

# ONE Minute Brief

6 July 2016

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## Economic and Political News

In 2Q16, BER's South African consumer confidence index unexpectedly fell to -11.00, compared to a reading of -9.00 in the previous quarter. Standard Bank's South African PMI dropped to a level of 49.60 in June from 50.20 in May.

Lungisa Fuzile, the Director-General of the National Treasury, stated that the South African economy is not growing fast enough to create jobs and that growth in the economy was unlikely to be stimulated by adjusting macroeconomic policy.

The National Union of Mineworkers (NUM) rejected a revised wage offer of 7.0% from Eskom. Separately, the power utility stated that it had secured 57.0% of funding for the 2016/2017 financial year, following major state cash injections and loans.

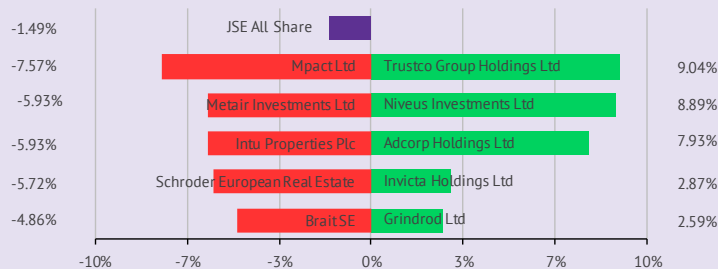
Ratings agency, Fitch indicated that UK's decision of leaving the EU will have a limited effect on the sovereign credit ratings of South Africa.

President Jacob Zuma stated that it would be embarrassing if Gauteng municipalities, particularly Tshwane and Johannesburg, are won by opposition parties in the upcoming local Government elections.

## South Africa Market ▼

### South African markets closed lower

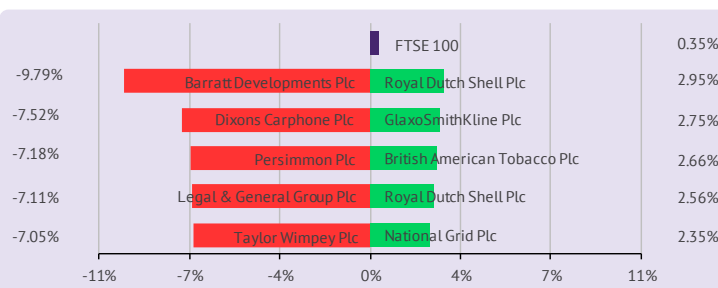
South African markets closed in the red yesterday, weighed down by losses in resources sector stocks. Data indicated that South Africa's BER consumer confidence index eased in 2Q16 from 1Q16. The JSE All Share Index slipped 1.5% to close at 51,670.16.



## UK Market ▲

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

UK markets finished higher yesterday, after the Bank of England (BoE) lowered capital requirements for banks in the UK. The FTSE 100 Index advanced 0.4% to close at 6,545.37.



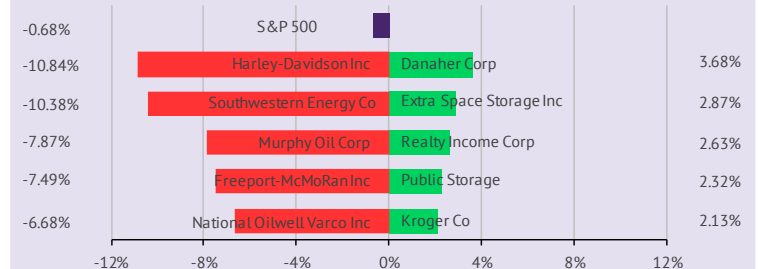
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51670.16	▼	-784.08	-1.49%	-1.31%	-1.05%	-3.13%	1.93%
JSE Top 40	45330.93	▼	-696.55	-1.51%	-1.49%	-1.40%	-4.17%	-1.02%
FTSE 100	6545.37	▲	23.11	0.35%	-0.49%	0.63%	4.39%	4.85%
DAX 30	9532.61	▼	-176.48	-1.82%	-2.49%	-1.52%	-5.68%	-11.27%
CAC 40	4163.42	▼	-71.44	-1.69%	-2.59%	-1.75%	-5.95%	-10.21%
S&P 500	2088.55	▼	-14.40	-0.68%	-0.68%	-0.49%	0.09%	2.18%
Nasdaq Composite	4822.90	▼	-39.67	-0.82%	-0.82%	-0.41%	-2.13%	-3.68%
DJIA	17840.62	▼	-108.75	-0.61%	-0.61%	-0.50%	0.80%	2.39%

