

# ONE Minute Brief

24 May 2016

**GTC**  
consult • partner • manage

## Economic and Political News

National Director of Public Prosecutions, Shaun Abrahams, announced that the news of Finance Minister, Pravin Gordhan's looming arrest was being used to score political points and had thrown the nation's currency into turmoil. Further, he stated that Gordhan is not a suspect in the controversial SARS unit investigation and it will be his final decision to prosecute anyone in the matter.

The African National Congress announced that Senzo Mchunu, the premier of KwaZulu-Natal resigned from his position following pressure from the party. He will be replaced by Willie Mchunu, who will be deployed to the National Assembly.

South Africa's, state prosecutor, announced that it would appeal a High court ruling that corruption charges against President Jacob Zuma must be reinstated. The opposition party, Democratic Alliance (DA) announced that state prosecutor's decision was just an attempt to shield the President and buy him some time before the August elections.

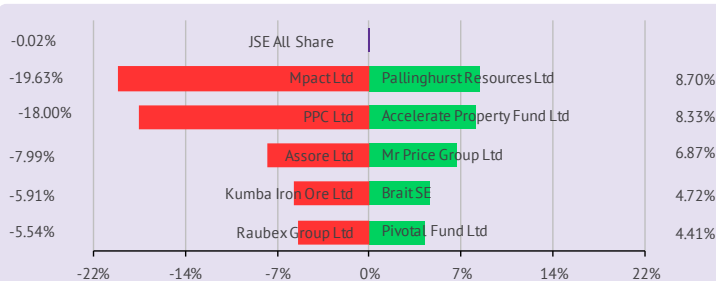
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52628.62	▼	-9.63	-0.02%	-0.02%	1.35%	3.82%
JSE Top 40	46537.93	▲	6.48	0.01%	0.01%	0.72%	1.62%
FTSE 100	6136.43	▼	-19.89	-0.32%	-0.32%	1.08%	-1.70%
DAX 30	9842.29	▼	-73.73	-0.74%	-0.74%	0.74%	-8.38%
CAC 40	4325.10	▼	-28.80	-0.66%	-0.66%	1.00%	-6.73%
S&P 500	2048.04	▼	-4.28	-0.21%	-0.21%	0.27%	0.20%
Nasdaq Composite	4765.78	▼	-3.78	-0.08%	-0.08%	-1.94%	-4.83%
DJIA	17492.93	▼	-8.01	-0.05%	-0.05%	0.50%	0.39%

## South Africa Market ▼

### South African markets closed lower

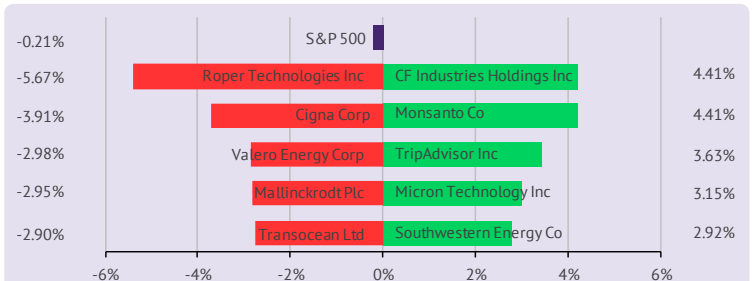
South African markets closed in the red yesterday, amid losses in resources sector stocks. The JSE All Share Index fell marginally to close at 52,628.62.



## US Market ▼

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

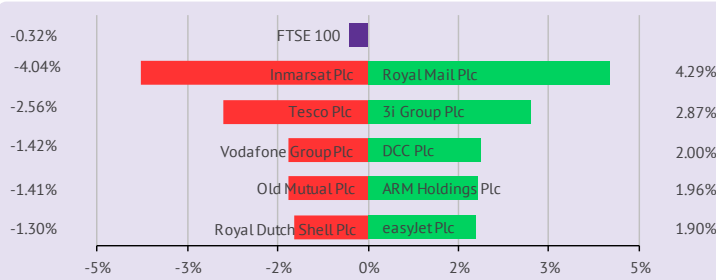
US markets closed lower yesterday, led by losses in utilities sector stocks. Data revealed that growth in manufacturing activity in the US slowed unexpectedly in May. The S&P 500 Index dropped 0.2% to close at 2,048.04.



