

ONE Minute Brief

22 July 2016

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Economic and Political News

The South African Reserve Bank (SARB) paused its recent rate hike spree and maintained the interest rate at 7.0%, citing a weak economy while expressing concerns about inflation. Moreover, the central bank downgraded its projections for growth to 0% from 0.6% for 2016 and to 1.1%, from a previous 1.3% for 2017. Additionally, the bank now expects CPI inflation to average 6.6% in 2016, down from 6.7% earlier, while the 2017 forecast was revised to 6.0% from 6.2%.

Eskom stated that it had electrified more than 38,000 households in the first three months of the 2016 financial year, exceeding its target by more than 3 000 households.

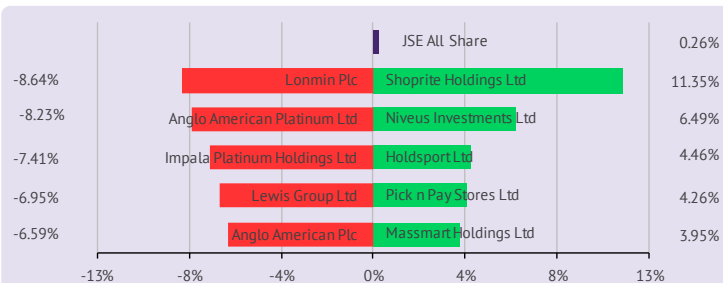
Land and Agricultural Development Bank of South Africa's Chief Executive, Tshokolo Nchocho mentioned that the bank sees little stress in its loan book despite the worst drought in the nation.

The World Steel Association indicated that steel production in South Africa advanced 6.9% on a yearly basis in June to an estimated 545,000 tons.

South Africa Market ▲

South African markets closed higher

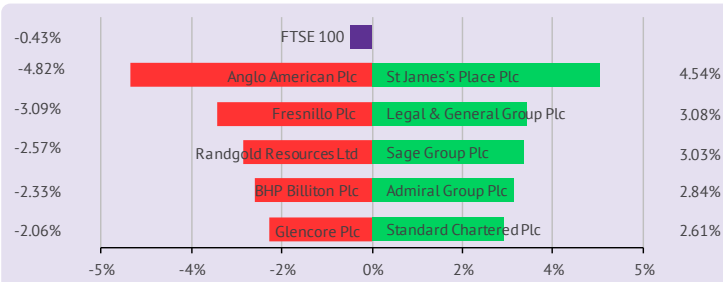
South African markets closed in the green yesterday, amid gains in platinum mining sector stocks. The South African Reserve Bank kept the benchmark interest rate on hold at 7.0%, in line with market expectations. The JSE All Share Index rose 0.3% to close at 52,974.03.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, weighed down by a selloff in airline sector stocks. Data indicated that UK's retail sales dropped more-than-expected on a monthly basis in June. The FTSE 100 Index declined 0.4% to close at 6,699.89.



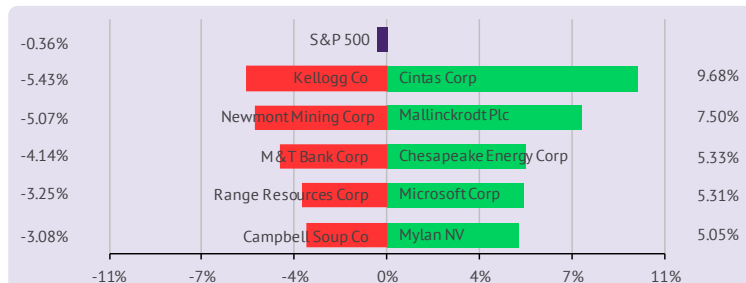
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52974.03	▲	136.17	0.26%	-0.22%	1.45%	-3.13%	4.50%
JSE Top 40	46272.66	▲	72.03	0.16%	-0.39%	0.65%	-4.17%	1.04%
FTSE 100	6699.89	▼	-29.10	-0.43%	0.46%	3.01%	4.39%	7.33%
DAX 30	10156.21	▲	14.20	0.14%	0.89%	4.92%	-5.68%	-5.46%
CAC 40	4376.25	▼	-3.51	-0.08%	0.09%	3.27%	-5.95%	-5.62%
S&P 500	2165.17	▼	-7.85	-0.36%	0.16%	3.16%	0.09%	5.93%
Nasdaq Composite	5073.90	▼	-16.03	-0.31%	0.88%	4.77%	-2.13%	1.33%
DJIA	18517.23	▼	-77.80	-0.42%	0.00%	3.28%	0.80%	6.27%

