

# ONE Minute Brief

2 August 2016

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## Economic and Political News

South Africa's Barclays manufacturing PMI fell to 52.50 in July, compared to a level of 53.70 in the prior month.

In July, on a yearly basis, new vehicle sales recorded a drop of 17.0% in South Africa. In the previous month, new vehicle sales had registered a drop of 10.6%.

President Jacob Zuma announced that more than 2000 soldiers from South Africa's National Defence Force have been deployed to help the Police Services in all nine provinces during the municipal elections. Moreover, he urged all registered voters to cast their ballot in the local government elections on August 3.

South Africa's Department of Agriculture indicated that normal dry winter weather was worsening an already strong drought in the nation.

South African Petroleum Industry Association's Executive Director, Avhaphani Tshifularo stated that production at oil refineries continued despite an indefinite strike by the workers.

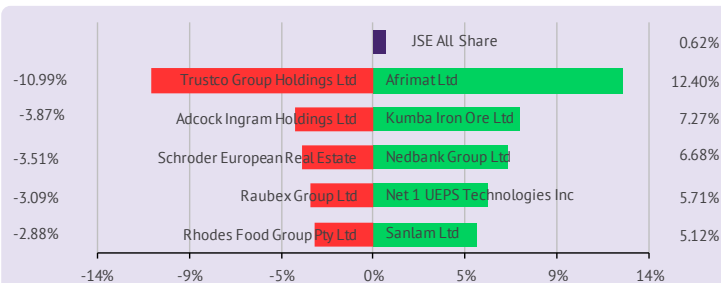
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53126.80	▲	329.22	0.62%	0.62%	1.11%	4.80%
JSE Top 40	46149.80	▲	233.32	0.51%	0.51%	-0.13%	0.77%
FTSE 100	6693.95	▼	-30.48	-0.45%	-0.45%	3.38%	7.23%
DAX 30	10330.52	▼	-6.98	-0.07%	-0.07%	6.79%	-3.84%
CAC 40	4409.17	▼	-30.64	-0.69%	-0.69%	4.77%	-4.91%
S&P 500	2170.84	▼	-2.76	-0.13%	-0.13%	3.56%	6.21%
Nasdaq Composite	5184.20	▲	22.06	0.43%	0.43%	6.60%	3.53%
DJIA	18404.51	▼	-27.73	-0.15%	-0.15%	2.80%	5.62%

## South Africa Market ▲

### South African markets closed higher

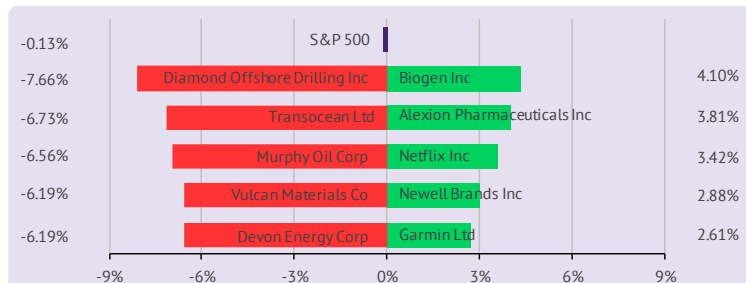
South African markets closed in the green yesterday, amid gains in banking sector stocks. Data indicated that South Africa's Barclays manufacturing PMI expanded at a slower pace in July. The JSE All Share Index rose 0.6% to close at 53,126.80.



## US Market ▼

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

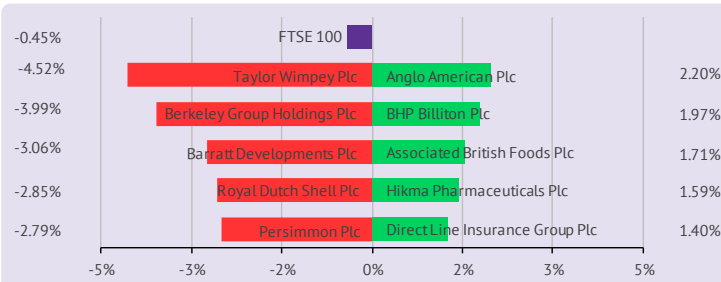
US markets closed mostly lower yesterday, led by losses in energy sector stocks following a decline in oil prices. Data indicated that ISM manufacturing index in the US eased more-than-expected in July from June. The S&P 500 Index dropped 0.1% to close at 2,170.84.