## UK Market ▼

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

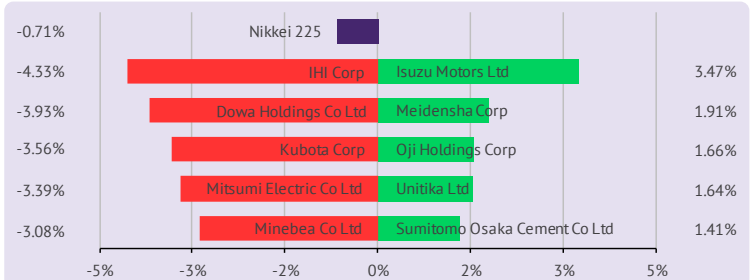
UK markets finished lower yesterday, weighed down by losses in energy sector stocks, following a decline in oil prices. The FTSE 100 Index declined 0.3% to close at 6,136.43.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. The Nikkei 225 Index is trading 0.7% lower at 16,537.09.



**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

An Authorised Financial Services Provider FSP No. 731  
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services

# ONE Minute Brief

24 May 2016

**GTC**  
consult • partner • manage

## USDZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar rose 0.1% against the South African Rand to trade at R15.7445. Later today, traders will keep a close watch on US new home sales and Richmond Fed manufacturing index for further direction. Additionally, South Africa's leading indicator will attract market attention.

The US Dollar rose against the South African Rand yesterday. Meanwhile, the manufacturing output growth slowed in the US for the first time since September 2009 in May, indicating only marginal improvement in the overall business conditions. Separately, St. Louis Federal Reserve (Fed) President, James Bullard stated that keeping the interest rate lower for a long time could be risky and cause financial instability. Moreover, he mentioned that labour market was becoming robust and added that global headwinds preventing a rate hike had faded away.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.2% against the South African Rand to trade at R22.8170. Later today, traders will keep an eye on UK's public sector net borrowing and CBI distributive trades survey for further cues.

The British Pound advanced against the South African Rand yesterday, reversing losses from previous sessions.

## EURZAR ▲

### EUR trading higher against ZAR

At 06:00 SAST, the Euro advanced marginally against the South African Rand to trade at R17.6434. Going forward, market participants will keep a tab on ZEW's survey on economic sentiment in the Eurozone and the Euro group meeting. Moreover, Germany's gross domestic product and economic sentiment will be investors' radar.

The Euro strengthened against the South African Rand yesterday, after Germany's manufacturing Purchasing Managers' Index (PMI) advanced in May, recording its strongest reading in five months with output also at the highest level for 2016. Moreover, the services sector activity picked up speed in May to reach the highest level in 2016, indicating signs that Europe's largest economy kicked off second quarter on a strong footing. Meanwhile, Eurozone recorded business growth that slid to a 16-month low in May. Moreover, Eurozone's manufacturing activity eased to a three-month low in May, due to fewer orders placed while the services activity remained unchanged in May from April. Separately, Eurozone's consumer confidence index advanced in May.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar fell 0.3% against the South African Rand to trade at R11.3203.

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

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.7445	▲	0.57%	0.57%	10.45%	-3.60%	1.61%
GBPZAR	22.8170	▲	0.44%	0.44%	9.48%	-1.89%	-0.12%
EURZAR	17.6434	▲	0.56%	0.56%	8.22%	-3.01%	4.97%
AUDZAR	11.3203	▼	0.57%	0.57%	4.94%	-4.28%	-0.04%
EURUSD	1.1205	▼	-0.04%	-0.04%	-2.01%	0.62%	3.26%
GBPUSD	1.4483	▼	-0.12%	-0.12%	-0.84%	1.72%	-1.75%
Brent (\$/barrel)	48.1	▼	-0.76%	-0.76%	0.46%	19.34%	29.69%
Gold (\$/oz)	1245.8	▼	-0.11%	-0.11%	-3.02%	4.56%	18.04%
Platinum (\$/oz)	1010.5	▼	-1.00%	-1.00%	-6.06%	10.42%	13.61%
Copper (\$/MT)*	4577.5	▼	-0.24%	-0.24%	-9.61%	3.76%	-2.73%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices dropped 0.5% to trade at \$1,245.80/oz.

