

# ONE Minute Brief

26 August 2016

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## Economic and Political News

The annual growth in South Africa's producer prices accelerated to 7.4% in July from 6.8% in the previous month.

The Presidency announced that President Jacob Zuma has expressed his full support for Finance Minister Pravin Gordhan, but added that the President has no power to stop the Hawks investigation.

Transport Minister Dipuo Peters denied allegations that she stopped an investigation into possible corruption involving contracts worth billions of rand at the Passenger Rail Agency of South Africa (Prasa). Separately, Public Protector spokesperson Oupa Segalwe stated that Prasa's forensic investigation is being expedited and has not been stopped.

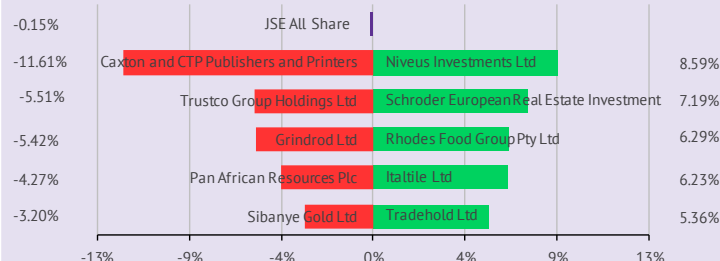
The National Energy Regulator (NERSA) announced that it will appeal a recent high court ruling which found that the regulator erred when it approved Eskom's multi-year tariff hike earlier in 2016.

The Crop Estimates Committee has forecast that South Africa will likely harvest 7.3mn tonnes of maize in 2016, 0.5% up from the previous estimate.

## South Africa Market ▼

### South African markets closed lower

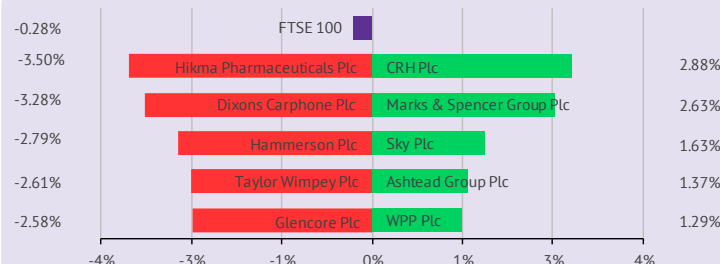
South African markets closed in the red yesterday, amid losses in resources sector stocks. Data indicated that South Africa's producer price index grew more-than-expected on a yearly basis in July. The JSE All Share Index fell 0.2% to close at 53,482.88.



## UK Market ▼

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

UK markets finished lower yesterday, led by losses in mining and pharmaceutical sector stocks. Data revealed that UK's CBI retail sales rebounded sharply in August. The FTSE 100 Index declined 0.3% to close at 6,816.90.



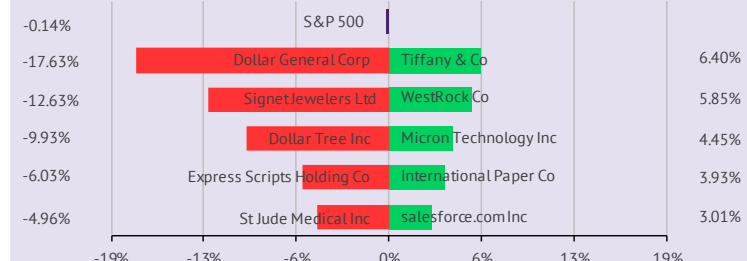
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53482.88	▼ -79.92	-0.15%	1.35%	1.30%	1.11%	5.50%
JSE Top 40	46759.58	▼ -98.99	-0.21%	1.92%	1.84%	-0.13%	2.10%
FTSE 100	6816.90	▼ -18.88	-0.28%	-0.61%	1.38%	3.38%	9.20%
DAX 30	10529.59	▼ -93.38	-0.88%	-0.14%	1.86%	6.79%	-1.99%
CAC 40	4406.61	▼ -28.86	-0.65%	0.14%	-0.75%	4.77%	-4.97%
S&P 500	2172.47	▼ -2.97	-0.14%	-0.52%	-0.05%	3.56%	6.29%
Nasdaq Composite	5212.20	▼ -5.49	-0.11%	-0.50%	0.97%	6.60%	4.09%
DJIA	18448.41	▼ -33.07	-0.18%	-0.56%	0.09%	2.80%	5.87%