## US Market ▼

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

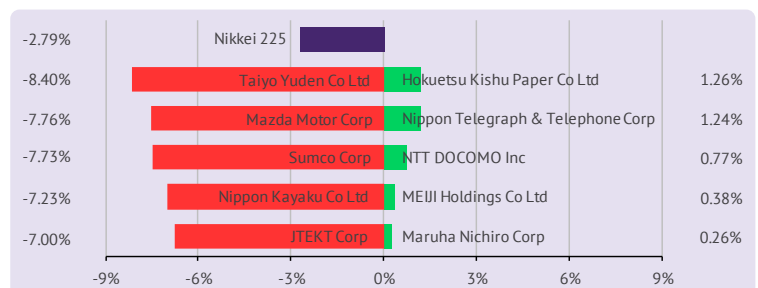
US markets closed lower yesterday, amid losses in energy sector stocks. Data revealed that factory orders in the US fell more-than-expected in May from April. The S&P 500 Index dropped 0.7% to close at 2,088.55.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 2.8% lower at 15,231.58.



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## USDZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar climbed 0.6% against the South African Rand to trade at R14.8263. Later today, traders will keep a close watch on US Markit services PMI and trade balance data for further direction. Additionally, South Africa's SACCI business confidence index will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. Data revealed that US factory orders declined more-than-expected in May, amid less demand for transportation and defense capital goods. Moreover, the final reading on durable goods order was revised slightly lower in May. Separately, South Africa's BER consumer confidence index dropped in the second quarter of 2016 while the nation's private sector contracted in June.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.4% lower against the South African Rand at R19.1190. Going forward, traders will keep an eye on UK's NIESR GDP estimate, scheduled to release tomorrow.

The British Pound declined against the South African Rand yesterday, after the BoE announced that it took steps to release up to GBP150.00bn worth of lending to British households and businesses by relaxing regulatory requirements on the banking sector. BoE Governor, Mark Carney stated that the central bank had a plan that is working and it is ready to take any further actions, if needed. Separately, data indicated that UK's service sector growth slowed in June.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro advanced 0.3% against the South African Rand to trade at R16.3859. Going forward, market participants will keep a tab on ECB President, Mario Draghi's speech scheduled in a few hours. Moreover, investors' will eye Germany's factory orders and construction PMI for further clues.

The Euro strengthened against the South African Rand yesterday. Data revealed that Eurozone's retail sales advanced on a monthly basis in May. Moreover, the final services PMI was revised slightly higher in June. Separately, the final reading on Germany's Markit services PMI was revised upwards in June.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally firmer against the South African Rand at R11.0100.

The Australian Dollar rose against the South African Rand yesterday. The Reserve Bank of Australia maintained the benchmark interest rate at 1.75% at its monetary policy meeting.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.8263	▲	1.22%	1.27%	0.13%	-6.25%	-4.70%
GBPZAR	19.1190	▼	-0.81%	-0.68%	-2.10%	-13.79%	-15.78%
EURZAR	16.3859	▲	0.50%	0.67%	-0.04%	-6.58%	-2.83%
AUDZAR	11.0100	▲	0.20%	0.80%	0.32%	-3.45%	-3.13%
EURUSD	1.1051	▼	-0.70%	-0.54%	-0.27%	-0.23%	1.93%
GBPUUSD	1.2891	▼	-1.99%	-1.85%	-2.17%	-8.09%	-11.67%
Brent (\$/barrel)	47.8	▼	-4.27%	-4.75%	-3.52%	-0.36%	28.65%
Gold (\$/oz)	1370.0	▲	1.47%	1.47%	2.89%	8.71%	28.16%
Platinum (\$/oz)	1070.2	▼	1.68%	1.68%	4.98%	4.19%	20.26%
Copper (\$/MT)*	4797.8	▼	-1.68%	-2.08%	-0.87%	3.05%	1.96%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,370.00/oz.

Yesterday, gold prices rose 1.5% to close at \$1,358.70/oz, as concerns surrounding the impact of the Brexit decision resurfaced and as a sharp fall in global equity markets increased demand for the safe haven asset.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.4% lower to trade at \$47.76/bL

Yesterday, Brent crude oil dropped 4.3% to settle at \$47.96/bL, amid rising worries about the adverse impact of Brexit on global economic growth.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices declined 0.2% to trade at \$1,070.20/oz.

