

# ONE Minute Brief

19 February 2016

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## Economic and Political News

President Jacob Zuma, vowed that preventing another downgrade to South Africa's credit rating is the government's top priority, as further reduction in the rating would have a negative impact on the nation's economy.

The rescue operations at the Vantage Goldfields' Lily mine would be delayed by two-three weeks, where three workers are trapped for a straight thirteenth day since the mine collapsed. The mine's spokesperson announced that a new shaft had to be drilled as there was currently only one exit and entry point to the mine.

The government announced that it would urgently table a proposal in the parliament to halt the implementation of the Tax Laws Amendment Act by two years which was to come in effect in from 1 March 2016. Meanwhile, the Congress of South African Trade Unions (COSATU) stated that this would be their first step towards victory and would march on with its strike until the identified aspects of the law are scrapped.

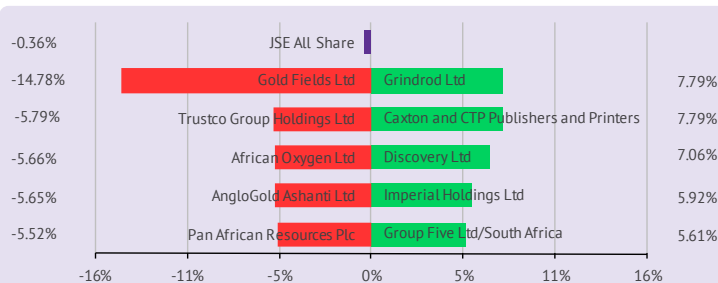
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49857.70	▼	-181.61	-0.36%	2.61%	1.46%	-3.06%	-1.65%
JSE Top 40	44461.24	▼	-130.50	-0.29%	3.11%	0.90%	-3.78%	-2.92%
FTSE 100	5971.95	▼	-58.37	-0.97%	4.63%	-1.84%	-2.54%	-4.33%
DAX 30	9463.64	▲	86.43	0.92%	5.53%	-3.41%	-8.80%	-11.91%
CAC 40	4239.76	▲	6.29	0.15%	6.13%	-4.01%	-4.75%	-8.57%
S&P 500	1917.83	▼	-8.99	-0.47%	2.84%	-1.16%	-5.07%	-6.17%
Nasdaq Composite	4487.54	▼	-46.53	-1.03%	3.46%	-2.74%	-7.86%	-10.38%
DJIA	16413.43	▼	-40.40	-0.25%	2.75%	-0.32%	-5.50%	-5.81%

## South Africa Market ▼

### South African markets closed lower

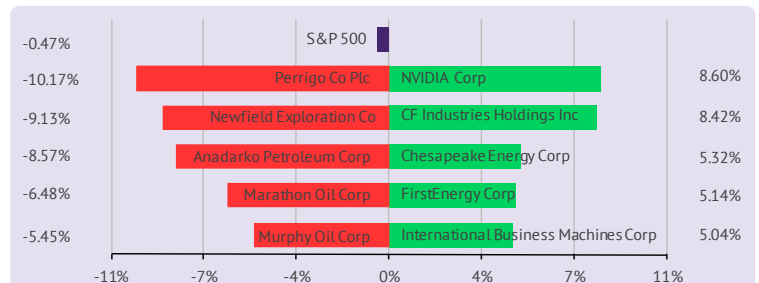
South African markets closed in the red yesterday, amid losses in gold sector stocks. The JSE All Share Index fell 0.4% to close at 49,857.70.



## US Market ▼

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

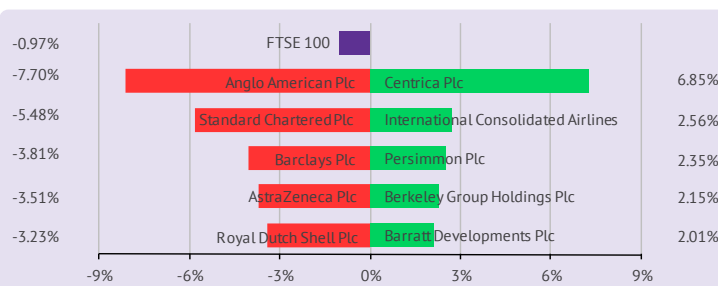
US markets closed lower yesterday, weighed down by losses in energy sector stocks. Data revealed that the US initial jobless claims surprisingly eased last week. The S&P 500 Index dropped 0.5% to close at 1,917.83.