## UK Market ▼

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

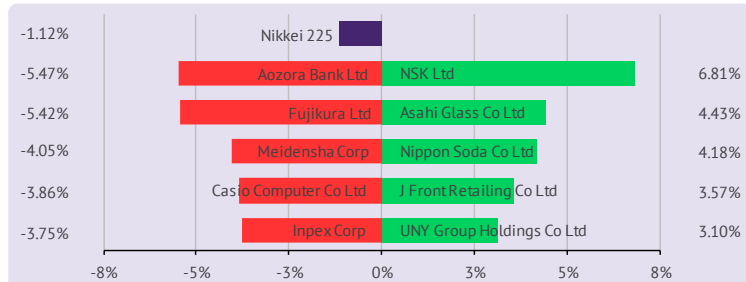
UK markets finished lower yesterday, weighed down by losses in homebuilder sector stocks. Data revealed that UK's final Markit manufacturing PMI contracted further in July. The FTSE 100 Index declined 0.5% to close at 6,693.95.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning, tracking overnight losses on Wall Street. Markets in Hong Kong remain closed today. The Nikkei 225 Index is trading 1.1% lower at 16,450.26.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R13.9024. Later today, traders will keep a close watch on US personal income and spending for further direction. Additionally, South Africa's standard bank PMI will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. Separately, data indicated that ISM manufacturing index in the US expanded at a slower pace in July as orders fell broadly. Moreover, construction spending in the nation dropped on a monthly basis in June to its lowest level since June 2015, while the final reading on Markit manufacturing PMI came in line with its previous estimates in July. Elsewhere, South Africa's manufacturing activity grew at a slower pace in July from June.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R18.3400. Later today, traders will keep an eye on UK's Markit construction PMI for further cues.

The British Pound declined against the South African Rand yesterday, after data indicated that UK's final Markit manufacturing PMI contracted in July, hitting its worst level since early 2013.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed marginally against the South African Rand to trade at R15.5379. Going forward, market participants will keep a tab on Eurozone's producer price index, scheduled to release in a few hours.

The Euro strengthened against the South African Rand yesterday. Separately, data revealed that the final reading on Eurozone's Markit manufacturing PMI edged lower in July from June. Moreover, Germany's final manufacturing PMI was revised slightly higher in July.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% lower against the South African Rand at R10.4796. Earlier in the session, the Reserve Bank of Australia slashed the key interest rate to 1.5%.

The Australian Dollar fell against the South African Rand yesterday. Separately, data indicated that Australia's performance of manufacturing index expanded in July. Elsewhere, in China, Australia's top trading partner, manufacturing PMI slipped into the contraction territory in July.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.9024	▼	0.28%	0.28%	0.28%	-5.76%	-10.05%
GBPZAR	18.3400	▼	-0.07%	-0.07%	-0.07%	-6.41%	-19.55%
EURZAR	15.5379	▲	0.15%	0.15%	0.15%	-5.05%	-7.56%
AUDZAR	10.4796	▼	-0.70%	-0.70%	-0.70%	-3.73%	-7.69%
EURUSD	1.1170	▲	-0.10%	-0.10%	-0.10%	0.61%	2.73%
GBPUUSD	1.3180	▲	-0.39%	-0.39%	-0.39%	-0.61%	-10.60%
Brent (\$/barrel)	42.3	▲	-3.19%	-3.19%	-3.19%	-12.43%	13.04%
Gold (\$/oz)	1356.0	▲	0.18%	0.18%	0.18%	2.15%	27.47%
Platinum (\$/oz)	1162.4	▼	1.10%	1.10%	1.10%	12.64%	30.46%
Copper (\$/MT)*	4868.5	▼	-0.95%	-0.95%	-0.95%	1.55%	3.46%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,356.00/oz.

Yesterday, gold prices rose 0.2% to close at \$1,351.40/oz, following the release of downbeat economic data in the US, raising expectations that the US Fed might not raise interest rates at its September meeting.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$42.34/bl.

Yesterday, Brent crude oil dropped 3.2% to settle at \$42.14/bl, as concerns surrounding a global glut of crude and gasoline resurfaced, weighing heavily on the commodity.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$1,162.40/oz.

Yesterday, platinum prices climbed 1.1% to close at \$1163.30/oz.



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## Major South Africa Corporate News

### Group Five Limited

In its trading statement for the year ended 30 June 2016, the company stated that it expects fully diluted headline EPS to be between 60.0% to 70.0% higher, compared with 204.00c recorded in the corresponding period of the previous year. It anticipates fully diluted EPS to be between 365.00c to 387.00c, compared with 221.00c posted in the similar period of the prior year.

### Hospitality Property Fund Limited

In its trading statement for 1H16, the company indicated that the combined A and B share distribution is expected to be between 21.8% and 22.9% higher than the previous corresponding period. The A share distribution will be in accordance with the company's distribution policy, at 78.62c per A share and the B share distribution is expected to be between 335.0% and 355.0% higher than the previous corresponding period.

