

ONE Minute Brief

17 June 2016

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Economic and Political News

President Jacob Zuma, while speaking on Youth day, urged youngsters and communities to take a leaf from the students who took part in the protests of June 16 in 1976 and refrain from damaging property. He further stated that while the nation was struggling with high levels of youth unemployment, Government was making efforts to build programmes to promote confidence in the economy to attract investors.

Democratic Alliance leader, Mmusi Maimane, stated that young people were still subjected to poor education.

Eskom announced that it has around 3,000 MW of power in reserve during peak hours and is still able to meet the high electricity demand.

Deputy President Cyril Ramaphosa expressed gratitude to labour unions as well as big business for South Africa avoiding a downgrade to junk status by three ratings agencies recently.

Human Rights Commission, spokesperson, Isaac Mangena, stated that President Jacob Zuma has until July 4 to respond to grievances of hate speech laid against him by the Freedom Front Plus.

Key Indices

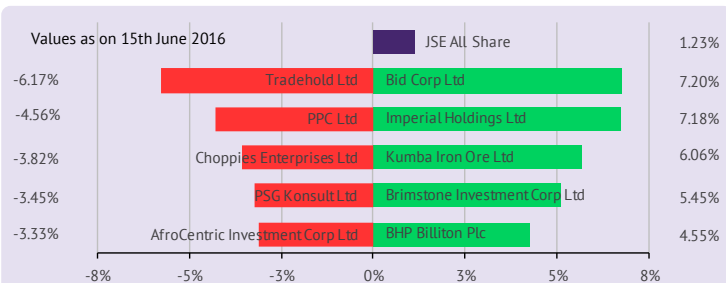
	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share*	52026.71	▲	632.40	1.23%	-2.16%	-3.48%	1.79%	2.63%
JSE Top 40*	46050.02	▲	653.12	1.44%	-2.08%	-4.01%	3.23%	0.55%
FTSE 100	5950.48	▼	-16.32	-0.27%	-2.70%	-4.50%	-0.18%	-4.68%
DAX 30	9550.47	▼	-56.24	-0.59%	-2.89%	-6.94%	2.23%	-11.10%
CAC 40	4153.01	▼	-18.57	-0.45%	-3.57%	-7.83%	1.73%	-10.44%
S&P 500	2077.99	▲	6.49	0.31%	-0.86%	-0.90%	1.53%	1.67%
Nasdaq Composite	4844.92	▲	9.98	0.21%	-1.01%	-2.08%	3.62%	-3.25%
DJIA	17733.10	▲	92.93	0.53%	-0.74%	-0.30%	0.08%	1.77%

*Values as on 15th June 2016

South Africa Market ▲

South African markets closed higher

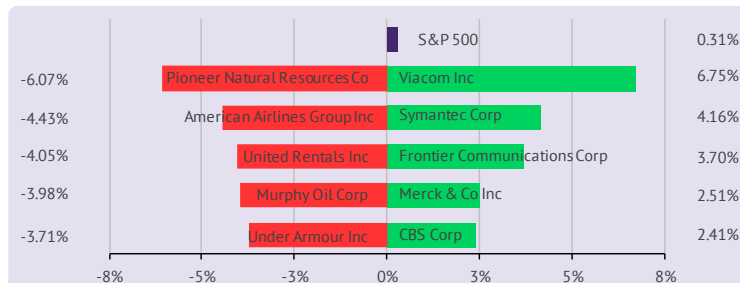
Markets were closed yesterday in South Africa on account of a public holiday. The JSE All Share Index rose 1.2% on Wednesday to close at 52,026.71 amid gains in resources sector stocks.



US Market ▲

The S&P 500 futures are trading in the green

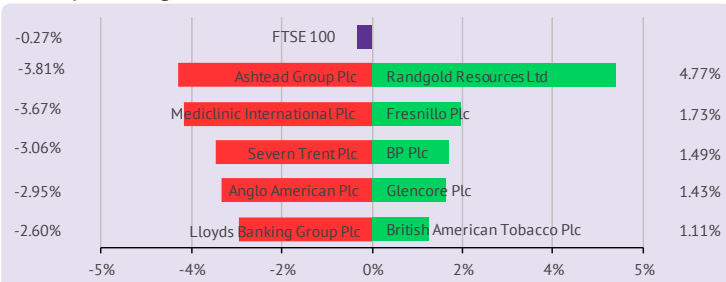
US markets closed higher yesterday, supported by gains in telecommunications sector stocks. Data indicated that consumer price index in the US advanced less-than-expected on a monthly basis in May. The S&P 500 Index climbed 0.3% to close at 2,077.99.