## UK Market ▼

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

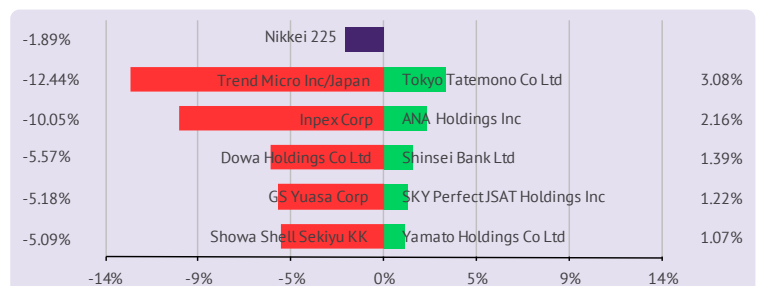
UK markets finished lower yesterday, led by losses in oil and mining sector stocks. The FTSE 100 Index declined 1.0% to close at 5,971.95.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight weakness on Wall Street. The Nikkei 225 Index is trading 1.9% lower at 15,889.89.



**Address:** GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.  
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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## USDZAR ▲

### USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R15.4446. Later today, traders will keep a close watch on US consumer price inflation for further clues.

The US Dollar fell against the South African Rand yesterday. Data showed that initial jobless claims in US declined to its lowest level since November and the Philadelphia Fed manufacturing index advanced but remained in the contraction territory for the sixth consecutive month in February. Meanwhile, US leading indicator dropped in January, at par with market expectations.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained marginally against the South African Rand to trade at R22.1196. Later today, traders will keep an eye on UK's retail sales and public sector net borrowing for further direction.

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

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.3% higher against the South African Rand at R17.1784. Going forward, market participants will keep a tab on the preliminary estimate of the Eurozone's consumer confidence index for February.

The Euro weakened against the South African Rand yesterday, after Eurozone's current account surplus narrowed in December. Separately, the minutes of ECB's monetary policy meeting in January revealed that the governing council was unanimous in concluding that its current policy needed to be reviewed and would be considered in March. The central bank also indicated that is on track for more aggressive monetary easing to boost the Eurozone's economy.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.5% against the South African Rand to trade at R10.9749.

The Australian Dollar fell against the South African Rand yesterday, after Australia's unemployment rate climbed surprisingly in January. On the other hand, in China, Australia's biggest trading partner, consumer inflation quickened on a yearly basis in January.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.4446	▲	-0.42%	-2.96%	-3.03%	2.70%	-0.42%
GBPZAR	22.1196	▲	-0.02%	-3.93%	-2.29%	-0.72%	-3.00%
EURZAR	17.1784	▲	-0.58%	-4.09%	-0.46%	2.40%	1.93%
AUDZAR	10.9749	▼	-0.70%	-2.18%	-1.93%	-0.95%	-2.87%
EURUSD	1.1124	▲	-0.29%	-1.39%	2.44%	-0.30%	2.13%
GBPU\$	1.4323	▼	0.30%	-1.23%	0.56%	-3.33%	-2.79%
Brent (\$/barrel)	33.9	▼	-0.64%	2.76%	-1.32%	-6.81%	-8.05%
Gold (\$/oz)	1228.2	▲	1.24%	-1.05%	9.83%	5.30%	15.65%
Platinum (\$/oz)	945.8	▲	-0.43%	-1.30%	8.16%	-1.95%	6.04%
Copper (\$/MT)*	4575.8	▼	-0.28%	1.53%	0.13%	-2.88%	-2.76%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices climbed 0.2% to trade at \$1,228.20/oz.

Yesterday, gold prices rose 1.2% to close at \$1,226.10/oz, amid a decline in global equity markets, increasing demand of the precious safe-haven yellow metal.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 1.1% lower to trade at \$33.91/bl.

Yesterday, Brent crude oil dropped 0.6% to settle at \$34.28/bl, after the US Energy Department reported that crude oil inventories rose by 2.15mn bls to 504.10mn bls last week, raising concerns about global oversupply. Further, Saudi Arabia's Foreign Minister, Adel Al Jubeir indicated that the world's top producer of oil is not prepared for a production cut.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose marginally to trade at \$945.80/oz.

Yesterday, platinum prices declined 0.4% to close at \$945.60/oz, reversing previous session gains.



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## Major South Africa Corporate News

### City Lodge Hotels Limited

In its 1H16 results, the company, stated that its revenue advanced 17.3% from the same period of the preceding year to R753.44mn. Its fully diluted headline EPS stood at 451.40c, compared with 379.20c recorded in the corresponding period of the previous year. Furthermore, the company revealed that the average occupancies at the group's South African hotels rose to 69.0%, up from 68.0% posted in the previous interim reporting period.

### Gold Fields Limited

In its FY15 results, the firm, stated that its revenue decreased to \$2.55bn from \$2.87bn posted in the previous year, primarily due to lower production and lower gold prices. It reported a headline diluted loss of 4.00¢/share, compared with headline diluted EPS of 4.00¢ recorded in the prior year. The company revealed that attributable equivalent gold production for the group was 2.16mnoz, compared with 2.22mnoz produced in the earlier year. For FY16, attributable equivalent gold production is expected to be in the range of 2.05mnoz to 2.10mnoz, with decreases in the international operations partly offset by the growth in production at South Deep.

