

# ONE Minute Brief

7 June 2016

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## Economic and Political News

The South African government has reassured its citizens of "no immediate danger" following a warning by the US of possible terror attacks in the country during Ramadan.

A credit analyst with S&P Global Ratings has commented that the government needs to implement the promised reforms to boost growth in the next six months. The analyst warned that increasing political tensions within the ruling ANC and within the government could impact policy implementation and the reform initiatives.

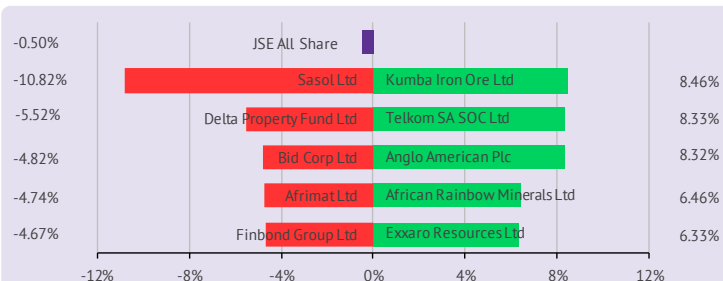
Finance Minister, Pravin Gordhan, highlighted that South Africa needs to focus on boosting economic growth and creating employment after the nation avoided a downgrade to junk status. He added that the nation's growth rate need to rise to above the 0.6% and 0.7% mark and move towards the 2.0% mark.

South Africa has been ranked 89th out of 161 countries in the Henley & Partners – Kochenov Quality of Nationality Index (QNI), which ranks nations on both internal as well as external factors.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, amid losses in retail sector stocks. The JSE All Share Index fell 0.5% to close at 53,990.76.



## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53990.76	▼ -268.60	-0.50%	-0.50%	0.16%	1.79%	6.50%
JSE Top 40	47822.38	▼ -261.16	-0.54%	-0.54%	-0.32%	3.23%	4.42%
FTSE 100	6273.40	▲ 63.77	1.03%	1.03%	0.68%	-0.18%	0.50%
DAX 30	10121.08	▲ 17.82	0.18%	0.18%	-1.38%	2.23%	-5.79%
CAC 40	4423.38	▲ 1.60	0.04%	0.04%	-1.83%	1.73%	-4.61%
S&P 500	2109.41	▲ 10.28	0.49%	0.49%	0.59%	1.53%	3.20%
Nasdaq Composite	4968.71	▲ 26.20	0.53%	0.53%	0.42%	3.62%	-0.77%
DJIA	17920.33	▲ 113.27	0.64%	0.64%	0.75%	0.08%	2.84%

## US Market ▲

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

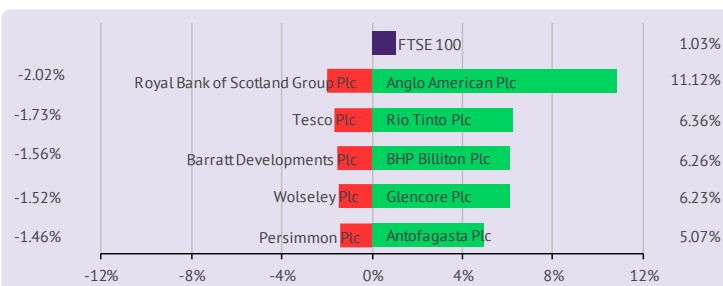
US markets closed higher yesterday, led by gains in energy sector stocks. The Fed Chief, Janet Yellen, while providing a positive assessment of the economy avoided giving guidance on the timing of rate hikes. The S&P 500 Index climbed 0.5% to close at 2,109.41.



## UK Market ▲

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

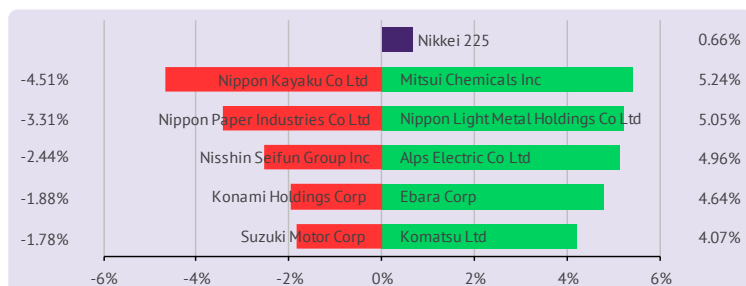
UK markets finished higher yesterday, supported by gains in mining sector stocks. The FTSE 100 Index advanced 1.0% to close at 6,273.40.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.7% higher at 16,689.14.