## US Market ▼

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

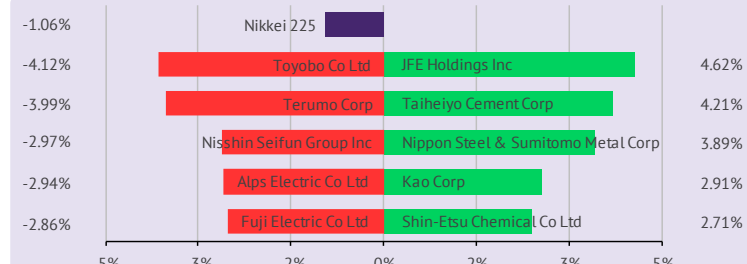
US markets closed lower yesterday, weighed down by losses in health care sector stocks. Data indicated that the preliminary durable goods orders in the US rebounded more-than-expected in July. The S&P 500 Index dropped 0.1% to close at 2,172.47.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. Earlier in the session, data revealed that Japan's national consumer price index (CPI) fell in line with expectations on an annual basis in July. The Nikkei 225 Index is trading 1.1% lower at 16,380.46.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% lower against the South African Rand at R14.1895. Later today, traders will keep a close watch on US annualized gross domestic product and advance goods trade balance data along with Reuters/Michigan consumer sentiment index for further cues. Further, Federal Reserve Chairwoman, Janet Yellen's speech will attract market attention.

The US Dollar rose against the South African Rand yesterday, after data indicated that new orders for manufactured goods in the US rebounded strongly in July from June. Moreover, the number of people filing for new unemployment benefits eased unexpectedly during last week. Meanwhile, the preliminary Markit services PMI expanded at a slower pace in August. Elsewhere, South Africa's producer prices advanced higher than market expectations on an annual basis in July.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading marginally firmer against the South African Rand at R18.7490. Later today, traders will keep an eye on UK's gross domestic product data for further direction in the Pound.

The British Pound advanced against the South African Rand yesterday, after data showed that British retailers posted their strongest sales in six months in August.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.2% against the South African Rand to trade at R16.0058. Going forward, market participants will keep a tab on Germany's GfK consumer confidence survey, scheduled to release in a few hours.

The Euro strengthened against the South African Rand yesterday. Elsewhere, Germany's business climate index declined unexpectedly in July, marking its lowest reading since February. Moreover, the nation's expectations index declined in July, while current assessment index eased surprisingly in the same month.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally higher against the South African Rand at R10.8280. With no major economic news in Australia today, investor sentiment will be determined by global macro-economic news.

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	14.1895	▼	0.34%	5.14%	2.40%	-5.76%	-8.15%
GBPZAR	18.7490	▲	0.02%	6.13%	2.11%	-6.41%	-17.79%
EURZAR	16.0058	▼	0.49%	4.80%	3.34%	-5.05%	-4.61%
AUDZAR	10.8280	▲	0.41%	4.98%	2.50%	-3.73%	-4.72%
EURUSD	1.1289	▲	0.19%	-0.35%	0.99%	0.61%	3.85%
GBPUSD	1.3204	▲	-0.30%	0.89%	-0.29%	-0.61%	-10.51%
Brent (\$/barrel)	49.5	▼	1.26%	-2.38%	14.11%	-12.43%	33.23%
Gold (\$/oz)	1327.0	▲	-0.32%	-1.51%	-2.14%	2.15%	24.51%
Platinum (\$/oz)	1080.4	▲	-0.48%	-3.70%	-6.40%	12.64%	20.78%
Copper (\$/MT)*	4617.0	▲	0.04%	-3.53%	-6.07%	1.55%	-1.89%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,327.00/oz.

Yesterday, gold prices fell 0.3% to close at \$1,320.10/oz, as traders speculated of an interest rate hike by the US Fed in 2016 and ahead of Fed Chief, Janet Yellen's speech, scheduled for today.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$49.53/bl.

Yesterday, Brent crude oil advanced 1.3% to settle at \$49.67/bl, after Iran's oil minister, Bijan Zanganeh confirmed that he will attend an informal gathering next month to discuss tightening oil output with fellow members of the OPEC. However, oil pared gains following Saudi Energy Minister Khalid al-Falih's comments that he does not believe any significant interference in the crude market is required.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$1,080.40/oz.

Yesterday, platinum prices declined 0.5% to close at \$1077.00/oz.



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## Major South Africa Corporate News

### Adcock Ingram Holdings Limited

The company announced that the current Group Human Capital Executive, Ms Basadifeela Letsoalo, has been appointed as the Executive Director of Human Capital and Transformation, with immediate effect.

### Discovery Limited

In its trading statement for FY16, the company indicated that it expects headline EPS to decrease in the range of 30.0% to 40.0%, to be between 617.70c and 529.40c; and EPS is anticipated to decrease to between 640.40c and 548.90c, from 914.80c recorded in the previous year.

### Grindrod Limited

In its 1H16 results, the company stated that its revenue decreased to R4.65bn from R5.07bn posted in the corresponding period of the previous year. Its headline diluted loss stood at 50.80c/share, compared with a headline diluted EPS of 43.50c recorded in the same period of the prior year. Its loss before taxation stood at R997.51mn, compared with a profit of R439.06mn posted in the similar period of the previous year.

### Howden Africa Holdings Limited

In its 1H16 results, the company reported that its revenue increased to R702.82mn from R677.47mn posted in the same period of the previous year. However, its basic and diluted EPS rose 1.2% from the same period of the prior year to 140.85c. It expects capital project spending within power generation, mining and general industry to remain subdued and the Fabrication Technology division to grow.

