

# ONE Minute Brief

24 August 2016

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## Economic and Political News

South Africa's leading indicator climbed to 91.60 in June. The indicator had registered a reading of 90.80 in the prior month.

Treasury spokeswoman, Phumza Macanda confirmed that Finance Minister, Pravin Gordhan, has been contacted by the Hawks police unit regarding the investigation of a tax surveillance unit within the South African Revenue Service (SARS).

Minister in the Presidency Jeff Radebe announced that President Jacob Zuma will directly oversee the strategy of all state owned companies and any Government interventions that might be required.

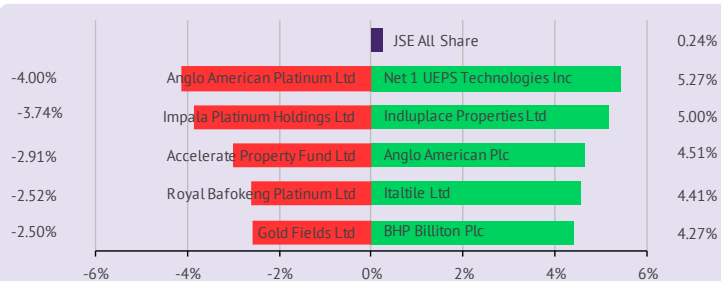
The National Chamber of Milling's Executive Director, Boikanyo Mokgatle announced that following the approval of increase in wheat import duties, a bread loaf will cost ZAR1.00 more to South African consumers.

The Beverage Association of South Africa stated that the proposed sugar tax on sugar-sweetened beverages could cost the nation ZAR14.00bn and hamper 10,000 small businesses.

## South Africa Market ▲

### South African markets closed higher

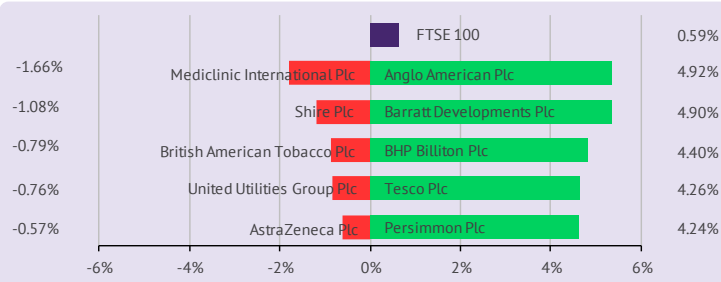
South African markets closed in the green yesterday, amid gains in resources sector stocks. Data indicated that South Africa's leading indicator rose in June. The JSE All Share Index rose 0.2% to close at 52,957.80.



## UK Market ▲

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

UK markets finished higher yesterday, led by gains in mining and homebuilder sector stocks. Data indicated that orders for British manufacturers were much better than expected in August. The FTSE 100 Index advanced 0.6% to close at 6,868.51.



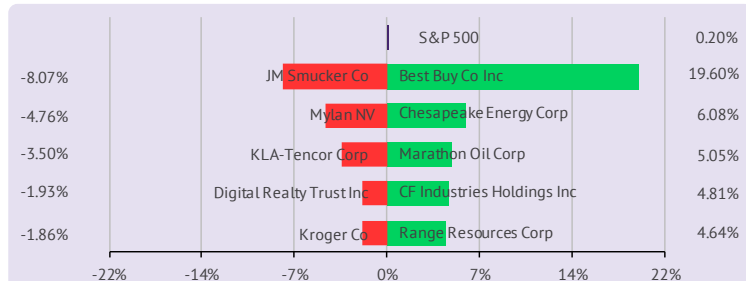
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52957.80	▲	128.87	0.24%	0.35%	0.30%	1.11%	4.47%
JSE Top 40	46139.33	▲	144.37	0.31%	0.57%	0.49%	-0.13%	0.75%
FTSE 100	6868.51	▲	39.97	0.59%	0.14%	2.14%	3.38%	10.03%
DAX 30	10592.88	▲	98.53	0.94%	0.46%	2.47%	6.79%	-1.40%
CAC 40	4421.45	▲	31.51	0.72%	0.48%	-0.41%	4.77%	-4.65%
S&P 500	2186.90	▲	4.26	0.20%	0.14%	0.61%	3.56%	6.99%
Nasdaq Composite	5260.08	▲	15.48	0.30%	0.41%	1.90%	6.60%	5.05%
DJIA	18547.30	▲	17.88	0.10%	-0.03%	0.62%	2.80%	6.44%

