

ONE Minute Brief

4 August 2016

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Economic and Political News

In July, the Standard Bank's PMI for South Africa advanced to 49.90, compared to a level of 49.60 in the prior month.

At 5am on Thursday morning, results for eight out of 213 councils have been declared, with the African National Congress (ANC) having won control of six and the Democratic Alliance (DA) winning control of two. Amongst the quarter of the votes counted so far, the ANC held a 50% share, against 34% for the DA.

IEC announced that many voting stations reported strong voter turnouts at the 2016 local polls. The commission also stated that the biggest problem this election was the weather, with 30 tents being blown away in a number of provinces.

The Congress of South Africa Trade Unions (Cosatu) called on the National Petroleum Employers Association (NPEA) to pay attention to fuel refinery workers' demands or be ready to face another a secondary strike by its other affiliates.

Key Indices

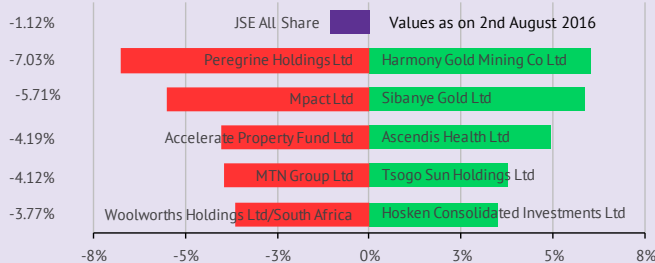
	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share*	52532.76	▼	-594.04	-1.12%	-0.50%	-0.50%	1.11%	3.63%
JSE Top 40*	45559.57	▼	-590.23	10.28%	-0.78%	-0.78%	-0.13%	-0.52%
FTSE 100	6634.40	▼	-11.00	-0.17%	-1.34%	-1.34%	3.38%	6.28%
DAX 30	10170.21	▲	25.87	0.26%	-1.62%	-1.62%	6.79%	-5.33%
CAC 40	4321.08	▼	-6.91	-0.16%	-2.67%	-2.67%	4.77%	-6.81%
S&P 500	2163.79	▲	6.76	0.31%	-0.45%	-0.45%	3.56%	5.86%
Nasdaq Composite	5159.74	▲	22.01	0.43%	-0.05%	-0.05%	6.60%	3.04%
DJIA	18355.00	▲	41.23	0.23%	-0.42%	-0.42%	2.80%	5.34%

*Values as on 2nd August 2016

South Africa Market ▼

South African markets closed lower

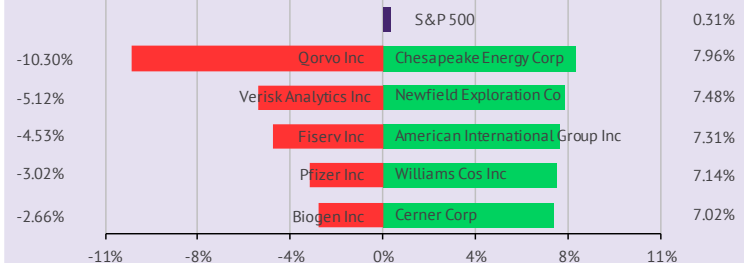
Markets in South Africa were closed on Wednesday on account of local government elections. The JSE All Share Index fell 1.1% on Tuesday to close at 52,532.76.



US Market ▲

The S&P 500 futures are trading in the green

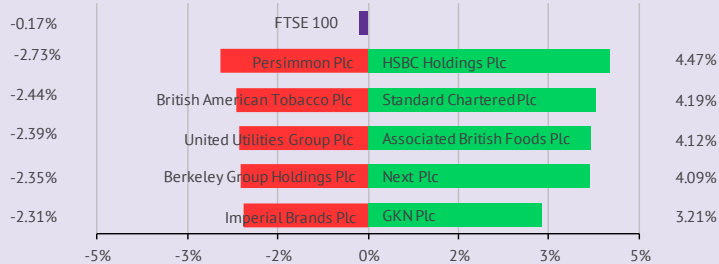
US markets closed higher yesterday, supported by gains in energy sector stocks. Data revealed that ISM non-manufacturing index in the US expanded at a slower pace in July. The S&P 500 Index climbed 0.3% to close at 2,163.79.



