

ONE Minute Brief

24 June 2016

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Economic and Political News

South African Reserve Bank Governor, Lesetja Kganyago stated that the nation's monetary policy dilemma has become more prominent after the economy shrank in the three months through March.

A report indicated that dull economy, low commodity prices and high electricity expenses pushed foreign direct investment (FDI) in South Africa down 69% to USD1.8bn, marking its lowest level in 10 years.

Department of Trade and Industry announced that it has resolved all outstanding matters relating to African Growth and Opportunity Act (Agoa), assuring that South Africa will preferential access to US markets until 2025.

The National Union of mineworkers (NUM) stated that it will discuss with its members regarding an improved wage increase offer of 7.0% tabled by Eskom. Separately, Eskom announced that the latest pay hike offer could lead the cash-strapped power utility into deeper cost cuts.

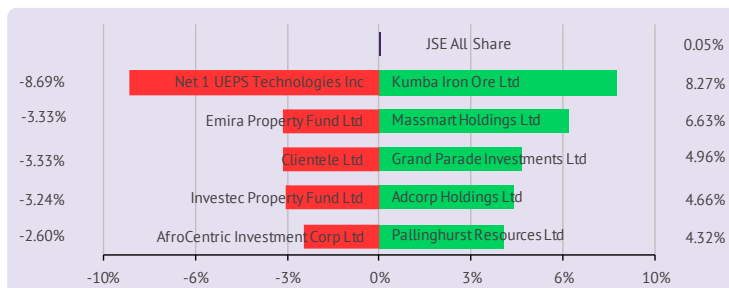
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53585.53	▲	28.33	0.05%	2.77%	-0.59%	1.79%	5.70%
JSE Top 40	47453.53	▼	-21.70	-0.05%	2.85%	-1.09%	3.23%	3.62%
FTSE 100	6338.10	▲	76.91	1.23%	5.26%	1.72%	-0.18%	1.53%
DAX 30	10257.03	▲	185.97	1.85%	6.50%	-0.06%	2.23%	-4.52%
CAC 40	4465.90	▲	85.87	1.96%	6.49%	-0.88%	1.73%	-3.69%
S&P 500	2113.32	▲	27.87	1.34%	2.03%	0.78%	1.53%	3.39%
Nasdaq Composite	4910.04	▲	76.72	1.59%	2.29%	-0.77%	3.62%	-1.94%
DJIA	18011.07	▲	230.24	1.29%	1.90%	1.26%	0.08%	3.36%

South Africa Market ▲

South African markets closed higher

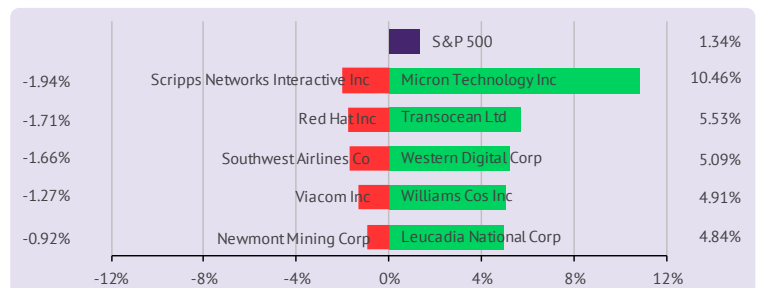
South African markets closed in the green yesterday, amid gains in retail sector stocks. The JSE All Share Index rose 0.1% to close at 53,585.53.



US Market ▲

The S&P 500 futures are trading in the red

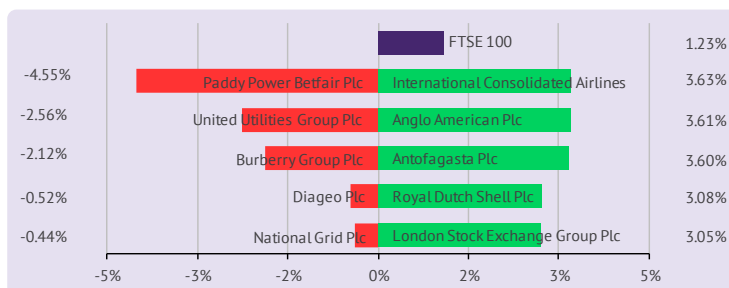
US markets closed higher yesterday, supported by gains in financial sector stocks. Data indicated that manufacturing activity in the US expanded more-than-expected in June. The S&P 500 Index climbed 1.3% to close at 2,113.32.



