

ONE Minute Brief

31 August 2016

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Economic and Political News

South Africa posted a budget deficit of ZAR73.16bn in July, compared to market expectations of a deficit of ZAR59.40bn. In the previous month, the nation had reported a surplus of ZAR23.87bn.

The CEO Initiative, a group of approximately 90 chief executives and business leaders have pleaded for political stability to help the country avert a ratings downgrade in December.

Eskom's spokesperson, Khulu Phasiwe stated that the power utility has committed to handing over information to the Treasury in relation to its probe into coal contracts.

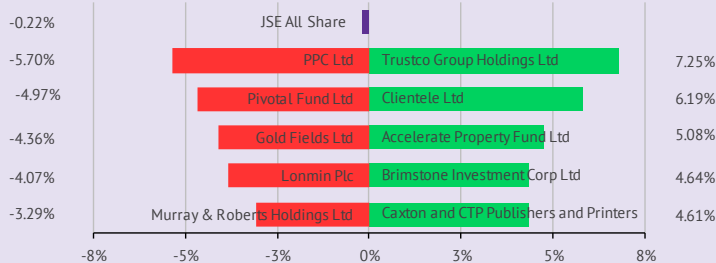
The National Prosecuting Authority (NPA) Spokesman, Luvuyo Mfaku announced it had no deadline and would not rush in taking a decision on whether to charge those implicated in the investigation into the so-called rogue spy unit within the SARS.

The Agricultural Business Chamber indicated that maize production in South Africa is likely to increase by 68% in the 2016-17 production season as compared with the current 2015-16 season.

South Africa Market ▼

South African markets closed lower

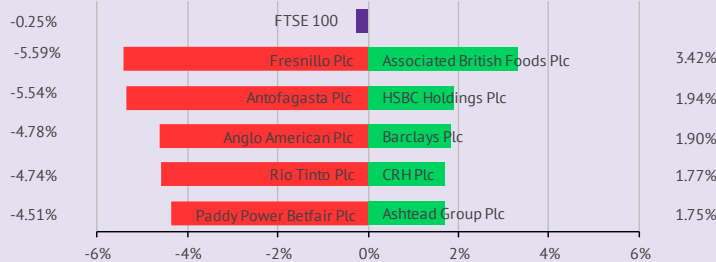
South African markets closed in the red yesterday, amid losses in gold mining sector stocks. Data indicated that South Africa's budget swung to a deficit in July. The JSE All Share Index fell 0.2% to close at 53,448.69.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, led by losses in mining sector stocks. Data revealed that UK's consumer credit growth was slower than expected in July. The FTSE 100 Index declined 0.3% to close at 6,820.79.



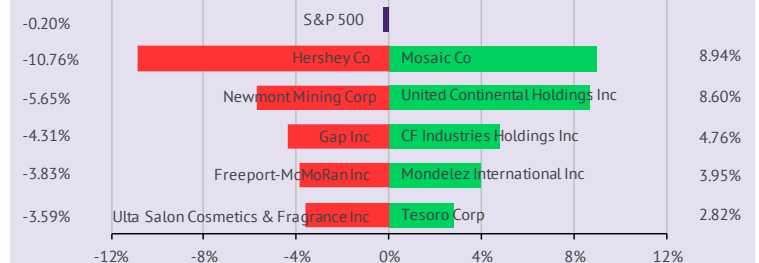
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53448.69	▼	-115.24	-0.22%	-0.11%	1.23%	1.11%
JSE Top 40	46819.15	▼	-93.31	-0.20%	0.03%	1.97%	-0.13%
FTSE 100	6820.79	▼	-17.26	-0.25%	-0.25%	1.43%	3.38%
DAX 30	10657.64	▲	113.20	1.07%	0.66%	3.10%	6.79%
CAC 40	4457.49	▲	33.24	0.75%	0.35%	0.40%	4.77%
S&P 500	2176.12	▼	-4.26	-0.20%	0.33%	0.12%	3.56%
Nasdaq Composite	5222.99	▼	-9.34	-0.18%	0.08%	1.18%	6.60%
DJIA	18454.30	▼	-48.69	-0.26%	0.32%	0.12%	2.80%

US Market ▼

The S&P 500 futures are trading in the green

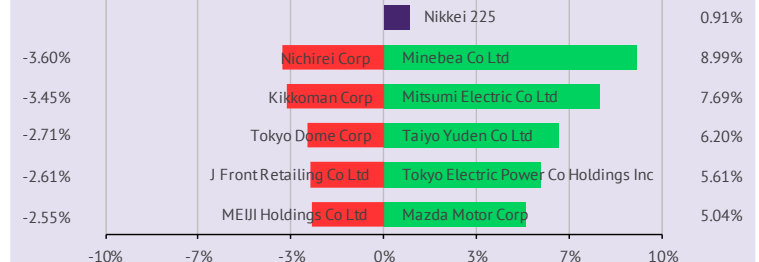
US markets closed lower yesterday, weighed down by losses in utility sector stocks. Data indicated that consumer confidence index in the US climbed more-than-expected in August. The S&P 500 Index dropped 0.2% to close at 2,176.12.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Earlier in the session, preliminary data indicated that Japan's industrial production remained flat in July from June. The Nikkei 225 Index is trading 0.9% higher at 16,876.82.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading marginally higher against the South African Rand at R14.5100. Later today, traders will keep a close watch on US ADP employment change and pending home sales data for further direction. Additionally, South Africa's trade balance and private sector credit data will be on investors' radar.

