

ONE Minute Brief

4 October 2016

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Economic and Political News

In September, the Barclays manufacturing PMI registered a rise to 49.50 in South Africa, compared to a level of 46.30 in the previous month.

In its biannual monetary policy review, the South African Reserve Bank (SARB) stated that at some point it would conclude the policy tightening cycle provided that conditions develop in line with the current forecasts. It further added that interest rate cuts were unlikely until inflation stabilised.

Eskom's CEO, Brian Molefe, announced the finalization of a loan agreement of USD500.00mn (ZAR7.00bn) with China Development Bank.

Finance Minister, Pravin Gordhan, announced that he expects 1.0% growth in 2017.

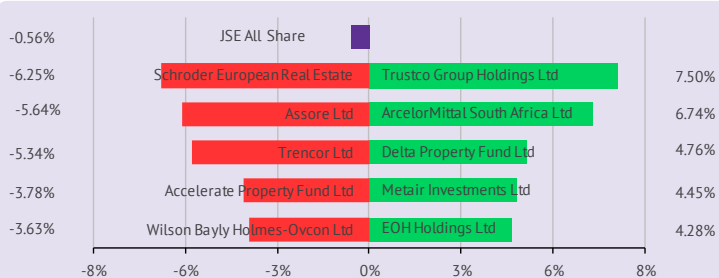
The Mo Ibrahim Foundation index showed that South Africa dropped three places to the sixth rank in good governance rankings in Africa.

The Treasury announced that performance fees and extra charges may not be charged on tax-free savings account (TFSA) investments.

South Africa Market ▼

South African markets closed lower

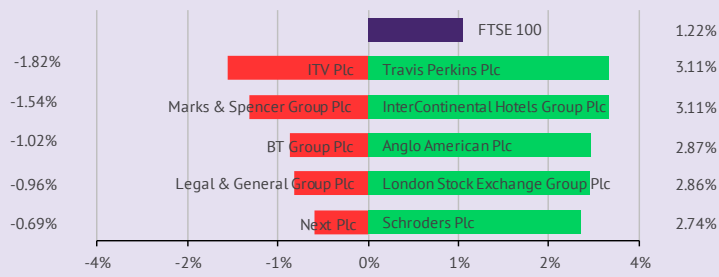
South African markets closed in the red yesterday, amid losses in gold mining sector stocks. Data indicated that South Africa's Barclays manufacturing PMI rose in September, although it remained in the contraction territory. The JSE All Share Index fell 0.6% to 51,658.99.



UK Market ▲

The FTSE 100 futures are trading in positive territory

UK markets rose yesterday, amid gains in mining stocks. UK PM Theresa May indicated that the Brexit process will accelerate by March 2017. Meanwhile, UK's Markit manufacturing PMI advanced unexpectedly in September. The FTSE 100 Index advanced 1.2% to 6,983.52.



Key Indices

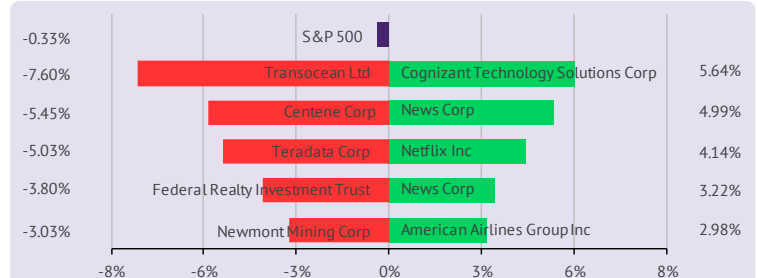
| | Last Close | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 51658.99 | ▼ -290.84 | -0.56% | -0.56% | -0.56% | -1.49% | 1.90% |
| JSE Top 40 | 45107.14 | ▼ -318.45 | -0.70% | -0.70% | -0.70% | -1.81% | -1.51% |
| FTSE 100 | 6983.52 | ▲ 84.19 | 1.22% | 1.22% | 1.22% | 1.74% | 11.87% |
| DAX 30* | 10511.02 | ▲ 105.48 | 1.01% | 0.00% | 0.00% | -0.77% | -2.16% |
| CAC 40 | 4453.56 | ▲ 5.30 | 0.12% | 0.12% | 0.12% | 0.23% | -3.96% |
| S&P 500 | 2161.20 | ▼ -7.07 | -0.33% | -0.33% | -0.33% | -0.12% | 5.74% |
| Nasdaq Composite | 5300.87 | ▼ -11.13 | -0.21% | -0.21% | -0.21% | 1.89% | 5.86% |
| DJIA | 18253.85 | ▼ -54.30 | -0.30% | -0.30% | -0.30% | -0.50% | 4.76% |

