

ONE Minute Brief

1 July 2016

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Economic and Political News

Trade surplus in South Africa expanded more than expected to ZAR18.70bn in May from ZAR0.40bn in the previous month.

The PPI in South Africa registered a rise of 0.3% on a monthly basis in May, compared to an advance of 0.8% in the prior month. Market expectation was for the PPI to rise 0.6%.

In May, on an annual basis, the private sector credit recorded a rise of 6.6% in South Africa, less than market expectations for a rise of 7.0%. The private sector credit had advanced 7.06% in the previous month.

South Africa posted a budget deficit of ZAR22.84bn in May, compared to the deficit of ZAR29.14bn recorded in the previous month.

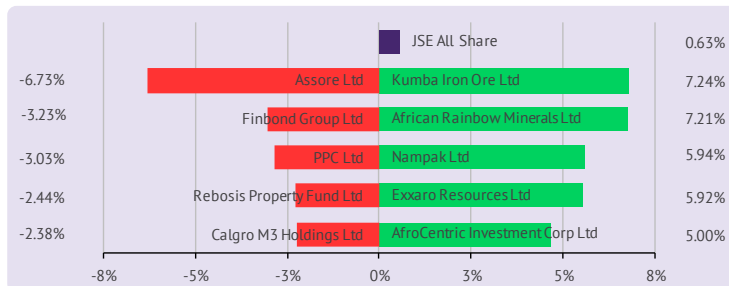
South Africa's Finance Minister, Pravin Gordhan stated that he had the support of the Cabinet to do his job, although he could not guarantee of not being arrested for espionage.

Statistics South Africa revealed that the country's population increased by over 3.0mn to 55.7mn since 2011.

South Africa Market ▲

South African markets closed higher

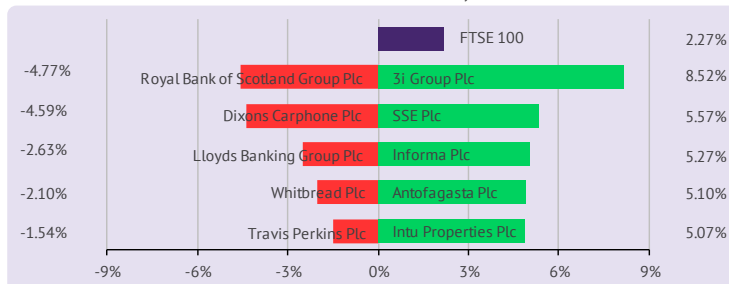
South African markets closed in the green yesterday, amid gains in platinum sector stocks. Data indicated South Africa's budget deficit narrowed in May from April. The JSE All Share Index rose 0.6% to close at 52,217.72.



UK Market ▲

The FTSE 100 futures are trading in negative territory

UK markets finished higher yesterday, after the BoE Governor, Mark Carney hinted at fresh stimulus measures in the coming months. Data revealed that UK's economy expanded in line with estimates in 1Q16. The FTSE 100 Index rallied 2.3% to close at 6,504.33.



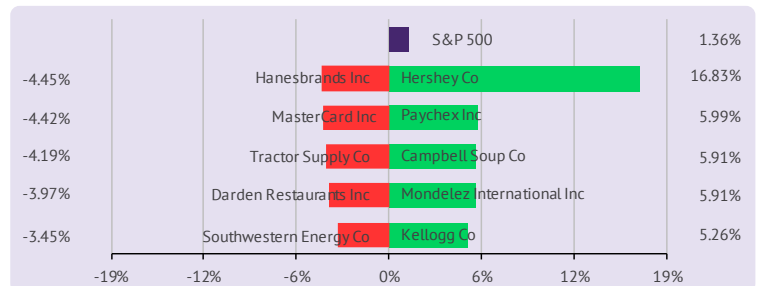
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52217.72	▲	327.30	0.63%	1.04%	NA	-3.13%	3.01%
JSE Top 40	45974.31	▲	241.85	0.53%	0.89%	NA	-4.17%	0.39%
FTSE 100	6504.33	▲	144.27	2.27%	5.96%	NA	4.39%	4.20%
DAX 30	9680.09	▲	67.82	0.71%	1.29%	NA	-5.68%	-9.89%
CAC 40	4237.48	▲	42.16	1.00%	3.18%	NA	-5.95%	-8.62%
S&P 500	2098.86	▲	28.09	1.36%	3.02%	NA	0.09%	2.69%
Nasdaq Composite	4842.67	▲	63.43	1.33%	2.86%	NA	-2.13%	-3.29%
DJIA	17929.99	▲	235.31	1.33%	3.04%	NA	0.80%	2.90%

