

# ONE Minute Brief

27 July 2016

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## Economic and Political News

South Africa's leading indicator fell to 90.80 in May from 90.90 in April.

South Africa's Finance Minister, Pravin Gordhan is of the belief that the economy will avoid recession in 2016, but will not achieve the Treasury's 0.9% growth target.

A ruling at the Labour Court stated that dismissal of four journalists by the South African Broadcasting Corporation was unlawful and void.

The Department of Tourism indicated that the number of visitors to South Africa from outside the continent increased 19% over the five months to May, as a weaker South African Rand and easing of visa rules made holidays cheaper and more accessible.

A report by Statistics SA revealed that the public sector's capital expenditure increased by ZAR14.00bn to ZAR272.00bn in 2015 alone. Moreover, Statistician-general Pali Lehohla stated that the public sector spent more than ZAR1.1tn on capital expenditure in the past five years.

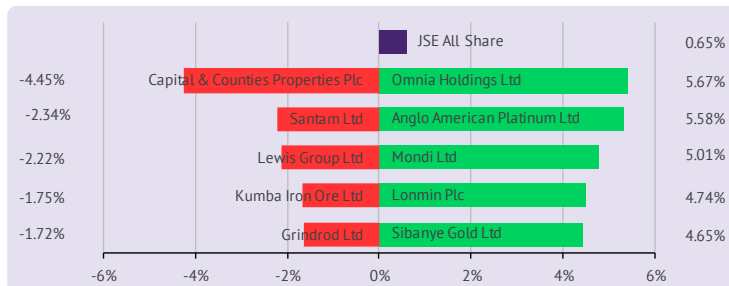
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	53638.04	▲	345.52	0.65%	1.19%	2.72%	-3.13%	5.81%
JSE Top 40	46788.32	▲	243.65	0.52%	1.09%	1.77%	-4.17%	2.16%
FTSE 100	6724.03	▲	13.90	0.21%	-0.10%	3.38%	4.39%	7.72%
DAX 30	10247.76	▲	49.52	0.49%	0.99%	5.86%	-5.68%	-4.61%
CAC 40	4394.77	▲	6.77	0.15%	0.31%	3.71%	-5.95%	-5.23%
S&P 500	2169.18	▲	0.70	0.03%	-0.27%	3.35%	0.09%	6.13%
Nasdaq Composite	5110.05	▲	12.42	0.24%	0.19%	5.52%	-2.13%	2.05%
DJIA	18473.75	▼	-19.31	-0.10%	-0.52%	3.03%	0.80%	6.02%

## South Africa Market ▲

### South African markets closed higher

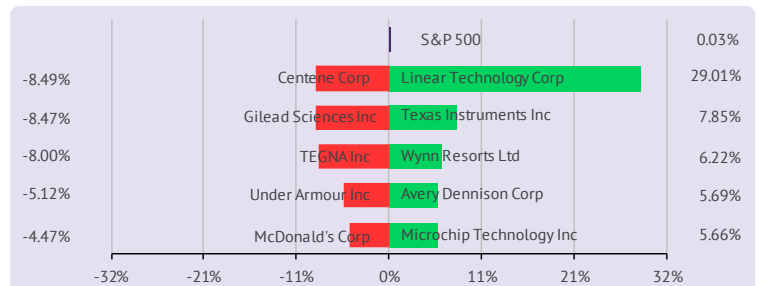
South African markets closed in the green yesterday, amid gains in gold and platinum mining sector stocks. Data indicated that South Africa's leading indicator declined in May from April. The JSE All Share Index rose 0.7% to close at 53,638.04.



## US Market ▲

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

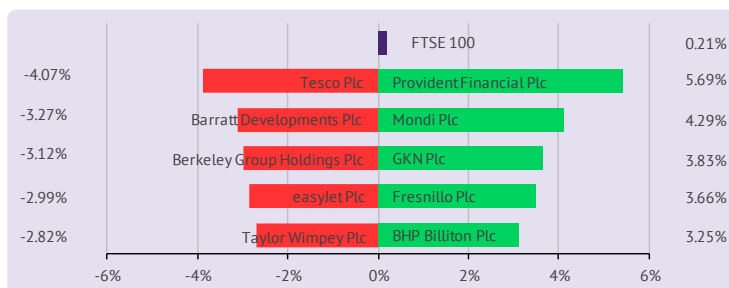
US markets closed mostly higher yesterday, supported by gains in industrial and materials sector stocks. Data revealed that consumer confidence index in the US eased slightly in July. The S&P 500 Index climbed marginally to close at 2,169.18.