*Values as on 30th September 2016

US Market ▼

The S&P 500 futures are trading in the green

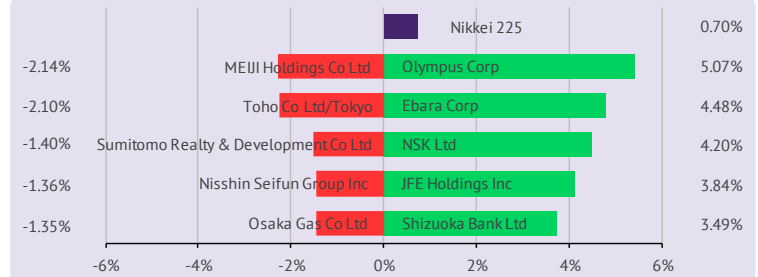
US markets closed lower yesterday, weighed down by losses in real estate sector stocks. Data indicated that the ISM manufacturing PMI in the US rebounded in September. The S&P 500 Index dropped 0.3% to close at 2,161.20.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Earlier in the session, data indicated that Japan's monetary base advanced on annual basis in September. The Nikkei 225 Index is trading 0.7% higher at 16,715.10. Markets in China remain closed today on account of a public holiday.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% firmer against the South African Rand at R13.6427. Later today, traders will keep a close watch on the US ISM New York index and economic optimism index for further cues.

The US Dollar fell against the South African Rand yesterday, despite data indicating that the ISM manufacturing PMI in the US advanced higher than market expectations in September, entering the expansion territory. On the other hand, construction spending dropped unexpectedly on a monthly basis in August to its lowest level in eight months. Additionally, the final reading for Markit manufacturing PMI expanded slightly higher than flash estimates in September. Elsewhere, South Africa's Barclays manufacturing PMI advanced in September, although it remained in the contraction territory.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound gained 0.2% against the South African Rand to trade at R17.5060. Later today, traders will keep an eye on UK's construction PMI for further direction.

The British Pound declined against the South African Rand yesterday, after British Prime Minister, Theresa May indicated March 2017 as a deadline for beginning the process of UK's exit from the European Union. Macroeconomic data revealed that UK's Markit manufacturing PMI expanded surprisingly in September, as manufacturing sector grew at its quickest pace since 2014.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R15.2684. Going forward, market participants will keep a tab on Eurozone's producer price index scheduled in a few hours.

The Euro weakened against the South African Rand yesterday. Separately, data indicated that the final reading on Eurozone's Markit manufacturing PMI expanded in line with preliminary estimates in September. Separately, Germany's final Markit manufacturing PMI advanced to a three-month high in September, in line with flash estimates.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar gained 0.2% against the South African Rand to trade at R10.4503. In a widely expected move, the Reserve Bank of Australia kept the interest rate steady at 1.5% at its monetary policy meeting.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's performance of manufacturing index advanced in September, although it remained in contraction territory. Over the weekend, data indicated in China, Australia's top trading partner, the NBS manufacturing PMI steadied in September, in line with market expectations.