UK Market ▼

The FTSE 100 futures are trading in positive territory

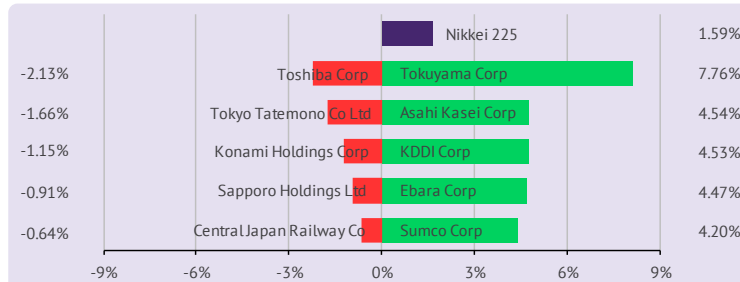
UK markets finished lower yesterday, amid worries over the outcome of Britain's vote over the EU membership, scheduled next week. The BoE kept the key interest rate unchanged at 0.5% and kept its asset purchase facility unchanged. The FTSE 100 Index fell 0.3% to close at 5,950.48.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 1.6% higher at 15,679.32.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.3% against the South African Rand to trade at R15.3036. Later today, traders will keep a close watch on US housing starts and building permits along with Reuters/Michigan consumer sentiment index for further direction.

The US Dollar rose against the South African Rand yesterday. Data revealed that the US consumer prices rose slightly less-than-expected in May. Meanwhile, Americans applying for the new unemployment benefits rose more than market expectations during last week. Moreover, current account deficit expanded to the highest level in more than seven years in 1Q16.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R21.8213. With no major economic releases in the UK today, traders will closely monitor EU's referendum, scheduled next week.

The British Pound advanced against the South African Rand yesterday. Separately, the Bank of England kept the benchmark interest rate steady at 0.5% and made no changes to its GBP375.00bn asset-purchase facility during its recent monetary policy meeting. Moreover, the central bank reiterated its warnings about the fallout from a British vote to leave the European Union next week, saying it could harm the global economy and warning further that the Pound looked increasingly likely to fall further after an "Out" decision. The committee indicated that it would take appropriate steps required following the outcome of the referendum. Macroeconomic data indicated that UK's retail sales rose higher than market expectations in May, backed by rise in clothing sales.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro rose 0.1% against the South African Rand to trade at R17.2247. Going forward, market participants will keep a tab on Eurozone's current account balance data to be released in a few hours.

The Euro strengthened against the South African Rand yesterday, after Eurozone's consumer prices grew more-than-expected on a monthly basis in May. Meanwhile, the final reading on consumer price index on an annual basis indicated that consumer prices remained mired in the deflation territory.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% higher against the South African Rand at R11.3017.

The Australian Dollar rose against the South African Rand yesterday. Data revealed that Australia's unemployment rate remained unchanged at par with market expectations in May. Moreover, the nation's consumer inflation expectations advanced in June.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.3036	▼	0.66%	0.77%	-2.30%	10.36%	-0.81%
GBPZAR	21.8213	▲	0.61%	0.42%	-4.22%	9.38%	-4.43%
EURZAR	17.2247	▲	0.23%	0.48%	-1.58%	7.28%	2.41%
AUDZAR	11.3017	▲	0.00%	0.54%	-0.60%	4.99%	-0.59%
EURUSD	1.1256	▲	-0.31%	-0.23%	0.84%	-2.78%	3.30%
GBPUUSD	1.4259	▲	-0.01%	-0.38%	-1.93%	-0.85%	-3.65%
Brent (\$/barrel)	47.7	▲	-3.63%	-6.63%	-5.41%	3.66%	26.58%
Gold (\$/oz)	1286.7	▼	0.80%	1.78%	6.69%	-5.87%	22.25%
Platinum (\$/oz)	981.0	▲	0.36%	-1.60%	-0.21%	-9.09%	9.71%
Copper (\$/MT)*	4528.5	▼	-2.13%	0.72%	-3.58%	-7.25%	-3.77%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped 0.7% to trade at \$1,286.70/oz.

Yesterday, gold prices rose 0.8% to close at \$1,296.10/oz, as the US Federal Reserve lowered its outlook on future rate hikes and after uncertainty surrounding UK's referendum on the EU membership on June 23, increased demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.1% higher to trade at \$47.70/bbl.

Yesterday, Brent crude oil plunged 3.6% to settle at \$47.19/bbl, marking their lowest level in five weeks, as the worries regarding UK's exit from the EU, weighed down on the commodity.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$981.00/oz.