The US Dollar rose against the South African Rand yesterday, after data indicated that consumer confidence in the US rose to an 11-month high in August, indicating increased optimism amongst consumers about economic conditions. Elsewhere, South Africa posted a budget deficit in July from a budget surplus in June.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.2% firmer against the South African Rand at R19.0201. Earlier in the session, data revealed that UK's GfK consumer confidence index climbed in August, albeit remaining in the negative territory.

The British Pound advanced against the South African Rand yesterday. Meanwhile, data indicated that UK's net consumer credit growth cooled off in July, while the number of mortgage approvals declined to an 18-month low in the same month.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro gained 0.2% against the South African Rand to trade at R16.1846. Going forward, market participants will keep a tab on Eurozone's unemployment rate and consumer price index for further cues. Moreover, Germany's unemployment rate and retail sales data will attract market attention.

The Euro strengthened against the South African Rand yesterday. Separately, data revealed that Eurozone's business sentiment index eased to a near three-year low in August. Moreover, economic sentiment in the region fell to its lowest level since March in August. Elsewhere, Germany's consumer price index grew at a slower than expected pace on an annual basis in August.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar rose 0.2% against the South African Rand to trade at R10.9101. Earlier in the session, data indicated that Australia's private sector credit grew in line with market expectations on a monthly basis in July.

The Australian Dollar fell against the South African Rand yesterday. Separately, data indicated that Australia's building approvals rebounded strongly on a monthly basis in July.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.5100	▲	0.67%	0.93%	4.50%	-5.76%	-6.26%
GBPZAR	19.0201	▲	0.51%	0.62%	3.39%	-6.41%	-16.76%
EURZAR	16.1846	▲	0.20%	0.41%	4.14%	-5.05%	-3.88%
AUDZAR	10.9101	▲	-0.11%	0.32%	3.14%	-3.73%	-4.12%
EURUSD	1.1153	▲	-0.41%	-0.49%	-0.28%	0.61%	2.55%
GBPUUSD	1.3101	▲	-0.20%	-0.43%	-1.13%	-0.61%	-11.27%
Brent (\$/barrel)	48.3	▼	-1.81%	-3.10%	11.12%	-12.43%	29.75%
Gold (\$/oz)	1317.9	▲	-0.81%	-0.64%	-2.67%	2.15%	23.84%
Platinum (\$/oz)	1064.1	▲	-2.27%	-1.96%	-8.17%	12.64%	18.49%
Copper (\$/MT)*	4595.0	▼	-0.18%	-0.18%	-6.52%	1.55%	-2.35%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.4% higher to trade at \$1,317.90/oz.

Yesterday, gold prices fell 0.8% to close at \$1,313.00/oz, amid strength in the greenback as prospects for an interest-rate hike by the US Fed increased.

Brent Crude Oil ▼

Trading weaker

Brent crude oil edged 0.1% lower at 06:00 SAST, to trade at \$48.31/bl, extending losses from previous sessions.

Yesterday, Brent crude oil dropped 1.8% to settle at \$48.37/bl, after the American Petroleum Institute (API) reported that crude oil inventories rose 942,000 bls last week. Moreover, Iranian deputy minister stated at a conference that the country plans to boost its output by 200,000 barrels a day by the end of the year.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.7% higher to trade at \$1,064.10/oz.

Yesterday, platinum prices declined 2.3% to close at \$1056.60/oz.



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Major South Africa Corporate News

Cashbuild Limited

In its FY16 results, the company stated that its revenue increased to R8.67bn from R7.69bn posted in the prior year. Its diluted headline EPS rose 26.1% from the prior year to 1,890.70c. Its profit before tax advanced to R618.69mn from R499.38mn reported in the preceding year.

RCL Foods Limited

In its FY16 results, the company revealed that its revenue advanced 6.8% from the previous year to R25.03bn. Its diluted headline EPS stood at 98.20c, compared with 111.50c recorded in the previous year.

Redefine Properties Limited

The company announced that it will acquire all the shares of 'The Pivotal Fund Limited', a development property company, from Pivotal shareholders by way of a scheme of arrangement. Pivotal shareholders will get approximately 138.54 Redefine shares and 9.38 shares in Echo Polska Properties NV for every 100 Pivotal shares held prior to implementation of the scheme. Echo Polska Properties is the firms venture in Poland. After completion, Pivotal would be a wholly-owned subsidiary of Redefine and would be delisted from the Johannesburg Stock Exchange.

