

ONE Minute Brief

15 July 2016

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Economic and Political News

South Africa's mining production recorded a higher-than-expected drop of 4.4% on a yearly basis in May. In the prior month, mining production had registered a revised drop of 7.7%.

On an annual basis, gold production in South Africa rose 1.2% in May, compared to a drop of 1.9% last month. Moreover, platinum production in South Africa advanced 23.1% on an annual basis in May, following a drop of 4.4% in the prior month.

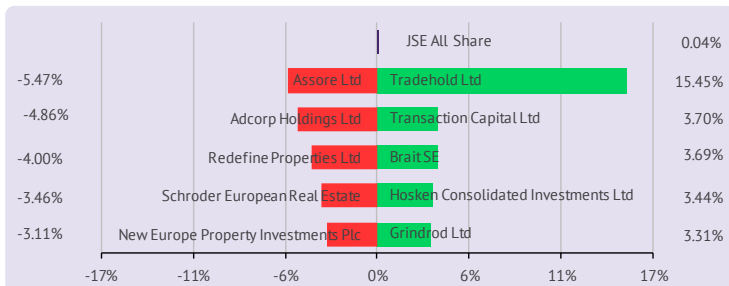
Finance Minister, Pravin Gordhan asked the parliament to postpone the release of South African Airways 2015 earnings report to September. The Treasury has made the request for the fourth time as it is still considering whether to extend more guarantees to the airline. Separately, Gordhan stated that tougher measures were needed and existing laws must be implemented to curb illicit financial flows.

The trade ministry has indicated that a group of Chinese investors will pump more than ZAR40.00bn (USD2.81bn) into the South African economy to build an industrial park.

South Africa Market ▲

South African markets closed higher

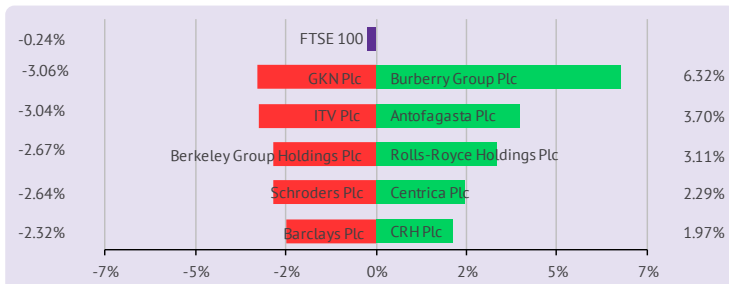
South African markets closed in the green yesterday, amid gains in platinum mining sector stocks. The JSE All Share Index rose marginally to close at 52,837.03.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, after the Bank of England (BoE) kept the key interest rate unchanged at 0.50%. The FTSE 100 Index declined 0.2% to close at 6,654.47.



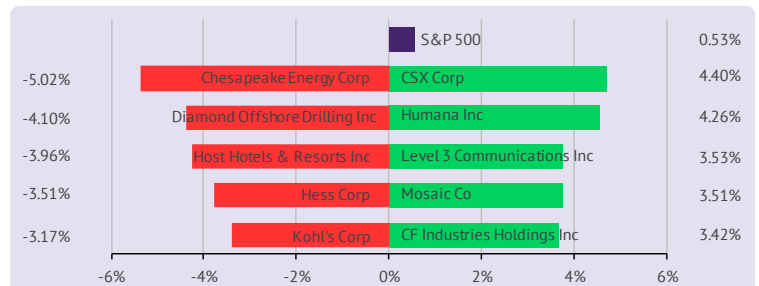
Key Indices

| | Last Close | | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|---|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 52837.03 | ▲ | 22.15 | 0.04% | 3.04% | 1.19% | -3.13% | 4.23% |
| JSE Top 40 | 46273.49 | ▼ | -14.69 | -0.03% | 3.01% | 0.65% | -4.17% | 1.04% |
| FTSE 100 | 6654.47 | ▼ | -15.93 | -0.24% | 0.97% | 2.31% | 4.39% | 6.60% |
| DAX 30 | 10068.30 | ▲ | 137.59 | 1.39% | 4.56% | 4.01% | -5.68% | -6.28% |
| CAC 40 | 4385.52 | ▲ | 50.26 | 1.16% | 4.65% | 3.49% | -5.95% | -5.42% |
| S&P 500 | 2163.75 | ▲ | 11.32 | 0.53% | 1.59% | 3.09% | 0.09% | 5.86% |
| Nasdaq Composite | 5034.06 | ▲ | 28.33 | 0.57% | 1.56% | 3.95% | -2.13% | 0.53% |
| DJIA | 18506.41 | ▲ | 134.29 | 0.73% | 1.98% | 3.21% | 0.80% | 6.21% |

