

# ONE Minute Brief

9 June 2016

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## Economic and Political News

In South Africa, the annualized GDP fell 1.2% on a quarterly basis in 1Q16, compared to a revised rise of 0.4% in the previous quarter. Markets were anticipating the annualized GDP to ease 0.1%.

Ratings agency, Fitch, affirmed South Africa's investment grade credit rating and stable outlook, while warning the nation that political uncertainty could disrupt efforts to boost growth in the economy.

The World Bank slashed the 2016 global growth forecast, and anticipates South Africa to grow at a 0.6% rate in the current year, 0.8 of a percentage point slower than the January estimate.

In response to the US embassy's recent terror alert about attacks in shopping areas in South Africa, President Jacob Zuma's office stated that the nation's security apparatus is meeting to discuss the threat.

Deputy President, Cyril Ramaphosa, mentioned that South Africa needs significant action to strengthen the economy, stimulate growth and increase employment.

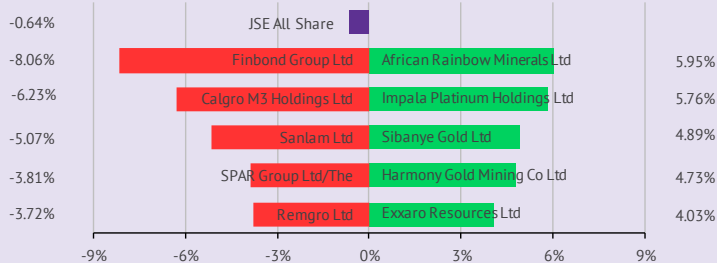
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53960.18	▼	-345.55	-0.64%	-0.55%	0.10%	1.79%	6.44%
JSE Top 40	47716.20	▼	-337.00	-0.70%	-0.76%	-0.54%	3.23%	4.19%
FTSE 100	6301.52	▲	16.99	0.27%	1.48%	1.14%	-0.18%	0.95%
DAX 30	10217.03	▼	-70.65	-0.69%	1.13%	-0.45%	2.23%	-4.90%
CAC 40	4448.73	▼	-27.13	-0.61%	0.61%	-1.26%	1.73%	-4.06%
S&P 500	2119.12	▲	6.99	0.33%	0.95%	1.06%	1.53%	3.68%
Nasdaq Composite	4974.64	▲	12.89	0.26%	0.65%	0.54%	3.62%	-0.65%
DJIA	18005.05	▲	66.77	0.37%	1.11%	1.22%	0.08%	3.33%

## South Africa Market ▼

### South African markets closed lower

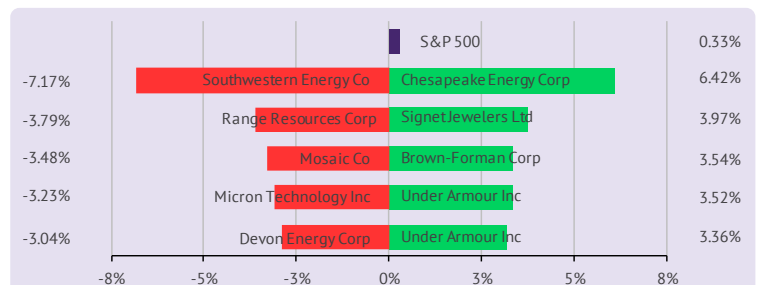
South African markets closed in the red yesterday, weighed down by losses in banking sector stocks after the nation's GDP, on an annualised basis, contracted more than expected by 1.2% during the first quarter. The JSE All Share Index fell 0.6% to close at 53,960.18.



## US Market ▲

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

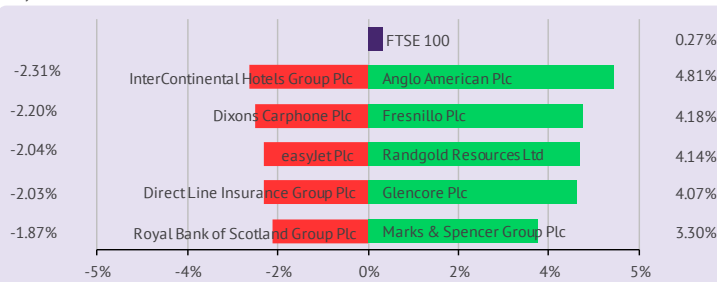
US markets closed higher yesterday, supported by gains in industrial sector stocks. The S&P 500 Index climbed 0.3% to close at 2,119.12.



