

ONE Minute Brief

18 August 2016

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Economic and Political News

The annual growth rate of South Africa's retail sales weakened more than expected to 1.7% in June from 4.5% in May.

EFF leader Julius Malema announced that the party will vote with the Democratic Alliance (DA) in Johannesburg, Tshwane, Nelson Mandela Bay and Ekurhuleni.

Former Finance Minister, Nhlanhla Nene stated that challenging global economic events such as Brexit should be a chance for South Africa to speed up economic growth through trade. However, he urged the nation to address its domestic infrastructure shortcomings, especially logistics.

The National Petroleum Employers' Association (NPEA) and the Chemical, Energy, Paper, Printing, Wood and Allied Workers' Union (CEPPWAWU) have signed an agreement, where workers would get a 7.0% pay hike, thus ending the petroleum industry strike.

The Business Debt Index released by Experian showed that the financial health of South African businesses deteriorated in 2Q16, as small businesses struggled to repay debt.

South Africa Market ▼

South African markets closed lower

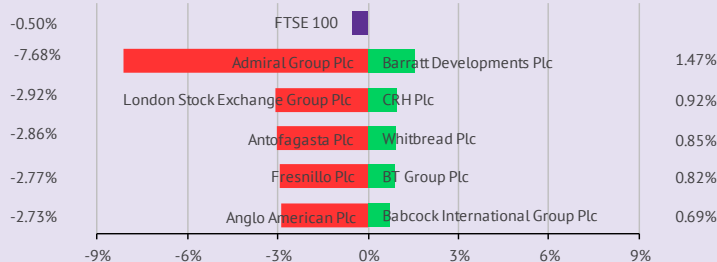
South African markets closed in the red yesterday, amid losses in platinum mining sector stocks. Data indicated that South Africa's retail sales advanced at a slower pace on a yearly basis in June. The JSE All Share Index fell 0.2% to close at 52,309.70.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets finished lower yesterday, weighed down by a fall in shares of Admiral Group and mining sector stocks. Data revealed that UK's jobless claims fell unexpectedly in July. The FTSE 100 Index declined 0.5% to close at 6,859.15.



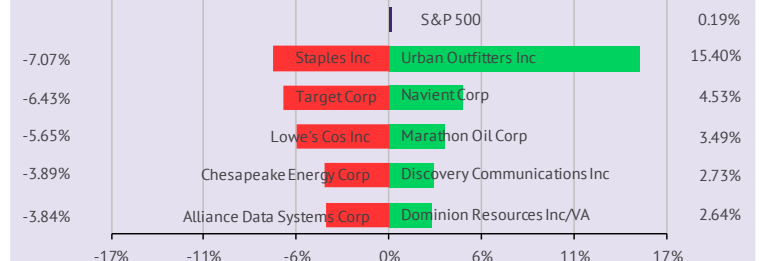
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52309.70	▼	-86.70	-0.17%	-0.94%	-0.92%	1.11%	3.19%
JSE Top 40	45386.78	▼	-6.06	-0.01%	-0.69%	-1.15%	-0.13%	-0.90%
FTSE 100	6859.15	▼	-34.77	-0.50%	-0.82%	2.00%	3.38%	9.88%
DAX 30	10537.67	▼	-138.98	-1.30%	-1.64%	1.94%	6.79%	-1.91%
CAC 40	4417.68	▼	-42.76	-0.96%	-1.83%	-0.50%	4.77%	-4.73%
S&P 500	2182.22	▲	4.07	0.19%	-0.08%	0.40%	3.56%	6.77%
Nasdaq Composite	5228.66	▲	1.55	0.03%	-0.08%	1.29%	6.60%	4.42%
DJIA	18573.94	▲	21.92	0.12%	-0.01%	0.77%	2.80%	6.59%

