

# ONE Minute Brief

25 August 2016

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## Economic and Political News

South Africa's annual inflation rate cooled more than expected to 6.0% in July from 6.3% in June. South African Reserve Bank (SARB) Governor, Lesetja Kganyago advocated a flexible policy stance despite headline inflation settling near the upper end of the central bank's target band.

In response to the letter sent by the Hawks stating that Finance Minister, Pravin Gordhan should report to the Hawks office for a warning statement, the Minister announced that he will not present himself due to legal reasons and other commitments.

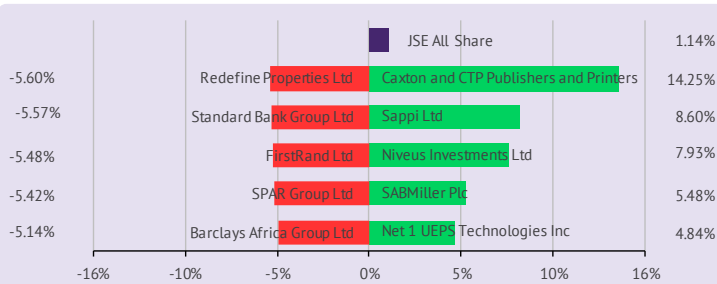
Finance Minister, Pravin Gordhan indicated that South Africa's economy will grow close to 0% this year, as domestic growth outlook remained bleak. However, he believes that the economy remains resilient and added that Treasury will be sticking to its fiscal targets.

Deputy Public Works Minister Jeremy Cronin stated that the debate on the expropriation bill has been overly focused on agriculture, but has overlooked what the proposed legislation states about the rights of those living on land without recognition in urban areas and on traditional land.

## South Africa Market ▲

### South African markets closed higher

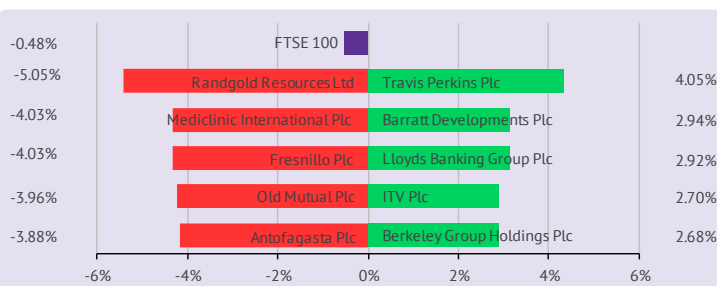
South African markets closed in the green yesterday, amid gains in resources and gold mining sector stocks. Data indicated that South Africa's consumer price inflation rose less-than-expected on a monthly basis in July. The JSE All Share Index rose 1.1% to close at 53,562.80.



## UK Market ▼

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

UK markets finished lower yesterday, amid losses in mining sector stocks. The FTSE 100 Index declined 0.5% to close at 6,835.78.



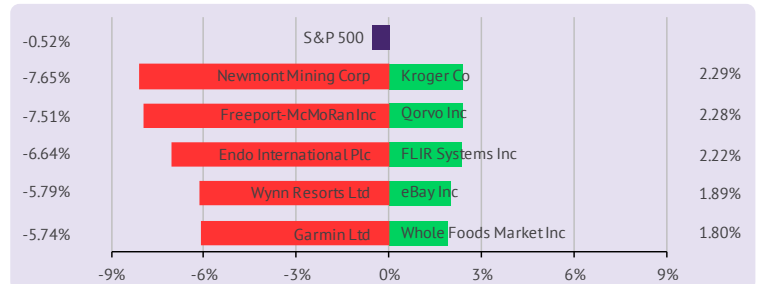
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53562.80	▲ 605.00	1.14%	1.50%	1.45%	1.11%	5.66%
JSE Top 40	46858.57	▲ 719.24	1.56%	2.14%	2.05%	-0.13%	2.32%
FTSE 100	6835.78	▼ -32.73	-0.48%	-0.34%	1.66%	3.38%	9.51%
DAX 30	10622.97	▲ 30.09	0.28%	0.75%	2.76%	6.79%	-1.12%
CAC 40	4435.47	▲ 14.02	0.32%	0.79%	-0.10%	4.77%	-4.35%
S&P 500	2175.44	▼ -11.46	-0.52%	-0.39%	0.08%	3.56%	6.43%
Nasdaq Composite	5217.70	▼ -42.38	-0.81%	-0.39%	1.08%	6.60%	4.20%
DJIA	18481.48	▼ -65.82	-0.35%	-0.38%	0.27%	2.80%	6.06%