UK Market ▼

The FTSE 100 futures are trading in positive territory

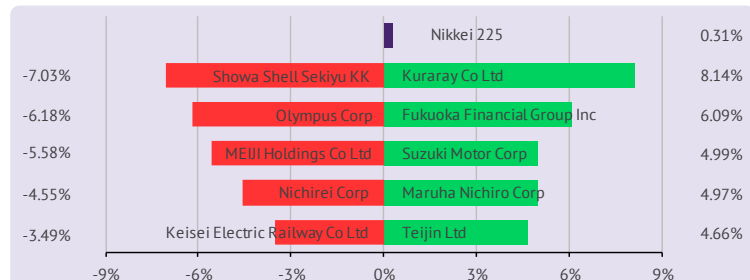
UK markets finished lower yesterday, weighed down by losses in property sector stocks. Data indicated that UK's final services PMI contracted in line with previous estimates in July. The FTSE 100 Index declined 0.2% to close at 6,634.40.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.3% higher at 16,132.91.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% weaker against the South African Rand at R13.9000. Later today, traders will keep a close watch on US initial jobless claims and factory orders along with durable goods orders for further cues.

The US Dollar fell against the South African Rand yesterday, after the ISM non-manufacturing index in the US slipped more-than-expected in July from June. Meanwhile, private sector employment advanced more-than-expected in July. Additionally, the final reading on Markit services PMI remained unchanged in July from June.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed marginally against the South African Rand to trade at R18.5346. Later today, traders will closely monitor Bank of England's interest rate decision for further direction in the Pound.

The British Pound declined against the South African Rand yesterday, after data indicated that UK's final services PMI contracted in line with the preliminary estimate in July.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.2% lower against the South African Rand at R15.4835. Going forward, market participants will keep a tab on ECB's economic bulletin scheduled in a few hours. Moreover, investors will also keep an eye on Germany's construction PMI for July.

The Euro weakened against the South African Rand yesterday. Separately, data revealed that Eurozone's final services PMI was revised higher than market expectations in July. Meanwhile, the region's retail sales were flat on a monthly basis in June. Elsewhere, Germany's final services PMI was revised lower in July.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar climbed 0.2% against the South African Rand to trade at R10.5765. Earlier in the session, data revealed that Australia's retail sales advanced at a slower pace on a monthly basis in June.

The Australian Dollar fell against the South African Rand yesterday. Separately, data revealed that Australia's performance of services index expanded in July. Elsewhere, in China, Australia's largest trading partner, services PMI expanded at a weaker pace in July.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.9000	▼	-0.65%	0.22%	0.22%	-5.76%	-10.11%
GBPZAR	18.5346	▲	-0.88%	0.97%	0.97%	-6.41%	-18.71%
EURZAR	15.4835	▼	-1.29%	-0.03%	-0.03%	-5.05%	-7.73%
AUDZAR	10.5765	▲	-0.93%	-0.06%	-0.06%	-3.73%	-7.09%
EURUSD	1.1142	▼	-0.67%	-0.22%	-0.22%	0.61%	2.60%
GBPUSD	1.3327	▲	-0.24%	0.72%	0.72%	-0.61%	-9.61%
Brent (\$/barrel)	43.3	▲	3.11%	-0.99%	-0.99%	-12.43%	15.61%
Gold (\$/oz)	1358.0	▲	-0.61%	0.53%	0.53%	2.15%	27.91%
Platinum (\$/oz)	1161.6	▼	-0.21%	1.65%	1.65%	12.64%	31.17%
Copper (\$/MT)*	4859.5	▼	-0.44%	-1.13%	-1.13%	1.55%	3.27%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained 0.1% to trade at \$1,358.00/oz.

Yesterday, gold prices fell 0.6% to close at \$1,356.10/oz, as strength in the greenback, reduced demand for the precious yellow metal.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.5% to trade at \$43.33/bl.

Yesterday, Brent crude oil advanced 3.1% to settle at \$43.10/bl, after gasoline stockpiles fell more-than-expected by 3.3 million barrels, easing some oversupply concerns. On the other hand, the US Energy Department reported that US crude oil inventories rose by 1.40mn bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.7% to trade at \$1,161.60/oz.

Yesterday, platinum prices declined 0.2% to close at \$1169.60/oz.



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Major South Africa Corporate News

African Oxygen Limited

In its trading statement for 1H16, the company revealed that it expects EPS to rise between 72.00c and 79.00c, compared with 35.00c recorded in the corresponding period of the previous year, due to improved margins, as a result of the restructuring initiatives initiated in 2015. It expects headline EPS to be between 90.0% and 109.0% higher than the 37.00c posted in the same period of the preceding year.

Anglo American Plc

The company announced that the value of rough diamond sales for De Beers' sixth sales cycle of 2016, amounted to USD520.00mn, compared with the USD564.00mn recorded in the fifth sales cycle of 2016. It added that it maintains a cautious outlook for the remainder of 2016.

