

# ONE Minute Brief

19 July 2016

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## Economic and Political News

Vodacom and MTN have hailed the decision by the Independent Communications Authority of South Africa to issue spectrum licences as a major progressive step for the economy which is expected to accelerate the roll out of 4G wireless network.

According to the trade union Solidarity, the South African Broadcasting Corporation (SABC) dismissed four journalists with immediate effect and initiated disciplinary action against four others. SABC now faces a legal dispute with the eight journalists.

Thomson Reuters/Freeman Consulting's estimates indicate that South Africa's overseas acquisitions accounted for 82.0% of sub-Saharan African outbound mergers and acquisitions in the first half of 2016.

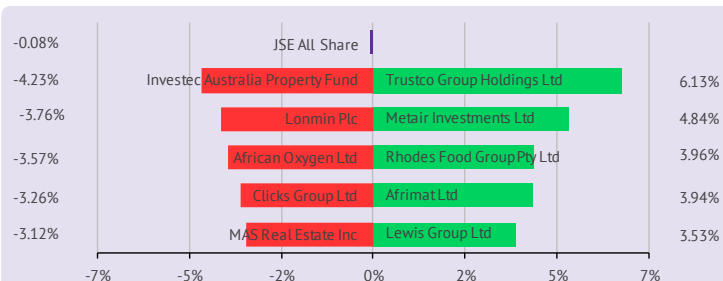
The Commission for Conciliation Mediation and Arbitration ruled in the favour of Parliament in its battle with union Nehawu over bonus payouts.

The African Union's new funding model could see South Africa paying an additional ZAR2.20bn to support the cash-strapped body.

## South Africa Market ▼

### South African markets closed lower

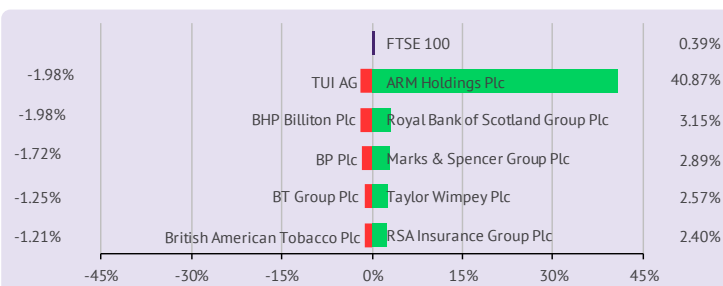
South African markets closed in the red yesterday, amid losses in platinum mining sector stocks. The JSE All Share Index fell 0.1% to close at 53,046.31.



## UK Market ▲

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

UK markets finished higher yesterday, amid signs of pickup in M&A activity after Japan's SoftBank Group agreed to acquire ARM Holdings. The FTSE 100 Index advanced 0.4% to close at 6,695.42.



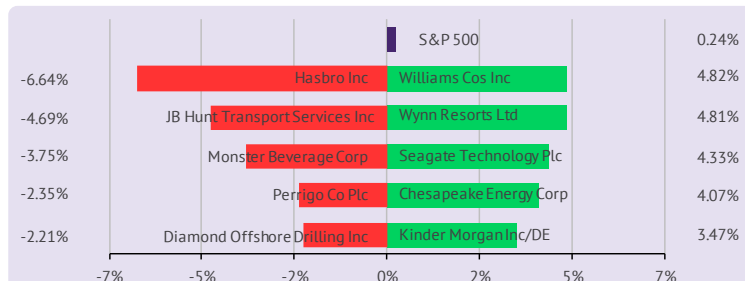
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53046.31	▼	-42.15	-0.08%	-0.08%	1.59%	-3.13%
JSE Top 40	46431.44	▼	-22.91	-0.05%	-0.05%	0.99%	-4.17%
FTSE 100	6695.42	▲	26.18	0.39%	0.39%	2.94%	4.39%
DAX 30	10063.13	▼	-3.77	-0.04%	-0.04%	3.96%	-5.68%
CAC 40	4357.74	▼	-14.77	-0.34%	-0.34%	2.84%	-5.95%
S&P 500	2166.89	▲	5.15	0.24%	0.24%	3.24%	0.09%
Nasdaq Composite	5055.78	▲	26.20	0.52%	0.52%	4.40%	-2.13%
DJIA	18533.05	▲	16.50	0.09%	0.09%	3.36%	0.80%