### Lonmin Plc

In its 3Q16 production report, the company indicated that unit costs decreased 2.2% from a year earlier to ZAR10,596.00 per PGM (platinum group metal) ounce, notwithstanding increased safety stoppages and despite the 8.2% increase in labour costs from a year earlier. For FY16, it anticipates unit costs to be between ZAR10,400.00 and ZAR10,700.00 per PGM ounce.

### Nedbank Group Limited

In its 1H16 results, the bank reported that its net interest income advanced 11.6% from the same period of the preceding year to R13.03bn, supported by growth in average interest-earning banking assets of 10.9% and a slight expansion in its net interest margin. Its diluted EPS stood at 570.00c, compared with 537.00c recorded in the corresponding period of the previous year.

### Pioneer Food Group Limited

The company announced that it has entered into an agreement to acquire the entire issued share capital of Streamfoods Holdings Limited for GBP7.50mn.

### Royal Bafokeng Platinum Limited

In its 1H16 results, the company stated that its revenue increased to R1.65bn from R1.42bn posted in the corresponding period of the previous year. Its diluted headline EPS stood at 77.30c, compared with a diluted headline loss of 60.40c/share recorded in the same period of the prior year.

## Major Global Economic News

### US

In July, the ISM manufacturing activity index in the US fell to a level of 52.60, lower than market expectations of a drop to a level of 53.00. In the prior month, the index had registered a level of 53.20.

In July, the final Markit manufacturing PMI advanced to 52.90 in the US, meeting market expectations. The PMI had registered a reading of 51.30 in the previous month and the preliminary figures had also indicated a rise to 52.90.

Construction spending in the US registered an unexpected drop of 0.6% on a monthly basis in June, compared to a revised fall of 0.1% in the prior month. Market expectation was for construction spending to climb 0.5%.

### Eurozone

In the Eurozone, the final manufacturing PMI eased to 52.00, in July, higher than market expectations of a drop to a level of 51.90. In the prior month, the PMI had recorded a reading of 52.80 and the preliminary figures had recorded a fall to 51.90.

In July, the final manufacturing PMI fell to a level of 53.80 in Germany, compared to market expectations of a drop to 53.70. The preliminary figures had recorded a fall to 53.70 and in the previous month, the PMI had registered a reading of 54.50.

### Asia

The Reserve Bank of Australia slashed the cash rate to an all-time low of 1.5%, in line with market expectations.

Australia registered a seasonally adjusted trade deficit of AUD3195.00mn in June, following a revised deficit of AUD2418.00mn in the prior month. Market expectation was for the nation to register deficit of AUD2000.00mn.

In June, seasonally adjusted building approvals unexpectedly eased 2.9% on a monthly basis, in Australia, less than market expectations for an advance of 0.8%. In the prior month, building approvals had dropped by a revised 5.4%.

### UK

In July, the final manufacturing PMI recorded a drop to 48.20 in the UK, compared to market expectations of a fall to 49.10. The preliminary figures had indicated a drop to 49.10 and in the prior month, the PMI had registered a level of 52.10.

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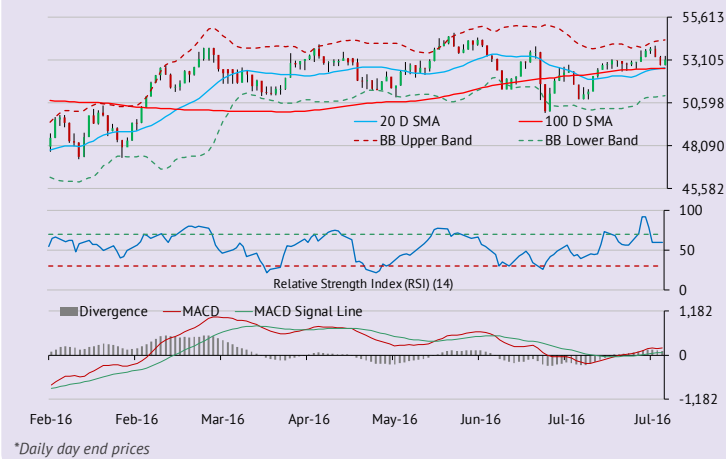
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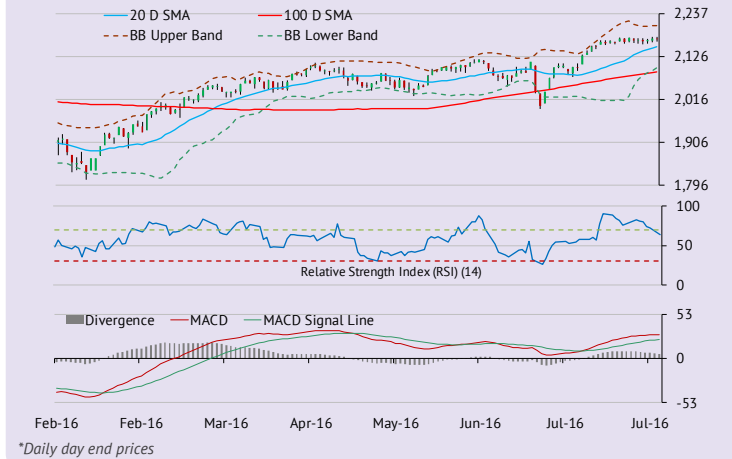
## Technical Snapshot

