

# ONE Minute Brief

25 February 2016

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## Economic and Political News

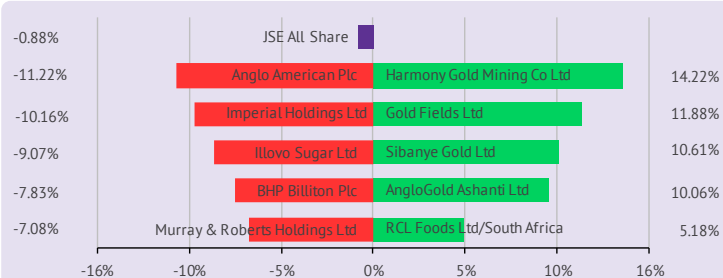
Finance Minister, Pravin Gordhan, released South Africa's budget stating that the government expects to reduce its budget deficit to 3.2% of the Gross Domestic Product (GDP) in the next fiscal year from the current 3.9%, as it plans on tightening its spending and increase the levy on fuel and excise duty on tobacco and liquor products. The Treasury revised down the nation's economic growth for 2016 to 0.9% from 1.7%, following lower commodity prices, higher borrowing costs, effects of drought and diminishing consumer confidence. He also stated that inflation is likely to breach the upper end of the 3% - 6% target band this year at a 6.8% average, and 6.3% next year on higher food prices and a weaker Rand. Further, taxes of R18.10bn would be raised in 2016-2017, which would mainly affect the higher-income taxpayers.

The Presidency stated that President Jacob Zuma, decided to raise the salaries of all public office bearers by 4.4%, as compared to the inflation of more than 6.0% after considering the recommendations of the Independent Commission for the Remuneration of Public Office Bearers, and the deteriorating economic climate.

## South Africa Market ▼

### South African markets closed lower

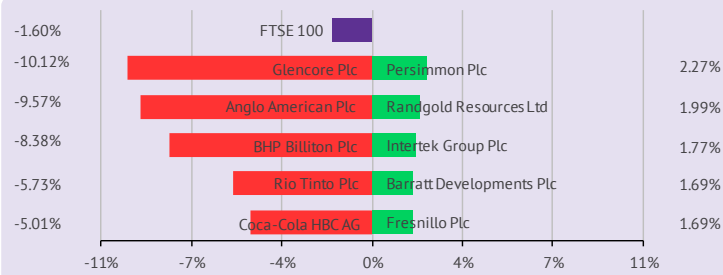
South African markets closed in the red yesterday, amid losses in resources sector stocks and after Finance Minister Pravin Gordhan, slashed the country's growth from 1.7% to 0.9% for 2016. The JSE All Share Index fell 0.9% to close at 47,995.82.



## UK Market ▼

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

UK markets finished lower yesterday, led by losses in mining sector stocks and concerns over Britain's exit from the European Union. A survey showed that, growth in UK's retail sales slowed in February. The FTSE 100 Index declined 1.6% to close at 5,867.18.



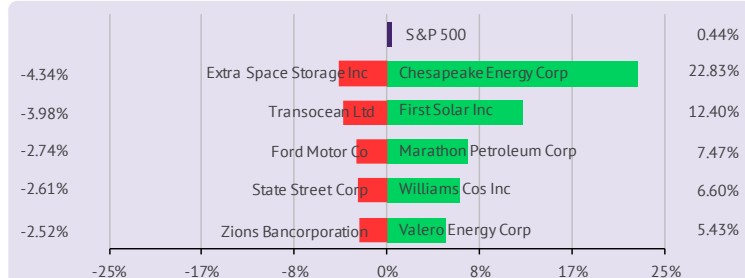
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	47995.82	▼	-426.17	-0.88%	-1.93%	-2.33%	-3.06%	-5.32%
JSE Top 40	42452.61	▼	-496.71	-1.16%	-2.35%	-3.66%	-3.78%	-7.30%
FTSE 100	5867.18	▼	-95.13	-1.60%	-1.40%	-3.56%	-2.54%	-6.01%
DAX 30	9167.80	▼	-248.97	-2.64%	-2.35%	-6.43%	-8.80%	-14.66%
CAC 40	4155.34	▼	-83.08	-1.96%	-1.60%	-5.92%	-4.75%	-10.39%
S&P 500	1929.80	▲	8.53	0.44%	0.63%	-0.54%	-5.07%	-5.58%
Nasdaq Composite	4542.61	▲	39.02	0.87%	0.85%	-1.55%	-7.86%	-9.28%
DJIA	16484.99	▲	53.21	0.32%	0.57%	0.11%	-5.50%	-5.39%