## US Market ▲

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

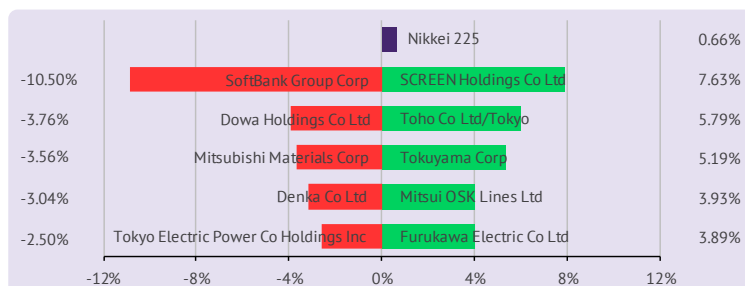
US markets closed higher yesterday, led by gains in information technology and consumer discretionary sector stocks. The S&P 500 Index climbed 0.2% to close at 2,166.89.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.7% lower at 16,607.01.



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## USDZAR ▲

### USD trading stronger against ZAR

At 06:00 SAST, the US Dollar gained 0.2% against the South African Rand to trade at R14.2763. Later today, traders will keep a close watch on US housing starts and building permits for further direction.

The US Dollar fell against the South African Rand yesterday. Separately, data revealed that NAHB housing market index in the US declined unexpectedly in July.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading marginally higher against the South African Rand at R18.8910. Later today, traders will keep an eye on UK's consumer price index and retail price index for further cues.

The British Pound declined against the South African Rand yesterday. Separately, the BoE's policymaker Martin Weale stated that he was unsure about supporting an interest rate cut at the central bank's August meeting.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro rose 0.2% against the South African Rand to trade at R15.8152. Going forward, market participants will keep a tab on Eurozone's ZEW survey on economic sentiment and construction output, scheduled to be released in a few hours.

The Euro weakened against the South African Rand yesterday. Elsewhere, in Germany, the Bundesbank in its monthly report, indicated the economy would grow strongly in the third quarter of the current year, despite the risks arising from the Brexit decision.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.6% against the South African Rand to trade at R10.7501. Earlier in the session, minutes of RBA's July meeting indicated that policymakers awaited further information on inflationary pressures, labour market and housing market activity in the nation, all of which would be available by the end of this month.

The Australian Dollar fell against the South African Rand yesterday.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.2763	▲	-2.25%	-2.25%	-3.27%	-6.25%	-7.94%
GBPZAR	18.8910	▲	-1.84%	-1.84%	-3.73%	-13.79%	-17.19%
EURZAR	15.8152	▲	-1.93%	-1.93%	-3.43%	-6.58%	-6.13%
AUDZAR	10.7501	▼	-2.03%	-2.03%	-1.42%	-3.45%	-4.81%
EURUSD	1.1076	▲	0.36%	0.36%	-0.28%	-0.23%	1.92%
GBPU\$D	1.3228	▼	0.48%	0.48%	-0.42%	-8.09%	-10.09%
Brent (\$/barrel)	46.9	▼	-1.37%	-1.37%	-5.53%	-0.36%	25.97%
Gold (\$/oz)	1329.4	▲	0.14%	0.14%	0.66%	8.71%	25.38%
Platinum (\$/oz)	1097.0	▼	0.73%	0.73%	7.54%	4.19%	23.19%
Copper (\$/MT)*	4922.0	▲	0.44%	0.44%	1.69%	3.05%	4.60%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged marginally higher to trade at \$1,329.40/oz.

Yesterday, gold prices rose 0.1% to close at \$1,329.30/oz, as the US Dollar weakened, increasing demand for the precious metal.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.2% lower to trade at \$46.85/bl.

Yesterday, Brent crude oil dropped 1.4% to settle at \$46.96/bl, amid concerns surrounding the global glut of crude supply.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$1,097.00/oz.