### JSE All Share



The JSE All Share index is expected to find support at 52,635.30, and a fall through could take it to the next support level of 52,143.81. The index is expected to find its first resistance at 53,778.81, and a rise through could take it to the next resistance level of 54,430.83.

### S&P 500



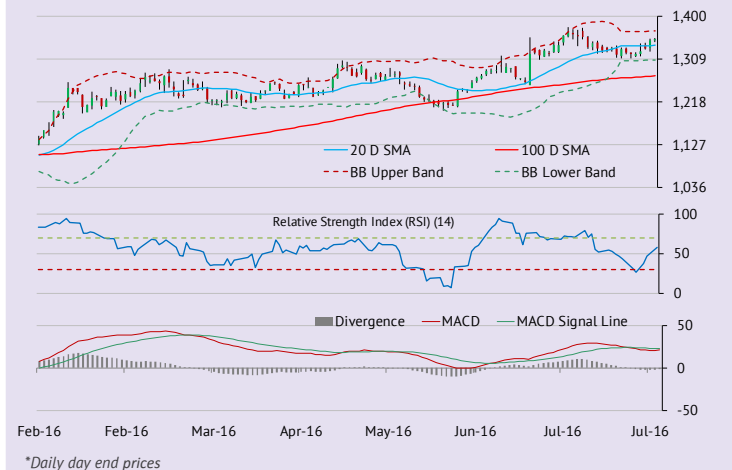
The S&P 500 index is expected to find support at 2,160.51, and a fall through could take it to the next support level of 2,150.18. The index is expected to find its first resistance at 2,179.73, and a rise through could take it to the next resistance level of 2,188.62.

### USDZAR



The pair is expected to find support at 13.6398, and a fall through could take it to the next support level of 13.3621. The pair is expected to find its first resistance at 14.3315, and a rise through could take it to the next resistance level of 14.7455.

### XAU/USD



Gold is expected to find support at \$1,325.50/oz, and a fall through could take it to the next support level of \$1,299.60/oz. The precious metal is expected to find its first resistance at \$1,365.40/oz, and a rise through could take it to the next resistance level of \$1,379.40/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Monetary Base (YoY) (Jul)	✓	24.70%*	25.40%	Monthly
Japan	01:50	Monetary Base (Jul)	✓✓✓	JPY403.90tn*	JPY403.90tn	Monthly
Japan	07:00	Consumer Confidence Index (Jul)	✓✓	42.00	41.80	Monthly
Spain	09:00	Unemployment Change (Jul)	✓	-70.00 K	-124.30 K	Monthly
Switzerland	09:15	Real Retail Sales (YoY) (Jun)	✓✓	-2.00%	-1.60%	Monthly
Switzerland	09:30	SVME - PMI (Jul)	✓✓	51.90	51.60	Monthly
UK	10:30	Markit Construction PMI (Jul)	✓✓	44.00	46.00	Monthly
Eurozone	11:00	Producer Price Index (MoM) (Jun)	✓	0.40%	0.60%	Monthly
US	12:15	Fed's Kaplan Speaks in Lecture in Beijing	✓	-	-	As scheduled
US	14:30	Personal Income (MoM) (Jun)	✓✓	0.30%	0.20%	Monthly
US	14:30	Personal Spending (Jun)	✓✓	0.30%	0.40%	Monthly
US	14:30	Personal Consumption Expenditure Core (MoM) (Jun)	✓✓	0.10%	0.20%	Monthly
US	14:55	Redbook Index s.a. (MoM) (29-Jul)	✓	-	-0.50%	Weekly
US	15:45	ISM New York Index (Jul)	✓	-	45.40	Monthly
US	-	Domestic Vehicle Sales (Jul)	✓	13.00 mn	12.76 mn	Monthly
US	-	Total Vehicle Sales (Jul)	✓	17.30 mn	16.61 mn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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