## US Market ▼

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

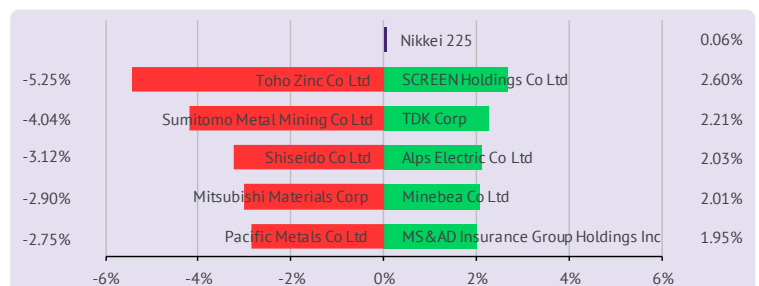
US markets closed lower yesterday, weighed down by losses in health care sector stocks. Data revealed that existing home sales in the US dropped more-than-expected in July from June. The S&P 500 Index dropped 0.5% to close at 2,175.44.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.1% higher at 16,608.00.



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## USDZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar climbed marginally against the South African Rand to trade at R14.1700. Later today, traders will keep a close watch on US durable goods orders, Markit services PMI and initial jobless claims for further direction. Additionally, South Africa's producer price index will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. Separately, data indicated that existing home sales in the US declined in July for the first time since March. Meanwhile, the house price index advanced less-than-expected in June. Separately, South Africa's consumer prices advanced less-than-expected on a monthly as well as on an annual basis in July.

## GBPZAR ▼

### GBP trading lower against ZAR

At 06:00 SAST, the British Pound retreated marginally against the South African Rand to trade at R18.7330. Later today, traders will keep an eye on UK's CBI retailing reported sales for further cues.

The British Pound advanced against the South African Rand yesterday. Separately, data indicated that UK's BBA mortgage approvals eased to its lowest level in 18 months in July.

## EURZAR ▼

### EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R15.9413. Going forward, market participants will keep a tab on Germany's Ifo expectations and business climate, scheduled for release in a few hours.

The Euro strengthened against the South African Rand yesterday. Elsewhere, in Germany, the final gross domestic product rose in line with preliminary estimates in second quarter of 2016. Moreover, the nation's exports advanced more-than-expected in 2Q16, while imports dropped less-than-expected during the same period. Further, Government spending rose in the second quarter of the current year and private consumption advanced at par with market expectations in the same period.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R10.8004.

The Australian Dollar rose against the South African Rand yesterday. Separately, data indicated that Australia's construction work dropped for the fifth straight quarter in 2Q16.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.1700	▲	1.15%	4.79%	2.05%	-5.76%	-8.46%
GBPZAR	18.7330	▼	1.42%	6.11%	2.09%	-6.41%	-17.81%
EURZAR	15.9413	▼	0.77%	4.30%	2.84%	-5.05%	-5.08%
AUDZAR	10.8004	▲	1.11%	4.55%	2.08%	-3.73%	-5.11%
EURUSD	1.1270	▲	-0.36%	-0.54%	0.81%	0.61%	3.66%
GBPUSD	1.3222	▼	0.26%	1.20%	0.02%	-0.61%	-10.24%
Brent (\$/barrel)	49.0	▼	-1.82%	-3.60%	12.68%	-12.43%	31.57%
Gold (\$/oz)	1328.9	▲	-1.21%	-1.19%	-1.82%	2.15%	24.92%
Platinum (\$/oz)	1084.0	▲	-2.62%	-3.24%	-5.94%	12.64%	21.36%
Copper (\$/MT)*	4615.0	▼	-1.65%	-3.57%	-6.11%	1.55%	-1.93%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,328.90/oz.

Yesterday, gold prices fell 1.8% to close at \$1,324.40/oz, amid strength in the US Dollar and rising speculation of an interest rate hike by the US Fed.

## Brent Crude Oil ▼

### Trading weaker

Brent crude oil fell marginally at 06:00 SAST, to trade at \$49.03/bl, extending previous session losses.

Yesterday, Brent crude oil dropped 1.8% to settle at \$49.05/bl, after the US Energy Department reported that crude oil inventories advanced by 2.5mn bls last week.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$1,084.00/oz.

Yesterday, platinum prices declined 2.6% to close at \$1,082.20/oz.



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## Major South Africa Corporate News

### Hospitality Property Fund Limited

In its FY16 results, the company indicated that its contractual rental income increased to R474.55mn from R434.11mn posted in the corresponding period of the preceding year, bolstered by its well-located hotel properties in the Western Cape that continue to appeal to domestic and international travellers. Its headline diluted EPS per A share rose 21.7% from the same period of the prior year to 98.69c. Shareholders will receive a gross distribution payment number 21 for 1H16 of 78.62c per A-share and 17.94c per B-share respectively.