Yesterday, platinum prices climbed 0.7% to close at \$1098.50/oz, reversing previous session losses.



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## Major South Africa Corporate News

### Harmony Gold Mining Company Limited

The company announced that it has met its annual production guidance of approximately 1.10mn oz. Its underground grade had improved by 6.0% to 5.02g/t, making it the fourth consecutive year of increased recovered underground grades. To create further cash certainty, it has entered into short term gold forward sale contracts for 432,000 oz over a period of 24 months, representing approximately 20.0% of its total production, at an average rate of approximately R682,000/kg.

### Imperial Holdings Limited

The company indicated that it has been informed by Peregrine Capital (Pty) Limited that it has acquired an additional interest in preference shares of the company on behalf of clients, such that the total beneficial interest in preference shares is now 15.98% of the total issued preference shares.

## Major Global Economic News

### Asia

The minutes of Reserve Bank of Australia's (RBA) July meeting revealed that the board officials are awaiting further information on inflationary pressures, labour market and housing market activity in Australia, all of which will be available by the end of this month, to refine its assessment of the economy.

The CBAHIA house affordability index fell to a level of 78.70 in 2Q16, in Australia. The index had registered a revised level of 81.70 in the previous quarter.

### US

The housing market index in the US dropped unexpectedly to a level of 59.00 in July, compared to a reading of 60.00 in the previous month. Market anticipation was for the housing market index to record a steady reading.

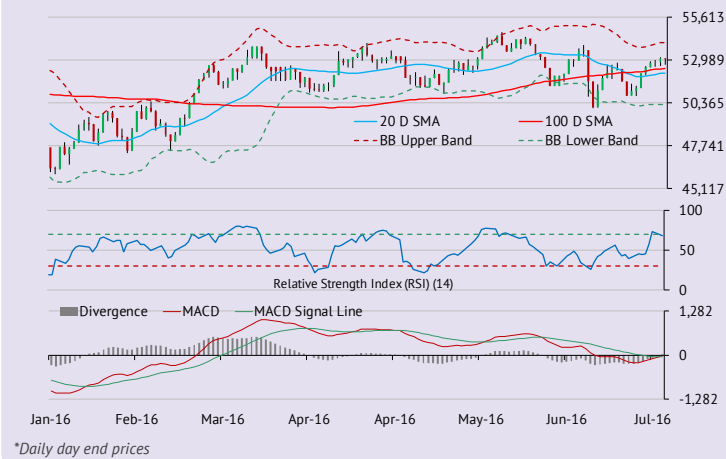
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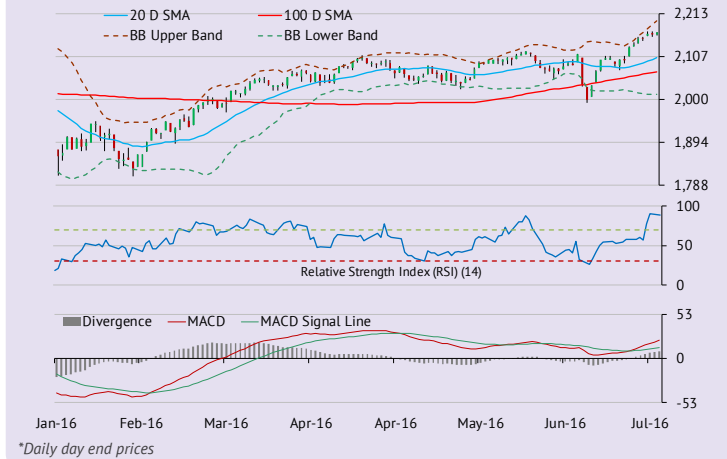
## Technical Snapshot