## US Market ▲

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

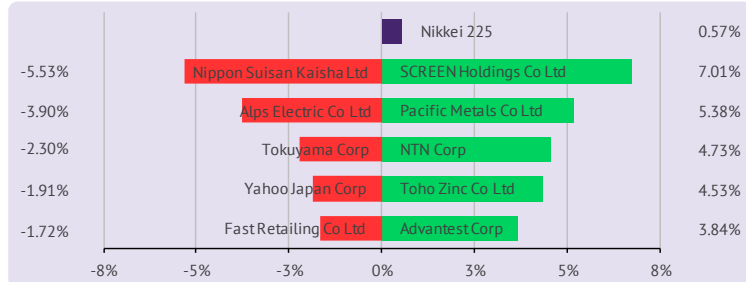
US markets closed higher yesterday, supported by gains in material sector stocks. Data indicated that the flash Markit manufacturing PMI in the US expanded at a slower than expected pace in August. The S&P 500 Index climbed 0.2% to close at 2,186.90.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.6% higher at 16,591.52.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar retreated 0.6% against the South African Rand to trade at R13.9237. Later today, traders will keep a close watch on US house price index and existing home sales for further direction. Additionally, South Africa's consumer price index will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after data indicated that new home sales in the US advanced surprisingly in July to reach its highest level in nearly 9 years on the back of robust demand. On the other hand, the Markit manufacturing PMI advanced at a slower than expected pace in August. The South African Rand lost ground following reports that the nation's Finance Minister Pravin Gordhan has been ordered to report to the Hawks police unit by the end of the week. Separately, data showed that the nation's leading indicator climbed in June from May.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound dropped 0.6% against the South African Rand to trade at R18.3590. Later today, traders will keep an eye on UK's BBA mortgage approvals for further cues.

The British Pound advanced against the South African Rand yesterday. Separately, the CBI indicated that UK's total orders slipped slightly in August.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.7% against the South African Rand to trade at R15.7138. Going forward, market participants will keep a tab on Germany's gross domestic product scheduled in a few hours.

The Euro strengthened against the South African Rand yesterday. Separately, data indicated that Eurozone's consumer confidence index declined more-than-expected in August. Moreover, Preliminary data indicated that Eurozone's Markit services PMI advanced unexpectedly in August, while manufacturing PMI expanded at a slower pace in the same month. Separately, Germany's Markit manufacturing PMI declined marginally to a three-month low in August, albeit remaining in expansion territory. Moreover, the nation's services activity grew at a slower than expected pace in August.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.6% against the South African Rand to trade at R10.5959. Earlier in the session, data indicated that Australia's construction work dropped for the fifth straight quarter in 2Q16.

The Australian Dollar rose against the South African Rand yesterday.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.9237	▼	3.10%	3.59%	0.89%	-5.76%	-9.51%
GBPZAR	18.3590	▼	3.56%	4.62%	0.66%	-6.41%	-18.96%
EURZAR	15.7138	▼	2.98%	3.50%	2.06%	-5.05%	-5.80%
AUDZAR	10.5959	▼	2.94%	3.40%	0.95%	-3.73%	-6.15%
EURUSD	1.1297	▼	-0.13%	-0.18%	1.17%	0.61%	4.04%
GBPUSD	1.3179	▼	0.46%	0.94%	-0.24%	-0.61%	-10.47%
Brent (\$/barrel)	49.5	▼	1.63%	-1.81%	14.77%	-12.43%	34.01%
Gold (\$/oz)	1341.9	▲	0.22%	0.01%	-0.62%	2.15%	26.45%
Platinum (\$/oz)	1112.0	▲	0.28%	-0.63%	-3.42%	12.64%	24.63%
Copper (\$/MT)*	4692.5	▼	-0.87%	-1.95%	-4.53%	1.55%	-0.28%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,341.90/oz.

Yesterday, gold prices rose 0.2% to close at \$1,340.60/oz, amid weakness in the US Dollar and ahead of a speech by Fed Chairwoman, Janet Yellen later in the week.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil declined 0.9% to trade at \$49.52/bl.

Yesterday, Brent crude oil advanced 1.6% to settle at \$49.96/bl, following news that Iran might cooperate with the OPEC in taking action to stop oil prices from falling any further. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories rose 4.5mn bls last week.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.1% to trade at \$1,112.00/oz.

Yesterday, platinum prices climbed 0.3% to close at \$1111.30/oz.



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## Major South Africa Corporate News

### Aveng Limited

In its FY16 results, the company revealed that its revenue declined 23.2% from the preceding year to R33.76bn, due to a weak macro-economic climate, with McConnell Dowell, the construction contractor, being most significantly impacted. Its diluted headline loss stood at 74.40c/share, compared with 143.80c/share recorded in the previous year. It expects the benefits of business optimisation to further contribute to this improved performance in FY17.

### Brimstone Investment Corporation Limited

In its 1H16 results, the company indicated that its revenue advanced 10.0% from the same period of the previous year to R1.18bn. Its diluted headline EPS stood at 9.80c, compared with a loss of 182.70c/share recorded in the corresponding period of the prior year. The group continues to maintain its positive long-term view on its investments and pursue value accreting opportunities.

### Imperial Holdings Limited

In its FY16 results, the company reported that its revenue increased to R118.85bn from R110.45bn posted in the prior year, supported by the inclusion of the Imres and S&B Commercial acquisitions, and strong performances from the Vehicle Import, Distribution and Dealerships division and the Logistics Rest of Africa sub-division. However, its headline diluted EPS from continuing operations fell 4.1% from the prior year to 1,386.00c. Its profit before tax declined to R4.44bn, from R4.60bn recorded in the preceding year.

