

# ONE Minute Brief

7 September 2016

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## Economic and Political News

South Africa's gross domestic product (GDP) grew by 3.3% on a quarterly basis in the 2Q16, after contracting by 1.2% in the previous quarter. The year-on-year growth was 0.6%.

South Africa's Public Enterprises Minister, Lynne Brown, stated that she would meet the heads of Old Mutual Plc and its fixed-income division, Futuregrowth Asset Management, on Thursday to discuss the unit's decision to stop new loans to the nation's six largest state companies.

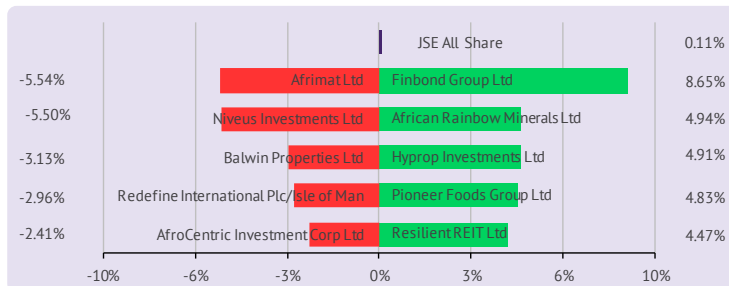
The African National Congress (ANC), has lent its full support to the next Public Protector, Busisiwe Joyce Mkhwebane after the Democratic Alliance (DA) accused her of being a spy. Additionally, DA officials stated that Mkhwebane's qualifications and experience does not make her suitable for the position.

The Congress of SA Trade Unions (Cosatu) has urged the South African Human Rights Commission (SAHRC) to investigate the Lily Gold Mine disaster, in Barberton, in which three mineworkers died, as the rights of the workers and other pieces of legislation were violated at that mine.

## South Africa Market ▲

### South African markets closed higher

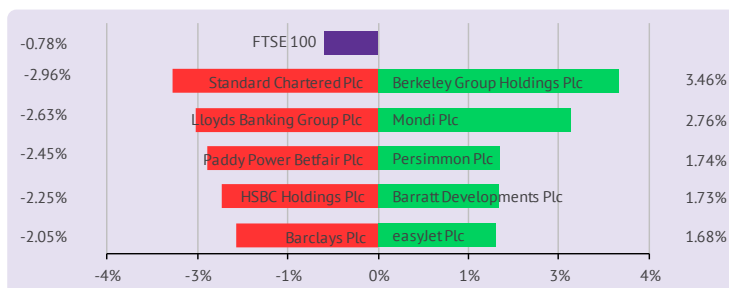
South African markets closed in the green yesterday, supported by gains in property and platinum mining sector stocks. Data showed that the South African economy bounced back in 2Q16. The JSE All Share Index rose 0.1% to close at 53,680.40.



## UK Market ▼

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

UK markets finished lower yesterday, pressured by a stronger sterling and losses among financial sector stocks. The FTSE 100 Index fell 0.8% to close at 6,826.05.



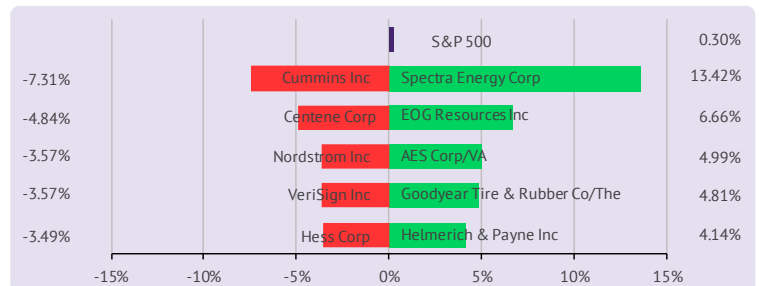
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53680.43	▲	58.43	0.11%	0.34%	1.80%	-0.12%	5.89%
JSE Top 40	47008.42	▼	-70.27	-0.15%	0.08%	1.62%	0.75%	2.64%
FTSE 100	6826.05	▼	-53.37	-0.78%	-0.99%	0.66%	0.85%	9.35%
DAX 30	10687.14	▲	14.92	0.14%	0.03%	0.89%	2.47%	-0.52%
CAC 40	4529.96	▼	-11.12	-0.24%	-0.27%	2.07%	-0.04%	-2.31%
S&P 500	2186.48	▲	6.50	0.30%	0.30%	0.72%	-0.12%	6.97%
Nasdaq Composite	5275.91	▲	26.01	0.50%	0.50%	1.20%	0.99%	5.36%
DJIA	18538.12	▲	46.16	0.25%	0.25%	0.75%	-0.17%	6.39%