Yesterday, gold prices fell 0.1% to close at \$1,251.50/oz, following growing expectations that the US Federal Reserve may hike interest rate at the June meeting.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.5% lower to trade at \$48.13/bl.

Yesterday, Brent crude oil dropped 0.8% to settle at \$48.35/bl, as the oversupply concerns resurfaced after Iran's Deputy Oil Minister, Rokneddin Javadi, stated that the crude exports would increase from current levels.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices retreated 0.3% to trade at \$1,010.50/oz.

Yesterday, platinum prices declined 1.0% to close at \$1013.10/oz, reversing previous session gains.

**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

An Authorised Financial Services Provider FSP No. 731  
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services



# ONE Minute Brief

24 May 2016



## Major South Africa Corporate News

### Hosken Consolidated Investments Limited

In its trading statement for FY16, the company revealed that it expects basic EPS to be in the range of 833.60c to 1,169.80c, indicating a decline between 65.2% and 75.2% from the preceding year. Its headline EPS is expected to increase by 1.0% to 11.0% from the prior year to be between 955.40c and 1,050.00c.

### Mpact Limited

In its trading statement for six months ending 30 June 2016, the company stated that its headline EPS is expected to fall by approximately 26.90c from 134.40c recorded in the same period of the preceding year. Its EPS is expected to drop by 27.10c from 135.30c posted in the corresponding period of the previous year.

### Mr Price Group Limited

In its trading statement for FY16 (52 weeks), the company indicated that its diluted headline EPS rose 14.6% from the previous year to 991.20c. Its diluted basic EPS stood at 989.10c, compared with 862.90c recorded in the preceding year. Headline EPS advanced to 1,035.20c from 919.70c posted in the prior year.

### Pioneer Foods Group Limited

In its 1H16 results, the company indicated that its revenue from continuing operations rose to R10.01bn from R9.45bn posted in the same period of the preceding year. Its adjusted diluted headline EPS advanced 6.4% from the corresponding period of the prior year to 445.10c. Its profit before tax stood at R1.38bn, compared with R0.90bn recorded in the same period of the previous year.

## Major Global Economic News

### Eurozone

In May, the preliminary consumer confidence index in the Eurozone advanced to -7.00, compared to market expectations of a rise to -9.00. The index had recorded a reading of -9.30 in the previous month.

In the Eurozone, the preliminary manufacturing PMI dropped unexpectedly to 51.50 in May, compared to market expectations of an advance to 51.90. In the prior month, the index had registered a level of 51.70.

In May, the flash services PMI in the Eurozone remained steady at a level of 53.10, compared to market expectations of an advance to a level of 53.20.

In Germany, the flash manufacturing PMI rose to a level of 52.40 in May, higher than market expectations of a rise to a level of 52.00. The index had recorded a level of 51.80 in the previous month.

The preliminary services PMI in Germany rose to a level of 55.20 in May, compared to a reading of 54.50 in the prior month. Market expectation was for the index to advance to a level of 54.60.

### US

In the US, the preliminary Markit manufacturing PMI dropped unexpectedly to 50.50 in May, lower than market expectations of a rise to a level of 51.00. The index had registered a reading of 50.80 in the prior month.

The St. Louis Federal Reserve (Fed) President, James Bullard, a voting member of the Fed's monetary policy-setting committee, warned that keeping US interest rates lower for too long could cause financial instability in future. He further added that the US labour market was performing well and global headwinds that had partly prevented the Fed from raising rates again have faded.