US Market ▲

The S&P 500 futures are trading in the red

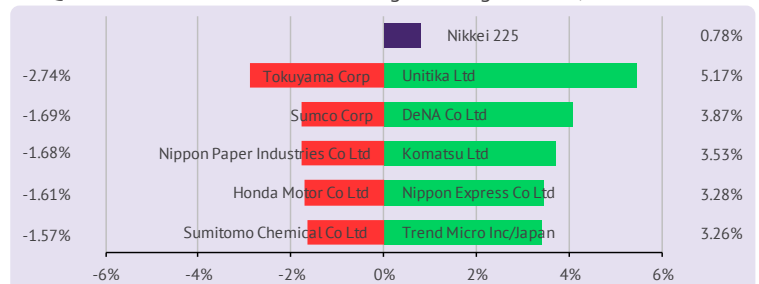
US markets closed higher yesterday, supported by gains in materials and industrial sector stocks. Data indicated initial jobless claims in the US remained unchanged during the week ended July 9. The S&P 500 Index climbed 0.5% to close at 2,163.75.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, tracking overnight gains on Wall Street. Earlier today, data indicated that the Chinese economy expanded more-than-expected on a quarterly basis in 2Q16. The Nikkei 225 Index is trading 0.8% higher at 16,599.04.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.1% against the South African Rand to trade at R14.2324. Later today, traders will keep a close watch on consumer price index, retail sales, industrial production data and business inventories in the US for further direction.

The US Dollar fell against the South African Rand yesterday. Data indicated that US initial jobless claims remained unchanged during the last week, showing signs of further momentum in the labour market. Moreover, producer prices advanced more-than-expected in June, recording its largest increase in a year.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 1.0% against the South African Rand to trade at R19.1660. Later today, traders will keep an eye on BoE Governor, Mark Carney's speech for further clues.

The British Pound declined against the South African Rand yesterday. However, losses were limited, following the BoE's decision to keep the benchmark interest rate unchanged at 0.50%, dashing hopes of an interest rate cut.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.1% firmer against the South African Rand at R15.8332. Going forward, market participants will keep a tab on Eurozone's final consumer price index and trade balance data scheduled to release in a few hours.

The Euro weakened against the South African Rand yesterday, reversing previous session gains.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% higher against the South African Rand at R10.8849. Earlier in the session, in China, Australia's largest trading partner, gross domestic product advanced more-than-expected in the second quarter of 2016. Moreover, industrial production and retail sales in China grew more than anticipated on an annual basis in June.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's unemployment rate advanced at par with market expectations in June, while consumer inflation expectations rose in July.

Key Currencies & Commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|-------------------|---------|---|-----------|-----------|-----------|-------------------|-----------|
| USDZAR | 14.2324 | ▲ | -1.78% | -2.15% | -3.41% | -6.25% | -8.07% |
| GBPZAR | 19.1660 | ▲ | -0.31% | 0.87% | -3.22% | -13.79% | -16.74% |
| EURZAR | 15.8332 | ▲ | -1.51% | -1.47% | -3.18% | -6.58% | -5.88% |
| AUDZAR | 10.8849 | ▲ | -1.49% | -1.27% | -1.04% | -3.45% | -4.44% |
| EURUSD | 1.1129 | ▲ | 0.27% | 0.62% | 0.13% | -0.23% | 2.34% |
| GBPUUSD | 1.3459 | ▲ | 1.49% | 3.00% | 0.24% | -8.09% | -9.49% |
| Brent (\$/barrel) | 47.2 | ▼ | 2.40% | 1.30% | -4.71% | -0.36% | 27.07% |
| Gold (\$/oz) | 1329.6 | ▼ | -0.85% | -1.93% | 0.88% | 8.71% | 25.66% |
| Platinum (\$/oz) | 1101.9 | ▲ | 0.38% | 0.36% | 7.77% | 4.19% | 23.46% |
| Copper (\$/MT)* | 4922.0 | ▲ | 0.08% | 4.77% | 1.69% | 3.05% | 4.60% |

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.2% lower to trade at \$1,329.60/oz.

Yesterday, gold prices fell 0.9% to close at \$1,332.20/oz, amid a rise in global equity markets.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$47.19/bl.

Yesterday, Brent crude oil advanced 2.4% to settle at \$47.37/bl, amid weakness in the US Dollar and a rise in risk appetite.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.1% to trade at \$1,101.90/oz.

Yesterday, platinum prices climbed 0.4% to close at \$1100.90/oz.



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Major South Africa Corporate News

Clicks Group Limited

The company announced that it has been notified by Baillie Gifford & Co. that it has acquired ordinary shares in the company, such that its total beneficial interest in Clicks has risen to 5.01% of the issued share capital.