## US Market ▲

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

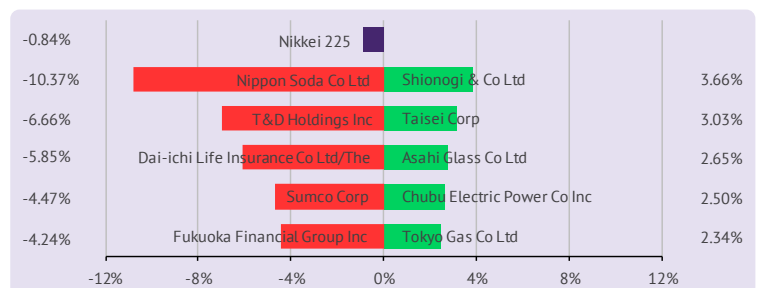
US markets closed higher yesterday, amid strength in energy, utilities and telecom sector stocks. Data indicated that the US non-manufacturing PMI fell sharply in August from July. The S&P 500 Index climbed 0.3% to close at 2,186.48.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed today. The Nikkei 225 Index is trading 0.8% lower at 16,937.84.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R13.9376. Later today, investors would look at South Africa's business confidence data for further direction in the Rand.

The US Dollar declined against the South African Rand yesterday, after the US ISM non-manufacturing PMI slid to a six-year low of 51.4 in August, undermining confidence in the nation's overall economic outlook. Elsewhere, South African economy avoided falling into a recession, after the nation's GDP growth rate accelerated to 3.3% in 2Q16, due to a sharp increase in manufacturing activity and a recovery in the mining sector.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.5% against the South African Rand to trade at R18.7030. Moving ahead, the BoE's inflation report, will be closely watched by investors for further clues. Additionally, UK's manufacturing as well as industrial production data set to release in a few hours will keep market participants on their toes.

The British Pound declined against the South African Rand yesterday, extending its previous session losses.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.3% weaker against the South African Rand at R15.6800. Going forward, market participants will keep a tab on Germany's industrial production data, scheduled in few hours.

The Euro weakened against the South African Rand yesterday. Data showed that the Eurozone's economy grew in line with market expectations on a quarterly basis in 2Q16, indicating that the European economy is so far proving fairly resilient to any Brexit shock. Meanwhile, German factory orders fell short of consensus estimates on a monthly basis in July.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% weaker against the South African Rand at R10.6901. Early morning data showed that the Australian economy expanded less-than-expected in 2Q16. Meanwhile, year-on-year growth accelerated due to an uptick in government expenditure.

The Australian Dollar declined against the South African Rand yesterday. In a widely expected move, the RBA left the interest rates on hold, despite global headwinds.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.9376	▼	-2.83%	-3.54%	-5.10%	6.14%	-9.65%
GBPZAR	18.7030	▼	-1.82%	-2.52%	-2.92%	5.43%	-17.59%
EURZAR	15.6800	▼	-1.86%	-2.63%	-4.27%	5.96%	-6.37%
AUDZAR	10.6901	▼	-1.49%	-2.11%	-2.97%	4.86%	-5.41%
EURUSD	1.1251	▼	0.97%	0.89%	0.87%	-0.14%	3.58%
GBPUSD	1.3416	▼	1.02%	1.10%	2.30%	-0.70%	-8.83%
Brent (\$/barrel)	47.6	▲	-0.78%	0.92%	0.79%	7.72%	26.77%
Gold (\$/oz)	1357.2	▲	2.06%	2.06%	3.25%	-3.05%	27.37%
Platinum (\$/oz)	1108.3	▲	3.81%	3.81%	4.67%	-8.44%	23.66%
Copper (\$/MT)*	4603.0	▼	-0.18%	-0.29%	-0.06%	-6.30%	-2.18%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices gained 0.5% to trade at \$1,357.20/oz.

Yesterday, gold prices rose 2.1% to close at \$1,350.40/oz, amid broad weakness in the greenback as a fall in the US ISM non-manufacturing index dampened the likelihood of a Fed interest rate hike this month.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.7% higher to trade at \$47.59/b.

Yesterday, Brent crude oil dropped 0.8% to settle at \$47.26/b, amid mounting uncertainty over whether producers would be able to clinch an agreement to cut output to rein in a global supply glut.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices climbed 0.5% to trade at \$1,108.30/oz.

