

# ONE Minute Brief

22 June 2016

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## Economic and Political News

South Africa's leading indicator recorded a drop to 90.90 in April, compared to a revised level of 91.70 in the prior month.

State Security Minister, David Mahlobo announced that the government knew the people behind the violent protests in the City of Tshwane and that relevant government agencies were looking at these individuals. Further, outgoing Tshwane Mayor Kgosietsi Ramokgopa stated that violence across the city cannot continue in his name.

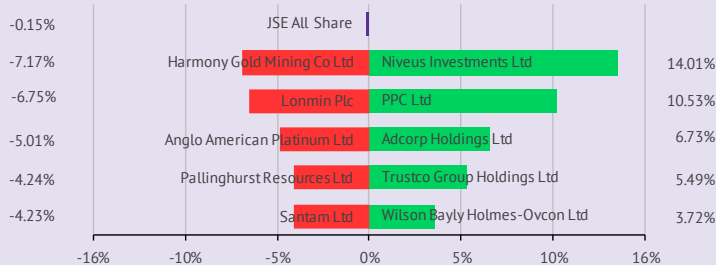
President Jacob Zuma announced that South Africa needed to find ways to handle the current economic and job creation challenges and move forward. Separately, Deputy President, Cyril Ramaphosa stated that the government and labour are set to organise a conference to discuss ways to retain and create employment in the tough current economic conditions.

The National Union of Mineworkers (NUM) rejected a revised wage offer from the state owned power utility, Eskom as it still did not meet its demands.

## South Africa Market ▼

### South African markets closed lower

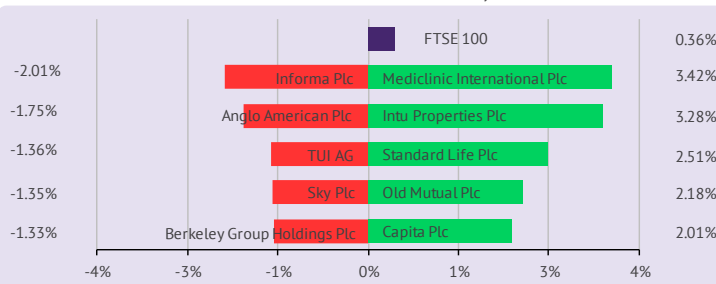
South African markets closed in the red yesterday, amid losses in platinum mining sector stocks. Data revealed that South Africa's leading indicator eased in April. The JSE All Share Index fell 0.2% to close at 52,955.18.



## UK Market ▲

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

UK markets finished higher yesterday, as speculation rose that Britain would decide to remain in the European Union at the referendum. Data revealed that UK's public sector net borrowing reported a deficit in May. The FTSE 100 Index advanced 0.4% to close at 6,226.55.



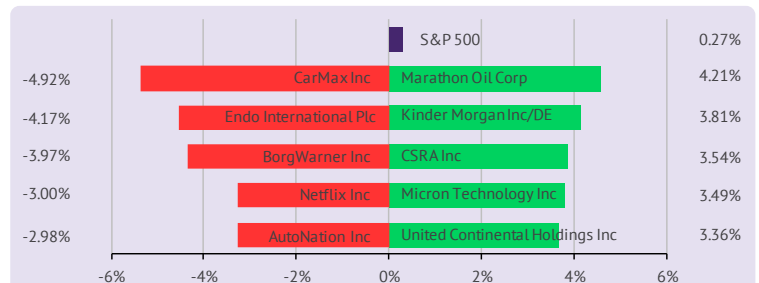
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52955.18	▼	-76.96	-0.15%	1.56%	-1.76%	1.79%	4.46%
JSE Top 40	46912.03	▼	-103.49	-0.22%	1.68%	-2.21%	3.23%	2.43%
FTSE 100	6226.55	▲	22.55	0.36%	3.41%	-0.07%	-0.18%	-0.25%
DAX 30	10015.54	▲	53.52	0.54%	3.99%	-2.41%	2.23%	-6.77%
CAC 40	4367.24	▲	26.48	0.61%	4.13%	-3.07%	1.73%	-5.82%
S&P 500	2088.90	▲	5.65	0.27%	0.85%	-0.38%	1.53%	2.20%
Nasdaq Composite	4843.76	▲	6.55	0.14%	0.90%	-2.11%	3.62%	-3.27%
DJIA	17829.73	▲	24.86	0.14%	0.87%	0.24%	0.08%	2.32%