## UK Market ▲

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

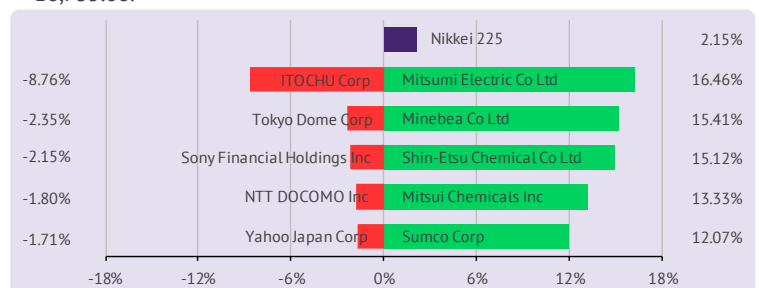
UK markets finished higher yesterday, led by gains in mining and industrial sector stocks. The FTSE 100 Index advanced 0.2% to close at 6,724.03.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. Earlier in the session, data indicated that China's industrial profits advanced on an annual basis in June. The Nikkei 225 Index is trading 2.2% higher at 16,735.08.



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## USDZAR ▲

### USD trading advanced against ZAR

At 06:00 SAST, the US Dollar is trading marginally firmer against the South African Rand at R14.3623. Later today, traders will closely monitor US Federal Open Market Committee's interest rate decision and durable goods orders for further direction.

The US Dollar fell marginally against the South African Rand yesterday. Separately, data revealed that consumer confidence index in the US edged slightly lower in July. Moreover, activity in the service sector grew at the slowest pace in five months in July. Meanwhile, new home sales rebounded more-than-expected, reaching their highest level in nearly eight and a half years in June. Elsewhere, South Africa's leading indicator eased for a second straight month in May.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R18.8390. Later today, traders will keep a watch on UK's GDP and CBI's distributive trades survey data for further clues.

The British Pound declined marginally against the South African Rand yesterday. Data indicated that UK's BBA mortgage approvals eased to a 15-month low in June.

## EURZAR ◀▶

### EUR trading almost flat against ZAR

At 06:00 SAST, the Euro fell marginally against the South African Rand to trade at R15.7816. Going forward, market participants will keep a tab on Eurozone's private loans data, scheduled to release later today.

The Euro weakened against the South African Rand yesterday.

## AUDZAR ▼

### AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% weaker against the South African Rand at R10.7286. Earlier in the session, data indicated Australia's consumer price index grew at a slower pace on annual basis in 2Q16.

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	14.3623	▲	-0.02%	0.48%	-2.48%	-6.25%	-7.19%
GBPZAR	18.8390	▼	-0.01%	0.67%	-3.84%	-13.79%	-17.28%
EURZAR	15.7816	◌	-0.09%	0.59%	-3.40%	-6.58%	-6.09%
AUDZAR	10.7286	▼	0.49%	1.03%	-1.76%	-3.45%	-5.14%
EURUSD	1.0996	▲	-0.08%	0.08%	-1.08%	-0.23%	1.10%
GBPUSD	1.3116	▼	-0.08%	0.16%	-1.36%	-8.09%	-10.93%
Brent (\$/barrel)	44.8	▼	0.34%	-1.79%	-9.74%	-0.36%	20.36%
Gold (\$/oz)	1325.2	▲	0.10%	-0.20%	0.02%	8.71%	24.58%
Platinum (\$/oz)	1096.2	▼	1.05%	0.99%	7.33%	4.19%	22.96%
Copper (\$/MT)*	4917.3	▲	0.62%	0.13%	1.60%	3.05%	4.49%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.3% higher to trade at \$1,325.20/oz.

Yesterday, gold prices rose 0.1% to close at \$1,320.80/oz, amid uncertainty over the outcome of the Federal Reserve monetary policy meeting later in the day.

## Brent Crude Oil ▼

### Trading weaker

Brent crude oil edged 0.2% lower at 06:00 SAST to trade at \$44.80/bl, reversing previous session gains.

Yesterday, Brent crude oil advanced 0.3% to settle at \$44.87/bl, after the American Petroleum Institute (API) reported that crude oil inventories declined 0.82mn bls last week, albeit lower than market expectations.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices fell marginally to trade at \$1,096.20/oz.

Yesterday, platinum prices climbed 1.1% to close at \$1096.40/oz.



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## Major South Africa Corporate News

### AECI Limited

In its 1H16 results, the company revealed that its revenue advanced 5.1% from the same period of the preceding year to R9.07mn. Its diluted headline EPS stood at 290.00c, compared with 533.00c recorded in the corresponding period of the previous year. Its profit before tax fell to R471.00mn, compared with R873.00mn posted in the similar period of the prior year.