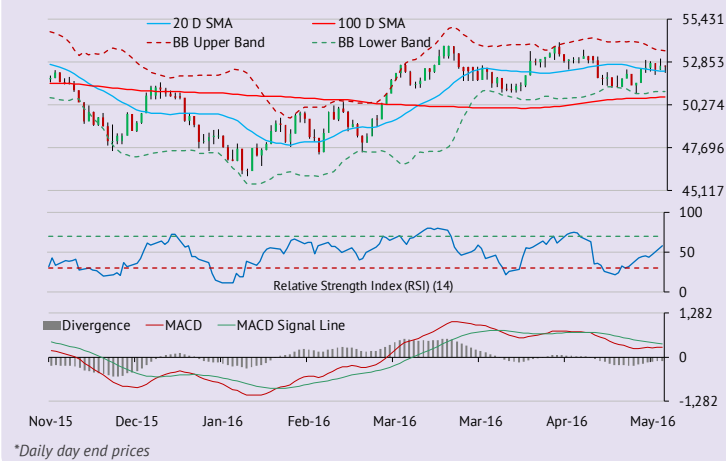
# ONE Minute Brief

24 May 2016

**GTC**  
consult • partner • manage

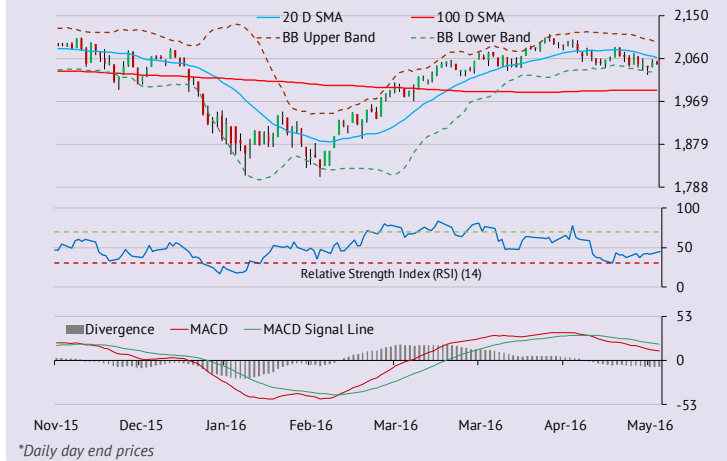
## Technical Snapshot

### JSE All Share



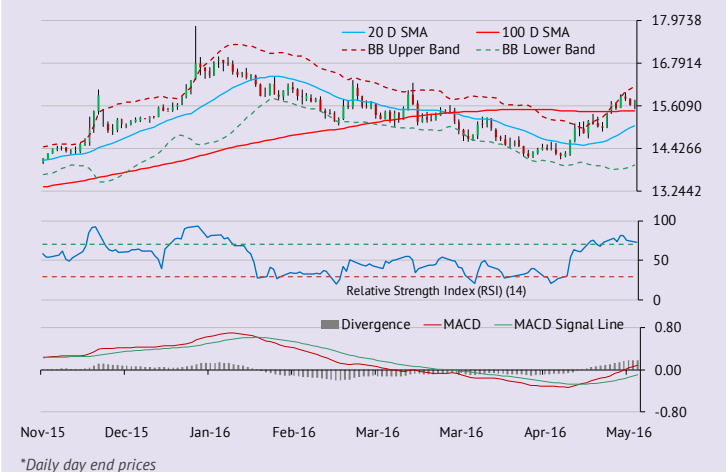
The JSE All Share index is expected to find support at 52,130.02, and a fall through could take it to the next support level of 51,631.41. The index is expected to find its first resistance at 53,092.12, and a rise through could take it to the next resistance level of 53,555.61.