Attacq Limited

The company indicated that through its subsidiary Attacq Waterfall Investment Company Proprietary Limited, it has disposed of the development rights in respect of the immovable property described as land parcel 24, Waterfall situated in Midrand, Gauteng, measuring 30.85 hectares to Winter Robin Investments 26 Proprietary Limited by a cession, assignment and transfer for R86,398,858.08. The consideration is payable by the creation of a loan account by Winter Robin in favour of Attacq Waterfall.

Pan African Resources Plc

In its trading statement for FY16, the company indicated that it expects EPS to be 157.0% to 177.0% higher than 11.48c reported in the prior year. It anticipates headline EPS to rise and be between 29.45c to 31.79c, compared with 11.67c posted in the previous year. In sterling, EPS and headline EPS is expected to rise and to be within a range of 1.37p to 1.50p. It stated that earnings are expected to be substantially higher following robust operating performances from its Barberton and Evander Mines and a significant rise in gold prices.

SABMiller Plc

Following satisfaction of the pre-conditions to the combination with Anheuser-Busch InBev SA/NV, the company agreed to a timetable for the implementation of the combination. The expected timetable envisages publication of the UK scheme document and other key transaction documents on August 26, 2016 and completion of the combination on 10 October 2016. MillerCoors LLC, the US joint venture between Molson Coors Brewing Co. and SABMiller Plc, in its 2Q16 results, stated that its net income decreased to USD468.80mn from USD487.20mn posted in the corresponding period of the previous year.

Major Global Economic News

US

In the US, the ISM non-manufacturing PMI eased to 55.50 in July, compared to a level of 56.50 in the prior month. Market expectation was for the PMI to drop to a level of 55.90.

The final Markit services PMI in the US remained unchanged at a level of 51.40 in July, higher than market expectations of a drop to 51.00. The preliminary figures had recorded a fall to 50.90.

In July, the ADP private sector employment registered a rise of 179.00K in the US, more than market anticipations of an advance of 170.00K. The private sector employment had registered a revised increase of 176.00K in the previous month.

UK

In the UK, the final services PMI eased to 47.40 in July, compared to a reading of 52.30 in the prior month. Market expectation was for the PMI to ease to a level of 47.40 and the preliminary figures had also recorded a drop to 47.40.

Eurozone

In the Eurozone, the final services PMI rose unexpectedly to a level of 52.90 in July, higher than market expectations of a fall to a level of 52.70. In the previous month, services PMI had recorded a level of 52.80 and the preliminary figures had indicated a fall to 52.70.

In the Eurozone, the seasonally adjusted retail sales remained flat in June on a monthly basis, compared to a rise of 0.4% in the prior month. Markets were expecting retail sales to remain flat.

In July, the final services PMI climbed to 54.40 in Germany, compared to market expectations of an advance to a level of 54.60. In the prior month, services PMI had registered a reading of 53.70 and the preliminary figures had indicated an advance to 54.60.

Asia

In Australia, the seasonally adjusted retail sales advanced 0.1% on a monthly basis in June, lower than market expectations for a rise of 0.3%. Retail sales had recorded a rise of 0.2% in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Switzerland	07:45	SECO Consumer Climate (7/)	✓✓	-16.00	-15.00	Quarterly
UK	10:00	New Car Registrations (YoY) (Jul)	✓	-	-0.80%	Monthly
Eurozone	10:00	ECB Publishes Economic Bulletin	✓	-	-	As scheduled
Greece	11:00	Unemployment Rate (May)	✓	-	23.30%	Monthly
UK	13:00	BoE Inflation Letter	✓✓✓	-	-	As scheduled
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.25%	0.50%	As scheduled
UK	13:00	BoE Asset Purchase Facility	✓✓✓	GBP375.00bn	GBP375.00bn	As scheduled
South Africa	13:00	Electricity Consumption (YoY) (Jun)	✓	-	-0.80%	Monthly
South Africa	13:00	Electricity Production (YoY) (Jun)	✓	-	1.00%	Monthly
UK	13:00	Monetary Policy Summary	✓	-	-	As scheduled
UK	13:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
US	13:30	Challenger Job Cuts (YoY) (Jul)	✓	-	-14.10%	Monthly
UK	13:30	BOE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	14:30	Initial Jobless Claims (30-Jul)	✓✓	265.00K	266.00K	Weekly
US	16:00	Durable Goods Orders (Jun) (F)	✓✓✓	-4.00%	-4.00%**	Monthly
US	16:00	Factory Orders (MoM) (Jun)	✓✓	-1.90%	-1.00%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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