

ONE Minute Brief

6 October 2016

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Economic and Political News

South Africa's SACCI business confidence index fell to a level of 90.30 in September, compared to a level of 92.90 in the prior month. Meanwhile, the Standard Bank PMI registered a rise to 50.70 in September, compared to a level of 49.80 in the previous month.

Parliament's Portfolio Committee on communications Chairman, Humphrey Maxegwana, announced that it has decided to conduct an inquiry into the SABC board, while also calling on the board members to hand in their resignations. Separately, SABC board members Krish Naidoo and Vusi Mavuso announced their resignations at the meeting.

Public Protector Thuli Madonsela's office announced that President Jacob Zuma would be questioned regarding allegations that he was influenced by the wealthy Gupta family.

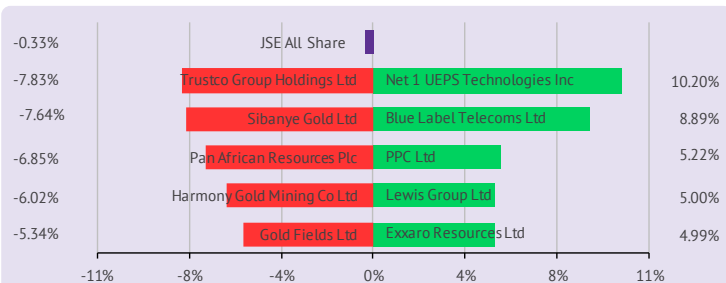
SARB Governor, Lesetja Kganyago, indicated that the South African Rand was currently undervalued, partially due to the political turmoil in the nation.

SAPO Chairperson, Dr Simo Lushaba, announced that the company is closing down its 221 outlets, amid a financial loss of ZAR1.1bn.

South Africa Market ▼

South African markets closed lower

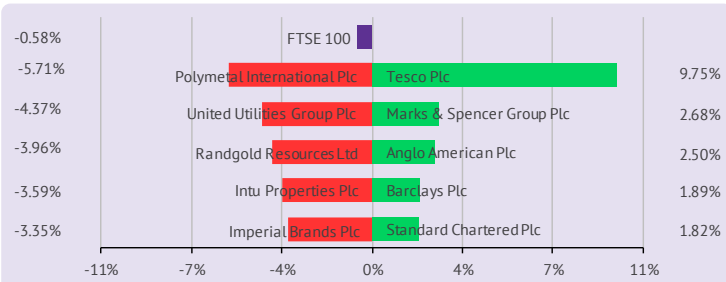
South African markets closed in the red yesterday, weighed down by losses in gold mining sector stocks. Data indicated that South Africa's SACCI business confidence eased in September. The JSE All Share Index fell 0.3% to close at 51,868.53.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, reversing their previous session rally. Data revealed that UK's Markit services PMI expanded more-than-expected in September. The FTSE 100 Index declined 0.6% to close at 7,033.25.



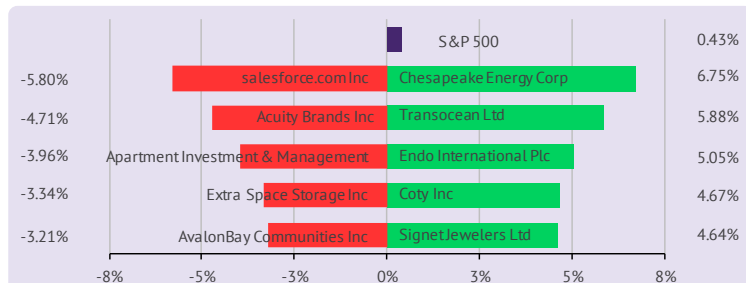
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51868.53	▼ -172.32	-0.33%	-0.16%	-0.16%	-1.49%	2.32%
JSE Top 40	45308.48	▼ -164.55	-0.36%	-0.26%	-0.26%	-1.81%	-1.07%
FTSE 100	7033.25	▼ -41.09	-0.58%	1.94%	1.94%	1.74%	12.67%
DAX 30	10585.78	▼ -33.83	-0.32%	0.71%	0.71%	-0.77%	-1.46%
CAC 40	4489.95	▼ -13.14	-0.29%	0.94%	0.94%	0.23%	-3.17%
S&P 500	2159.73	▲ 9.24	0.43%	-0.39%	-0.39%	-0.12%	5.67%
Nasdaq Composite	5316.02	▲ 26.36	0.50%	0.08%	0.08%	1.89%	6.16%
DJIA	18281.03	▲ 112.58	0.62%	-0.15%	-0.15%	-0.50%	4.91%

