

# ONE Minute Brief

14 July 2016

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## Economic and Political News

Retail sales in South Africa rose higher than expected by 3.4% MoM in May, following a revised drop of 1.5% posted in April.

Finance Minister, Pravin Gordhan stated that tough decisions may be required to rein in government spending if the economy continues to underperform.

South Africa's Government Employees Pension Fund (GEPPF) announced that it has invested ZAR10.50bn in South Africa Home Loans, to boost government workers' access to housing. Moreover, the transaction will be executed by Public Investment Corporation (PIC) on behalf of GEPPF.

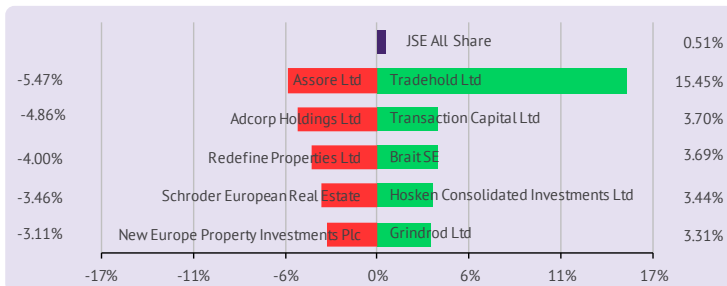
The June BankservAfrica Economic Transaction Index, a measure of all South African interbank transactions under ZAR5.00mn, posted an increase of 0.3% on a monthly basis in June.

According to the United Nations Conference on Trade and Development's 2016 World Investment Report, foreign direct investment into South Africa declined by 69.0% to USD1.80bn, its lowest level in 10 years.

## South Africa Market ▲

### South African markets closed higher

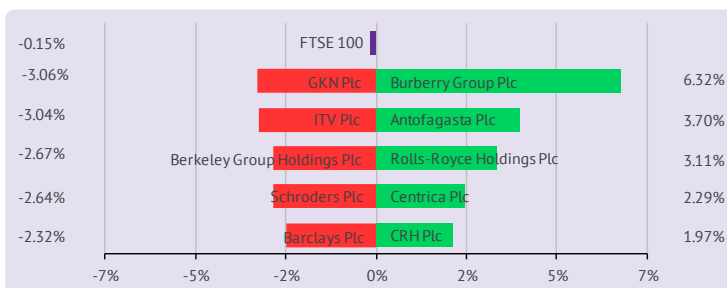
South African markets closed in the green yesterday, amid gains in platinum mining sector stocks. Data indicated that South Africa's retail sales rebounded on a monthly basis in May. The JSE All Share Index rose 0.5% to close at 52,814.88.



## UK Market ▼

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

UK markets finished lower yesterday, weighed down by losses in energy and property sector stocks. The FTSE 100 Index declined 0.2% to close at 6,670.40.



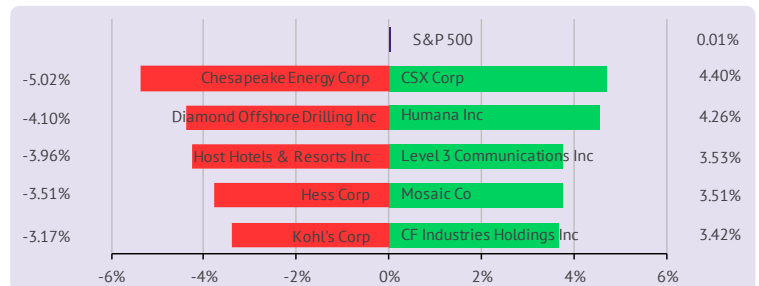
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52814.88	▲ 267.36	0.51%	3.00%	1.14%	-3.13%	4.18%
JSE Top 40	46288.18	▲ 231.37	0.50%	3.04%	0.68%	-4.17%	1.07%
FTSE 100	6670.40	▼ -10.29	-0.15%	1.21%	2.55%	4.39%	6.86%
DAX 30	9930.71	▼ -33.36	-0.33%	3.13%	2.59%	-5.68%	-7.56%
CAC 40	4335.26	▲ 3.88	0.09%	3.45%	2.31%	-5.95%	-6.51%
S&P 500	2152.43	▲ 0.29	0.01%	1.06%	2.55%	0.09%	5.31%
Nasdaq Composite	5005.73	▼ -17.09	-0.34%	0.99%	3.37%	-2.13%	-0.03%
DJIA	18372.12	▲ 24.45	0.13%	1.24%	2.47%	0.80%	5.44%