UK Market ▲

The FTSE 100 futures are trading in negative territory

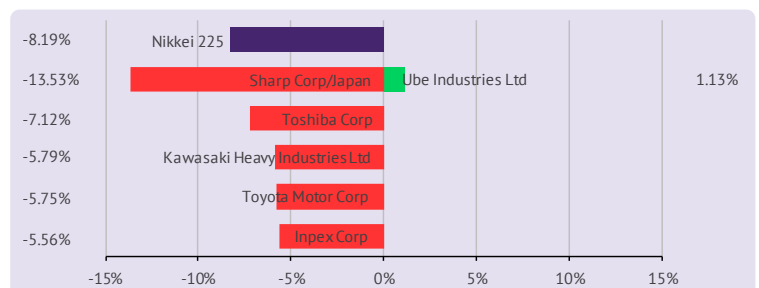
UK markets finished higher yesterday, amid voting in the nation on the European Union (EU) membership. The FTSE 100 Index advanced 1.2% to close at 6,338.10.



Asian Market ▼

Trading lower

Asian markets are trading sharply lower this morning, as early results indicated that UK might leave the EU. The Nikkei 225 Index is trading 8.2% lower at 14,908.96.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 7.3% higher against the South African Rand at R15.4700. Later today, traders will keep a close watch on US durable goods orders and Reuters/Michigan consumer sentiment index, for further direction.

The US Dollar fell against the South African Rand yesterday. Macroeconomic data indicated that initial jobless claims fell last week to reach a 43-year low, indicating steady labour market. Moreover, manufacturing sector growth expanded higher than market expectations in June. Meanwhile, a leading indicator for the US unexpectedly declined in May.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound dropped 2.9% against the South African Rand to trade at R20.8061. Trends in vote count suggest a victory for the Brexit camp, weighing heavily on the currency.

The British Pound declined against the South African Rand yesterday. However, losses were capped as polls suggested rising support in favour of the Remain camp.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 3.5% higher against the South African Rand at R16.9827. Going forward, market participants will keep a tab on Germany's IFO economic expectations index scheduled in a few hours.

The Euro weakened against the South African Rand yesterday. Data indicated Eurozone' manufacturing activity expanded more-than-expected in June, while services activity growth slowed in the same period. Elsewhere, Germany's manufacturing sector grew at a faster than expected pace in June. Meanwhile, services sector activity in the nation expanded at a slower pace.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar gained 3.5% against the South African Rand to trade at R11.3550. With no economic releases in Australia today, traders are keenly watching the results of the Britain's referendum.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.4700	▲	-1.33%	-4.84%	-8.23%	10.36%	-6.83%
GBPZAR	20.8061	▼	-0.25%	-1.48%	-5.78%	9.38%	-5.98%
EURZAR	16.9827	▲	-0.59%	-3.98%	-6.16%	7.28%	-2.36%
AUDZAR	11.3550	▲	0.12%	-2.05%	-3.43%	4.99%	-3.42%
EURUSD	1.0974	▼	0.79%	0.96%	2.27%	-2.78%	4.77%
GBPUSD	1.3440	▼	1.16%	3.61%	2.72%	-0.85%	0.92%
Brent (\$/barrel)	47.9	▼	2.06%	3.54%	2.04%	3.66%	36.56%
Gold (\$/oz)	1339.5	▲	-0.40%	-2.42%	3.82%	-5.87%	18.96%
Platinum (\$/oz)	992.8	▲	-0.98%	0.02%	-1.44%	-9.09%	8.37%
Copper (\$/MT)*	4776.5	▲	1.79%	5.17%	1.70%	-7.25%	1.50%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 6.2% higher to trade at \$1,339.50/oz., as voting trends indicated that Britain had voted to leave the EU in the referendum.