Key Currencies & Commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|-------------------|---------|---|-----------|-----------|-----------|-------------------|-----------|
| USDZAR | 13.6427 | ▲ | -0.91% | -0.91% | -0.91% | -6.85% | -12.12% |
| GBPZAR | 17.5060 | ▲ | -1.90% | -1.90% | -1.90% | -8.01% | -23.40% |
| EURZAR | 15.2684 | ▲ | -1.20% | -1.20% | -1.20% | -6.12% | -9.29% |
| AUDZAR | 10.4503 | ▲ | -0.77% | -0.77% | -0.77% | -5.05% | -8.16% |
| EURUSD | 1.1199 | ▼ | -0.21% | -0.21% | -0.21% | 0.69% | 3.17% |
| GBPUSD | 1.2831 | ▼ | -1.00% | -1.00% | -1.00% | -1.26% | -12.89% |
| Brent (\$/barrel) | 50.7 | ▼ | 1.39% | 1.39% | 1.39% | 7.04% | 36.51% |
| Gold (\$/oz) | 1312.8 | ▲ | -0.33% | -0.33% | -0.33% | 0.41% | 23.47% |
| Platinum (\$/oz) | 1003.4 | ▼ | -2.42% | -2.42% | -2.42% | -2.36% | 12.56% |
| Copper (\$/MT)* | 4800.5 | ▼ | -0.98% | -0.98% | -0.98% | 5.26% | 2.01% |

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged higher 0.3% to trade at \$1,312.80/oz.

Yesterday, gold prices fell 0.3% to close at \$1,309.00/oz, as strength in the greenback reduced demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.3% to trade at \$50.74/bL.

Yesterday, Brent crude oil advanced 1.4% to settle at \$50.89/bL, amid optimism surrounding OPEC's deal to curb output and as Iran expressed the need for other oil producers to join OPEC in stabilising crude market.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged marginally lower to trade at \$1,003.40/oz.

Yesterday, platinum prices declined 2.4% to close at \$ 1003.70/oz.



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Major South Africa Corporate News

Anglo American Plc

The company announced the completion of the sale of its Niobium and Phosphates businesses in Brazil to China Molybdenum Co. Limited and received cash proceeds of USD1.70bn. The economic benefits of the businesses will transfer to China Molybdenum as of the end of September 30, 2016.

MTN Group Limited

Global ratings agency S&P has lowered the company's long term corporate credit rating to "BB+" and its South Africa national scale rating to "zaA+" with a stable outlook.

Pioneer Food Group Limited

The company stated that Ms Cindy Hess has resigned as Chief Financial Officer and Director of Pioneer Foods, effective October 31, 2016. Cas Lamprecht, a senior Financial Executive in the group will assume the role of Acting CFO until a suitable replacement has been appointed.

Trencor Limited

In its trading statement for the six months ended 30 June 2016, the company announced that due to poor economic conditions experienced in the container industry it expects its headline loss to be between 206.00p/share to 227.00p/share. Additionally, due to the onerous and time-consuming exercise of converting to IFRS, the US GAAP compliant results of the company are expected to be delayed till October 14, 2016.

Major Global Economic News

US

In September, the ISM manufacturing activity index in the US climbed to 51.50, compared to a level of 49.40 in the prior month. Markets were expecting the index to rise to 50.20.

In the US, the final Markit manufacturing PMI registered a drop to 51.50 in September, compared to a level of 52.00 in the prior month. Market anticipation was for the PMI to drop to 51.40 and the preliminary figures had recorded a fall to 51.40.

In August, construction spending in the US registered an unexpected drop of 0.70% on a monthly basis, compared to a revised drop of 0.3% in the previous month. Market anticipation was for construction spending to advance 0.3%.

Asia

The Reserve Bank of Australia (RBA) held the interest rate steady at 1.5%, meeting market expectations

Eurozone

In the Eurozone, the final manufacturing PMI advanced to 52.60 in September, in line with market expectations. The manufacturing PMI had registered a reading of 51.70 in the previous month and the preliminary figures had also recorded an advance to 52.60.