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## USDZAR ▲

### USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R14.9312. Later today, traders will keep a close watch on US consumer credit change and IBD/TIPP economic optimism index for further clues. Additionally, South Africa's SACCI business confidence and gross and net reserves will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. The Federal Reserve Chairwoman, Janet Yellen, while providing an upbeat assessment of the US economic outlook, refrained from guiding on the timing of interest rate hikes.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.5% against the South African Rand to trade at R21.6340. Earlier in the session, UK's BRC retail sales across all sectors rebounded strongly on a yearly basis in May, amid a rise in sales of clothing, food and outdoor toys.

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

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R16.9569. Going forward, market participants will keep a tab on Eurozone's gross domestic product data for further direction. Moreover, Germany's industrial production data will be keenly awaited by investors.

The Euro weakened against the South African Rand yesterday, despite data revealing that Eurozone's Sentix investor confidence index climbed higher than market expectations in June, indicating that investors were upbeat about the upcoming economic prospects in the Euro region. Separately, German factory dropped more-than-expected in April, amid slow foreign demand.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% firmer against the South African Rand at R11.0013. Earlier in the session, the Australian central bank kept its benchmark interest rate on hold.

The Australian Dollar fell against the South African Rand yesterday, extending losses from previous sessions.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.9312 ▲		-1.23%	-1.23%	-5.10%	10.36%	-3.65%
GBPZAR	21.6340 ▲		-1.73%	-1.73%	-5.36%	9.38%	-5.57%
EURZAR	16.9569 ▲		-1.33%	-1.33%	-3.19%	7.28%	0.73%
AUDZAR	11.0013 ▲		-1.24%	-1.24%	-3.35%	4.99%	-3.34%
EURUSD	1.1350 ▼		-0.11%	-0.11%	2.00%	-2.78%	4.50%
GBPUSD	1.4475 ▲		-0.52%	-0.52%	-0.28%	-0.85%	-2.03%
Brent (\$/barrel)	50.4 ▼		1.83%	1.83%	1.32%	3.66%	35.60%
Gold (\$/oz)	1245.6 ▲		0.36%	0.36%	2.45%	-5.87%	17.39%
Platinum (\$/oz)	994.9 ▼		1.49%	1.49%	1.64%	-9.09%	11.75%
Copper (\$/MT)*	4688.5 ▼		-0.17%	-0.17%	-0.18%	-7.25%	-0.37%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged higher 0.1% to trade at \$1,245.60/oz.

Yesterday, gold prices rose 0.4% to close at \$1,244.60/oz, following weakness in the US Dollar after the Fed Chief, Janet Yellen, did not provide explicit guidance on the timing of interest rate increases in the nation.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.3% lower to trade at \$50.38/bL.

Yesterday, Brent crude oil advanced 1.8% to settle at \$50.55/bL, after the ongoing supply outages in Canada and Nigeria helped to boost crude prices.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$994.90/oz.

Yesterday, platinum prices climbed 1.5% to close at \$996.50/oz, extending previous session gains.



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## Major South Africa Corporate News

### AECI Limited

In its trading statement for 1H16, the company stated that its headline EPS is expected to be at least 113.00c lower than the 565.00c recorded in the corresponding period in the prior year. Its EPS is anticipated to be 118.00c lower than the 588.00c posted in the same period in the preceding year.

### Sasol Limited

In its trading statement for FY16, the company stated that its headline EPS is expected to decrease between 10.0% and 30.0%. It anticipates EPS to fall between 53.0% and 73.0%. The company indicated that the preliminary findings of the review of the Lake Charles Chemicals Project revealed that the expected total capital expenditure for the project could rise to \$11.00bn, due to delay in construction.