US Market ▲

The S&P 500 futures are trading in the red

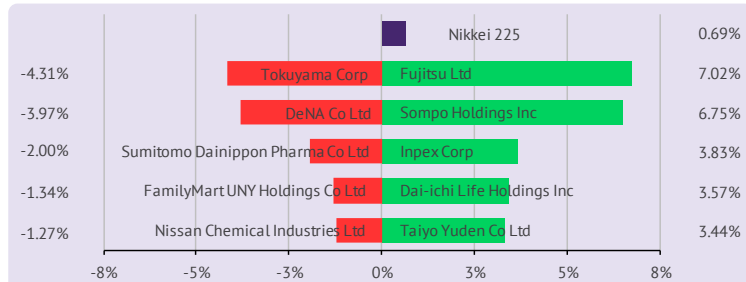
US markets closed higher yesterday, supported by gains in financial sector stocks. Data indicated that the ISM non-manufacturing PMI in the US expanded better than market expectations in September. The S&P 500 Index climbed 0.4% to close at 2,159.73.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, tracking overnight gains on Wall Street. The Nikkei 225 Index is trading 0.7% higher at 16,934.73. Markets in China remain closed today on account of a national holiday.



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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 R13.7214. Later today, traders will keep a close watch on US weekly initial jobless claims data for further direction.

The US Dollar fell against the South African Rand yesterday, despite data indicating that the ISM non-manufacturing PMI in the US jumped to its highest level in almost a year in September. Moreover, the final Markit services PMI was revised higher than flash estimates in September. On the other hand, the ADP employment change showed that companies created jobs at the slowest pace in six months in September. Moreover, factory orders advanced slightly in August, while the final durable goods orders advanced more-than-expected in the same month. Further, the nation's trade deficit widened in August. Elsewhere, South Africa's SACCI business confidence eased in September.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R17.4560. Later today, traders will keep an eye on UK's manufacturing and industrial production data scheduled to release tomorrow.

The British Pound declined against the South African Rand yesterday, despite data indicating that UK's services sector activity advanced higher than market expectations in September.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.2% against the South African Rand to trade at R15.3411. Going forward, market participants will keep a tab on Germany's Markit construction PMI and factory orders for further cues.

The Euro weakened against the South African Rand yesterday. Data revealed that the final reading on Eurozone's Markit services PMI was revised higher than previously estimated in September. Further, the region's retail sales fell less-than-expected in August, its first monthly decline since March. Elsewhere, Germany's final services PMI advanced slightly more than flash estimates in September, although growth slowed from August.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.3% against the South African Rand to trade at R10.4269. Earlier in the session, Australia's trade deficit narrowed more-than-expected in August.

The Australian Dollar fell against the South African Rand yesterday. Separately, data indicated that Australia's AIG performance of services index advanced in September, although it remained in contraction territory. Moreover, the nation's retail sales rose more than expected on a monthly basis in August.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.7214	▲	-0.80%	-0.03%	-0.03%	-6.85%	-11.34%
GBPZAR	17.4560	▼	-0.63%	-1.75%	-1.75%	-8.01%	-23.28%
EURZAR	15.3411	▼	-0.80%	-0.37%	-0.37%	-6.12%	-8.52%
AUDZAR	10.4269	▼	-0.78%	-0.56%	-0.56%	-5.05%	-7.96%
EURUSD	1.1199	▼	0.01%	-0.27%	-0.27%	0.69%	3.12%
GBPUSD	1.2727	▼	0.16%	-1.72%	-1.72%	-1.26%	-13.52%
Brent (\$/barrel)	51.5	▼	1.95%	3.33%	3.33%	7.04%	39.11%
Gold (\$/oz)	1268.1	▲	-0.09%	-3.66%	-3.66%	0.41%	19.34%
Platinum (\$/oz)	980.0	▲	-1.26%	-5.47%	-5.47%	-2.36%	9.04%
Copper (\$/MT)*	4778.3	▼	-0.15%	-1.44%	-1.44%	5.26%	1.54%

*As of Previous Close

Gold ▲

Trading in the green

Gold prices climbed 0.2% at 06:00 SAST, to trade at \$1,268.10/oz, reversing previous session losses.

Yesterday, gold prices fell 1.0% to close at \$1,265.20/oz, amid increasing speculation for an interest rate hike by the US Fed before the year end.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 0.7% to trade at \$51.52/bl.

Yesterday, Brent crude oil advanced 2.0% to settle at \$51.86/bl, after the US Energy Department reported that crude oil inventories fell by 3.0mn bls last week, notching its fifth consecutive drop.

Platinum ▲

Trading in positive territory

Platinum prices advanced 0.8% at 06:00 SAST, to trade at \$980.00/oz, reversing losses from previous sessions.

Yesterday, platinum prices declined 1.3% to close at \$972.30/oz.