Yesterday, platinum prices declined 1.7% to close at \$1072.40/oz.



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## Major South Africa Corporate News

### Investec Australia Property Fund

The company stated that the annual general meeting of unitholders will be held at 5.00pm on August 10, 2016 at Boardroom, Level 23, The Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia; and at 9.00am on the same day at: 2nd Floor Executive Boardroom, 100 Grayston Drive, Sandown, Sandton 2196, South Africa.

### Naspers Limited

The company announced the appointment of Akash Bhatia as the CFO of its Showmax video streaming business.

## Major Global Economic News

### UK

The Bank of England (BoE) warned that there will be a period of uncertainty and adjustment following the result of the referendum, adding that UK will take time to establish new relationships with the EU and rest of the world. Moreover, the central bank took steps to release up to GBP150.00bn worth of lending to British households and businesses by relaxing regulatory requirements on the banking sector. Further, BoE Governor, Mark Carney, assured markets that the central bank has a plan that is working and that it stands ready to take any further actions, if needed.

The services PMI in the UK registered a drop to 52.30 in June, compared to market expectations of a fall to a level of 52.80. The PMI had registered a reading of 53.50 in the previous month.

On an annual basis, the BRC shop price index recorded a drop of 2.0% in June, in the UK. In the previous month, the index had recorded a drop of 1.8%.

### Eurozone

In the Eurozone, the seasonally adjusted retail sales advanced 0.4% in May on a monthly basis, at par with market expectations. Retail sales had advanced by a revised 0.2% in the prior month.

In June, the final services PMI in the Eurozone fell to a level of 52.80, compared to a reading of 53.30 in the prior month. Market expectation was for PMI to drop to 52.40 and the preliminary figures had indicated a drop to 52.40.

The final services PMI recorded a drop to 53.70 in June, in Germany, compared to a level of 55.20 in the previous month. The preliminary figures had recorded a drop to 53.20 and markets expectations was for PMI to drop to 53.20.

### US

On a monthly basis, factory orders in the US recorded a drop of 1.0% in May, higher than market expectations for a drop of 0.8%. In the previous month, factory orders had climbed by a revised 1.8%.

On a monthly basis, in the US, the final durable goods orders dropped 2.3% in May, compared to a revised advance of 3.3% in the prior month. Market expectation was for durable goods orders to drop 2.2% and the preliminary figures had recorded a drop of 2.2%.

In June, the New York City current business condition index rose to a level of 45.40 in the US. The index had registered a reading of 37.20 in the previous month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Jun)	✓	-2.00%*	-1.80%	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (May)	✓✓	1.00%	-2.00%	Monthly
France	08:30	Bank of France's Villeroy Opens Paris Europlace Conference	✓	-	-	As scheduled
Spain	09:00	Industrial Output Cal Adjusted (YoY) (May)	✓✓	2.20%	2.70%	Monthly
Eurozone	09:00	ECB's Draghi Speaks in Frankfurt	✓✓✓	-	-	As scheduled
Eurozone	09:00	Non-monetary policy's ECB meeting	✓✓✓	-	-	As scheduled
South Africa	11:30	SACCI Business Confidence Index (Jun)	✓✓	-	79.30	Monthly
US	13:00	MBA Mortgage Applications (01-Jul)	✓	-	-2.60%	Weekly
US	14:30	Trade Balance (May)	✓✓	-USD40.00bn	-USD37.40 bn	Monthly
Canada	14:30	International Merchandise Trade (May)	✓	-CAD2.70bn	-CAD2.94bn	Monthly
US	14:55	Redbook Index s.a. (MoM) (01-Jul)	✓	-	-0.90%	Weekly
US	15:45	Markit Composite PMI (Jun) (F)	✓✓	-	51.20**	Monthly
US	15:45	Markit Services PMI (Jun) (F)	✓✓	51.30	51.30**	Monthly
US	16:00	ISM Non-Manufacturing PMI (Jun)	✓✓	53.30	52.90	Monthly
Eurozone	17:30	ECB's Nouy Speaks in Frankfurt	✓	-	-	As scheduled
US	20:00	Fed Releases Minutes of FOMC Meeting	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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