

# ONE Minute Brief

20 July 2016

**GTC**  
consult • partner • manage

## Economic and Political News

IMF Deputy Managing Director, David Lipton mentioned that it is important to exclude small & medium enterprises from collective bargaining agreements in order to create more employment in South Africa. He further added that corruption in the nation was hampering reforms required to boost economic growth.

Eskom CEO Brian Molefe stated that the power utility has been able to meet the demand this financial year with no load shedding for the past 11 months and has used open cycle gas turbines sparingly. Separately, Eskom's CFO expects a significant increase in export sales in the near future.

South Africa's significantly high maize prices are expected to fall amid anticipations for bumper 2016-2017 crop amid good rains.

The Independent Communications Authority of SA has called on SABC to stop any further flouting of its order, compelling the public broadcaster to withdraw its decision to ban footage of violent public protests.

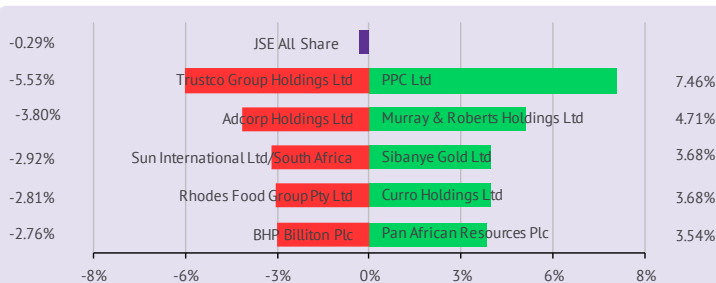
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52892.92	▼	-153.39	-0.29%	-0.37%	1.29%	-3.13%	4.34%
JSE Top 40	46214.28	▼	-217.16	-0.47%	-0.52%	0.52%	-4.17%	0.91%
FTSE 100	6697.37	▲	1.95	0.03%	0.42%	2.97%	4.39%	7.29%
DAX 30	9981.24	▼	-81.89	-0.81%	-0.85%	3.11%	-5.68%	-7.09%
CAC 40	4330.13	▼	-27.61	-0.63%	-0.97%	2.19%	-5.95%	-6.62%
S&P 500	2163.78	▼	-3.11	-0.14%	0.09%	3.09%	0.09%	5.86%
Nasdaq Composite	5036.37	▼	-19.41	-0.38%	0.13%	4.00%	-2.13%	0.58%
DJIA	18559.01	▲	25.96	0.14%	0.23%	3.51%	0.80%	6.51%

## South Africa Market ▼

### South African markets closed lower

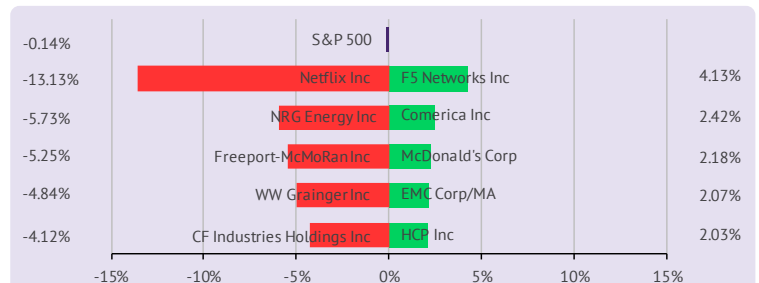
South African markets closed in the red yesterday, amid losses in resources sector stocks. The JSE All Share Index fell 0.3% to close at 52,892.92.



## US Market ▼

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

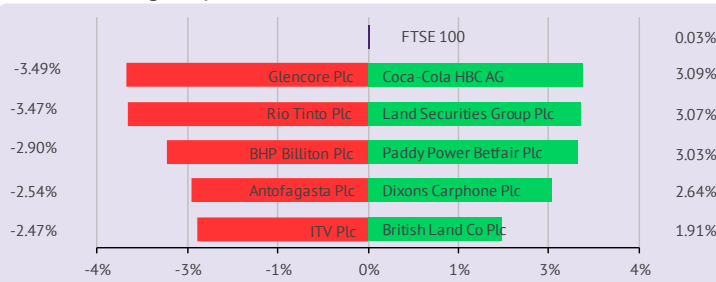
US markets closed mostly lower yesterday, weighed down by losses in materials and energy sector stocks. Data indicated that both housing starts and building permits in the US advanced more-than-expected in June. The S&P 500 Index dropped 0.1% to close at 2,163.78.