## US Market ▲

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

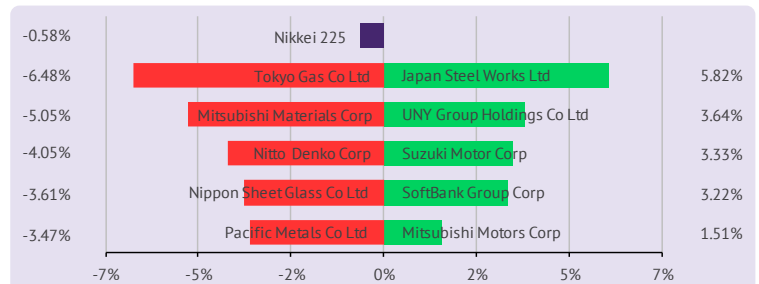
US markets closed higher yesterday, supported by gains in energy sector stocks. Fed Chief, Janet Yellen mentioned that the central bank would adopt a cautious approach on interest rates. The S&P 500 Index climbed 0.3% to close at 2,088.90.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.6% lower at 16,075.19.



**Address:** GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.  
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% firmer against the South African Rand at R14.7559. Later today, traders will keep a close watch on US existing home sales, house price index and MBA mortgage application for further direction. Additionally, South Africa's consumer price inflation data will attract market attention.

The US Dollar fell against the South African Rand yesterday. The US Fed Chairwoman, Janet Yellen stated that the nation's central bank would adopt a cautious approach towards future interest rate hikes as the US economy continues to face risks given the recent slowdown in the nation's labour market. Elsewhere, South Africa's leading indicator declined in April.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound rose 0.6% against the South African Rand to trade at R21.6890. With no economic releases in UK today, traders will closely monitor Britain's vote on the European Union membership scheduled for tomorrow.

The British Pound declined against the South African Rand yesterday. Data indicated that UK's CBI total order book improved slightly in June. Moreover, the nation's public sector net borrowing recorded a deficit in May.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.5% higher against the South African Rand at R16.6284. Going forward, market participants will keep a tab on Eurozone's consumer confidence index scheduled for release in a few hours.

The Euro weakened against the South African Rand yesterday. Separately, European Central Bank President, Mario Draghi stated that the central bank is preparing for "all possible contingencies" in the event of Brexit. Further, data indicated that Eurozone's economic sentiment advanced unexpectedly in June. Elsewhere, Germany's economic sentiment surged in June, indicating optimism amongst investors about future economic conditions in the nation.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.5% against the South African Rand to trade at R11.0182. Earlier in the session, Australia's Westpac leading index climbed on a monthly basis in May.

The Australian Dollar fell against the South African Rand yesterday. Separately, RBA's June meeting minutes indicated that positive economic data, a noticeable depreciation in the currency, rise in housing prices and a more positive view on wages led the central bank to hold the benchmark interest rate.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.7559	▲	-0.85%	-2.87%	-6.33%	10.36%	-4.90%
GBPZAR	21.6890	▲	-1.12%	-0.86%	-5.19%	9.38%	-5.40%
EURZAR	16.6284	▲	-1.53%	-3.21%	-5.41%	7.28%	-1.57%
AUDZAR	11.0182	▲	-0.92%	-2.10%	-3.49%	4.99%	-3.47%
EURUSD	1.1266	▲	-0.64%	-0.31%	0.99%	-2.78%	3.46%
GBPUSD	1.4687	▲	-0.31%	2.05%	1.17%	-0.85%	-0.61%
Brent (\$/barrel)	50.9	▲	-0.06%	2.95%	1.46%	3.66%	35.78%
Gold (\$/oz)	1271.2	▲	-1.51%	-1.70%	4.59%	-5.87%	19.84%
Platinum (\$/oz)	979.2	▼	-0.58%	1.59%	0.11%	-9.09%	10.07%
Copper (\$/MT)*	4658.8	▲	0.55%	2.58%	-0.81%	-7.25%	-1.00%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,271.20/oz.

