

ONE Minute Brief

5 August 2016

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Economic and Political News

South Africa's ruling party, African National Congress (ANC) seems to be facing its biggest electoral setback. At 5.30 am on Friday, the Democratic Alliance (DA) was leading the vote in the highly-contested Tshwane Metro Municipality with 43.49%. On the other hand, the ANC was leading the vote count in the City of Johannesburg with 41.84%, while the DA was close behind with 41.72% of the votes.

In South Africa, the electricity consumption dropped 2.2% YoY in June, compared to 0.8% fall in previous month. Moreover, the nation's electricity production recorded a rise of 0.4% on a yearly basis in June, compared to 1.0% gain in the prior month.

At the launch of the T+3 Equity Market Settlement Cycle at the JSE, SARB Deputy Governor, Daniel Mminele stated that the new settlement system will make South Africa more attractive to foreign investors.

The IIEC of South Africa stated that the voter turnout in this year's local government elections was just marginally higher than the 57.6% recorded in 2011.

South Africa Market ▲

South African markets closed higher

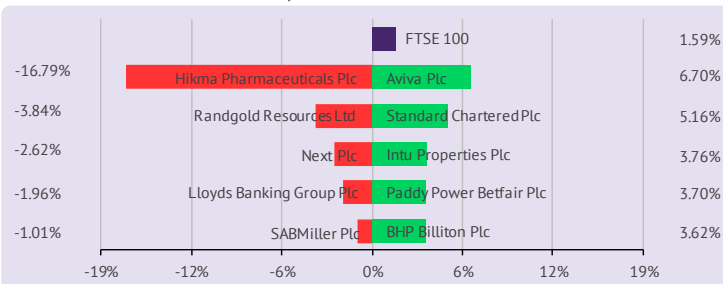
South African markets closed in the green yesterday, amid gains in banking sector stocks. The JSE All Share Index rose marginally to close at 52,543.37.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets finished higher yesterday, after the Bank of England slashed the key interest rate to a record low of 0.25% and boosted its quantitative easing programme to £435.00bn. The FTSE 100 Index advanced 1.6% to close at 6,740.16.



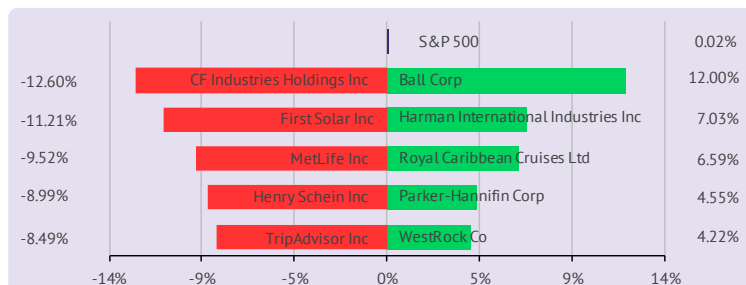
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52543.37	▲	10.61	0.02%	-0.48%	-0.48%	1.11%	3.65%
JSE Top 40	45533.22	▼	-26.35	-0.06%	-0.83%	-0.83%	-0.13%	-0.58%
FTSE 100	6740.16	▲	105.76	1.59%	0.23%	0.23%	3.38%	7.98%
DAX 30	10227.86	▲	57.65	0.57%	-1.06%	-1.06%	6.79%	-4.80%
CAC 40	4345.63	▲	24.55	0.57%	-2.12%	-2.12%	4.77%	-6.28%
S&P 500	2164.25	▲	0.46	0.02%	-0.43%	-0.43%	3.56%	5.89%
Nasdaq Composite	5166.25	▲	6.51	0.13%	0.08%	0.08%	6.60%	3.17%
DJIA	18352.05	▼	-2.95	-0.02%	-0.44%	-0.44%	2.80%	5.32%

US Market ▲

The S&P 500 futures are trading in the green

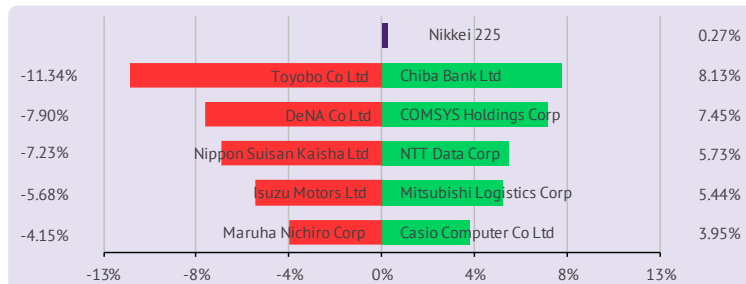
US markets closed mostly higher yesterday, supported by gains in information technology sector stocks. Data indicated that initial jobless claims in the US advanced more-than-expected last week. The S&P 500 Index climbed marginally to close at 2,164.25.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, as investors remained cautious ahead of the release of key jobs report in the US. The Nikkei 225 Index is trading 0.3% higher at 16,298.24.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R13.7000. Later today, traders will keep a close watch on US non-farm payrolls and unemployment rate along with average hourly earnings for further direction. Additionally, South Africa's gross and net reserves will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, after data indicated that the number of people in the US applying for the new unemployment benefits slightly rose last week. Moreover, factory orders dropped less-than-expected in June. Additionally, the final durable goods orders declined less than its previous estimates in June.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound advanced 0.1% against the South African Rand to trade at R17.9990.