## US Market ▲

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

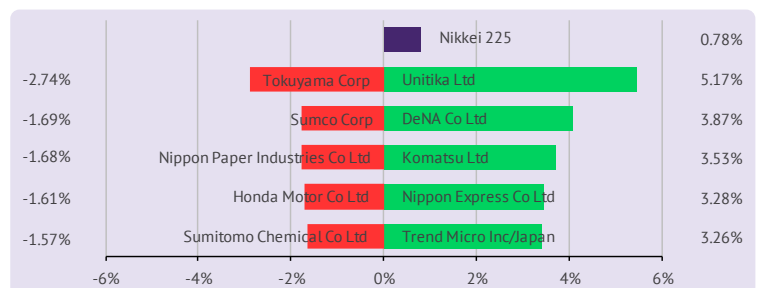
US markets closed mostly higher yesterday. However, gains were capped following a decline in energy and consumer discretionary sector stocks. The S&P 500 Index climbed marginally to close at 2,152.43.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. The Nikkei 225 Index is trading 0.8% higher at 16,358.50.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.1% lower against the South African Rand at R14.4700. Later today, traders will keep a close watch on US initial jobless claims, for further clues.

The US Dollar rose against the South African Rand yesterday. Data indicated that import prices in the US advanced less-than-expected on a monthly basis in June, amid a rebound in oil markets. Moreover, the nation posted a budget surplus in June. Separately, Fed's Beige Book survey indicated that the US economy continued to grow at a modest pace from mid-May through the end of June. Elsewhere, South Africa's retail sales rebounded more-than-expected in May, reaching its strongest level in more than two years.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound climbed 0.3% against the South African Rand to trade at R19.0972. Later today, traders will keep an eye on the Bank of England's interest rate decision for further direction in the Pound.

The British Pound advanced against the South African Rand yesterday. Theresa May is set to become Britain's prime minister, putting an end to the political uncertainty in the nation.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R16.0598. Going forward, market participants will keep a tab on Eurozone's consumer price index scheduled tomorrow.

The Euro strengthened against the South African Rand yesterday. Meanwhile, data revealed that Eurozone's industrial output fell more-than-expected on a monthly basis in May.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated marginally against the South African Rand to trade at R11.0189. Earlier in the session, data showed Australia's unemployment rate advanced at par with market expectations in June. Meanwhile, consumer inflation expectations rose in July.

The Australian Dollar rose against the South African Rand yesterday. Data indicated that Australia's Westpac's consumer confidence index eased on a monthly basis in July.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.4700	▼	1.00%	-0.38%	-1.66%	-6.25%	-6.40%
GBPZAR	19.0972	▲	0.27%	1.18%	-2.92%	-13.79%	-16.49%
EURZAR	16.0598	▼	1.26%	0.04%	-1.69%	-6.58%	-4.44%
AUDZAR	11.0189	▼	0.83%	0.23%	0.46%	-3.45%	-2.99%
EURUSD	1.1103	▲	0.26%	0.35%	-0.14%	-0.23%	2.06%
GBPUSD	1.3197	▲	-0.75%	1.49%	-1.23%	-8.09%	-10.82%
Brent (\$/barrel)	46.8	▲	-4.56%	-1.07%	-6.94%	-0.36%	24.09%
Gold (\$/oz)	1340.5	▼	0.62%	-1.09%	1.74%	8.71%	26.73%
Platinum (\$/oz)	1097.8	▲	0.21%	-0.03%	7.36%	4.19%	22.99%
Copper (\$/MT)*	4918.3	▲	1.41%	4.69%	1.62%	3.05%	4.52%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged lower 0.2% to trade at \$1,340.50/oz.

Yesterday, gold prices rose 0.6% to close at \$1,343.60/oz, amid a broad weakness in the US Dollar.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil climbed 1.3% to trade at \$46.84/bl.

Yesterday, Brent crude oil dropped 4.6% to settle at \$46.26/bl, after the US Energy Department reported that crude oil inventories fell by 2.5mn bls last week, declining less than market expectations.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.1% to trade at \$1,097.80/oz.