Yesterday, gold prices fell 1.5% to close at \$1,270.50/oz, as polls indicated that the UK is likely to decide to stay in the EU, lowering demand for the safe haven asset.

## Brent Crude Oil ▲

### Trading stronger

Brent crude oil edged 0.5% higher, at 06:00 SAST, to trade at \$50.87/bl, reversing previous session losses.

Yesterday, Brent crude oil dropped 0.1% to settle at \$50.62/bl, despite the American Petroleum Institute (API) reporting that crude oil inventories declined 5.2mn bls last week.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices dropped 0.2% to trade at \$979.20/oz.

Yesterday, platinum prices declined 0.6% to close at \$981.50/oz.



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## Major South Africa Corporate News

### Anglo American Platinum Limited

In its trading statement for 1H16, the company stated that it expects headline earnings and headline EPS to fall at least 20.0% from the first half of the previous year. It also anticipates basic earnings and basic EPS to decline at least 20.0% over the same period.

### Metair Investments Limited

In its trading statement for 1H16, the company indicated that its headline EPS is expected to decrease between 50.0% and 59.0% from the same period of the previous year. Also, it anticipates EPS to fall between 51.0% and 60.0% over the same period.

### Holdsport Limited

The company announced that it has acquired 100.0% interest in Second Skins (Pty) Limited. It also revealed that the purchase consideration would be settled from its cash reserves.

## Major Global Economic News

### Eurozone

The ECB President, Mario Draghi, indicated that the central bank is preparing for “all possible contingencies” in the event of a UK vote to leave EU, but it would be very difficult to predict the impact of Brexit on the region.

In the Eurozone, the ZEW economic sentiment index rose to a level of 20.20 in June. The index had registered a level of 16.80 in the previous month.

The ZEW economic sentiment index in Germany recorded an unexpected rise to a level of 19.20 in June, higher than market expectations of a drop to a level of 4.80. In the previous month, the index had registered a reading of 6.40.

### UK

The public sector net borrowing in the UK has recorded a deficit of GBP9.10bn in May, from a revised deficit of GBP7.60bn in the previous month. Market expectation was for public sector net borrowing to show a deficit of GBP9.40bn.

In the UK, the balance of firms reporting total order book above normal climbed unexpectedly to a level of -2.00 in June, compared to a level of -8.00 in the prior month. Market anticipation was for the balance of firms reporting total order book above normal to ease to a level of -10.00.

### US

In a testimony to the Senate Banking Committee, the Federal Reserve (Fed) Chairwoman, Janet Yellen, justified the central bank's cautious approach by stating that the US economy continues to face risks given the recent slowdown in the nation's jobs market. However, she assured that headwinds holding back the economy will “slowly fade over time” and further gradual increases in interest rates are likely needed.

### Asia

In May, the Westpac leading index rose 0.2% on a monthly basis, in Australia. The index had registered a revised rise of 0.1% in the prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
South Africa	10:00	Consumer Price Index (MoM) (May)	✓✓	0.40%	0.80%	Monthly
Switzerland	11:00	ZEW Survey - Expectations (Jun)	✓✓	-	17.50	Monthly
US	13:00	MBA Mortgage Applications (17-Jun)	✓	-	-2.40%	Weekly
Canada	14:30	Retail Sales (MoM) (Apr)	✓✓	0.80%	-1.00%	Monthly
China	15:00	Conference Board Leading Economic Index (May)	✓	-	0.10%	Monthly
US	15:00	Housing Price Index (MoM) (Apr)	✓	0.60%	0.70%	Monthly
Switzerland	15:00	SNB Quarterly Bulletin	✓	-	-	As scheduled
Eurozone	16:00	Consumer Confidence index (Jun) (P)	✓✓	-7.00	-7.00	Monthly
US	16:00	Existing Home Sales (MoM) (May)	✓	1.80%	1.70%	Monthly
US	16:00	Yellen Testifies on Monetary Policy to House Financial Services Commit-	✓✓	-	-	As scheduled
US	16:00	Existing Home Sales (May)	✓	5.55mn	5.45mn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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**Address:** GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.  
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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