

# ONE Minute Brief

13 July 2016

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## Economic and Political News

South Africa's manufacturing output rose 4% on a yearly basis in May. The growth was higher than consensus expectations of 2.4% and a growth of 3.1% in April. On a month-on-month basis, factory production was up 1.6%.

The Democratic Alliance (DA) has stated that SABC chief operating officer Hlaudi Motsoeneng's contempt for the ruling by ICASA was illegal and that President Jacob Zuma should fire the Minister of Communications, Faith Muthambi, who continues to protect him.

South African Finance Minister, Pravin Gordhan, has said that current economic conditions in the nation require the government, business and labour to send the right signals to improve investor confidence.

According to research released by the Property Sector Charter Council (PSCC), the South African property market is estimated to be about USD403bn (ZAR5.8tn) in value.

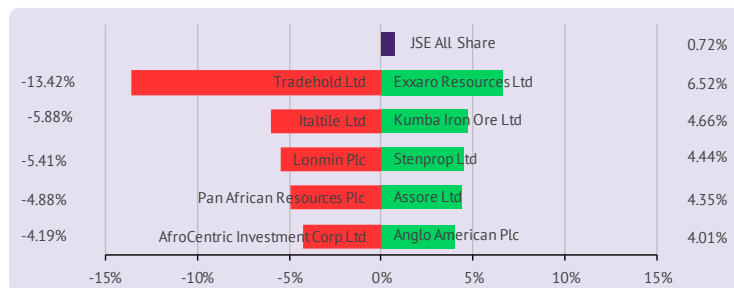
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52547.52	▲	377.15	0.72%	2.48%	0.63%	-3.13%	3.66%
JSE Top 40	46056.81	▲	373.48	0.82%	2.53%	0.18%	-4.17%	0.57%
FTSE 100	6680.69	▼	-2.17	-0.03%	1.37%	2.71%	4.39%	7.02%
DAX 30	9964.07	▲	130.66	1.33%	3.47%	2.93%	-5.68%	-7.25%
CAC 40	4331.38	▲	66.85	1.57%	3.36%	2.22%	-5.95%	-6.59%
S&P 500	2152.14	▲	14.98	0.70%	1.04%	2.54%	0.09%	5.29%
Nasdaq Composite	5022.82	▲	34.18	0.69%	1.33%	3.72%	-2.13%	0.31%
DJIA	18347.67	▲	120.74	0.66%	1.11%	2.33%	0.80%	5.29%

## South Africa Market ▲

### South African markets closed higher

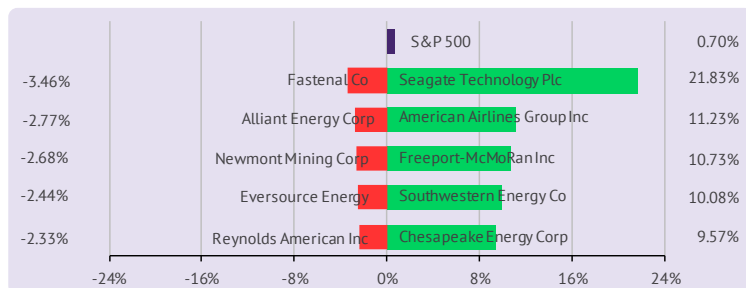
South African markets rose yesterday, amid gains in financial and banking sector stocks. The JSE All Share Index climbed 0.7% to close at 52,547.50.



## US Market ▲

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

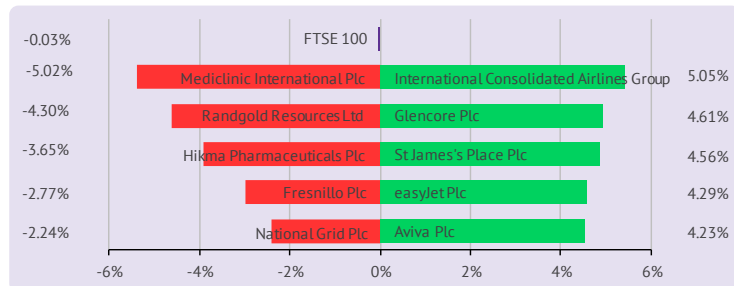
US markets closed higher yesterday, supported by gains in crude oil prices and optimism surrounding US earnings season following Alcoa's result. The S&P 500 Index rose 0.7% to close at 2,152.14.