## UK Market ▲

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

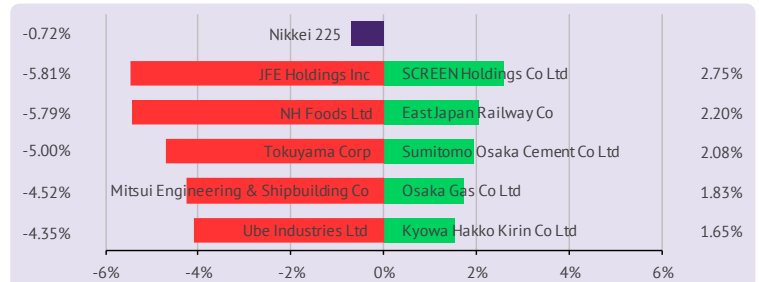
UK markets finished higher yesterday, supported by gains in energy sector stocks. Data revealed that UK's consumer price index climbed more-than-expected on an annual basis in June. The FTSE 100 Index advanced marginally to close at 6,697.37.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 0.7% lower at 16,603.70.



**Address:** GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.  
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

An Authorised Financial Services Provider FSP No. 731  
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting • Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services

# ONE Minute Brief

20 July 2016

**GTC**  
consult • partner • manage

## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R14.3500. Later today, traders will keep a watch on US MBA mortgage applications for further direction. Additionally, investors will closely monitor South Africa's consumer price index, scheduled for release in a few hours.

The US Dollar rose against the South African Rand yesterday. Data indicated that housing starts rebounded strongly on a monthly basis in June, while building permits advanced more-than-expected in the same month.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.2% against the South African Rand to trade at R18.7660. Later today, traders will keep an eye on UK's ILO unemployment rate and claimant count rate data for further clues.

The British Pound declined against the South African Rand yesterday, after the IMF slashed UK's growth forecast for the next year, warning that Brexit decision had dented the economy's short-term prospects. Meanwhile, the nation's consumer prices rose on an annual basis in June, boosted by rising airfares and fuel prices.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading marginally higher against the South African Rand at R15.8013. Going forward, market participants will keep a tab on Eurozone's current account balance data, scheduled in a few hours. Moreover, Germany's producer prices will be on investors' radar.

The Euro strengthened against the South African Rand yesterday. Separately, ZEW survey indicated that economic sentiment in Eurozone dropped in July. Moreover, Germany's economic sentiment plunged in the same month, falling to its lowest level since November 2012.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced marginally against the South African Rand to trade at R10.7582. Earlier in the session, Australia's Westpac leading index declined on a monthly basis in May.

The Australian Dollar fell against the South African Rand yesterday. Separately, minutes of RBA's July meeting indicated that officials awaited further information on inflationary pressures, labour market and housing market activity in Australia, all of which would be available by the end of this month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.3500	▲	0.64%	-1.63%	-2.65%	-6.25%	-7.35%
GBPZAR	18.7660	▼	-0.44%	-2.27%	-4.16%	-13.79%	-17.55%
EURZAR	15.8013	▲	0.16%	-1.77%	-3.28%	-6.58%	-5.98%
AUDZAR	10.7582	▲	-0.53%	-2.55%	-1.95%	-3.45%	-5.32%
EURUSD	1.1010	▼	-0.49%	-0.13%	-0.77%	-0.23%	1.42%
GBPUSD	1.3079	▼	-1.09%	-0.61%	-1.50%	-8.09%	-11.06%
Brent (\$/barrel)	46.8	▲	-0.64%	-2.00%	-6.14%	-0.36%	25.16%
Gold (\$/oz)	1333.6	▲	0.23%	0.37%	0.89%	8.71%	25.66%
Platinum (\$/oz)	1091.4	▼	-0.35%	0.39%	7.17%	4.19%	22.77%
Copper (\$/MT)*	4967.8	▲	0.93%	1.37%	2.64%	3.05%	5.57%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,333.60/oz.

Yesterday, gold prices rose 0.2% to close at \$1,332.30/oz, amid volatility in global equity markets.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$46.83/bl.

Yesterday, Brent crude oil dropped 0.6% to settle at \$46.66/bl, amid strength in the greenback and a rise in gasoline inventories in the US. The American Petroleum Institute (API) reported that crude oil inventories declined 2.3mn bls last week, while protests over wages forced Libya's Agoco Company to suspend 100,000 bpd of crude production at the Sarir oil field.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$1,091.40/oz.

Yesterday, platinum prices declined 0.4% to close at \$1094.70/oz.



# ONE Minute Brief

20 July 2016


**GTC**  
 consult • partner • manage

## Major South Africa Corporate News

### Gold Fields Limited

In its trading statement for 1H16, the company revealed that it expects EPS to be USD0.14, compared to nil earnings recorded in the corresponding period of the prior year. It anticipates headline EPS to be USD0.16, higher than USD0.01 posted in the same period of the previous year. It expects attributable gold equivalent production to be 1,044.00k oz, compared with 1,036.00k oz posted in the similar period of the preceding year.

### Impala Platinum Holdings Limited

The company announced that it has amended ZAR3.25bn of its existing debt facilities, which were previously available until December 2017, to a revised quantum of R4.00bn available until 2021. It is expected that the group will be well positioned in terms of cash generation.