## UK Market ▲

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

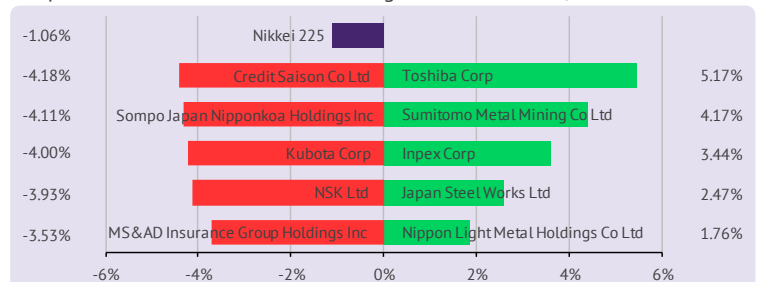
UK markets finished higher yesterday, led by gains in commodity sector stocks. Data revealed that UK's NIESR GDP estimate rose 0.5% in the three months to May. The FTSE 100 Index advanced 0.3% to close at 6,301.52.



## Asian Market ▼

### Trading lower

Asian markets are trading lower this morning, with market in China & Hong Kong closed on account of a public holiday. Meanwhile, China's annual inflation rate unexpectedly cooled to 2.0% in May from 2.3% in April. The Nikkei 225 Index is trading 1.1% lower at 16,653.16.



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## USDZAR ▲

### USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R14.7637. Later today, traders will keep a close watch on US initial jobless claims and wholesale inventories data for further clues. Additionally, South Africa's manufacturing production will be on investors' radar.

The US Dollar fell against the South African Rand yesterday. Even though data indicated that the number of job openings in the US rose in April to reach its highest level since 2000, the pace of hiring sank to its lowest level since last August. Moreover, mortgage applications jumped during the week ended June 03. Separately, South Africa's economy contracted 1.2% in the first three months of 2016, weighed down by the mining and quarrying sector. Meanwhile, the South African Rand strengthened after the ratings agency Fitch affirmed the nation's credit rating.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% firmer against the South African Rand at R21.4020. Later today, traders will eye UK's total trade balance for further direction in the Pound.

The British Pound declined against the South African Rand yesterday, despite positive economic data. Data revealed that UK's NIESR GDP estimate showed economic expansion of 0.5%, during the March-May 2016 period. Moreover, the nation's manufacturing production advanced at its quickest pace in nearly four years in April, marking its biggest monthly rise since July 2012. Further, industrial output advanced unexpectedly at its fastest pace since 2012, during the same month.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro climbed 0.3% against the South African Rand to trade at R16.8406. Going forward, market participants will keep a tab on Germany's trade balance data, scheduled to release in a few hours.

The Euro weakened against the South African Rand yesterday.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar gained 0.1% against the South African Rand to trade at R11.0255. Earlier in the session, in China, Australia's largest trading partner, consumer prices slowed on annual basis in May, on the back of falling food prices.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's home loan approvals rose less- than- expected in April, while investment lending dropped on a monthly basis during the same month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.7637	▲	-1.17%	-2.35%	-6.17%	10.36%	-4.75%
GBPZAR	21.4020	▲	-1.40%	-2.44%	-6.04%	9.38%	-6.25%
EURZAR	16.8406	▲	-0.85%	-2.11%	-3.96%	7.28%	-0.07%
AUDZAR	11.0255	▲	-0.99%	-0.98%	-3.09%	4.99%	-3.08%
EURUSD	1.1401	▲	0.33%	0.25%	2.36%	-2.78%	4.87%
GBPUSD	1.4502	▼	-0.28%	-0.10%	0.14%	-0.85%	-1.61%
Brent (\$/barrel)	52.7	▲	2.08%	5.78%	5.25%	3.66%	40.85%
Gold (\$/oz)	1265.5	▲	1.24%	1.59%	3.70%	-5.87%	18.83%
Platinum (\$/oz)	1011.5	▼	1.26%	3.07%	3.22%	-9.09%	13.49%
Copper (\$/MT)*	4567.3	▲	0.09%	-2.75%	-2.76%	-7.25%	-2.94%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.5% higher to trade at \$1,265.50/oz.

Yesterday, gold prices rose 1.2% to close at \$1,259.80/oz, as the US Dollar weakened, increasing demand for the precious metal as an alternative investment.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil advanced 0.4% to trade at \$52.72/bl.

Yesterday, Brent crude oil advanced 2.1% to settle at \$52.51/bl, amid persistent supply disruptions in Nigeria and declines in the US crude stockpiles. The US Energy Department reported that crude oil inventories fell by 3.2mn bls last week.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices declined marginally to trade at \$1,011.50/oz.

Yesterday, platinum prices climbed 1.3% to close at \$1012.00/oz.



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## Major South Africa Corporate News

### Delta Property Fund Limited

The company announced that the appointment of Mr. Otis Tshabalala as the Chief Operating Officer (COO) and an Executive Director, effective June 07, 2016, after Ms. Bronwyn Corbett resigned from her position. However, the firm indicated that Ms. Bronwyn Corbett will remain as a Non-Executive Director of the company.