## UK Market ▼

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

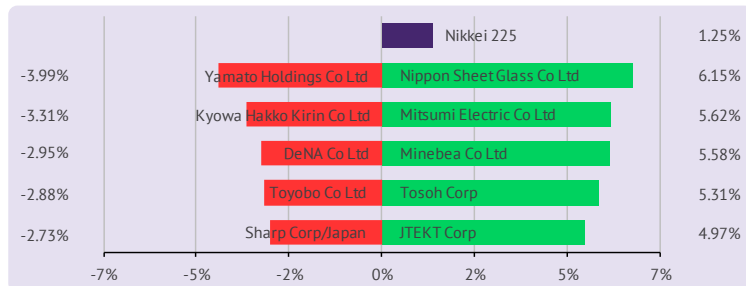
UK markets fell marginally yesterday, as gains in large-cap property-related stocks were offset by weakness in defensive sectors. The FTSE 100 Index eased slightly to 6,680.69.



## Asian Market ▲

### Trading higher

Asian markets are trading higher this morning, amid improving risk appetite and taking cues from overnight gains on Wall Street. The Nikkei 225 Index is trading 1.3% higher at 16296.93.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar climbed 0.3% against the South African Rand to trade at R14.3796. Later today, traders will keep a close watch on US Fed's Beige Book and the US monthly budget statement. Additionally, South Africa's retail sales data will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, as the latter benefitted from a higher than anticipated gain in South Africa's manufacturing output during May which notched its highest level in nearly a year.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound climbed 0.8% against the South African Rand to trade at R19.1390. Going forward, BoE's Credit Conditions Survey for 2Q16 will be eyed.

The British Pound surged against the South African Rand yesterday as political uncertainty faded in the UK. Meanwhile, BoE Governor, Mark Carney hinted at stimulus measures, citing negative consequences of the Brexit. He also added that by providing GBP250.00bn for banks, the BoE hoped to ease concerns over credit supply.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% firmer against the South African Rand at R15.8857. Going forward, market participants will keep a tab on Eurozone's industrial production and French consumer price inflation data.

The Euro weakened against the South African Rand yesterday, extending previous session losses.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained marginally against the South African Rand to trade at R10.9328. Earlier in the session, data indicated that Westpac's consumer confidence index for Australia eased 3.0% on a monthly basis to 99.10 in July.

The Australian Dollar rose against the South African Rand yesterday.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.3796	▲	-0.75%	-1.37%	-2.64%	-6.25%	-7.33%
GBPZAR	19.1390	▲	1.12%	0.90%	-3.19%	-13.79%	-16.72%
EURZAR	15.8857	▲	-0.71%	-1.20%	-2.91%	-6.58%	-5.62%
AUDZAR	10.9328	▲	0.45%	-0.60%	-0.37%	-3.45%	-3.79%
EURUSD	1.1060	▼	0.03%	0.09%	-0.41%	-0.23%	1.79%
GBPUSD	1.3303	▲	1.92%	2.26%	-0.48%	-8.09%	-10.14%
Brent (\$/barrel)	48.0	▼	4.80%	3.66%	-2.49%	-0.36%	30.02%
Gold (\$/oz)	1336.7	▲	-1.57%	-1.70%	1.11%	8.71%	25.95%
Platinum (\$/oz)	1095.5	▲	-0.93%	-0.24%	7.14%	4.19%	22.73%
Copper (\$/MT)*	4850.0	▲	2.56%	3.24%	0.21%	3.05%	3.07%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,336.70/oz.

Yesterday, gold prices fell 1.6% to close at \$1,335.30/oz, as a rise in global equity markets dented the safe haven appeal of the precious metal.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 1.0% lower to trade at \$47.98/bl.

Yesterday, Brent crude oil surged 4.8% to settle at \$48.47/bl, amid short covering and tracking a rally in equities. The OPEC projected that world oil demand would increase by 1.20mn bpd next year to 95.30mn bpd and that supply will be tighter than earlier estimates. Meanwhile, the US Energy Department cut its this year forecast for growth in demand for oil in the US while raising its demand growth forecast for 2017.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.1% to trade at \$1,095.50/oz.

Yesterday, platinum prices fell 0.9% to close at \$1094.40/oz.



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## Major South Africa Corporate News

### Anglo American Platinum Limited

In its trading statement for 1H16, the company indicated that its headline EPS is likely to decrease between 50.0% and 70.0%. It further stated that decline was due to a higher inventory gain in 1H15, along with a negative impact of a decrease in dollar metal prices in 1H16.