Yesterday, platinum prices climbed 0.2% to close at \$1096.70/oz.



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## Major South Africa Corporate News

### Cashbuild Limited

In its operational update for 4Q16, the company revealed that revenue rose 9.0% (3% contributed by new stores and 6% by existing stores) from FY15. During this period, 3 new stores were opened, 14 stores were refurbished and 1 store closed at the termination of its lease term. The company expects trading conditions to be increasingly competitive into 1Q17.

### Rebosis Property Fund Limited

The company stated that the consideration payable for the acquisition of Forest Hill City has been reduced by ZAR120.00mn to ZAR2.093bn. Also, the purchase consideration for Baywest Mall has been reduced from ZAR2.332bn to ZAR2.272bn. The consideration payable for BPS has been reduced by ZAR20.00mn to ZAR209.00mn. It revealed that the additional consideration of ZAR115.00mn has been reduced to ZAR65.00mn. It added that aggregate consideration of ZAR4.934bn is payable in cash of which up to ZAR3.70bn will be funded through debt raised by the firm.

### Royal Bafokeng Platinum Limited

In its trading statement for 1H16, the company indicated that it anticipates EPS and headline EPS to be between 71 cents and 81 cents, compared with a loss of 60.4cents/share recorded in the corresponding period of the previous year.

### Steinhoff International Holdings NV

The company announced that it has agreed to buy Poundland Group Plc, which values the entire issued and to be issued share capital of Poundland at about GBP597.00mn on a fully diluted basis.

## Major Global Economic News

### US

In the US, the import price index recorded a rise of 0.2% on a monthly basis in June, compared to an advance of 1.4% in the previous month. Markets were expecting the index to rise 0.5%.

Mortgage applications climbed 7.2% on a weekly basis in the US, in the week ended July 08, 2016. Mortgage applications had risen 14.2% in the prior week.

According to the latest Fed Beige Book survey of economic conditions, the US economy has continued to grow at a modest pace from mid-May through the end of June in 9 of its 12 Fed districts.

### Eurozone

The seasonally adjusted industrial production in the Eurozone recorded a drop of 1.2% on a monthly basis in May, more than market expectations for a fall of 0.8%. Industrial production had registered a revised rise of 1.4% in the prior month.

### Asia

In June, the seasonally adjusted unemployment rate climbed to 5.8% in Australia, meeting market expectations. Unemployment rate had registered a level of 5.7% in the prior month.

The consumer inflation expectations advanced to 3.7% in Australia, in July. The consumer inflation expectations had recorded a level of 3.5% in the prior month.

In Australia, the seasonally adjusted new motor vehicle sales registered a rise of 3.1% on a monthly basis, in June. In the previous month, new motor vehicle sales had registered a revised drop of 1.0%.

### UK

In June, house price balance in the UK eased to 16.00, compared to a level of 19.00 in the previous month. Markets were expecting house price balance to fall to a level of 10.00.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous	Frequency
UK	01:01	RICS Housing Price Balance (Jun)	✓✓	16.00%*	19.00%	Monthly
Switzerland	09:15	Producer and Import Prices (MoM) (Jun)	✓	0.20%	0.40%	Monthly
Switzerland	09:15	Producer and Import Prices (YoY) (Jun)	✓	-1.00%	-1.20%	Monthly
South Africa	11:30	Gold Production (YoY) (May)	✓✓	-	-1.90%	Monthly
South Africa	11:30	Platinum Production (YoY) (May)	✓✓	-	-4.40%	Monthly
South Africa	11:30	Mining Production (YoY) (May)	✓✓	-2.20%	-6.90%	Monthly
UK	13:00	Bank of England Minutes	✓	-	-	As scheduled
UK	13:00	BoE Interest Rate Decision	✓✓✓	0.25%	0.50%	As scheduled
UK	13:00	BoE Asset Purchase Facility	✓✓✓	GBP375.00bn	GBP375.00bn	As scheduled
Canada	14:30	New Housing Price Index (MoM) (May)	✓	0.20%	0.30%	Monthly
US	14:30	Initial Jobless Claims (09-Jul)	✓✓	265.00K	254.00K	Weekly
US	14:30	Producer Price Index (MoM) (Jun)	✓	0.30%	0.40%	Monthly
US	14:30	Producer Price Index (YoY) (Jun)	✓✓	0.00%	-0.10%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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