The British Pound declined against the South African Rand yesterday, after the Bank of England slashed the benchmark interest rate for the first time in seven years to a historic low of 0.25% and expanded the quantitative easing programme by GBP60bn to GBP435bn. Moreover, BoE has committed to bond purchases of up to GBP10bn. Additionally, the central bank expects UK's GDP to grow marginally in the second half of 2016, but the forecast for 2017 was cut sharply to 0.8% from 2.3%.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading marginally firmer against the South African Rand at R15.2555. Going forward, market participants will keep a tab on Germany's factory orders for further cues.

The Euro weakened against the South African Rand yesterday,

In ECB's economic bulletin, the central bank stated that global economic outlook had become more uncertain following UK's vote to leave the European Union. Separately, Germany's construction PMI expanded in July.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar rose 0.2% against the South African Rand to trade at R10.4915. Earlier in the session, RBA, in its monetary policy statement, maintained its outlook on economic growth, although cautioning about persistently weak inflation.

The Australian Dollar fell against the South African Rand yesterday. Separately, data revealed that Australia's retail sales advanced at a slower pace on a monthly basis in June.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.7000	▼	-1.46%	-1.25%	-1.25%	-5.76%	-11.42%
GBPZAR	17.9990	▲	-2.94%	-2.00%	-2.00%	-6.41%	-21.10%
EURZAR	15.2555	▲	-1.63%	-1.67%	-1.67%	-5.05%	-9.23%
AUDZAR	10.4915	▲	-0.84%	-0.90%	-0.90%	-3.73%	-7.87%
EURUSD	1.1133	▲	-0.17%	-0.39%	-0.39%	0.61%	2.43%
GBPUSD	1.3130	▲	-1.64%	-0.93%	-0.93%	-0.61%	-11.09%
Brent (\$/barrel)	43.9	▼	2.76%	1.75%	1.75%	-12.43%	18.80%
Gold (\$/oz)	1367.4	▲	0.20%	0.73%	0.73%	2.15%	28.16%
Platinum (\$/oz)	1162.7	▼	-0.39%	1.25%	1.25%	12.64%	30.65%
Copper (\$/MT)*	4815.0	▼	-0.92%	-2.04%	-2.04%	1.55%	2.32%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices advanced 0.6% to trade at \$1,367.40/oz.

Yesterday, gold prices rose 0.2% to close at \$1,358.80/oz, reversing previous session losses.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.9% to trade at \$43.88/bl.

Yesterday, Brent crude oil advanced 2.8% to settle at \$44.29/bl, extending gains from previous sessions, as concerns surrounding the global crude glut receded.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$1,162.70/oz.

Yesterday, platinum prices declined 0.4% to close at \$1165.00/oz.



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Major South Africa Corporate News

City Lodge Hotels Limited

In its trading statement for FY16, the company indicated that it expects diluted headline EPS to rise between 840.6c and 876.00c, compared with 712.40c recorded in the prior year. It anticipates headline earnings to be in the range of R306.40mn and R319.50mn, compared with R261.90mn reported in the preceding year.

MTN Group Limited

In its trading statement for 1H16, the company stated that it expects to report a basic headline loss of between 285.00c/share and 255.00c/share and a basic loss of between 315.00c/share and 285.00c/share, amid losses in its mobile-phone towers and digital businesses and after it agreed to pay a fine in Nigeria. In the comparable period of the prior year, it had posted a headline EPS of 654.00c and EPS of 653.00c. It expects its South African business to post a decline in earnings before interest, taxes, depreciation and amortization margin.

Northam Platinum Limited

The company stated that it has secured a new R1.50bn five-year revolving credit facility to replace its existing R1.00bn facility which matures in November 2016. The new revolving credit facility will have a limit of R1.00bn for the first 18 months from inception, where after the limit will automatically increase to R1.50bn for the remainder of the five-year period.

Old Mutual Plc

The company announced that its majority-owned subsidiary, OM Asset Management Plc, has indicated that its total asset under management declined 3.0% from December 31, 2015 to USD218.80bn at June 30, 2016. It announced that the Group Finance Director, Ingrid Johnson, has been appointed to the board of OM Asset Management Plc with immediate effect.

Resilient REIT Limited

In its FY16 results, the company reported that its net rental and related revenue advanced 13.5% from the preceding year to R1.45bn. However, its profit before income tax declined to R4.05bn, compared with R5.79Bbn recorded in the previous year. The board has approved a final dividend of 256.27c/share for 1H16.