Major Global Economic News

UK

In the UK, net consumer credit advanced GBP1.20bn in July, lower than market expectations for a rise of GBP1.70bn. Net consumer credit had risen by revised GBP1.90bn in the previous month.

In the UK, number of mortgage approvals for house purchases eased to 60.90K in July, lower than market expectations of a fall to 61.90K. In the previous month, number of mortgage approvals for house purchases had recorded a revised reading of 64.20K.

In the UK, the GfK consumer confidence registered a rise to -7.00 in August, higher than market expectations of an advance to -8.00. The consumer confidence had recorded a reading of -12.00 in the prior month.

US

In the US, the CB consumer confidence index rose to a level of 101.10 in August, compared to market expectations of an advance to 97.00. The index had registered a revised reading of 96.70 in the previous month.

The US Federal Reserve (Fed) Vice Chairman, Stanley Fischer, indicated that the US job market has nearly reached its full strength. However, he stopped short of commenting on the timing of the next rate hike and stated that it will all depend on incoming economic data.

Eurozone

In August, the economic sentiment indicator in the Eurozone dropped to 103.50, compared to a revised reading of 104.50 in the previous month. Markets were anticipating the economic sentiment indicator to fall to a level of 104.10.

In the Eurozone, the business climate indicator fell to a level of 0.02 in August, lower than market expectations of a fall to a level of 0.36. In the previous month, the business climate indicator had registered a revised level of 0.38.

In August, the preliminary consumer price index (CPI) in Germany remained unchanged on a monthly basis, less than market expectations for an advance of 0.1%. In the previous month, the CPI had advanced 0.3%.

Asia

In July, the flash industrial production remained flat on a monthly basis in Japan, compared to market expectations for an advance of 0.8%. Industrial production had recorded a rise of 2.3% in the prior month.

The private sector credit in Australia recorded a rise of 0.4% on a monthly basis in July, compared to a rise of 0.2% in the prior month. Markets were anticipating the private sector credit to rise 0.4%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	Lloyds Business Barometer (Aug)	✓	16.00*	29.00	Monthly
UK	01:05	Gfk Consumer Confidence (Aug)	✓✓	-7.00*	-12.00	Monthly
Japan	01:50	Industrial Production (MoM) (Jul) (P)	✓	0.00%*	2.30%	Monthly
China	03:45	Westpac-MNI Consumer sentiment index (Aug)	✓	111.50*	114.00	Monthly
Japan	07:00	Small Business Confidence (Aug)	✓	-	47.80	Monthly
Japan	07:00	Construction Orders (YoY) (Jul)	✓	-	-2.40%	Monthly
Japan	07:00	Annualised Housing Starts (Jul)	✓✓	0.99mn units	1.00mn units	Monthly
Switzerland	08:00	UBS Consumption Indicator (Jul)	✓✓	-	1.34	Monthly
Germany	08:00	Retail Sales (MoM) (Jul)	✓✓	0.50%	-0.10%	Monthly
South Africa	08:00	M3 Money Supply (YoY) (Jul)	✓	5.73%	5.88%	Monthly
South Africa	08:00	Private Sector Credit (YoY) (Jul)	✓✓	6.90%	7.30%	Monthly
Eurozone	08:00	ECB's Villeroy speaks at Frankfurt event	✓	-	-	As scheduled
Germany	08:00	Retail Sales (YoY) (Jul)	✓✓	0.30%	2.70%	Monthly
Germany	09:55	Unemployment Rate s.a. (Aug)	✓✓	6.10%	6.10%	Monthly
Eurozone	11:00	Unemployment Rate (Jul)	✓✓	10.00%	10.10%	Monthly
Eurozone	11:00	Consumer Price Index - Core (YoY) (Aug) (P)	✓✓✓	0.90%	0.90%	Monthly
Eurozone	11:00	Consumer Price Index (YoY) (Aug) (P)	✓✓✓	0.30%	0.20%	Monthly
US	13:00	MBA Mortgage Applications (26-Aug)	✓	-	-2.10%	Weekly
South Africa	14:00	Trade Balance (Jul)	✓✓	ZAR8.00bn	ZAR12.50bn	Monthly
US	14:15	ADP Employment Change (Aug)	✓✓	175.00 K	179.00 K	Monthly
Canada	14:30	Gross Domestic Product (MoM) (Jun)	✓✓	0.50%	-0.60%	Monthly
Canada	14:30	Gross Domestic Product Annualised (QoQ) (Q2)	✓✓✓	-1.50%	2.40%	Quarterly
Eurozone	14:45	ECB's Villeroy speaks at conference in Frankfurt	✓	-	-	As scheduled
US	15:45	Chicago PMI (Aug)	✓	54.00	55.80	Monthly
US	16:00	US Pending home sales (Jul)	✓	-	111.00	Monthly
US	16:00	Pending Home Sales (MoM) (Jul)	✓	0.70%	0.20%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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