US Market ▲

The S&P 500 futures are trading in the green

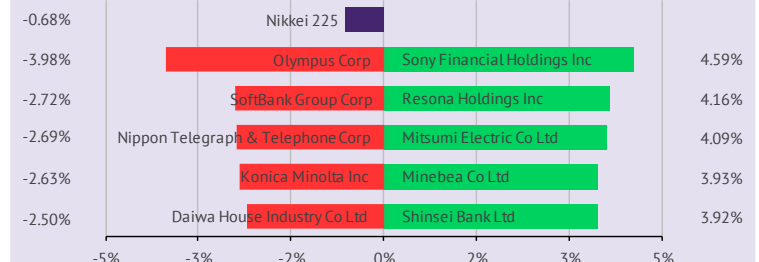
US markets rose yesterday, supported by gains in utility sector stocks. Fed minutes indicated that policy makers were divided, with some expecting a rate hike soon while there was a general agreement that more data will be required before taking a decision. The S&P 500 Index climbed 0.2% to close at 2,182.22.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Earlier in the session, data revealed that Japan's merchandise trade balance narrowed in July. The Nikkei 225 Index is trading 0.7% lower at 16,632.39.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.8% weaker against the South African Rand at R13.2800. Later today, traders will keep a close watch on US initial jobless claims and Philadelphia Fed manufacturing survey along with CB leading indicator for further direction.

The US Dollar fell against the South African Rand yesterday. Separately, the FOMC's July meeting minutes showed that policymakers were divided over the correct time to increase the key interest rate. While some members favoured an early hike in interest rate, others wanted to wait for the flow of data to determine whether inflation was likely to pick up before raising rates. Separately, South Africa's retail sales grew at a slower pace on annual basis in June.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound fell 0.6% against the South African Rand to trade at R17.3446. Later today, traders will keep an eye on UK's retail sales for further cues.

The British Pound declined against the South African Rand yesterday, despite data indicating that the number of people claiming unemployment benefits in the UK unexpectedly dropped in July. Moreover, both the ILO unemployment rate in June and claimant count rate in July remained unchanged in line with market expectations.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped 0.5% against the South African Rand to trade at R15.0285. Going forward, market participants will keep a tab on Eurozone's consumer price index, construction output and current account balance data scheduled today. Moreover, traders will keep a watch on ECB's monetary policy meeting minutes.

The Euro weakened against the South African Rand yesterday, reversing previous session gains.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R10.2309. Earlier in the session, data indicated that Australia's unemployment rate fell in July, while the total number of jobs rose more-than-expected in the same month.

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

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.2800	▼	-0.30%	-0.70%	-3.58%	-5.76%	-13.52%
GBPZAR	17.3446	▼	-0.32%	0.24%	-4.92%	-6.41%	-23.45%
EURZAR	15.0285	▼	-0.21%	0.49%	-2.61%	-5.05%	-10.11%
AUDZAR	10.2309	▼	-0.82%	-0.64%	-3.01%	-3.73%	-9.84%
EURUSD	1.1311	▲	0.09%	1.14%	1.03%	0.61%	3.89%
GBPUSD	1.3053	▲	-0.03%	0.94%	-1.42%	-0.61%	-11.53%
Brent (\$/barrel)	49.7	▼	1.26%	6.13%	14.52%	-12.43%	33.72%
Gold (\$/oz)	1359.2	▲	-0.58%	0.52%	-0.47%	2.15%	26.65%
Platinum (\$/oz)	1134.3	▲	-0.84%	-1.29%	-3.12%	12.64%	25.01%
Copper (\$/MT)*	4759.0	▼	-0.85%	0.21%	-3.18%	1.55%	1.13%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.2% higher to trade at \$1,359.20/oz.

Yesterday, gold prices fell 0.6% to close at \$1,342.70/oz. Losses were limited as FOMC minutes indicated that the US Fed was divided over the pace of future rate increases.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil declined 0.4% to trade at \$49.65/bl.

Yesterday, Brent crude oil advanced 1.3% to settle at \$49.85/bl, after the US Energy Department reported that US crude oil inventories fell by 2.5mn bls last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 1.8% higher to trade at \$1,134.30/oz.

Yesterday, platinum prices declined 0.8% to close at \$1114.70/oz, reversing previous session gains.