US Market ▼

The S&P 500 futures are trading in the red

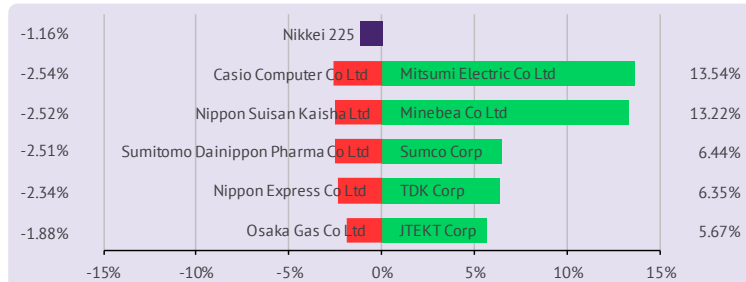
US markets closed lower yesterday, led by losses in industrials and material sector stocks. Data revealed that initial jobless claims in the US fell during the last week. The S&P 500 Index dropped 0.4% to close at 2,165.17.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. Earlier in the session, data indicated that Japan's manufacturing activity contracted for the fifth straight month in July. The Nikkei 225 Index is trading 1.2% lower at 16,615.31.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.1% against the South African Rand to trade at R14.2400. Later today, traders will keep a close watch on US Markit manufacturing PMI for further direction.

The US Dollar fell against the South African Rand yesterday. Separately, data revealed that number of Americans applying for unemployment benefits fell surprisingly last week. Moreover, existing home sales advanced at their strongest pace in almost a decade in June. Further, the leading economic index rebounded in June. The South African Rand gained ground after the SARB kept the repo rate unchanged at 7.0% in its monetary policy meeting.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced marginally against the South African Rand to trade at R18.8340. Later today, traders will keep an eye on UK's Markit manufacturing PMI for further cues.

The British Pound declined against the South African Rand yesterday, after data indicated that UK's retail sales recorded its largest drop in six months during June, as poor weather dented clothing sales. Moreover, public sector net borrowing fell in more-than-expected in June.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading marginally weaker against the South African Rand at R15.6921. Going forward, market participants will keep a tab on Markit's survey for services & manufacturing PMI across the Eurozone for July, scheduled later today.

The Euro weakened against the South African Rand yesterday. The ECB kept the key interest rate unchanged at 0.0% and its asset purchase programme intact, at its recent monetary policy meeting. However, the ECB President, Mario Draghi, indicated that the central bank will not hesitate to add fresh stimulus, if the Brexit decision continued to weigh on Eurozone's economy.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.2% against the South African Rand to trade at R10.6416. With no economic news in Australia today, investor sentiment will be decided by global macroeconomic news.

The Australian Dollar fell against the South African Rand yesterday, after data revealed that Australia's NAB business confidence declined in the second quarter of 2016.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.2400	▲	-0.81%	-2.35%	-3.37%	-6.25%	-8.03%
GBPZAR	18.8340	▲	-0.65%	-2.13%	-4.02%	-13.79%	-17.43%
EURZAR	15.6921	▼	-0.68%	-2.44%	-3.94%	-6.58%	-6.62%
AUDZAR	10.6416	▼	-0.55%	-3.39%	-2.79%	-3.45%	-6.14%
EURUSD	1.1023	▼	0.10%	-0.08%	-0.72%	-0.23%	1.47%
GBPUSD	1.3219	▼	0.19%	0.31%	-0.59%	-8.09%	-10.23%
Brent (\$/barrel)	46.2	▲	-2.06%	-2.96%	-7.06%	-0.36%	23.93%
Gold (\$/oz)	1326.5	▼	0.89%	0.27%	0.79%	8.71%	25.54%
Platinum (\$/oz)	1089.6	▼	1.62%	1.35%	8.19%	4.19%	23.94%
Copper (\$/MT)*	4966.5	▲	0.26%	1.35%	2.61%	3.05%	5.54%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.3% lower to trade at \$1,326.50/oz.

Yesterday, gold prices rose 0.9% to close at \$1,331.00/oz, as weakness in the greenback increased demand for the precious yellow metal as an alternative investment.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.1% higher to trade at \$46.24/bl.

Yesterday, Brent crude oil dropped 2.1% to settle at \$46.20/bl, as the unexpected rise in gasoline inventories continued to weigh on the commodity. Meanwhile, market intelligence firm, Genscape, indicated that stockpiles at the US Cushing, Oklahoma delivery point rose 725,176 bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 1.4% to trade at \$1,089.60/oz.

Yesterday, platinum prices climbed 1.6% to close at \$1,105.20/oz.



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Major South Africa Corporate News

AVI Limited

In its trading update for FY16, the company stated that group revenue rose by 8.0% and both gross profit and operating profit margins were higher than in the prior year. It expects consolidated headline EPS to increase between 10.0% and 11.0% over the previous year. It also expects and consolidated EPS to rise between 10.0% and 11.0% over the last year.

Discovery Limited

The company noted the announcement by Sumitomo Life Insurance Co. that it has entered into a strategic partnership with Discovery and SoftBank Corp. that will introduce Vitality into the Japanese market.

