Africa slipping into recession this year, as the mining industry remained in contraction and farm output suffered due to a drought.

## South Africa Market ▼

### South African markets closed lower

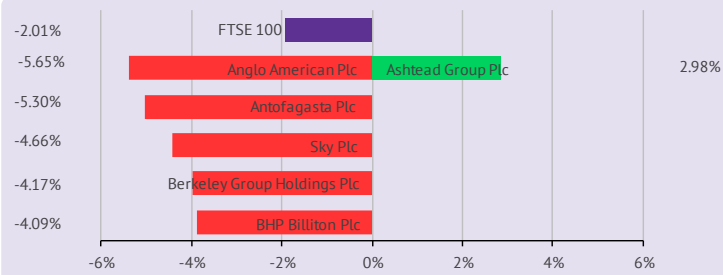
South African markets closed in the red yesterday, amid losses in retail sector stocks. Data revealed that South Africa's current account deficit widened in 1Q16. The JSE All Share Index fell 2.1% to close at 51,394.31.



## UK Market ▼

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

UK markets finished lower yesterday, amid persistent fears of Britain's exit from the EU in the upcoming referendum on June 23. UK's consumer price index (CPI) advanced less-than-expected on an annual basis in May. The FTSE 100 Index declined 2.0% to close at 5,923.53.



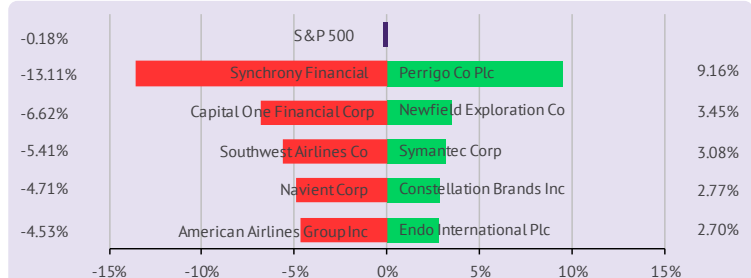
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51394.31	▼	-1117.21	-2.13%	-3.35%	-4.66%	1.79%	1.38%
JSE Top 40	45396.90	▼	-1034.61	-2.23%	-3.47%	-5.37%	3.23%	-0.87%
FTSE 100	5923.53	▼	-121.44	-2.01%	-3.14%	-4.93%	-0.18%	-5.11%
DAX 30	9519.20	▼	-138.24	-1.43%	-3.21%	-7.25%	2.23%	-11.39%
CAC 40	4130.33	▼	-96.69	-2.29%	-4.10%	-8.33%	1.73%	-10.93%
S&P 500	2075.32	▼	-3.74	-0.18%	-0.99%	-1.03%	1.53%	1.54%
Nasdaq Composite	4843.55	▼	-4.89	-0.10%	-1.04%	-2.11%	3.62%	-3.27%
DJIA	17674.82	▼	-57.66	-0.33%	-1.07%	-0.63%	0.08%	1.43%

## US Market ▼

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

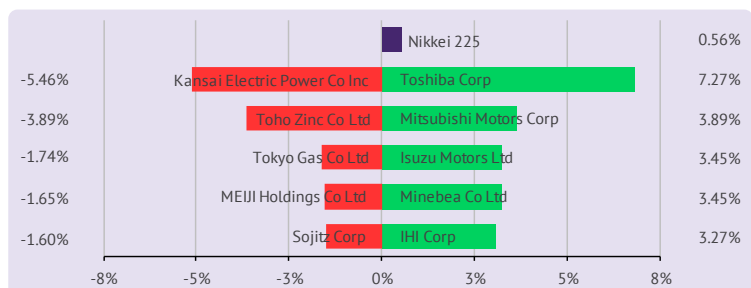
US markets closed lower yesterday, weighed down by losses in financial sector stocks and amid a decline in oil prices. Data indicated that advance retail sales in the US rose more-than-expected on a monthly basis in May. The S&P 500 Index dropped 0.2% to close at 2,075.32.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning. The Nikkei 225 Index is trading 0.6% higher at 15,947.40.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar declined marginally against the South African Rand to trade at R15.2997. Later today, traders will keep a close watch on Federal Open Market Committee's (FOMC) interest rate decision and economic projections for further direction. Moreover, manufacturing and industrial production data along with the New York empire state manufacturing index will be on investors' radar. Additionally, investors will eye South Africa's retail sales for further clues.