The final manufacturing PMI in Germany recorded a rise to 54.30 in September, compared to a reading of 53.60 in the previous month. The preliminary figures had also indicated a rise to 54.30 and markets were expecting PMI to climb to 54.30.

UK

In the UK, the Markit manufacturing PMI climbed unexpectedly to 55.40 in September, compared to market expectations of a drop to 52.10. The PMI had registered a revised reading of 53.40 in the prior month.

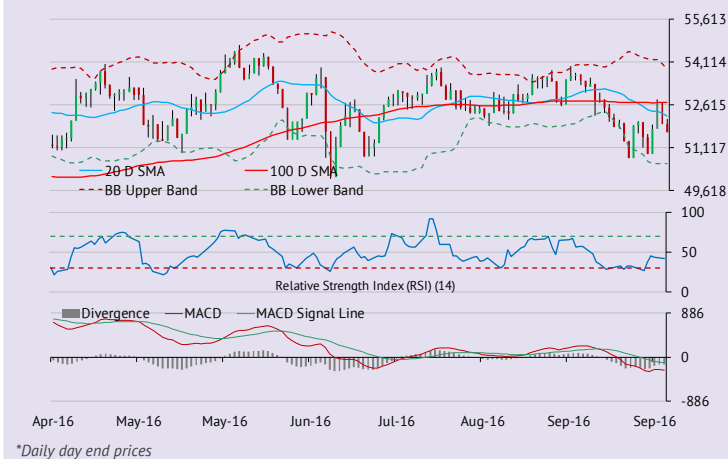
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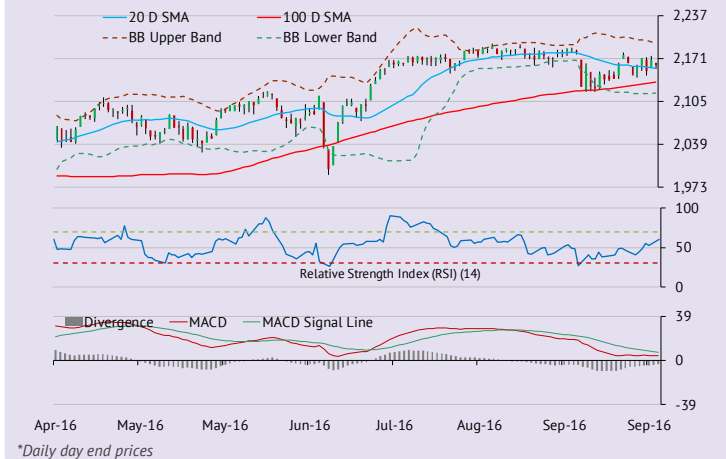
Technical Snapshot

JSE All Share



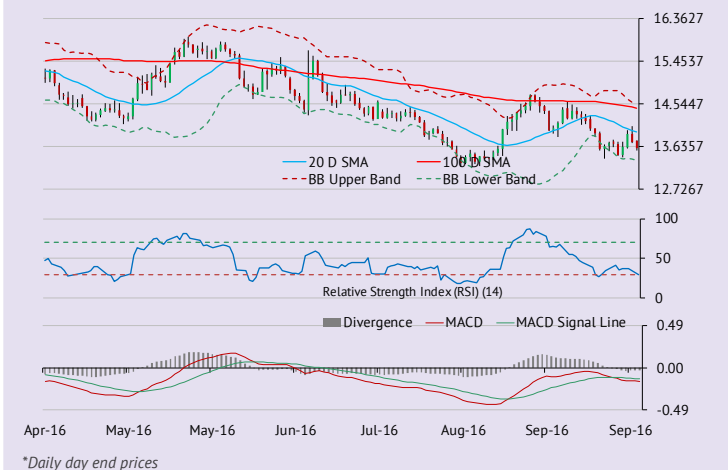
The JSE All Share index is expected to find support at 50769.46, and a fall through could take it to the next support level of 49879.94. The index is expected to find its first resistance at 52678.71, and a rise through could take it to the next resistance level of 53698.44.