## US Market ▲

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

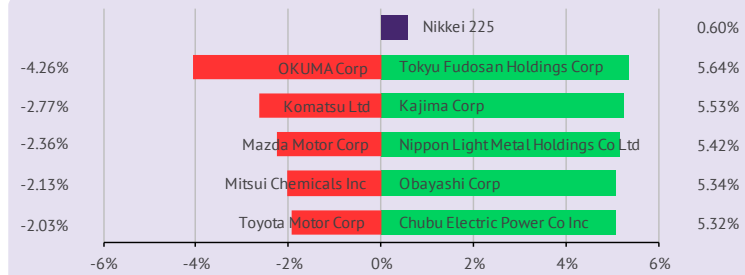
US markets closed higher yesterday, amid a recovery in oil prices along with gains in material sector stocks. Data indicated that the US Market services Purchasing Managers Index (PMI) registered a surprise drop in February. The S&P 500 Index climbed 0.4% to close at 1,929.80.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Meanwhile, the US and China have agreed on a UN resolution that would impose tougher sanctions against North Korea over its latest nuclear test. The Nikkei 225 Index is trading 0.6% higher at 16,012.06.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar advanced 0.2% against the South African Rand to trade at R15.6316. Later today, traders will keep a close watch on US durable goods orders, initial jobless claims and the Kansas City Fed manufacturing activity data for further clues. Meanwhile, South Africa's Q4 unemployment rate data scheduled later in the day would grab market attention.

The US Dollar rose against the South African Rand yesterday. Meanwhile, the US Markit services PMI contracted for the first time in two years in February and the new home sales fell more than expected in January. Elsewhere, in South Africa, Finance Minister, Pravin Gordhan slashed economy's growth outlook in the fiscal budget for 2016.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound gained 0.1% against the South African Rand to trade at R21.7770. Later today, traders will eye UK's 4Q GDP growth data for further direction.

The British Pound advanced against the South African Rand yesterday, rebounding from its earlier session losses. Data released showed that the CBI reported sales cooled for a second month in February.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R17.2246. Going forward, market participants will keep a tab on the Eurozone's as well as Germany's consumer price index for January, to gauge strength in the European economy.

The Euro strengthened against the South African Rand yesterday. The Rand lost ground, after the budget released for fiscal year 2016 in South Africa disappointed investors as South Africa's Finance Minister cut growth outlook for 2016 and expressed concerns over the condition of the nation's economy.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R11.2090. Earlier in the session, data showed Australia's private capital expenditure advanced unexpectedly in 4Q15.

The Australian Dollar rose against the South African Rand yesterday, reversing previous session losses.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.6316	▲	2.38%	1.32%	-1.84%	2.70%	0.81%
GBPZAR	21.7770	▲	1.95%	-1.63%	-3.90%	-0.72%	-4.59%
EURZAR	17.2246	▲	2.46%	0.24%	-0.13%	2.40%	2.26%
AUDZAR	11.2090	▼	2.29%	2.00%	-0.25%	-0.95%	-1.20%
EURUSD	1.1022	▲	-0.10%	-1.10%	1.61%	-0.30%	1.30%
GBPUSD	1.3937	▲	-0.61%	-2.98%	-2.24%	-3.33%	-5.49%
Brent (\$/barrel)	34.1	▼	3.43%	4.24%	-0.95%	-6.81%	-7.70%
Gold (\$/oz)	1234.6	▼	1.34%	0.67%	10.95%	5.30%	16.84%
Platinum (\$/oz)	943.5	▼	0.02%	-0.20%	7.94%	-1.95%	5.83%
Copper (\$/MT)*	4647.0	▼	-0.02%	0.49%	1.68%	-2.88%	-1.25%

\*As of Previous Close

## Gold ▼

### Trading in the red

Gold prices, reversed previous session gains and at 06:00 SAST, edged 0.3% lower to trade at \$1,234.60/oz.