Life Healthcare Group Holdings Limited

The company announced that Lazard Asset Management has increased their beneficial interest in the securities of the company, such that the total interest held by Lazard now amounts to 5.88% of the total issued ordinary shares of the company.

Mpact Limited

In its trading statement for 1H16, the company revealed that group revenue is expected to increase by approximately 6.0% from R4,414.00mn recorded in the corresponding period of the prior year. It anticipates EPS and headline EPS to fall and be between 90.00c and 100.00c, compared to an EPS of 135.30c and headline EPS of 134.40c recorded in the similar period of the prior year.

Reinet Investments SCA

The company stated that as on June 30, 2016, the net asset value (NAV) of the Fund amounted to EUR5516.00mn, an increase of EUR295.00mn from March 31, 2016.

Resilient REIT Limited

In its trading statement for FY16, the company indicated that it anticipates dividend per share to rise and be between 484.43c and 492.24c per share.

Major Global Economic News

US

In the US, the seasonally adjusted initial jobless claims eased unexpectedly to 253.00K in the week ended July 16, 2016, lower than market expectations of a rise to 265.00K. In the previous week, initial jobless claims had registered a level of 254.00K.

In June, existing home sales registered an unexpected rise of 1.1%, on monthly basis, to a level of 5.57mn in the US, compared to market expectations of 5.48mn. In the previous month, existing home sales had recorded a revised reading of 5.51mn.

In June, on a monthly basis, leading indicator registered a rise of 0.3% in the US, more than market expectations for an advance of 0.2%. Leading indicator had recorded a drop of 0.2% in the prior month.

In July, Philadelphia Fed manufacturing index eased to -2.90 in the US, compared to market expectations of a drop to 4.50. Philadelphia Fed manufacturing index had recorded a level of 4.70 in the prior month.

Asia

In July, the preliminary manufacturing PMI in Japan registered a rise to 49.00, compared to a level of 48.10 in the prior month.

In China, the MNI business sentiment index climbed to 55.50 in July. The index had registered a level of 54.50 in the prior month.

UK

Retail sales in the UK dropped 0.9% on a monthly basis in June, higher than market expectations for a drop of 0.6%. In the previous month, retail sales had registered a rise of 0.9%.

In the UK, the public sector net borrowing has reported a deficit of GBP7.30bn, in June, from a revised deficit of GBP9.40bn in the prior month. Markets were anticipating public sector net borrowing to show a deficit of GBP9.20bn.

Eurozone

The European Central Bank (ECB) held the benchmark refinancing rate steady at 0% and its asset purchase programme unchanged at EUR80.00bn. However, the ECB President, Mario Draghi, indicated that the central bank will not hesitate to add fresh stimulus, if Britain's vote to leave the European Union starts to weigh on the Eurozone.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
China	03:45	MNI Business Sentiment Survey (Jul)	✓	55.50*	54.50	Monthly
Japan	04:00	Nomura/ JMMA Manufacturing PMI (Jul) (P)	✓✓	49.00*	48.10	Monthly
France	09:00	Markit Services PMI (Jul) (P)	✓	49.50	49.90	Monthly
France	09:00	Markit Manufacturing PMI (Jul) (P)	✓	48.00	48.30	Monthly
Germany	09:30	Markit Services PMI (Jul) (P)	✓✓	53.20	53.70	Monthly
Germany	09:30	Markit Manufacturing PMI (Jul) (P)	✓✓	53.40	54.50	Monthly
Eurozone	10:00	Markit Manufacturing PMI (Jul) (P)	✓✓✓	52.00	52.80	Monthly
Eurozone	10:00	Markit Services PMI (Jul) (P)	✓✓✓	52.30	52.80	Monthly
Italy	10:00	Industrial Orders s.a (MoM) (May)	✓	-	1.00%	Monthly
Eurozone	10:00	ECB Survey of Professional Forecasters	✓	-	-	As scheduled
UK	10:30	Markit Manufacturing PMI (Jul)	✓✓	48.70	52.10	Monthly
UK	10:30	Markit Services PMI (Jul)	✓✓	48.80	52.30	Monthly
Eurozone	11:00	Euro Area First Quarter Government Debt	✓✓	-	-	As scheduled
Canada	14:30	Retail Sales (MoM) (May)	✓✓	0.00%	0.90%	Monthly
Canada	14:30	Bank of Canada Consumer Price Index Core (YoY) (Jun)	✓✓✓	2.00%	2.10%	Monthly
Canada	14:30	Consumer Price Index (Jun)	✓✓	128.90	128.80	Monthly
Canada	14:30	Bank of Canada Consumer Price Index Core (MoM) (Jun)	✓✓	-0.10%	0.30%	Monthly
Canada	14:30	Consumer Price Index s.a. (MoM) (Jun)	✓✓	0.40%	0.20%	Monthly
US	15:45	Markit Manufacturing PMI (Jul) (P)	✓✓	51.50	51.30	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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