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Major South Africa Corporate News

Emira Property Fund Limited

In its FY16 results, the company revealed that its revenue declined 0.8% from the preceding year to R1.80bn. Its diluted headline EPS stood at 164.75c, compared with 181.62c recorded in the prior year. Profit before income tax charge fell to R640.09mn, compared with R1,908.00mn posted in the previous year.

Harmony Gold Mining Co. Limited

In its FY16 results, the company stated that its revenue increased to R18.33bn from R15.44bn posted in the previous year, amid a rise in gold production and higher gold prices. It posted a profit before tax of R1.58mn, compared with a loss of R5.24mn recorded in the previous year. Its diluted headline EPS stood at 216.00c, compared with a loss of 189.00c/share reported in the prior year.

Northam Platinum Limited

In its trading statement for FY16, the company revealed that it estimates loss to be between 158.60c/share and 132.20c/share. It expects headline loss to fall in the range of 152.20c/share and 131.90c/share.

Sun International Limited

In its trading statement for FY16, the company indicated that it expects operating profit to be relatively flat year-on-year. Its diluted adjusted headline EPS is likely to fall between 608.00c and 647.00c, compared with 789.00c recorded in the prior year. Headline loss is likely to be between 370.00c/share and 420.00c, compared with a headline EPS of 629.00c posted in the previous year.

Major Global Economic News

UK

The ILO unemployment rate in the UK remained steady at 4.9% in the April-June 2016 period, in line with market expectations.

In the UK, the claimant count rate remained steady at 2.2% in July, meeting market expectations.

Number of unemployment benefits claimants in the UK registered an unexpected drop of 8.60K in July, compared to the market expectations of an advance of 9.00K. Number of unemployment benefits claimants had registered a revised increase of 0.90K in the previous month.

Asia

In July, merchandise (total) trade surplus in Japan fell to JPY513.50bn, compared to market expectations of a surplus of JPY273.20bn. Japan posted a revised surplus of JPY693.10bn in the previous month.

US

The Federal Open Market Committee's (FOMC) July meeting minutes showed that policymakers were split over the correct time to increase the benchmark interest rate. While some members favoured an early hike in interest rate, others wanted to wait for the flow of data to determine whether inflation was likely to pick up before raising rates.

In the US, mortgage applications registered a drop of 4.0% in the week ended August 12, 2016 on a weekly basis. In the prior week, mortgage applications had recorded a rise of 7.1%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Jul)	✓	JPY317.60bn*	JPY336.60bn	Monthly
Japan	01:50	Merchandise Trade Balance Total (Jul)	✓✓	JPY513.50bn*	JPY693.10bn	Monthly
France	07:30	ILO Unemployment (Q2)	✓	10.10%	10.20%	Quarterly
France	07:30	Unemployment Rate (Q2)	✓✓	9.90%	9.90%	Quarterly
Japan	08:00	Machine Tool Orders (YoY) (Jul) (F)	✓✓	-	-19.60%**	Monthly
Eurozone	10:00	Current Account s.a (Jun)	✓	-	EUR30.80bn	Monthly
Italy	10:30	Current Account (Jun)	✓	-	EUR3.19bn	Monthly
UK	10:30	Retail Sales (MoM) (Jul)	✓	0.10%	-0.90%	Monthly
Eurozone	11:00	Construction Output s.a (MoM) (Jun)	✓	-	-0.50%	Monthly
Eurozone	11:00	Consumer Price Index (MoM) (Jul)	✓✓	-0.50%	0.20%	Monthly
Eurozone	13:30	ECB account of the monetary policy meeting	✓	-	-	As scheduled
Canada	14:30	Foreign portfolio investment in Canadian securities (Jun)	✓	-	CAD14.70bn	Monthly
Canada	14:30	Canadian portfolio investment in foreign securities (Jun)	✓	-	CAD5.10bn	Monthly
US	14:30	Initial Jobless Claims (13-Aug)	✓✓	265.00 K	266.00 K	Weekly
US	14:30	Philadelphia Fed Manufacturing Survey (Aug)	✓✓	2.00	-2.90	Monthly
US	16:00	Leading Indicator (MoM) (Jul)	✓✓	0.30%	0.30%	Monthly
US	22:00	Fed's Williams Speaks in Anchorage	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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