Yesterday, platinum prices advanced 3.8% to close at \$1102.70/oz.



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## Major South Africa Corporate News

### Anglo American Plc

The company announced that the value of rough diamond sales for De Beers' seventh sales cycle of 2016, amounted to USD630.00mn, compared with USD528.00mn of the sixth sales cycle of 2016. CEO of De Beers, Bruce Cleaver, commented that the company witnessed a healthy demand for rough diamonds in Cycle 7, as manufacturers brought forward some of their demand to cut and polish rough diamonds in time to take advantage of the important retail selling season.

### Discovery Limited

In its FY16 results, the company reported that its net insurance premium revenue advanced 17.0% from the corresponding year to R28.76bn. Its diluted headline EPS stood at 566.70c, compared with 870.20c recorded in the preceding year. Its profit before tax narrowed to R5.47bn from R6.77bn registered in the prior year.

### Group Five Limited

The company announced that it received a formal notification that the clients of Sanlam Investment Management Proprietary Limited have, in aggregate, disposed of an interest in the ordinary shares of the group, like that the total interest in the ordinary shares held by them now amounts to 8.07% of the total issued ordinary shares of the company.

## Major Global Economic News

### Asia

The seasonally adjusted GDP registered a rise of 3.3% in Australia on an annual basis in 2Q16, meeting market expectations. In the prior quarter, GDP had advanced by a revised 3.00%.

In August, the AIG performance of construction index recorded a drop to 46.60 in Australia, compared to a level of 51.60 in the prior month.

Foreign exchange reserves in Japan dropped to USD1256.10bn from a level of USD1264.80bn in the prior month.

### US

In the US, the non-manufacturing PMI fell to a level of 51.40 in August, lower than market expectations of a drop to a level of 54.90. The index had recorded a reading of 55.50 in the prior month.

In September, the US economic optimism index fell to a level of 46.70, compared to market expectations of a drop to 48.10. The index had recorded a reading of 48.40 in the previous month.

### Eurozone

On a quarterly basis, in the Eurozone, the seasonally adjusted final GDP registered a rise of 0.3% in 2Q16, meeting market expectations. In the prior quarter, GDP had risen 0.6%.

On a monthly basis, in Germany, the seasonally adjusted factory orders climbed 0.2% in July, lower than market expectations for a rise of 0.5%. Factory orders had registered a revised drop of 0.3% in the prior month.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	07:00	Leading Economic Index (Jul) (P)	✓✓	98.60	99.20	Monthly
Japan	07:00	Coincident Index (Jul) (P)	✓	111.60	111.10	Monthly
Germany	08:00	Industrial Production n.s.a. and w.d.a. (YoY) (Jul)	✓✓	0.2%	0.5%	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Jul)	✓	0.1%	0.8%	Monthly
South Africa	08:00	Net Gold & Forex Reserve (Aug)	✓	USD40.93bn	USD40.90bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (Aug)	✓	USD46.00bn	USD46.16bn	Monthly
UK	09:30	Halifax House Prices (3m/YoY) (Aug)	✓	7.0%	8.4%	Monthly
UK	09:30	Halifax House Prices (MoM) (Aug)	✓	-0.1%	-1.0%	Monthly
UK	10:30	Industrial Production (MoM) (Jul)	✓	-0.2%	0.1%	Monthly
UK	10:30	Manufacturing Production (MoM) (Jul)	✓	-0.3%	-0.3%	Monthly
South Africa	11:30	SACCI Business Confidence Index (Aug)	✓	-	96.00	Monthly
South Africa	12:00	BER Business Confidence Index (Q3)	✓	-	32.00	Quarterly
US	13:00	MBA Mortgage Applications (02-Sep)	✓	-	2.8%	Weekly
UK	15:15	BOE's Carney, Cunliffe, Forbes, McCafferty Speak in London	✓✓	-	-	As scheduled
Canada	16:00	Ivey PMI n.s.a (Aug)	✓✓	-	49.40	Monthly
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓✓	0.5%	0.5%	As scheduled
UK	16:00	NIESR GDP Estimate (3M) (Aug)	✓✓✓	-	0.3%	Monthly
Canada	16:00	Ivey PMI s.a (Aug)	✓✓	56.50	57.00	Monthly
US	16:00	JOLTs Job Openings (Jul)	✓	5630.00 K	5624.00 K	Monthly
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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