The US Dollar rose against the South African Rand yesterday, after advance retail sales in the US rose higher than market estimates in May. Moreover, import prices advanced at their fastest pace in four years in May, amid rising oil prices and declining strength in the greenback. Separately, inventories held by businesses rose marginally in April. Elsewhere, South Africa's current account deficit expanded in the first three months of 2016, amid a decline in platinum and coal exports as miners reduced production.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R21.6399. Later today, traders will keep an eye on UK's ILO unemployment rate and claimant count rate for further direction in the Pound.

The British Pound declined against the South African Rand yesterday, after UK's consumer prices advanced less-than-expected on an annual basis in May, as a decline in clothing prices balanced pressures from fuel prices and rising transport costs.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro declined marginally against the South African Rand to trade at R17.1493. Going forward, market participants will keep a tab on Eurozone's trade balance data scheduled to release in a few hours.

The Euro strengthened against the South African Rand yesterday, after Eurozone's industrial output growth rebounded more than market expectations on a monthly basis in April, rising for the first time in three months on the back of a rise in production of durable consumer and capital goods. Moreover, the number of people employed advanced on a quarterly basis in 1Q16.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R11.2713. Earlier in the session, Australia's Westpac consumer confidence index eased on a monthly basis in June.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's NAB business conditions continued to remain strong in May, while business confidence for the same eased to its lowest level since August 2015.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.2997	▼	0.86%	0.46%	-2.59%	10.36%	-1.11%
GBPZAR	21.6399	▲	-0.29%	-0.45%	-5.05%	9.38%	-5.26%
EURZAR	17.1493	▼	0.17%	0.13%	-1.92%	7.28%	2.05%
AUDZAR	11.2713	▲	0.54%	0.25%	-0.89%	4.99%	-0.88%
EURUSD	1.1206	▼	-0.75%	-0.39%	0.67%	-2.78%	3.14%
GBPUUSD	1.4140	▲	-1.09%	-1.00%	-2.55%	-0.85%	-4.26%
Brent (\$/barrel)	49.1	▼	-1.03%	-1.40%	-0.12%	3.66%	33.66%
Gold (\$/oz)	1287.1	▲	0.09%	0.96%	5.83%	-5.87%	21.26%
Platinum (\$/oz)	978.0	▲	-2.35%	-2.24%	-0.87%	-9.09%	8.99%
Copper (\$/MT)*	4495.8	▼	-0.99%	-0.01%	-4.28%	-7.25%	-4.46%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.1% to trade at \$1,287.10/oz.

Yesterday, gold prices rose 0.1% to close at \$1,285.60/oz, as a rise in risk aversion led to increased demand for the safe haven asset.

## Brent Crude Oil ▼

### Trading weaker

Brent crude oil edged 1.4% lower, at 06:00 SAST, to trade at \$49.13/bl, extending previous session losses.

Yesterday, Brent crude oil dropped 1.0% to settle at \$49.83/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose 1.2mn bls last week, reigniting concerns over the global glut in the crude oil market.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.6% to trade at \$978.00/oz.

Yesterday, platinum prices declined 2.4% to close at \$971.90/oz.

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## Major South Africa Corporate News

### Brait SE

In its FY16 results, the company stated that its NAV increased to R136.27/share from R77.12/share posted in the previous year. Its biggest investment is clothing retailer New Look, which accounted for 45.0% of its total assets under management. It proposed an ordinary share bonus issue or cash dividend of R1.36/share.

### Fortress Income Fund Limited

The company revealed that it has appointed Fareed Wania as an Executive Director, effective June 14, 2016.

### Invicta Holdings Limited

In its FY16 results, the company revealed that its revenue advanced 1.7% from the preceding year to R10.63bn. Its diluted headline EPS stood at 358.00c, compared with 726.00c recorded in the previous year. The group expects trading conditions to remain very challenging in the year ahead and would continue its focus on margin management, cost control and working capital optimisation.

### Pick n Pay Stores Limited

The company announced that it has decided to restructure its pyramid control structure by unbundling Pick n Pay Holdings Limited RF's approximately entire 52.7% shareholding in Pick n Pay Stores to shareholders of Pick n Pay Holdings on a pro rata basis. A general meeting would be held on May 25, 2016, to vote on this matter. As part of the restructure, a new class of unlisted voting shares - B shares, would be issued to the Ackerman Family to maintain their effective voting rights in Pick n Pay Stores.