Yesterday, gold prices rose 1.3% to close at \$1,238.70/oz, extending previous session gains, as uncertainty and market volatility continued to influence global financial markets.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.9% lower to trade at \$34.09/bl.

Yesterday, Brent crude oil advanced 3.4% to settle at \$34.41/bl. Meanwhile, the US Energy Department reported that crude oil inventories rose 3.50mn bls last week, against an anticipated gain of around 3.00mn bls.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices fell marginally to trade at \$943.50/oz.

Yesterday, platinum prices slightly climbed to close at \$943.70/oz.



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## Major South Africa Corporate News

### Adcock Ingram Holdings Limited

In its 1H16 results, the company, indicated that its group turnover rose to R2.76bn from R2.58bn posted in the corresponding period of the previous year as all the segment of products posted improvements from the prior period. Its diluted headline EPS from continuing operations advanced 5.2% from the same period of the prior year to 98.40c. Its profit before tax stood at R237.88mn, compared with R216.76mn recorded in the corresponding period of the preceding year.

### Blue Label Telecoms Limited

In its 1H16 results, the company, stated that its revenue increased to R12.63bn from R10.16bn posted in the corresponding period of the previous year. Its diluted headline EPS advanced 26.0% from the same period of the prior year to 52.71c, despite a challenging economic environment. Its profit before tax stood at R536.43mn, compared with R417.92mn recorded in the corresponding period of the preceding year. The company revealed that it delivered an encouraging performance during the interim period, due to organic growth underpinned by an expanding distribution channel.

### Capital & Counties Properties Plc

In its FY15 results, the company, indicated that its revenue rose 3.9% from the preceding year to GBP114.90mn. However, its underlying EPS fell to 0.90p from 1.60p posted in the prior year. The company stated that its diluted headline EPS declined 30.8% from last year to 0.90p. Moreover, the company proposed a final dividend of 1.00p/ordinary share payable on June 21, 2016.

### MTN Group Limited

The company announced that it has made an agreement wherein it will make a payment of 50.00bn Naira (USD250.00mn) to the Federal Government of Nigeria on the basis that this will be applied towards a settlement. In a bid to reach an amicable settlement, the company has agreed to withdraw the matter from the Federal High Court in Lagos. Furthermore, the company stated that Phuthuma Nhleko would continue to be the Executive Chairman of the group and a Director of MTN Nigeria to lead the team engaging the Nigerian Authorities with a view to settling the matter.

### Murray & Roberts Holdings Limited

In its 1H16 results, the company, stated that its revenue from continuing operations fell 4.0% from the same period of the preceding year to R15.32bn. However, its diluted headline EPS from continuing operations increased to 87.00c from 79.00c posted in the corresponding period of the previous year. Its profit before tax stood at R522.00mn, compared with R413.00mn recorded in the same period of the prior year.

### Standard Bank Group Limited

In its trading statement for FY15, the bank, indicated that its diluted EPS is anticipated to be between R1.38 and R1.49, compared with R1.11 recorded in the previous year. Its diluted headline EPS is expected to be in the range of R1.32 to R1.43, compared with R1.06 posted in the preceding year. Moreover, the company stated that its normalised diluted headline EPS is estimated to increase between R1.27 and R1.38 from R1.06 recorded a year ago.

## Major Global Economic News

### US

In the US, the flash Markit services PMI dropped unexpectedly to 49.80 in February, compared to market expectations of a rise to a level of 53.50. In the previous month, the index had recorded a level of 53.20.

The new home sales recorded a drop of 9.2%, on monthly basis, to a level of 494.00K in the US, in January, from a revised level of 544.00K in December. Market expectation was for new home sales to fall to 520.00K.

On a weekly basis, mortgage applications registered a drop of 4.3% in the US, in the week ended February 19, 2016, following an increase of 8.2% in the previous week.