### Ascendis Health Limited

The company revealed that the Board has finalised the terms of the rights offer to fund its acquisition of Remedica Holdings Limited and Scitec International. It revealed that shareholders registered as on 22 July 2016 are offered 54,545,454 new shares of no par value at subscription price of R22.00 per share. The transactions will be funded by a new debt facility of EUR180.00mn, a vendor consideration placement of R1.20bn to R1.50bn and the rights offer.

## Major Global Economic News

### Eurozone

The final consumer price index recorded a rise of 0.3% on a yearly basis in June, in Germany, meeting market expectations. The preliminary figures had also recorded a rise of 0.3%. In the previous month, the consumer price index had climbed 0.1%.

The annual decline in German wholesale prices eased to 1.5% in June from 2.30% in May.

### Asia

Ministry of Economy, Trade and Industry has indicated that, in May, the tertiary industry index in Japan dropped 0.7% on a monthly basis, in line with market expectations. In the prior month, the tertiary industry index had registered a revised rise of 0.7%.

Westpac consumer confidence index in Australia eased 3.0%, on monthly basis, to a level of 99.10 in July. Westpac consumer confidence index had registered a level of 102.20 in the prior month.

### US

The seasonally adjusted US wholesale inventories climbed 0.1% on a monthly basis in the US, in May, lower than market expectations for a rise of 0.2%. The wholesale inventories had climbed by a revised 0.7% in the prior month.

In June, the small business optimism index in the US recorded a rise to 94.50, compared to market expectations of a rise to 93.90. In the prior month, the small business optimism index had recorded a reading of 93.80.

For the week ended 08 July, the annual growth in US Redbook index improved to 0.8% from 0.6% in the previous week.

In the US, JOLTs job openings recorded a drop to 5500.00 K in May, compared to market expectations of a drop to 5650.00 K. In the prior month, JOLTs job openings had recorded a revised level of 5845.00 K.

Minneapolis Fed president Neel Kashkari commented that there was no urgency to raise US interest rates while St. Louis Fed President James Bullard stated that Brexit would have 'close to zero' US impact.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
US	04:30	Fed's Mester speaks at Australian Business Economists Luncheon	✓	-	-	As scheduled
Japan	06:30	Industrial Production (MoM) (May) (F)	✓	-	-2.30%**	Monthly
France	08:45	Consumer Price Index (EU norm) (MoM) (Jun) (F)	✓	0.20%	0.20%**	Monthly
France	08:45	Inflation ex-tobacco (MoM) (Jun) (F)	✓	0.20%	0.20%**	Monthly
China	09:00	Exports (YoY) (Jun)	✓✓	-5.00%	-4.10%	Monthly
China	09:00	Imports (YoY) (Jun)	✓✓	-6.20%	-0.40%	Monthly
China	09:00	Trade Balance (Jun)	✓✓	USD45.65bn	USD49.98bn	Monthly
Spain	09:00	Consumer Price Index (MoM) (Jun) (F)	✓	0.50%	0.50%**	Monthly
Italy	10:00	Consumer Price Index (MoM) (Jun) (F)	✓	-	0.10%**	Monthly
UK	10:30	Bank of England Credit Conditions & Bank Liabilities Surveys	✓	-	-	As scheduled
Eurozone	11:00	Industrial Production s.a. (MoM) (May)	✓	-0.80%	1.10%	Monthly
South Africa	13:00	Retail Sales (MoM) (May)	✓✓	0.40%	-1.70%	Monthly
Canada	14:30	Teranet/National Bank HPI (MoM) (Jun)	✓	-	1.80%	Monthly
US	14:30	Import Price Index (MoM) (Jun)	✓	0.50%	1.40%	Monthly
US	15:00	Fed's Kaplan speaks to World Affairs Council of Houston	✓	-	-	As scheduled
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
Canada	16:00	Bank of Canada Releases Monetary Policy Report	✓✓✓	-	-	As scheduled
Canada	17:15	BoC Press Conference	✓	-	-	As scheduled
US	20:00	Fed's Beige Book	✓✓✓	-	-	As scheduled
US	20:00	Monthly Budget Statement (Jun)	✓✓	-	-USD52.51bn	Monthly

Note: ✓✓✓High    ✓✓Medium    ✓Low

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