### PPC Limited

In its 1H16 results, the company indicated that its revenue fell to R4.50bn from R7.54bn posted in the corresponding period of the previous year, because of weaker performances in most operating regions. Its headline diluted EPS decreased 11.9% from the same period of the prior year to 52.00c. However, its profit before taxation rose to R507.00mn from R444.00mn recorded in the similar period in the preceding year.

### The Bidvest Group Limited

The company announced the placing of up to 18,419,929 ordinary shares of Bid Corporation Limited for sale to qualifying institutional investors. It further added that for the placing, the Standard Bank of South Africa Limited would act as a sole global coordinator, joint bookrunner and transaction sponsor, while Merrill Lynch International would be the joint bookrunner.

## Major Global Economic News

### US

In the US, advance retail sales rose higher than expected 0.5% MoM in May, compared to a rise of 1.3% in the previous month.

In May, US import price index rose 1.4% MoM, compared to a revised rise of 0.7% in April. Markets expected a 0.7% gain.

Business inventories in the US advanced 0.1% in April on a monthly basis, less than market expectations for an advance of 0.2%. In the prior month, business inventories had registered a revised rise of 0.3%.

In May, the NFIB small business optimism index rose unexpectedly to a level of 93.80 in the US, compared to a reading of 93.60 in the previous month.

### UK

In the UK, on an annual basis, the CPI registered a rise of 0.3% in May, less than market expectations for a rise of 0.4%. The CPI had registered a similar rise in the previous month.

In May, the retail price index registered a rise of 0.3%, on monthly basis, to a level of 262.10, in the UK, compared to a reading of 261.40 in the previous month. Markets were anticipating the index to advance to a level of 262.20.

### Eurozone

In the Eurozone, seasonally adjusted industrial production advanced 1.1% on a monthly basis, in April, compared to a revised drop of 0.7% in the previous month. Markets were anticipating industrial production to climb 0.8%.

In 1Q16, the number of persons employed rose 0.3% on a quarterly basis in the Eurozone. In the prior quarter, the number of persons employed had registered a similar rise.

### Asia

In June, Westpac consumer confidence index in Australia dropped 1.0%, on monthly basis, to a level of 102.20, compared to a reading of 103.20 in the prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	10:30	Average Earnings excluding Bonus (3Mo/Yr) (Apr)	✓	2.00%	2.10%	Monthly
UK	10:30	Average Earnings including Bonus (3Mo/Yr) (Apr)	✓✓	1.70%	2.00%	Monthly
UK	10:30	Claimant Count Rate (May)	✓✓	2.10%	2.10%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Apr)	✓✓	5.10%	5.10%	Monthly
UK	10:30	Claimant Count Change (May)	✓✓	0.00K	-2.40K	Monthly
Eurozone	11:00	Trade Balance s.a. (Apr)	✓	EUR21.50bn	EUR22.30bn	Monthly
US	13:00	MBA Mortgage Applications (10-Jun)	✓	-	9.30%	Weekly
South Africa	13:00	Retail Sales (MoM) (Apr)	✓✓	-0.20%	0.20%	Monthly
US	14:30	Producer Price Index (MoM) (May)	✓	0.30%	0.20%	Monthly
Canada	14:30	Manufacturing Shipments (MoM) (Apr)	✓	0.60%	-0.90%	Monthly
US	14:30	NY Empire State Manufacturing Index (Jun)	✓	-4.25	-9.02	Monthly
Canada	15:00	Existing Home Sales (MoM) (May)	✓	-	3.10%	Monthly
US	15:15	Capacity Utilisation (May)	✓	75.20%	75.40%	Monthly
US	15:15	Industrial Production (MoM) (May)	✓✓	-0.20%	0.70%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (May)	✓✓	-0.10%	0.30%	Monthly
Germany	16:00	German Buba President Weidmann speech	✓	-	-	As scheduled
Eurozone	16:30	ECB's Constancio Speaks in Utrecht, Netherlands	✓	-	-	As scheduled
US	20:00	Fed Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
US	20:00	Fed Summary of Economic Projections	✓✓✓	-	-	As scheduled
US	20:30	Fed's Monetary Policy Statement	✓✓✓	-	-	As scheduled
US	22:00	Net Long-Term TIC Flows (Apr)	✓✓	-	USD78.10bn	Monthly
US	22:00	Total Net TIC Flows (Apr)	✓	-	-USD98.30bn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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