Kumba Iron Ore Limited

In its trading statement for 1H16, the company stated that it expects headline EPS to increase between 14.0% and 23.0% from the same period of the previous year. It also anticipates basic EPS to rise between 13.0% and 22.0%.

Truworths International Limited

The company indicated that Aberdeen Asset Managers Limited, has acquired a further beneficial interest in the company's securities and now holds 20.03% of the issued ordinary share capital of the company.

Major Global Economic News

Asia

Gross domestic product (GDP) climbed 1.8% in China on a quarterly basis in 2Q16, compared to a revised rise of 1.2% in the prior quarter. Market anticipation was for GDP to advance 1.6%.

On a yearly basis, industrial production in China climbed 6.2% in June, compared to a rise of 6.0% in the previous month. Markets were expecting industrial production to advance 5.9%.

In China, retail sales recorded a rise of 10.6%, on an annual basis in June, higher than market expectations for an advance of 9.9%. In the previous month, retail sales had registered a rise of 10.0%.

US

In the US, the seasonally adjusted initial jobless claims remained unchanged at a level of 254.00K in the week ended July 09, 2016. Markets were expecting initial jobless claims to rise to a level of 265.00K.

In June, producer price registered a rise of 0.5% on a monthly basis in the US, compared to a rise of 0.4% in the previous month. Market anticipation was for producer price to climb 0.3%.

UK

The BoE held its key interest rate at 0.5%. Market expectation was for the central bank to cut its key interest rate to 0.25%. Further, the central bank maintained the asset purchase facility at a level of GBP375.00bn, at par with market expectations.

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Economic Calendar

| Country | SAST | Economic Indicator | Relevance | Consensus/ *Actual | Previous | Frequency |
|----------|-------|--|-----------|-----------------------|--------------|--------------|
| China | 04:00 | New Yuan Loans (Jun) | ✓✓✓ | CNY1380.00bn* | CNY985.50bn | Monthly |
| China | 04:00 | Gross Domestic Product (QoQ) (Q2) | ✓✓ | 1.80%* | 1.20% | Quarterly |
| China | 04:00 | Gross Domestic Product (YoY) (Q2) | ✓✓✓ | 6.70%* | 6.70% | Quarterly |
| China | 04:00 | Industrial Production (YoY) (Jun) | ✓✓ | 6.20%* | 6.00% | Monthly |
| China | 04:00 | Retail Sales (YoY) (Jun) | ✓✓ | 10.60%* | 10.00% | Monthly |
| Eurozone | 08:00 | EU 28 New Car Registrations (YoY) (Jun) | ✓ | - | 16.00% | Monthly |
| Italy | 10:00 | Trade Balance (May) | ✓ | - | EUR4520.00mn | Monthly |
| UK | 10:30 | Construction Output (YoY) (May) | ✓ | -3.50% | -3.70% | Monthly |
| Eurozone | 11:00 | Consumer Price Index (MoM) (Jun) | ✓✓ | 0.20% | 0.40% | Monthly |
| Eurozone | 11:00 | Trade Balance s.a. (May) | ✓ | EUR25.00bn | EUR28.00bn | Monthly |
| UK | 14:00 | BOE's Governor Carney speech | ✓ | - | - | As scheduled |
| Canada | 14:30 | Manufacturing Shipments (MoM) (May) | ✓ | -0.80% | 1.00% | Monthly |
| US | 14:30 | Advance Retail Sales (MoM) (Jun) | ✓✓✓ | 0.10% | 0.50% | Monthly |
| US | 14:30 | NY Empire State Manufacturing Index (Jul) | ✓ | 5.00 | 6.01 | Monthly |
| US | 14:30 | Consumer Price Index (MoM) (Jun) | ✓✓ | 0.30% | 0.20% | Monthly |
| Canada | 15:00 | Existing Home Sales (MoM) (Jun) | ✓ | - | -2.80% | Monthly |
| US | 15:15 | Industrial Production (MoM) (Jun) | ✓✓ | 0.30% | -0.40% | Monthly |
| US | 15:15 | Manufacturing (SIC) Production (MoM) (Jun) | ✓✓ | 0.30% | -0.40% | Monthly |
| US | 16:00 | Business Inventories (May) | ✓ | 0.10% | 0.10% | Monthly |
| US | 16:00 | Reuters/Michigan Consumer Sentiment Index (Jul) (P) | ✓✓✓ | 93.50 | 93.50 | Monthly |
| US | 19:00 | Fed's Williams speaks at closed event in Massachusetts | ✓ | - | - | As scheduled |
| US | 19:15 | Fed's Bullard and Kashkari speak at OMFIF meeting in St. Louis | ✓ | - | - | As scheduled |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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