### Murray & Roberts Holdings Limited

In its FY16 results, the company stated that its revenue from continuing operations increased to R26.15bn from R24.01bn posted in the previous year. However, its headline diluted EPS from continuing operations fell 11.4% from the prior year to 195.00c. Profit before taxation rose to R1,204.00mn, from R996.00mn recorded in the preceding year.

### Niveus Investments Limited

The company announced that the Competition Authorities approved the disposal of KVV's operational assets. If the remaining administrative conditions precedent are met, the effective date of the transaction is likely to be October 01, 2016.

### PPC Limited

In its 1H16 results, the company reported that its revenue declined 0.9% from the same period of the preceding year to R4.50bn. Its diluted EPS stood at 52.00c, compared with 59.00c recorded in the corresponding period of the previous year. Profit before taxation rose by 14.2% from the similar period of the preceding year to R507.00mn. It also announced that the board has finalised the terms of the rights offer of 1.00bn new ordinary shares of no par value at a subscription price of R4.00 per rights offer share and in the ratio of 160.06486 rights offer shares for every 100 PPC ordinary shares held. It is seeking to raise a gross total of R4.00bn.

## Major Global Economic News

### Eurozone

In Germany, on a quarterly basis, the seasonally adjusted final gross domestic product (GDP) rose 0.4% in 2Q16, at par with market expectations. The preliminary figures had also recorded an advance of 0.4% and in the previous quarter, GDP had risen 0.7%.

In 2Q16, on a quarterly basis, private consumption climbed 0.2% in Germany, in line with market expectations. In the prior quarter, private consumption had climbed by a revised 0.3%.

Government spending in Germany registered a rise of 0.6% on a quarterly basis in 2Q16, higher than market expectations for an advance of 0.5%. In the prior quarter, government spending had risen by a revised 1.3%.

In 2Q16, on a quarterly basis, imports registered a drop of 0.1% in Germany, lower than market expectations for a fall of 0.3%. Imports had climbed by a revised 1.3% in the previous quarter.

In Germany, exports rose 1.2% on a quarterly basis in 2Q16, compared to a revised rise of 1.6% in the prior quarter. Market anticipation was for exports to advance 0.7%.

### UK

In the UK, BBA mortgage approvals fell to a level of 37.66K in July, compared to market expectations of a drop to 38.00K. In the prior month, mortgage approvals had registered a revised level of 39.76K.

### US

Existing home sales in the US eased 3.2%, on monthly basis, to a level of 5.39mn in July, compared to a level of 5.57mn in the prior month. Market anticipation was for sales to drop to a level of 5.51mn.

In the US on a monthly basis, the housing price index registered a rise of 0.2% in June, lower than market expectations for a rise of 0.3%. The index had registered a similar rise in the previous month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Corporate Service Price (YoY) (Jul)	✓	0.40%*	0.20%	Monthly
France	08:45	Business Climate (Aug)	✓	103.00	102.00	Monthly
France	08:45	Own-Company Production Outlook (Aug)	✓	-	3.00	Monthly
France	08:45	Production Outlook Indicator (Aug)	✓	-	3.00	Monthly
Spain	09:00	Gross Domestic Product (QoQ) (Q2) (F)	✓	0.70%	0.70%**	Quarterly
Spain	09:00	Producer Price Index (MoM) (Jul)	✓	-	1.80%	Monthly
Switzerland	09:15	Industrial Production (YoY) (Q2)	✓✓	-	1.00%	Quarterly
Germany	10:00	IFO - Business Climate (Aug)	✓✓	108.50	108.30	Monthly
Germany	10:00	IFO - Current Assessment (Aug)	✓✓	114.90	114.70	Monthly
Germany	10:00	IFO - Expectations (Aug)	✓✓	102.40	102.20	Monthly
South Africa	11:30	Producer Price Index (MoM) (Jul)	✓✓	0.40%	0.60%	Monthly
UK	12:00	CBI Distributive Trades Survey - Realised (Aug)	✓	0.00%	-14.00%	Monthly
US	14:30	Durable Goods Orders ex Transportation (Jul) (P)	✓✓	0.40%	-0.40%	Monthly
US	14:30	Initial Jobless Claims (20-Aug)	✓✓	265.00K	262.00K	Weekly
US	14:30	Durable Goods Orders (Jul) (P)	✓✓✓	3.40%	-3.90%	Monthly
US	15:45	Markit Composite PMI (Aug) (P)	✓✓	-	51.80	Monthly
US	15:45	Markit Services PMI (Aug) (P)	✓✓	51.80	51.40	Monthly
US	17:00	Kansas City Fed Manufacturing Activity (Aug)	✓	-2.00	-6.00	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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