### Eurozone

The consumer confidence index in France, dropped unexpectedly to a level of 95.00 in February, compared to market expectations of a steady reading of 97.00.

In January, the UBS consumption indicator rose to a level of 1.66 in Switzerland, following a revised reading of 1.61 in the prior month.

### UK

In February, the CBI retail sales balance in the UK dropped to 10.0%, lower than market expectations of a fall to a level of 12.0%. The sales balance had registered a reading of 16.0% in the prior month.

In January, BBA mortgage approvals registered a rise to 47.51K in the UK, compared to market expectations of an advance to a level of 44.80K. In December, mortgage approvals had recorded a revised level of 43.66K.

### Asia

In Australia, the seasonally adjusted private capital expenditure registered an unexpected rise of 0.8% in 4Q15 on a quarterly basis, compared to a revised fall of 8.4% in the previous quarter. Markets were anticipating the expenditure to drop 3.0%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Germany	09:00	Gfk Consumer Confidence Survey (Mar)	✓✓	9.30	9.40	Monthly
Germany	09:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Jan) (F)	✓✓	-1.00%	-0.90%**	Monthly
Spain	10:00	Gross Domestic Product (QoQ) (Q4) (F)	✓	0.80%	0.80%**	Quarterly
Spain	10:00	Producer Price Index (MoM) (Jan)	✓	-	-0.70%	Monthly
Switzerland	10:15	Industrial Production (YoY) (Q4)	✓✓	-	-2.80%	Quarterly
Eurozone	11:00	M3 Money Supply (YoY) (Jan)	✓	4.70%	4.70%	Monthly
Italy	11:00	Business Confidence (Feb)	✓	102.70	103.20	Monthly
Italy	11:00	Consumer Confidence (Feb)	✓	118.00	118.90	Monthly
UK	11:30	Index of Services (MoM) (Dec)	✓	0.30%	0.20%	Monthly
UK	11:30	Gross Domestic Product (QoQ) (Q4) (S)	✓✓	0.50%	0.50%**	Quarterly
UK	11:30	Gross Domestic Product (YoY) (Q4) (S)	✓✓	1.90%	1.90%**	Quarterly
South Africa	11:30	Producer Price Index (MoM) (Jan)	✓✓	0.30%	0.20%	Monthly
South Africa	12:00	Unemployment Total (Q4)	✓✓✓	-	5.40mn	Quarterly
Italy	12:00	Retail Sales s.a. (MoM) (Dec)	✓	0.10%	0.30%	Monthly
Switzerland	12:00	Harmonised Index of Consumer Prices (HICP) (MoM) (Jan)	✓✓	-0.50%	-0.20%	Monthly
Eurozone	12:00	Consumer Price Index - Core (YoY) (Jan) (F)	✓✓✓	1.00%	1.00%**	Monthly
Eurozone	12:00	Consumer Price Index (MoM) (Jan)	✓✓	-1.40%	0.00%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Jan) (F)	✓✓✓	0.40%	0.40%**	Monthly
Italy	13:00	Trade Balance Non-EU (Jan)	✓	-	EUR5.91bn	Monthly
South Africa	13:00	Unemployment Rate (Q4)	✓✓✓	25.60%	25.50%	Quarterly
Spain	14:00	Bank of Spain Governor Takes Part in Madrid Book Presentation	✓	-	-	As scheduled
US	15:15	Fed's Lockhart speech	✓	-	-	As scheduled
US	15:30	Initial Jobless Claims (20-Feb)	✓✓	270.00K	262.00K	Weekly
US	15:30	Durable Goods Orders ex Transportation (Jan) (P)	✓✓	0.30%	-1.00%	Monthly
US	15:30	Durable Goods Orders (Jan) (P)	✓✓✓	2.90%	-5.00%	Monthly
US	16:00	House Price Index (SA) (Dec)	✓✓	-	228.80	Monthly
US	16:00	House Price Purchase Index (QoQ) (Q4)	✓✓	-	1.30%	Quarterly
US	18:00	Kansas City Fed Manufacturing Activity (Feb)	✓	-6.00	-9.00	Monthly
US	19:00	Fed's Williams Speaks in New York	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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