### Netcare Limited

The company revealed that it has entered into a long-term agreement to outsource 37 retail pharmacies in the Medicross family medical and dental centres and 51 hospital retail front shop operations of the Netcare Hospital division to Clicks. The implementation date of the transaction is expected to be October 01, 2016.

### Omnia Holdings Limited

In its trading statement for FY16, the company indicated that it expects EPS to fall between 27.0% and 24.0% and headline EPS to decrease between 31.0% and 28.0%.

### Peregrine Holdings Limited

In its FY16 results, the company stated that its total revenue increased to R2.42bn from R2.41bn recorded in the previous year. Its diluted headline EPS rose 4.7% from the prior year to 275.80c. However, its profit before taxation fell to R1.01bn, from R1.14bn posted in the preceding year.

### Sanlam Limited

In its operational update for the first four months of 2016, the company stated that operating conditions remained challenging across most markets and further expects economic and operating environment to remain challenging for the remainder of 2016. It indicated that new business volumes rose 9.0% from the corresponding period in the previous year to R74.00bn. Its normalised headline EPS declined 13.0% from the similar period in the prior year.

## Major Global Economic News

### UK

In the UK, the NIESR estimated GDP recorded a rise of 0.5% in the March-May 2016 period, on a monthly basis. In the February-April 2016 period, estimated GDP had recorded a revised advance of 0.4%.

On a monthly basis, UK's manufacturing production unexpectedly advanced 2.3% in April, confounding market expectations for a drop of 0.1%. In the prior month, production had recorded a rise of 0.1%.

In April, industrial production surprisingly advanced 2.0%, on a monthly basis in the UK, compared to an increase of 0.3% in the prior month. Markets were expecting output to record a flat reading.

The house price balance in the UK eased to 19.00 in May, compared to a revised reading of 39.00 in the prior month. Markets were expecting house price balance to decline to a level of 35.00.

### Asia

On an annual basis, China's CPI advanced 2.0% in May, compared to a 2.3% gain in the prior month. Markets were expecting the CPI to advance 2.2%.

In May, the producer price index fell 2.8% on a yearly basis in China, less than market expectations for a drop of 3.2%. In the prior month, the PPI had declined 3.4%.

Machinery orders in Japan dropped 11.0% on a monthly basis in April, more than market expectations for a fall of 3.0%. In the previous month, orders had registered a rise of 5.5%.

### US

In April, JOLTs job openings rose to a level of 5788.00K in the US, compared to a revised reading of 5670.00K in the prior month. Market anticipation was for job openings to advance to 5675.00K.

Mortgage applications in the US advanced 9.3% in the week ended June 03, 2016 on a weekly basis, compared to a 4.1% fall in the previous week.

The composite leading indicator in the US remained steady at 98.90 in April from March.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	RICS Housing Price Balance (May)	✓✓	19.00%*	39.00%	Monthly
Japan	01:50	Machinery Orders (MoM) (Apr)	✓	-11.00%*	5.50%	Monthly
China	03:30	Consumer Price Index (YoY) (May)	✓✓✓	2.00%*	2.30%	Monthly
China	03:30	Producer Price Index (YoY) (May)	✓✓✓	-2.80%*	-3.40%	Monthly
Japan	04:00	Tokyo Average Office Vacancies (May)	✓	4.05%*	4.23%	Monthly
France	07:30	Nonfarm Payrolls (QoQ) (Q1) (F)	✓	0.20%	0.20%**	Quarterly
Switzerland	07:45	Unemployment Rate s.a. (May)	✓✓	3.50%	3.50%	Monthly
Germany	08:00	Labour Costs s.a. (QoQ) (Q1)	✓	-	0.50%	Quarterly
Japan	08:00	Machine Tool Orders (YoY) (May) (P)	✓✓	-	-26.30%	Monthly
Germany	08:00	Trade Balance s.a. (Apr)	✓✓	EUR22.80bn	EUR26.00bn	Monthly
Eurozone	09:00	ECB's Draghi Speaks at Economic Forum in Brussels	✓	-	-	As scheduled
UK	10:30	Total Trade Balance (Apr)	✓✓	-GBP3.70bn	-GBP3.83bn	Monthly
South Africa	11:30	Platinum Production (YoY) (Apr)	✓✓	-	-23.70%	Monthly
South Africa	11:30	Gold Production (YoY) (Apr)	✓✓	-	-7.40%	Monthly
South Africa	13:00	Manufacturing Production s.a. (MoM) (Apr)	✓✓	0.60%	-0.30%	Monthly
Canada	14:30	New Housing Price Index (MoM) (Apr)	✓	0.20%	0.20%	Monthly
US	14:30	Initial Jobless Claims (04-Jun)	✓✓	270.00 K	267.00 K	Weekly
US	16:00	Wholesale Inventories (Apr)	✓	0.10%	0.10%	Monthly
US	18:00	Household Change in Net Worth (Q1)	✓	-	USD1637.00bn	Quarterly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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