### JSE All Share



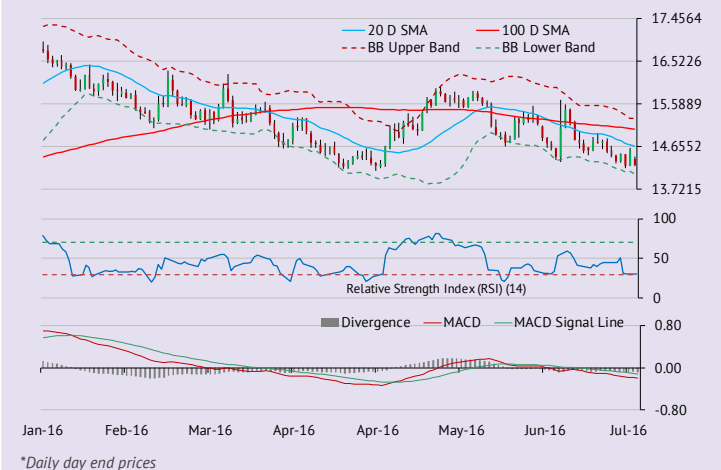
The JSE All Share index is expected to find support at 52,361.51, and a fall through could take it to the next support level of 51,676.72. The index is expected to find its first resistance at 53,439.48, and a rise through could take it to the next resistance level of 53,832.66.

### S&P 500



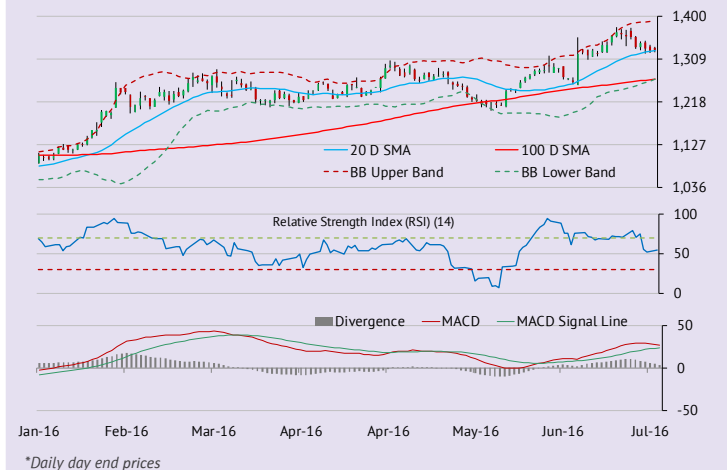
The S&P 500 index is expected to find support at 2,147.91, and a fall through could take it to the next support level of 2,128.93. The index is expected to find its first resistance at 2,177.46, and a rise through could take it to the next resistance level of 2,188.03.

### USDZAR



The pair is expected to find support at 14.0750, and a fall through could take it to the next support level of 13.9051. The pair is expected to find its first resistance at 14.5183, and a rise through could take it to the next resistance level of 14.7917.

### XAU/USD



Gold is expected to find support at \$1,313.50/oz, and a fall through could take it to the next support level of \$1,297.70/oz. The precious metal is expected to find its first resistance at \$1,352.00/oz, and a rise through could take it to the next resistance level of \$1,374.70/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
 Eurozone	10:00	ECB Bank Lending Survey	✓	-	-	As scheduled
 UK	10:30	Consumer Price Index (MoM) (Jun)	✓✓	0.20%	0.20%	Monthly
 UK	10:30	Retail Price Index (MoM) (Jun)	✓	0.20%	0.30%	Monthly
 UK	10:30	Financial Stability Report	✓	-	-	As scheduled
 Eurozone	11:00	Construction Output s.a (MoM) (May)	✓	-	-0.20%	Monthly
 Eurozone	11:00	ZEW Survey - Economic Sentiment (Jul)	✓✓	-	20.20	Monthly
 Germany	11:00	ZEW Survey - Current Situation (Jul)	✓✓	51.80	54.50	Monthly
 Germany	11:00	ZEW Survey - Economic Sentiment (Jul)	✓✓✓	9.00	19.20	Monthly
 US	14:30	Building Permits (MoM) (Jun)	✓✓	1.20%	0.70%	Monthly
 US	14:30	Housing Starts (MoM) (Jun)	✓✓	0.20%	-0.30%	Monthly
 US	14:55	Redbook Index s.a. (MoM) (15-Jul)	✓	-	-0.30%	Weekly
 UK	16:05	MPC Member Broadbent Speech	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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