US Market ▲

The S&P 500 futures are trading in the red

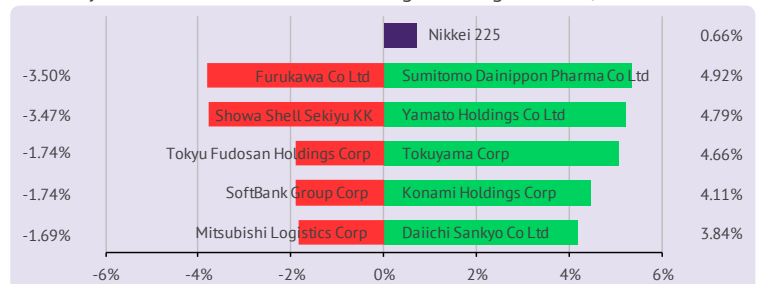
US markets closed higher yesterday, supported by gains in consumer staple sector stocks. Data indicated initial jobless claims in the US advanced last week. The S&P 500 Index climbed 1.4% to close at 2,098.86.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Markets in Hong Kong remained close today. Earlier in the session, data indicated that Japan's national CPI dropped less than market expectations on an annual basis in May. The Nikkei 225 Index is trading 0.7% higher at 15,678.24.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R14.7400. Later today, traders will keep a close watch on US ISM manufacturing and construction spending for further direction. Additionally, South Africa's Barclays manufacturing PMI will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, after the US initial jobless claims increased last week. The South African Rand strengthened for a third straight session, after South Africa reported the biggest trade surplus since 1996 in May, on the back of improvement in exports of precious metals and stones. Meanwhile, producer prices grew less-than-expected on a yearly basis in May, its slowest pace of increase since December 2015. Further, private sector credit growth slowed on an annual basis in May, while the nation's budget deficit narrowed in the same month.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.3% higher against the South African Rand at R19.6774. Later today, traders will keep an eye on UK's Markit manufacturing PMI for further clues.

The British Pound declined against the South African Rand yesterday, following comments from the BoE Governor, Mark Carney. He stated that uncertainty after Brexit could weigh on the economic growth in the nation and a further interest rate cut and other measures would be needed. Data indicated that UK's final estimate on the economic growth came at par with market expectations in the first quarter of 2016. Meanwhile, business investment declined at a quicker pace in the first three months of 2016. Moreover, current account deficit narrowed less-than-expected during the same period.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro rose marginally against the South African Rand to trade at R16.3399. Going forward, market participants will keep a tab on Eurozone's manufacturing PMI & unemployment rate and Germany's manufacturing PMI data, scheduled for release in a few hours.

The Euro weakened against the South African Rand yesterday. Data indicated that Eurozone's preliminary estimate of consumer price index climbed entering the positive territory in June, increasing for the first time since January. Separately, Germany's unemployment rate remained steady at an all-time low in June. Meanwhile, the nation's retail sales rebounded strongly in May, after declining for consecutive two months.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.2% against the South African Rand to trade at R10.9960. Australia's performance of manufacturing index recorded an advance in June. Meanwhile, Chinese manufacturing activity slipped to a four-month low in June.

The Australian Dollar fell against the South African Rand yesterday. Data revealed that Australia's private sector credit advanced in May from April.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.7400	▲	-0.45%	-2.36%	NA	-6.25%	-4.82%
GBPZAR	19.6774	▲	-1.27%	-4.84%	NA	-13.79%	-13.98%
EURZAR	16.3399	▲	-0.74%	-2.36%	NA	-6.58%	-2.79%
AUDZAR	10.9960	▲	-0.47%	-2.64%	NA	-3.45%	-3.44%
EURUSD	1.1088	▼	-0.17%	-0.10%	NA	-0.23%	2.21%
GBPUSD	1.3331	▲	-0.88%	-2.69%	NA	-8.09%	-9.71%
Brent (\$/barrel)	50.0	▲	-1.78%	2.69%	NA	-0.36%	33.34%
Gold (\$/oz)	1333.1	▲	-0.47%	0.05%	NA	8.71%	24.56%
Platinum (\$/oz)	1030.5	▲	1.01%	3.48%	NA	4.19%	14.56%
Copper (\$/MT)*	4840.0	▲	0.20%	3.20%	NA	3.05%	2.85%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.9% higher to trade at \$1,333.10/oz.

Yesterday, gold prices fell 0.5% to close at \$1,320.60/oz, amid a rise in global equity markets and as the US Dollar strengthened, reducing demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.6% higher to trade at \$50.02/bl.

Yesterday, Brent crude oil dropped 1.8% to settle at \$49.71/bl. However, oil prices recorded their largest quarterly gain since 2009, on the back of supply disruptions and expectations of falling production.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.9% higher to trade at \$1,030.50/oz.

Yesterday, platinum prices climbed 1.0% to close at \$1,021.50/oz.

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Major South Africa Corporate News

Ascendis Health Limited

The company revealed that it intends to raise ZAR1.20bn, through a fully underwritten renounceable rights offer to settle part of the purchase consideration of the acquisitions announced in May 2016. It further added that ABSA Bank Limited and HSBC Bank Plc have agreed to fully underwrite the rights offer.