### Telkom SA SOC Limited

In its FY16 results, the company revealed that its net revenue from continuing operations advanced 3.7% from the preceding year to R27.56bn. Its diluted headline EPS stood at 325.10c, compared with 581.10c recorded in the previous year. For FY17, the company expects net revenue to grow 23.0% - 25.0%.

## Major Global Economic News

### Eurozone

In the Eurozone, the investor confidence index recorded a rise to 9.90, in June, compared to market expectations of an advance to 7.00. In the prior month, the index had recorded a reading of 6.20.

In April, the seasonally adjusted factory orders eased 2.0% in Germany on a monthly basis, higher than market expectations for a fall of 0.5%. Factory orders had risen by a revised 2.6% in the prior month.

### Asia

The Reserve Bank of Australia kept the interest rate steady at 1.75%. Market expectation was for the central bank to keep its interest rate unchanged at 1.75%.

The AIG performance of construction index in Australia registered a drop to 46.70 in May, compared to a level of 50.80 in the prior month.

### US

The US Federal Reserve Chairwoman, Janet Yellen, gave a largely positive assessment of the US economic outlook and said interest rate hikes are coming, but stepped back from allotting a time frame. She further indicated that although the recent US employment report was "disappointing", one should not give too much significance to a single monthly report and assured that she expects the positive economic forces to outweigh the negatives.

### UK

In May, retail sales across all sectors recorded a rise of 0.5% on an annual basis in the UK, higher than market expectations for an advance of 0.3%. Retail sales across all sectors had registered a drop of 0.9% in the previous month.

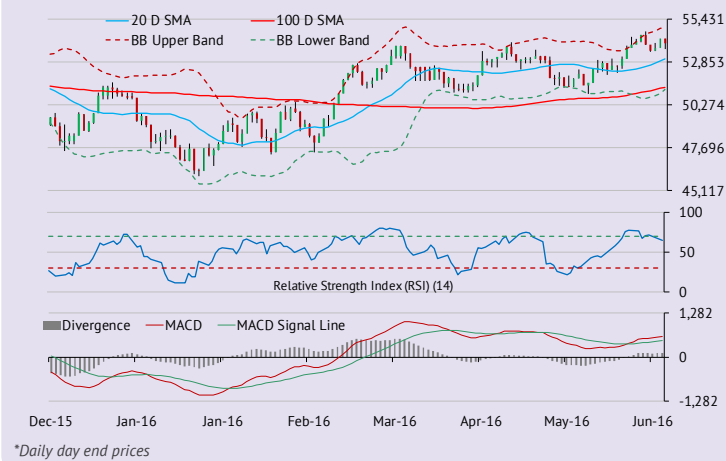
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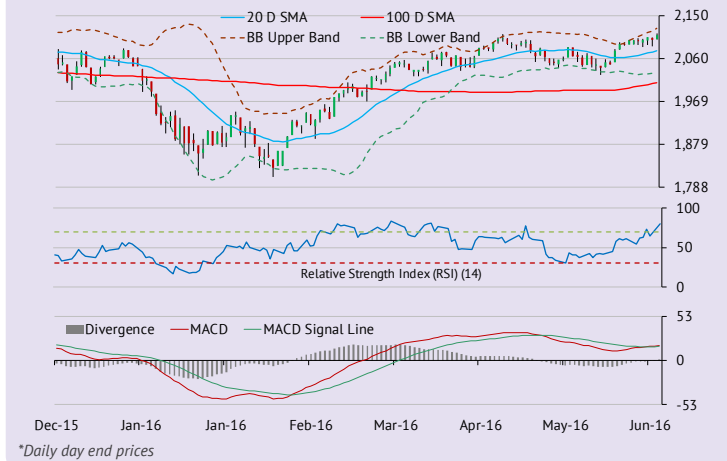
## Technical Snapshot

### JSE All Share



The JSE All Share index is expected to find support at 53,411.75, and a fall through could take it to the next support level of 52,832.75. The index is expected to find its first resistance at 54,636.99, and a rise through could take it to the next resistance level of 55,283.23.