Yesterday, gold prices fell 0.5% to close at \$1,261.20/oz, amid a rally in global equity markets, as speculation rose that Britain would remain in the European Union.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 5.9% to trade at \$47.92/bl.

Yesterday, Brent crude oil advanced 2.1% to settle at \$50.91/bl, as the US Dollar weakened following increasing expectations of Britain deciding to stay in the EU at the referendum.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 2.7% higher to trade at \$992.80/oz.

Yesterday, platinum prices declined 1.8% to close at \$966.30/oz.



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Major South Africa Corporate News

Fortress Income Fund Limited

The company announced that it has adopted a resolution to provide financial assistance which exceeds one tenth of 1.0% of its net worth, to its related and inter-related companies.

Lonmin Plc

The company confirmed that all of the 2015 deferred shares will be transferred to the Company Secretary for aggregate nil consideration on June 24, 2016. It also added that the total number of voting rights in the company will not be changed, after all the 2015 deferred shares are cancelled without payment in due course.

Major Global Economic News

US

In the week ended June 18, 2016, the seasonally adjusted initial jobless claims in the US eased to 259.00K, compared to a level of 277.00K in the prior week. Markets were expecting initial jobless claims to ease to a level of 270.00K.

In the US, the flash Markit manufacturing PMI advanced to 51.40 in June, compared to a level of 50.70 in the previous month. Markets were anticipating the PMI to advance to a level of 50.90.

New home sales in the US eased 6.0%, on monthly basis, to a level of 551.00K in May, compared to a revised reading of 586.00K in the previous month. Market anticipation was for new home sales to drop to 560.00K.

On a monthly basis, leading indicator recorded an unexpected drop of 0.2% in May, in the US, lower than market expectations for a rise of 0.1%. Leading indicator had advanced 0.6% in the previous month.

UK

In a dramatic turn, the Leave camp has edged ahead in the UK. The leave vote edged out those in favour of remaining by an estimated 52% to 48%. 348 authorities out of 382 have so far declared their results.

Eurozone

In June, the flash manufacturing PMI in the Eurozone climbed unexpectedly to 52.60, compared to market expectations of a drop to a level of 51.40. In the prior month, the PMI had recorded a reading of 51.50.

In the Eurozone, the flash services PMI eased to 52.40 in June, lower than market expectations of a drop to 53.20. In the previous month, PMI had recorded a level of 53.30.

In June, the preliminary manufacturing PMI rose unexpectedly to 54.40 in Germany, compared to a reading of 52.10 in the previous month. Markets were anticipating PMI to ease to a level of 52.00.

In Germany, the flash services PMI registered a drop to 53.20 in June, compared to a level of 55.20 in the prior month. Market anticipation was for the PMI to ease to a level of 55.00.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	BoJ Summary of Opinions	✓	-	-	As scheduled
UK	08:00	Brexit Referendum: Final Results Due	✓✓✓	-	-	As scheduled
France	08:45	Gross Domestic Product (QoQ) (Q1) (F)	✓	0.60%	0.60%**	Quarterly
Spain	09:00	Producer Price Index (MoM) (May)	✓	-	-0.10%	Monthly
Germany	10:00	Ifo - Business Climate (Jun)	✓✓	107.40	107.70	Monthly
Germany	10:00	Ifo - Current Assessment (Jun)	✓✓	114.00	114.20	Monthly
Germany	10:00	Ifo - Expectations (Jun)	✓✓	101.20	101.60	Monthly
Italy	10:00	Retail Sales s.a. (MoM) (Apr)	✓	0.40%	-0.60%	Monthly
UK	10:30	BBA Mortgage Approvals (May)	✓✓	37.85 K	40.10 K	Monthly
Italy	11:00	Wage Inflation (MoM) (May)	✓	-	0.00%	Monthly
Eurozone	11:30	ECB Allotment of First TLTRO-II Program	✓	-	-	As scheduled
US	14:30	Durable Goods Orders (May) (P)	✓✓✓	-0.50%	3.40%	Monthly
US	16:00	Reuters/Michigan Consumer Sentiment Index (Jun) (F)	✓✓✓	94.10	94.30**	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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