Sun International Limited

The company announced that all approvals required for the disposal of its remaining minority interests in its Zambia property have now been received. The subsidiaries of the company and Minor International Public Company Limited have now implemented the disposal, thus receiving a net consideration of ZAR239.40mn, which will be used to reduce group debt.

Major Global Economic News

UK

In 1Q16, the final GDP recorded a rise of 0.4% on a quarterly basis in the UK, in line with market expectations. GDP had climbed 0.6% in the prior quarter and the preliminary figures had also recorded a rise of 0.4%.

Current account deficit in the UK dropped to GBP32.60bn in 1Q16, compared to a revised deficit of GBP34.00bn in the previous quarter. Markets were anticipating the nation to post a deficit of GBP28.00bn.

On a quarterly basis, the final total business investment fell 0.6% in 1Q16, in the UK. Total business investment had fallen 2.0% in the previous quarter and the preliminary figures had recorded a drop of 0.5%.

BoE Governor, Mark Carney, warned that the uncertainty surrounding UK's plan to leave the European Union (EU) would likely weigh on the nation's economic growth and further added that interest-rate cut and other measures will be required. However, he expressed confidence in UK's ability to adapt to a future outside the EU.

Eurozone

On a yearly basis, in the Eurozone, the preliminary consumer price index unexpectedly rose 0.1% in June, higher than market expectations for an unchanged reading. The CPI had fallen 0.1% in the previous month.

In June, the seasonally adjusted unemployment rate in Germany remained steady at 6.1%, in line with market expectations.

In May, retail sales rose 0.9% on a monthly basis in Germany, higher than market expectations for a rise of 0.6%. Retail sales had recorded a revised drop of 0.3% in the prior month.

Asia

In Japan, unemployment rate remained steady at 3.2% in May from April. Markets were expecting unemployment rate to record a steady reading.

The final manufacturing PMI advanced to 48.10 in Japan, in June. Manufacturing PMI had registered a level of 47.70 in the prior month. The preliminary figures had indicated an advance to 47.80.

The national CPI dropped 0.4% on an annual basis in Japan, less than market expectations for a drop of 0.50%. In the previous month, the CPI had dropped 0.3%.

In June, the NBS manufacturing PMI in China dropped to 50.00, compared to a reading of 50.10 in the prior month. Market expectation was for the PMI to ease to a level of 50.00.

US

The seasonally adjusted initial jobless claims in the US advanced to 268.00K in the week ended June 25, 2016, compared to a revised reading of 258.00K in the prior week. Market expectation was for initial jobless claims to rise to 267.00K.

The Chicago Fed purchasing managers index advanced to 56.80 in June, in the US, compared to market expectations of a rise to a level of 51.00. The PMI had recorded a reading of 49.30 in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:30	Unemployment Rate (May)	✓✓	3.20%*	3.20%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (May)	✓✓	-0.40%*	-0.30%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (Jun)	✓	-0.50%*	-0.50%	Monthly
Japan	01:30	Household Spending (YoY) (May)	✓✓	-1.10%*	-0.40%	Monthly
China	03:00	NBS Non-manufacturing PMI (Jun)	✓	53.70*	53.10	Monthly
China	03:00	NBS Manufacturing PMI (Jun)	✓✓	50.00*	50.10	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Jun)	✓✓	48.60*	49.20	Monthly
Japan	04:00	Nomura/ JIMMA Manufacturing PMI (Jun) (F)	✓✓	48.10*	47.80**	Monthly
Japan	07:00	Consumer Confidence Index (Jun)	✓✓	41.10	40.90	Monthly
Switzerland	09:15	Real Retail Sales (YoY) (May)	✓✓	-	-1.90%	Monthly
Eurozone	09:15	ECB Board Member Coeure on Panel in Paris	✓	-	-	As scheduled
France	09:50	Markit Manufacturing PMI (Jun) (F)	✓	47.90	47.90**	Monthly
Germany	09:55	Markit Manufacturing PMI (Jun) (F)	✓✓	54.40	54.40**	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Jun) (F)	✓✓✓	52.60	52.60**	Monthly
UK	10:30	Markit Manufacturing PMI (Jun)	✓✓	50.10	50.10	Monthly
Eurozone	11:00	Unemployment Rate (May)	✓✓	10.10%	10.20%	Monthly
South Africa	11:00	PMI Manufacturing (Jun)	✓✓	51.30	51.90	Monthly
US	15:45	Markit Manufacturing PMI (Jun) (F)	✓✓	51.20	51.40**	Monthly
US	16:00	Construction Spending (MoM) (May)	✓✓	0.60%	-1.80%	Monthly
US	16:00	ISM Manufacturing PMI (Jun)	✓✓	51.30	51.30	Monthly
US	16:00	ISM Prices Paid (Jun)	✓✓	63.50	63.50	Monthly
Eurozone	17:00	Bundesbank President Jens Weidmann Speaks in Munich	✓	-	-	As scheduled
South Africa	-	Naamsa Vehicle Sales (YoY) (Jun)	✓	-10.40%	-10.30%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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