### S&P 500



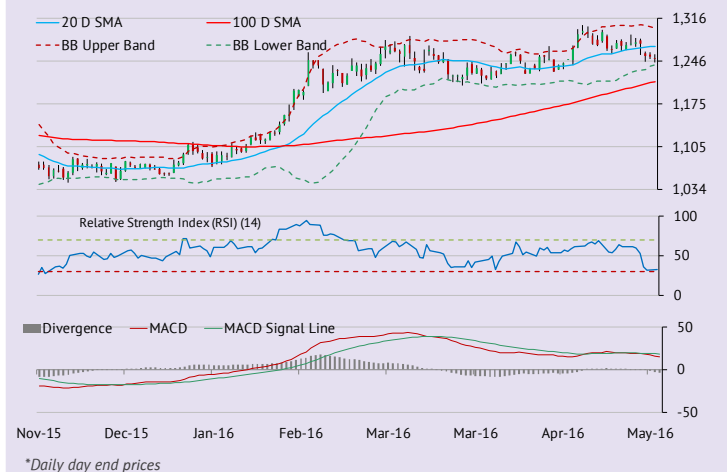
The S&P 500 index is expected to find support at 2,027.40, and a fall through could take it to the next support level of 2,006.77. The index is expected to find its first resistance at 2,067.18, and a rise through could take it to the next resistance level of 2,086.33.

### USDZAR



The pair is expected to find support at 15.4833, and a fall through could take it to the next support level of 15.2448. The pair is expected to find its first resistance at 15.9713, and a rise through could take it to the next resistance level of 16.2208.

### XAU/USD



Gold is expected to find support at \$1,235.37/oz, and a fall through could take it to the next support level of \$1,219.23/oz. The precious metal is expected to find its first resistance at \$1,275.77/oz, and a rise through could take it to the next resistance level of \$1,300.03/oz.

**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

An Authorised Financial Services Provider FSP No. 731  
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services

# ONE Minute Brief

24 May 2016

**GTC**  
consult • partner • manage

## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
US	00:30	Fed's Harker Speaks on Economic Outlook in Philadelphia	✓	-	-	As scheduled
Switzerland	08:00	Trade Balance (Apr)	✓✓	-	CHF2.16bn	Monthly
Germany	08:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓✓	0.70%	0.70%**	Quarterly
Germany	08:00	Domestic Demand (QoQ) (Q1)	✓	0.90%	0.80%	Quarterly
Germany	08:00	Private Consumption (QoQ) (Q1)	✓	0.60%	0.30%	Quarterly
Germany	08:00	Government Spending (QoQ) (Q1)	✓	0.80%	1.00%	Quarterly
Germany	08:00	Exports (QoQ) (Q1)	✓	0.50%	-0.60%	Quarterly
Germany	08:00	Imports (QoQ) (Q1)	✓	1.00%	0.50%	Quarterly
France	08:45	Business Climate (May)	✓	101.00	101.00	Monthly
South Africa	09:00	Leading Indicator (Mar)	✓✓	-	91.60	Monthly
UK	10:30	Public Sector Net Cash Requirement (Apr)	✓✓	-	GBP16.6bn	Monthly
UK	10:30	Public Sector Net Borrowing (Apr)	✓✓	GBP5.80bn	GBP4.20bn	Monthly
Germany	11:00	ZEW Survey - Economic Sentiment (May)	✓✓✓	12.00	11.20	Monthly
Eurozone	11:00	ZEW Survey - Economic Sentiment (May)	✓✓	-	21.50	Monthly
Germany	11:00	ZEW Survey - Current Situation (May)	✓✓	49.00	47.70	Monthly
UK	11:00	BOE's Carney, Broadbent, Weale, and Vlieghe in Parliament	✓✓	-	-	As scheduled
UK	12:00	CBI Distributive Trades Survey - Realised (May)	✓	8.00%	-13.00%	Monthly
Eurozone	12:30	ECB's Constancio Speaks Workshop in London	✓	-	-	As scheduled
US	16:00	Richmond Fed Manufacturing Index (May)	✓	8.00	14.00	Monthly
US	16:00	New Home Sales (MoM) (Apr)	✓	2.30%	-1.50%	Monthly
Germany	-	Import Price Index (MoM) (Apr)	✓	0.30%	0.70%	Monthly
Eurozone	-	Eurogroup Meeting	✓✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

### Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome. GTC (Pty) Ltd Registration No 1996/001488/07 FSP No 731. An authorised Financial Services Provider.

**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

An Authorised Financial Services Provider FSP No. 731  
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting •  
Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services