Sappi Limited

In its 3Q16 results, the company revealed that its sales declined 3.9% from the same period of the preceding year to USD1.22bn. Its diluted EPS stood at 6.00c, compared with 1.00c recorded in the corresponding period of the previous year. In order to mitigate the potential impact of the drought in South Africa and if production at Saiccor Mill is curtailed, it will produce more dissolving wood pulp at the Cloquet Mill. However, it stated that worsening of the drought, effects of Brexit and further pressure on graphic paper market could negatively impact EBITDA for 4Q16.

Major Global Economic News

US

In the week ended July 30, 2016, the seasonally adjusted initial jobless claims in the US registered an unexpected rise to a level of 269.00K, compared to market expectations of a drop to 265.00K. In the previous week, initial jobless claims had recorded a reading of 266.00K.

Factory orders fell 1.5% in the US on a monthly basis in June, lower than market expectations for a fall of 1.9%. In the prior month, factory orders had recorded a revised drop of 1.2%.

UK

The Bank of England (BoE) slashed the benchmark interest rate for the first time since 2009 to a historic low of 0.25%. The central bank also announced that the asset purchase facility would be increased by GBP60.00bn to GBP435.00bn and the bank would commit to bond purchases of up to GBP10.00bn. The BoE Governor, Mark Carney, indicated that there was scope to cut the interest rate further. Additionally, the central bank expects UK's GDP to grow marginally in the second half of 2016, but the forecast for 2017 was cut sharply to 0.8% from 2.3%.

Asia

The Reserve Bank of Australia, in its statement on monetary policy meeting held on August 2, maintained its outlook on economic growth, albeit cautioning about persistently weak inflation. The central bank still sees growth of 2.5 to 3.5% until the end of 2017, before increasing to around 3–4% by 2018. The RBA slashed the key interest rate by 25 basis points to 1.5% in line with market expectations at its August 2, 2016 monetary policy meeting.

The AIG performance of construction index in Australia dropped to 51.60 in July, compared to a level of 53.20 in the previous month.

Eurozone

The European Central Bank, in its economic bulletin, stated that uncertainty over the global outlook had increased after the Brexit vote. Moreover, incoming data for the second quarter pointed towards subdued global activity and trade.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	07:00	Coincident Index (Jun) (P)	✓	111.20	109.90	Monthly
Japan	07:00	Leading Economic Index (Jun) (P)	✓✓	99.70	99.70	Monthly
Germany	08:00	Factory Orders s.a. (MoM) (Jun)	✓✓	0.50%	0.00%	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Jul)	✓	USD40.94bn	USD40.83bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Jul)	✓	USD46.40bn	USD46.37 bn	Monthly
France	08:45	Current Account (Jun)	✓	-	-EUR0.30bn	Monthly
France	08:45	Trade Balance (Jun)	✓	-EUR3.90bn	-EUR2.84bn	Monthly
Switzerland	09:00	Foreign Currency Reserves (Jul)	✓	-	CHF608.80bn	Monthly
Spain	09:00	Industrial Output Cal Adjusted (YoY) (Jun)	✓✓	1.30%	1.00%	Monthly
UK	09:30	Halifax House Prices s.a. (MoM) (Jul)	✓	-	-	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (Jul)	✓	8.80%	8.40%	Monthly
UK	09:30	Halifax House Prices (MoM) (Jul)	✓	-0.20%	1.30%	Monthly
US	14:30	Average Hourly Earnings (Jul)	✓✓	-	USD21.51	Monthly
US	14:30	Change in Household Employment (Jul)	✓	-	67.00 K	Monthly
Canada	14:30	Unemployment Rate (Jul)	✓✓✓	6.90%	6.80%	Monthly
US	14:30	Average Hourly Earnings All Employees (MoM) (Jul)	✓✓	0.20%	0.10%	Monthly
US	14:30	Average Weekly Hours All Employees (Jul)	✓	34.40	34.40	Monthly
US	14:30	Unemployment Rate (Jul)	✓✓✓	4.80%	4.90%	Monthly
Canada	14:30	Net Change in Employment (Jul)	✓✓✓	10.00 K	-0.70 K	Monthly
US	14:30	Change in Manufacturing Payrolls (Jul)	✓	4.00 K	14.00 K	Monthly
US	14:30	Change in Non-farm Payrolls (Jul)	✓✓✓	180.00 K	287.00 K	Monthly
US	14:30	Trade Balance (Jun)	✓✓	-USD43.00 bn	-USD41.10 bn	Monthly
Canada	16:00	Ivey PMI s.a (Jul)	✓✓	-	51.70	Monthly
US	21:00	Consumer Credit Change (Jun)	✓✓	USD16.00 bn	USD18.56 bn	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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