### Massmart Holdings Limited

In its 1H16 results, the company revealed that its sales advanced 8.7% from the same period of the preceding year to R42.31bn. Growth in food and liquor sales accelerated with higher inflation. Its diluted headline EPS stood at 145.80c, compared with 122.40c recorded in the corresponding period of the prior year. For the 34 weeks ended August 21, 2016, total sales increased by 8.3% and comparable sales increased by 5.9%.

### Sibanye Gold Limited

In its 1H16 results, the company indicated that its revenue rose to R14.70bn from R10.25bn posted in the corresponding period of the previous year, due to higher gold prices and a weak local currency. Its profit before tax rose significantly from the same period of the prior year to R593.50mn. Gold production rose 4.6% from the similar period of the prior year to 23,229kg.

## Major Global Economic News

### US

In the US, the preliminary durable goods orders advanced 4.4% on a monthly basis in July, more than market expectations for an advance of 3.4%. Durable goods orders had recorded a drop of 3.9% in the prior month.

In the US, the seasonally adjusted initial jobless claims registered an unexpected drop to a level of 261.00K in the week ended August 20, 2016, compared to a reading of 262.00K in the prior week. Markets were expecting initial jobless claims to rise to 265.00K.

In August, the flash Markit services PMI in the US recorded an unexpected drop to 50.90, lower than market expectations of an advance to 51.80. In the prior month, services PMI had registered a level of 51.40.

### UK

In August, the CBI distributive trade survey's retail sales balance climbed to 9.0% in the UK, compared to a level of 14.0% in the previous month. Markets were expecting retail sales balance to rise to a level of 0.0%.

### Eurozone

In August, the Ifo business climate index in Germany recorded an unexpected drop to a level of 106.20, compared to a reading of 108.30 in the previous month. Market anticipation was for the index to climb to a level of 108.50.

In Germany, the Ifo business expectations index fell unexpectedly to 100.10 in August, compared to market expectations of an advance to a level of 102.40. In the previous month, the index had registered a reading of 102.20.

The Ifo current assessment index dropped unexpectedly to 112.80 in Germany, in August, compared to market expectations of a rise to 114.90. The index had recorded a revised level of 114.80 in the previous month.

### Asia

The national CPI in Japan fell 0.4% on a yearly basis in July, compared to a similar fall in the prior month. Markets were expecting the national CPI to ease 0.4%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:30	National Consumer Price Index (YoY) (Jul)	✓✓	-0.40%*	-0.40%	Monthly
Japan	01:30	Tokyo Consumer Price Index (YoY) (Aug)	✓	-0.50%*	-0.40%	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Sep)	✓✓	10.00	10.00	Monthly
France	08:45	Gross Domestic Product (QoQ) (Q2) (S)	✓	0.00%	0.00%**	Quarterly
France	08:45	Consumer Confidence (Aug)	✓	96.00	96.00	Monthly
Spain	09:00	Retail Sales (YoY) (Jul)	✓	4.30%	5.60%	Monthly
Eurozone	10:00	M3 Money Supply (3m) (Jul)	✓	-	4.90%	Monthly
Eurozone	10:00	Private Loans (YoY) (Jul)	✓	-	1.70%	Monthly
UK	10:30	Gross Domestic Product (QoQ) (Q2) (S)	✓✓	0.60%	0.60%**	Quarterly
UK	10:30	Total Business Investment (YoY) (Q2) (P)	✓	-	-0.80%	Quarterly
UK	10:30	Index of Services (MoM) (Jun)	✓	0.10%	-0.10%	Monthly
UK	10:30	Total Business Investment (QoQ) (Q2) (P)	✓	-0.90%	-0.60%	Quarterly
UK	10:30	Private Consumption (Q2) (P)	✓	0.80%	0.70%	Quarterly
UK	10:30	Gross Fixed Capital Formation (Q2) (P)	✓	0.40%	-0.10%	Quarterly
UK	10:30	Government Spending (Q2) (P)	✓	0.30%	0.50%	Quarterly
UK	10:30	Exports (QoQ) (Q2) (P)	✓	0.70%	-0.40%	Quarterly
UK	10:30	Imports (QoQ) (Q2) (P)	✓	0.80%	0.10%	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q2) (S)	✓✓✓	1.10%	1.20%**	Quarterly
US	14:30	Gross Domestic Purchases Price Index (Q2) (S)	✓✓✓	2.20%	2.20%**	Quarterly
US	14:30	Wholesale Inventories (Jul)	✓	0.10%	0.30%	Monthly
US	14:30	Personal Consumption (QoQ) (Q2) (S)	✓✓	4.20%	4.20%**	Quarterly
US	16:00	Fed Chair Yellen to Speak at Jackson Hole Policy Symposium	✓✓✓	-	-	As scheduled
US	16:00	Reuters/Michigan Consumer Sentiment Index (Aug) (F)	✓✓✓	90.80	90.40**	Monthly
UK	16:50	BOE's Shafik Speaks at Jackson Hole	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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