### S&P 500



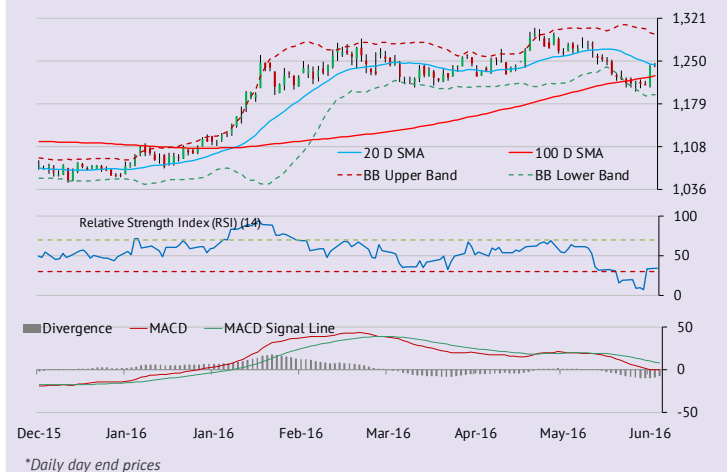
The S&P 500 index is expected to find support at 2,091.89, and a fall through could take it to the next support level of 2,074.36. The index is expected to find its first resistance at 2,120.15, and a rise through could take it to the next resistance level of 2,130.88.

### USDZAR



The pair is expected to find support at 14.5738, and a fall through could take it to the next support level of 14.2398. The pair is expected to find its first resistance at 15.5544, and a rise through could take it to the next resistance level of 16.2010.

### XAU/USD



Gold is expected to find support at \$1,213.30/oz, and a fall through could take it to the next support level of \$1,182.00/oz. The precious metal is expected to find its first resistance at \$1,261.60/oz, and a rise through could take it to the next resistance level of \$1,278.60/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Retail Sales Monitor - All (YoY) (May)	✓	0.50%*	-0.90%	Monthly
Japan	01:50	Japan Foreign Reserves (May)	✓	USD1254.00bn*	USD1262.50bn	Monthly
Japan	07:00	Leading Economic Index (Apr) (P)	✓✓	100.70	99.30	Monthly
Japan	07:00	Coincident Index (Apr) (P)	✓	112.70	111.10	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Apr)	✓	0.70%	-1.30%	Monthly
South Africa	08:00	Net Gold & Forex Reserve (May)	✓✓	USD40.85bn	USD41.16bn	Monthly
South Africa	08:00	Gross Gold & Forex Reserve (May)	✓✓	USD46.28bn	USD46.96bn	Monthly
France	08:45	Budget Balance (Apr)	✓	-	-EUR27.50bn	Monthly
France	08:45	Current Account (Apr)	✓	-	-EUR1.80bn	Monthly
France	08:45	Trade Balance (Apr)	✓	-EUR4.45bn	-EUR4.37bn	Monthly
UK	09:30	Halifax House Prices (MoM) (May)	✓	0.30%	-0.80%	Monthly
Eurozone	11:00	Household Consumption (QoQ) (Q1)	✓	0.50%	0.20%	Quarterly
Eurozone	11:00	Gross Fixed Capital (QoQ) (Q1)	✓	1.10%	1.30%	Quarterly
Eurozone	11:00	Government Expenditure (QoQ) (Q1)	✓	0.40%	0.60%	Quarterly
Eurozone	11:00	Gross Domestic Product s.a. (QoQ) (Q1) (F)	✓✓	0.50%	0.50%**	Quarterly
South Africa	11:30	SACCI Business Confidence Index (May)	✓✓	-	82.50	Monthly
US	14:30	Non-Farm Productivity (Q1) (F)	✓	-0.60%	-1.00%**	Quarterly
US	14:30	Unit Labour Costs (Q1) (F)	✓	4.00%	4.10%**	Quarterly
Canada	16:00	Ivey PMI s.a (May)	✓✓	51.00	53.10	Monthly
US	16:00	IBD/TIPP Economic Optimism (MoM) (Jun)	✓	48.20	48.70	Monthly
US	21:00	Consumer Credit Change (Apr)	✓✓	USD18.00bn	USD29.67bn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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