### PPC Limited

The company revealed that it intends to raise a gross total of R4.00bn through a fully underwritten renounceable rights offer. The board intends to use the net proceeds to repay outstanding amounts under the Liquidity and Guarantee Facility (expected to be approximately R1.80bn); repay outstanding amounts advanced by the Banks under other finance facilities (expected to be approximately R1.20bn); and to finance existing projects of the group and meet other requirements for funding its operations with the remainder of the proceeds.

### Sasol Limited

The company announced that the Lake Charles Chemical Complex in Louisiana will cost USD11.00bn, an increase of USD2.10bn than originally budgeted. The revision reflects poorer-than-anticipated subsurface conditions, requiring more ground works, weather delays, and higher construction and labour costs.

### Shoprite Holdings Limited

In its FY16 results, the company stated that its sale of merchandise increased to R130.03bn from R113.69bn posted in the previous year. Its diluted headline EPS rose 17.0% from the preceding year to 899.70c. Its profit before tax rose to R6.85bn, from R5.98bn recorded in the previous year.

## Major Global Economic News

### Eurozone

The flash consumer confidence index in the Eurozone fell to a level of -8.50 in August from a reading of -7.90 in July.

In the Eurozone, the flash manufacturing PMI eased unexpectedly to 51.80 in August, compared to a level of 52.00 in the prior month.

In the Eurozone, the preliminary services PMI surprisingly rose to 53.10 in August, from 52.90 in the previous month.

The preliminary manufacturing PMI in Germany registered a drop to 53.60 in August, compared to a level of 53.80 in the prior month. Markets were expecting manufacturing PMI to ease to a level of 53.60.

In Germany, the flash services PMI registered an unexpected drop to a level of 53.30 in August, compared to market expectations of an unchanged reading. In the prior month, services PMI had recorded a reading of 54.40.

### Asia

On a quarterly basis, the seasonally adjusted construction work done in Australia dropped 3.7% in 2Q16, higher than market expectations for a drop of 2.0%. Construction work done had dropped by a revised 0.3% in the prior quarter.

In China, on a monthly basis, the leading economic index rose 0.7% in July. The index had climbed 0.5% in the prior month.

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### US

The preliminary Markit manufacturing PMI in the US fell to a level of 52.10 in August, compared to market expectations of a drop to a level of 52.60. In the previous month, the PMI had recorded a level of 52.90.

In July, new home sales in the US unexpectedly rose by 12.4%, on monthly basis, to a level of 654.00 K, compared to a revised level of 582.00 K in the prior month. Markets were expecting new home sales to ease to 580.00 K.

The Richmond Fed manufacturing index in the US fell to a level of -11.00 in August, lower than market expectations of a drop to a level of 6.00. In the previous month, the index had recorded a level of 10.00.

### UK

In August, the balance of firms reporting total order book above normal eased to -5.00 in the UK, higher than market expectations of a fall to a level of -10.00. In the previous month, the total order book above normal had registered a level of -4.00.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	07:00	Coincident Index (Jun) (F)	✓	-	110.50**	Monthly
Japan	07:00	Leading Economic Index (Jun) (F)	✓✓	-	98.40**	Monthly
Germany	08:00	Gross Domestic Product n.s.a. (QoQ) (Q2) (F)	✓✓	3.10%	3.10%**	Quarterly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q2) (F)	✓✓✓	0.40%	0.40%**	Quarterly
Germany	08:00	Capital Investment (QoQ) (Q2)	✓	-1.30%	1.80%	Quarterly
Germany	08:00	Construction Investment (QoQ) (Q2)	✓	-2.80%	2.30%	Quarterly
Germany	08:00	Domestic Demand (QoQ) (Q2)	✓	-0.10%	0.80%	Quarterly
Germany	08:00	Private Consumption (QoQ) (Q2)	✓	0.20%	0.40%	Quarterly
Germany	08:00	Government Spending (QoQ) (Q2)	✓	0.50%	0.50%	Quarterly
Germany	08:00	Exports (QoQ) (Q2)	✓	0.70%	1.00%	Quarterly
Germany	08:00	Imports (QoQ) (Q2)	✓	-0.30%	1.40%	Quarterly
South Africa	10:00	Consumer Price Index (MoM) (Jul)	✓	0.90%	0.60%	Monthly
UK	10:30	BBA Mortgage Approvals (Jul)	✓✓	38.00K	40.10K	Monthly
US	13:00	MBA Mortgage Applications (19-Aug)	✓	-	-4.00%	Weekly
US	15:00	House Price Index (SA) (Jun)	✓✓	-	234.33	Monthly
US	15:00	Housing Price Index (MoM) (Jun)	✓	0.30%	0.20%	Monthly
US	15:00	House Price Purchase Index (QoQ) (Q2)	✓✓	-	1.30%	Quarterly
US	16:00	Existing Home Sales (MoM) (Jul)	✓	-1.10%	1.10%	Monthly
Japan	-	Cabinet Office Monthly Economic Report	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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