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Major South Africa Corporate News

Net 1 UEPS Technologies Inc

The company revealed that it has entered into a share subscription agreement with Blue Label Telecoms Limited to subscribe for approximately 117.9mn shares in Blue Label, at a subscription price of ZAR16.96/share, representing a 10.0% discount to ZAR18.84. The aggregate subscription consideration payable by the company is ZAR2.00bn. Following implementation of the subscription, the company will own approximately 15.0% of the issued ordinary shares in Blue Label. The company expects to settle subscription consideration through a combination of cash resources, debt instruments and an equity issuance of 5.00mn shares of common stock, at an issue price of USD9.00/share. Following implementation of the subscription, it will be entitled to nominate a Director to Blue Label's board.

SABMiller Plc

The company announced the suspension of the listing of its shares on the Johannesburg Stock Exchange with effect from the start of the trading day on September 30, 2016, its shares will be delisted from the Main Board of the Johannesburg Stock Exchange with effect from 8.00 a.m. (London time) on October 5, 2016.

Major Global Economic News

US

In September, the non-manufacturing PMI in the US recorded a rise to 57.10, compared to market expectations of an advance to a level of 53.00. The PMI had recorded a level of 51.40 in the previous month.

The ADP private sector employment in the US climbed by 154.00K in September, following a revised gain of 175.00K in the prior month. Market anticipation was for the private sector employment to rise 165.00K.

In the US, the final Markit services PMI rose to a level of 52.30 in September, higher than market expectations of an advance to a level of 51.90. Markit services PMI had recorded a level of 51.00 in the prior month and the preliminary figures had indicated a rise to 51.90.

The US has registered trade deficit of USD40.70bn in August, compared to a deficit of USD39.50bn in the previous month. Markets were anticipating a deficit of USD39.20bn.

In the US, factory orders registered an unexpected rise of 0.2% on a monthly basis in August, compared to market expectations for a fall of 0.2%. In the previous month, factory orders had climbed by a revised 1.4%.

UK

In the UK, the services PMI fell to a level of 52.60 in September, compared to market expectations of a drop to a level of 52.20. The PMI had registered a level of 52.90 in the previous month.

In September, official reserves climbed USD722.00mn in the UK. In the previous month, official reserves had fallen USD463.00mn.

Sibanye Gold Limited

The company stated that its Cooke operations have resumed normal operations after the illegal industrial action was called-off following engagement with union representatives. The two seriously injured employees are still in a critical, but stable condition. The company will take appropriate disciplinary action once the investigation into the attacks and the illegal industrial action is concluded.

Eurozone

In September, the final services PMI eased to 52.20 in the Eurozone, compared to market expectations of a drop to a level of 52.10. The preliminary figures had indicated a fall to 52.10 and in the previous month, PMI had recorded a level of 52.80.

In the Eurozone, the seasonally adjusted retail sales recorded a drop of 0.1% on a monthly basis in August, less than market expectations for a fall of 0.3%. Retail sales had advanced by a revised 0.3% in the previous month.

In Germany, the final services PMI recorded a drop to 50.90 in September, compared to a reading of 51.70 in the prior month. Market expectation was for PMI to drop to a level of 50.60 and the preliminary figures had indicated a drop to 50.60.

Asia

The seasonally adjusted trade deficit in Australia narrowed to AUD2010.00mn in August, following a revised deficit of AUD2121.00mn in the prior month. Market anticipation was for the nation to record a deficit of AUD2300.00mn.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus	Previous	Frequency
Germany	08:00	Factory Orders s.a. (MoM) (Aug)	✓✓	0.30%	0.20%	Monthly
Switzerland	09:00	KOF Institute Autumn Economic Forecast	✓✓	-	-	As scheduled
Switzerland	09:15	Consumer Price Index (MoM) (Sep)	✓✓	0.20%	-0.10%	Monthly
UK	10:00	New Car Registrations (YoY) (Sep)	✓	-	3.30%	Monthly
Greece	11:00	Unemployment Rate (Jul)	✓	23.20%	23.40%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Aug)	✓	-	-0.60%	Monthly
South Africa	13:00	Electricity Production (YoY) (Aug)	✓	-	2.00%	Monthly
US	13:30	Challenger Job Cuts (YoY) (Sep)	✓	-	-21.80%	Monthly
Eurozone	13:30	ECB account of the monetary policy meeting	✓	-	-	As scheduled
Canada	14:30	Building Permits (MoM) (Aug)	✓	1.00%	0.80%	Monthly
US	14:30	Initial Jobless Claims (01-Oct)	✓✓	256.00 K	254.00 K	Weekly
Eurozone	15:15	ECB Board Member Praet Speaks in New York	✓	-	-	As scheduled
Eurozone	16:50	ECB's Angeloni Speaks in Amsterdam	✓	-	-	As scheduled
Canada	17:35	BoC's Wilkins Speaks in Trois-Rivieres, Quebec	✓	-	-	As scheduled
Eurozone	-	ECB's Coeure Attends G20 Meeting in Washington	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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