### Grindrod Limited

In its trading statement for FY15, the company revealed that its headline earnings are expected to be in the range of R545.00mn to R580.00mn, reflecting a decline of 20.0% to 25.0% from the preceding year. It stated that strong performances in the tanker and ship operating businesses offset the impact of the weak trading in the dry-bulk shipping business. However, the persistent decline in the dry-bulk shipping rates has significantly impacted ship carrying values in the current year, which makes it appropriate for the company to raise an impairment of \$100.00mn. to 75.00c, a decline of 30.0% to 35.0% from the previous year.

### MTN Group Limited

In its trading statement for FY15, the company, stated that amid the ongoing talks taking place with the Nigerian authorities, there remains some uncertainty regarding the final quantum of the Nigerian fine, should an out of court settlement be reached. Nevertheless, it expects to report a decline in basic headline EPS of approximately 20.0% i.e. a reduction of at least 307.00c, compared with 1,536.00c posted in the prior year.

### Truworths International Limited

In its 1H16 results, the company indicated that its total revenue rose to R9.02bn from R6.70bn posted in the corresponding period of the previous year. Group's retail sales climbed 36.0% from the same period a year ago to R8.48bn. Its diluted headline EPS advanced 21.1% from the same period of the prior year to 403.80c, boosted by the recent acquisition of a British footwear chain.

## Major Global Economic News

### US

The seasonally adjusted initial jobless claims in the US, recorded an unexpected drop to 262.00K in the week ended 13 February 2016, compared to market expectations of a rise to 275.00K. In the previous week, initial jobless claims had recorded a reading of 269.00K.

Leading indicator in the US, eased 0.2% in January, meeting market expectations. The indicator had dropped by a revised 0.3% in the previous month.

The Philadelphia Fed manufacturing index in the US, recorded a rise to -2.80 in February compared to a reading of -3.50 in the prior month. Market anticipation was for it to advance to a level of -3.00.

### Eurozone

The European Central Bank (ECB) minutes indicated that risks to Eurozone's economy have increased amid uncertainty in global financial markets and weakness in emerging markets, putting the central bank on course for more aggressive monetary easing to boost the economy.

The seasonally adjusted current account surplus in the Eurozone dropped to a level of EUR25.50bn in December, following an upwardly revised surplus of EUR26.90bn in the prior month.

Switzerland's trade surplus expanded to a level of CHF3.51 billion in January, following a trade surplus of CHF2.54 billion recorded in the preceding month.

**Address:** GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.  
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	06:30	All Industry Activity Index (MoM) (Dec)	✓✓	-0.90%*	-1.00%	Monthly
Germany	09:00	Producer Price Index (MoM) (Jan)	✓✓	-0.30%	-0.50%	Monthly
UK	11:30	Public Sector Net Cash Requirement (Jan)	✓✓	-	GBP8.10bn	Monthly
UK	11:30	Retail Sales (MoM) (Jan)	✓	0.80%	-1.00%	Monthly
UK	11:30	Retail Sales ex-Fuel (YoY) (Jan)	✓✓	3.40%	2.10%	Monthly
UK	11:30	PSNB ex Interventions (Jan)	✓	-GBP12.30bn	GBP7.50bn	Monthly
UK	11:30	Public Sector Net Borrowing (Jan)	✓✓	-GBP13.90bn	GBP6.90bn	Monthly
US	15:00	Fed's Mester to Speak at Global Interdependence Center	✓	-	-	As scheduled
Canada	15:30	Consumer Price Index - Core s.a. (MoM) (Jan)	✓✓	0.20%	0.10%	Monthly
Canada	15:30	Consumer Price Index s.a. (MoM) (Jan)	✓✓	-0.10%	0.10%	Monthly
US	15:30	Consumer Price Index (MoM) (Jan)	✓✓	-0.10%	-0.10%	Monthly
US	15:30	Consumer Price Index (YoY) (Jan)	✓✓✓	1.30%	0.70%	Monthly
Canada	15:30	Retail Sales (MoM) (Dec)	✓✓	-0.90%	1.70%	Monthly
Canada	15:30	Bank of Canada Consumer Price Index Core (MoM) (Jan)	✓✓	0.20%	-0.40%	Monthly
Canada	15:30	Bank of Canada Consumer Price Index Core (YoY) (Jan)	✓✓✓	1.90%	1.90%	Monthly
Canada	15:30	Consumer Price Index (MoM) (Jan)	✓✓	0.00%	-0.50%	Monthly
Canada	15:30	Consumer Price Index (YoY) (Jan)	✓✓✓	1.80%	1.60%	Monthly
US	15:30	Consumer Price Index Core s.a (Jan)	✓	244.81	244.45	Monthly
Eurozone	17:00	Consumer Confidence (Feb) (P)	✓✓	-6.60	-6.30	Monthly
Greece	-	Current Account (Dec)	✓	-	-EUR1.22bn	Monthly
Eurozone	-	European Council meeting	✓	-	-	As scheduled

Note: ✓✓✓High    ✓✓Medium    ✓Low

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