### Anglo American Plc

The company announced that Norman Mbazima has been appointed as the Deputy Chairman of Anglo American South Africa. July Ndlovu, the Executive Head of Processing Operations at Anglo American Platinum has been selected as the Chief Executive Officer of Anglo American's Coal business in South Africa. July Ndlovu would replace Themba Mkhwanazi who would take up the position of the CEO of Kumba Iron Ore Limited. The appointment of Themba Mkhwanazi and July Ndlovu will be with effect from September 01, 2016.

### Capital & Counties Properties Plc

In its 1H16 results, the company indicated that its net rental income rose to GBP40.90mn from GBP38.40mn posted in the corresponding period of the previous year. Its net asset value decreased 4.7% from the December 31, 2015 to 344.00p. The company announced that Soumen Das, Managing Director & CFO, has announced his intention to resign and take up the position of CFO at SEGRO Plc. It has proposed an interim dividend of 0.50p/share to be paid on September 30, 2016.

### Kumba Iron Ore Limited

In its 1H16 results, the company stated that its revenue decreased to R17.57bn from R19.95bn posted in the corresponding period of the previous year, mainly because of a 10.0% drop in average realised iron ore export price and a 22.0% decline in total sales volumes. However, its diluted headline EPS rose 20.2% from the same period of the prior year to 9.38c.

### Mondi Limited

In its trading statement for 1H16, the company confirmed that underlying operating profit is expected to be more than EUR490.00mn recorded in the corresponding period of the prior year. It expects basic headline EPS to rise and be in the range of 73.00c and 77.00c, compared to 60.10c posted in the similar period of the previous year.

### Reinet Investments SCA

The company reported that for 1Q16, its net asset value at June 30, 2016 rose to EUR5,515.00mn, from EUR5,221.00mn on March 31, 2016. The net asset value per share at June 30, 2016 was EUR28.15, compared with EUR26.65 recorded on March 31, 2016. It also indicated that commitments worth EUR205.00mn in respect of new and existing investments were made during the period.

## Major Global Economic News

### US

In the US, the CB consumer confidence index recorded a drop to 97.30 in July, compared to market expectations of a fall to 96.00. The index had recorded a revised reading of 97.40 in the previous month.

In the US, the preliminary Markit services PMI fell unexpectedly to a level of 50.90 in July, compared to market expectations of an advance to 52.00. In the prior month, Markit services PMI had registered a level of 51.40.

New home sales in the US unexpectedly advanced by 3.5%, on monthly basis, to a level of 592.00K in June, higher than market expectations of 560.00K. New home sales had registered a revised reading of 572.00K in the previous month.

In July, the Richmond Fed manufacturing index climbed to 10.00 in the US, higher than market expectations of an advance to a level of -5.00. In the prior month, the index had registered a revised reading of -10.00.

### UK

In the UK, BBA mortgage approvals registered a drop to 40.10K in June, compared to a revised reading of 41.84K in the previous month. Market expectation was for BBA mortgage approvals to ease to a level of 39.65K.

### Asia

In Australia, the consumer price index climbed 0.4% on a quarterly basis in 2Q16, compared to a fall of 0.2% in the previous quarter. Markets were expecting the CPI to advance 0.4%.

On an annual basis, industrial profits advanced 5.1% in China, in June. In the previous month, industrial profits had registered a rise of 3.7%.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:30	Industrial Profits (YoY) (Jun)	✓✓	5.10%*	3.70%	Monthly
Japan	07:00	Small Business Confidence (Jul)	✓	-	46.50	Monthly
Switzerland	08:00	UBS Consumption Indicator (Jun)	✓✓	-	1.35	Monthly
Germany	08:00	GfK Consumer Confidence Survey (Aug)	✓✓	9.90	10.10	Monthly
Germany	08:00	Import Price Index (MoM) (Jun)	✓	0.60%	0.90%	Monthly
France	08:45	Consumer Confidence (Jul)	✓	96.00	97.00	Monthly
UK	10:30	Gross Domestic Product (QoQ) (Q2) (P)	✓✓	0.50%	0.40%	Quarterly
UK	10:30	Index of Services (MoM) (May)	✓	0.10%	0.60%	Monthly
UK	12:00	CBI Distributive Trades Survey - Realised (Jul)	✓	1.00%	4.00%	Monthly
US	13:00	MBA Mortgage Applications (22-Jul)	✓	-	-1.30%	Weekly
US	14:30	Durable Goods Orders (Jun) (P)	✓✓✓	-1.40%	-2.30%	Monthly
US	16:00	Pending Home Sales (MoM) (Jun)	✓	1.20%	-3.70%	Monthly
US	20:00	Fed Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
US	20:00	Fed's Monetary Policy Statement	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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