S&P 500



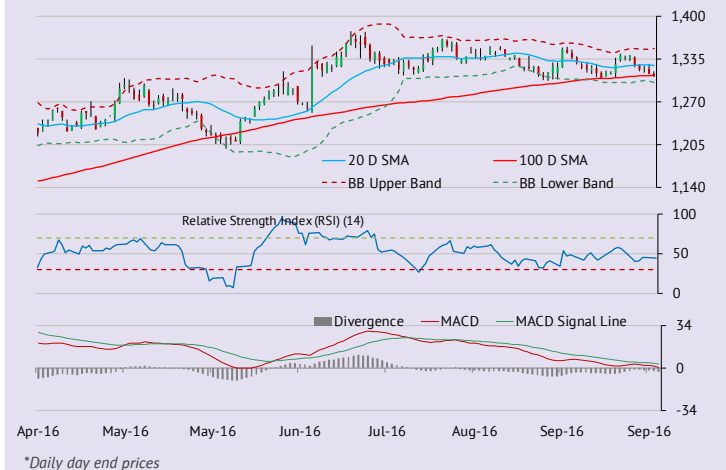
The S&P 500 index is expected to find support at 2143.40, and a fall through could take it to the next support level of 2125.60. The index is expected to find its first resistance at 2177.15, and a rise through could take it to the next resistance level of 2193.10.

USDZAR



The pair is expected to find support at 13.3087, and a fall through could take it to the next support level of 13.0191. The pair is expected to find its first resistance at 13.9770, and a rise through could take it to the next resistance level of 14.3557.

XAU/USD



Gold is expected to find support at \$1298.50/oz, and a fall through could take it to the next support level of \$1288.00/oz. The precious metal is expected to find its first resistance at \$1329.20/oz, and a rise through could take it to the next resistance level of \$1349.40/oz.

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Economic Calendar

| Country | SAST | Economic Indicator | Relevance | Consensus/ *Actual | Previous/ **Previous Est. | Frequency |
|----------|-------|--------------------------------------------------|-----------|-----------------------|------------------------------|--------------|
| Japan | 01:50 | Monetary Base (YoY) (Sep) | ✓ | 22.70%* | 24.20% | Monthly |
| Japan | 07:00 | Consumer Confidence Index (Sep) | ✓✓ | 41.50 | 42.00 | Monthly |
| Spain | 09:00 | Unemployment Change (Sep) | ✓ | 23.30 K | 14.40 K | Monthly |
| Spain | 09:45 | Bank of Spain Governor Linde Speaks in Madrid | ✓ | - | - | As scheduled |
| UK | 10:30 | Markit Construction PMI (Sep) | ✓✓ | 49.00 | 49.20 | Monthly |
| Eurozone | 11:00 | Producer Price Index (MoM) (Aug) | ✓ | -0.10% | 0.10% | Monthly |
| Eurozone | 11:00 | Producer Price Index (YoY) (Aug) | ✓✓ | -2.10% | -2.80% | Monthly |
| Eurozone | 12:50 | ECB's Peter Praet speaks at Madrid forum | ✓ | - | - | As scheduled |
| Eurozone | 13:00 | ECB's Knot Presents Overview Financial Stability | ✓ | - | - | As scheduled |
| US | 14:55 | Redbook Index s.a. (MoM) (30-Sep) | ✓ | - | -0.50% | Weekly |
| US | 15:45 | ISM New York Index (Sep) | ✓ | - | 47.50 | Monthly |
| US | 16:00 | IBD/TIPP Economic Optimism (MoM) (Oct) | ✓ | - | 46.70 | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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