Yesterday, platinum prices climbed 0.4% to close at \$978.30/oz.

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Major South Africa Corporate News

Imperial Holdings Limited

In its trading update, the company indicated that while the trading environment remains challenging in South Africa, it will invest capital to maintain the quality of its assets and market leadership in its logistics and motor vehicle businesses. For FY16, it expects the Logistics Africa division to increase in revenue with a marginal decline in operating profit.

Mediclinic International Plc

The company indicated that it is hosting a two-day site visit of its Middle East platform, which will include visits to several of the platform's hospitals and clinics in Abu Dhabi and Dubai, in addition to presentations on the company's operations in the Middle East. The event will be hosted by the Chief Executive Officer of Mediclinic Middle East, David Hadley.

Naspers Limited

In its trading statement for FY16, the company indicated that it expects EPS to decrease between 20.0% and 25.0%. It anticipates headline EPS to increase between 0.0% and 5.0%.

Northam Platinum Limited

The firm announced that underground operations resumed at the Zondereinde mine, after Minister Zwane's visit and after the SAPS disclosed that they have arrested a number of suspects, following the death of two employees.

Steinhoff International Holdings NV

The company confirmed that it is considering a possible offer for the entire issued share capital of Poundland Group Plc.

The Bidvest Group Limited

The company disclosed that through an accelerated bookbuild placing, 18,419,929 BidCorp ordinary shares were placed with qualifying institutional investors at a price of R235.00/share. The placing price represented a discount of 6.0% to the closing price of BidCorp ordinary shares on June 14, 2016.

Major Global Economic News

US

In the week ended June 11, 2016, the seasonally adjusted initial jobless claims rose to a level of 277.00K in the US, compared to a level of 264.00K in the previous week. Markets were expecting initial jobless claims to climb to 270.00K.

In the US, the CPI advanced 0.2% in May on a monthly basis, compared to an advance of 0.4% in the previous month. Markets were anticipating the CPI to climb 0.3%.

Philadelphia Fed manufacturing index in the US climbed to 4.70 in June, compared to market expectations of a rise to a level of 1.00. The index had recorded a level of -1.80 in the previous month.

Current account deficit in the US widened to USD124.70bn in 1Q16, less than market expectations of a deficit of USD125.00bn. The US had registered a revised deficit of USD113.40bn in the previous quarter.

Eurozone

The CPI in the Eurozone climbed 0.3% in May on a monthly basis, meeting market expectations. In the previous month, the CPI had registered an unchanged reading.

UK

The Bank of England (BoE) held its benchmark interest rate steady at 0.5% and kept the asset purchase facility intact at a level of GBP375.00bn, in line with market expectations. BoE Governor Mark Carney cautioned that the pound currency may be subjected to a sharp decline if UK opted to leave the EU. Additionally, the central bank reiterated its warnings about the fallout from a British vote to leave the European Union next week, saying it could harm the global economy. It added that the referendum uncertainty is already hitting the housing market as Britons put spending decisions on hold. Further, the committee indicated that it would take 'whatever action is needed' following the outcome of the referendum, but warned that in the event of Brexit it would 'face a trade-off between stabilising inflation on the one hand and output and employment on the other'.












In May, on a monthly basis, retail sales registered a rise of 1.0% in the UK, more than market expectations for a rise of 0.3%. Retail sales had risen by a revised 2.0% in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
 Eurozone	10:00	Current Account s.a (Apr)	✓	-	EUR27.30bn	Monthly
 Canada	14:30	Consumer Price Index (May)	✓✓	-	128.30	Monthly
 US	14:30	Housing Starts (MoM) (May)	✓✓	-1.90%	6.60%	Monthly
 Canada	14:30	Bank of Canada Consumer Price Index Core (MoM) (May)	✓✓	0.30%	0.20%	Monthly
 Canada	14:30	Consumer Price Index (MoM) (May)	✓✓	0.50%	0.30%	Monthly
 Canada	14:30	Consumer Price Index s.a. (MoM) (May)	✓✓	0.30%	0.20%	Monthly
 US	14:30	Building Permits (May)	✓✓	1145.00K	1116.00K	Monthly
 US	14:30	Housing Starts (May)	✓✓	1150.00K	1172.00K	Monthly
 US	14:30	Building Permits (MoM) (May)	✓✓	1.30%	3.60%	Monthly
 Eurozone	17:00	ECB President Mario Draghi Speaks in Munich	✓	-	-	As scheduled
 Canada	18:50	BOC's Wilkins gives speech in Calgary	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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