### Massmart Holdings Limited

In its sales update for 26 weeks to 26 June 2016, the company indicated that total sales increased 8.7% from the corresponding period of the prior year to R42.30bn. Comparable store sales increased 6.4% from the same period of the prior year. It added that sales growth in the five-week period since its sales update for the 21 weeks to May 22, 2016 were adversely impacted by further weakness in certain African countries' currencies and disruption to trading during the recent unrest in Tshwane.

## Major Global Economic News

### UK

The annual UK inflation rate climbed more than expected to 0.5% in June from 0.3% in the previous month.

The IIMF notched down its global growth estimate for this year and next by 0.1 percentage point, with global growth now predicted at 3.1% in 2016 and 3.4% in 2017, as Britain's surprise vote to leave the European Union (EU) last month weighs on consumer confidence and investor sentiment. However, the IMF's latest outlook is based on a "benign assumption" that the UK and the EU preserve much of their key trade, finance and economic relationship. Further, the fund expects the UK economy to grow by 1.3% in 2017, 0.9 percentage points lower than its April estimate.

### US

In the US, building permits climbed 1.5%, on monthly basis, to an annual rate of 1153.00K in June, compared to a revised level of 1136.00K in the prior month. Market expectation was for building permits to advance to 1150.00K.

Housing starts in the US climbed 4.8%, on monthly basis, to an annual rate of 1189.00K in June, compared to market expectations of 1166.00K. In the prior month, housing starts had registered a revised level of 1135.00K.

### Metair Investments Limited

The company announced that following the recent disturbances in Turkey, there has been no disruption to the operations of its wholly owned subsidiary, Mutlu Akü and that its employees have not suffered any direct harm. It added that the management, together with its Turkish leadership team, will continue to monitor the situation closely.

### MTN Group Limited

In its trading statement for 1H16, the company indicated that it expects to report a negative basic headline EPS and basic EPS, due to a regulatory fine imposed on MTN Nigeria, foreign exchange losses and hyperinflation adjustments on MTN Irancell. In 1H15, it had reported a headline EPS of 654.00c and EPS of 653.00c. The Nigerian fine is expected to have a negative impact of 474.00c on headline EPS and EPS, respectively.

### Pan African Resources Plc

The company indicated that it has the assigned the tailings treatment agreement, which was entered into by entered into by Pan African, Phoenix Platinum Mining (Proprietary) Limited and International Ferro Metals (SA) Pty Limited (IFMSA), to TC Smelters Proprietary Limited. The agreement further clarifies a number of the provisions contained in the tailings treatment agreement, and will become effective at the same time as the IFMSA and TC Smelters sale of business agreement.

### Eurozone

The Eurozone economic sentiment index swung sharply to a level of -14.70 in July, compared to a level of 20.20 recorded in the previous month.

In May, on a monthly basis, the seasonally adjusted construction output fell 0.5% in the Eurozone. Construction output had registered a revised drop of 0.3% in the prior month.

In July, the economic sentiment index dropped to -6.80 in Germany, compared to a reading of 19.20 in the previous month. Market expectation was for the index to fall to a level of 9.00.

### Asia

In Australia, the Westpac leading index dropped 0.22% on a monthly basis, in June. The index had registered a rise of 0.23% in the prior month.

**Address:** GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.  
 t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

An Authorised Financial Services Provider FSP No. 731  
 formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting •  
 Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services

# ONE Minute Brief

20 July 2016

**GTC**  
consult • partner • manage

## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Germany	08:00	Producer Price Index (MoM) (Jun)	✓✓	0.20%	0.40%	Monthly
Eurozone	10:00	Current Account s.a (May)	✓	-	EUR36.20bn	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Jun)	✓✓	0.60%	0.20%	Monthly
Italy	10:30	Current Account (May)	✓	-	EUR4.66bn	Monthly
UK	10:30	Claimant Count Rate (Jun)	✓✓	2.20%	2.20%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (May)	✓✓	5.00%	5.00%	Monthly
UK	10:30	Employment Change (3M/3M) (May)	✓✓	73.00K	55.00K	Monthly
UK	10:30	Claimant Count Change (Jun)	✓✓	3.50K	-0.40K	Monthly
Switzerland	11:00	ZEW Survey - Expectations (Jul)	✓✓	-	19.40	Monthly
US	13:00	MBA Mortgage Applications (15-Jul)	✓	-	7.20%	Weekly
China	15:00	Conference Board Leading Economic Index (Jun)	✓	-	0.20%	Monthly
Eurozone	16:00	Consumer Confidence (Jul) (P)	✓✓	-8.00	-7.30	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

### Disclaimer

This report and its contents are confidential, privileged and only for the information of the intended recipient. GTC (Pty) Ltd make no representations or warranties in respect of this report or its content and will not be liable for any loss or damage of any nature arising from this report, the content thereof, your reliance thereon its unauthorised use or any electronic viruses associated therewith. Please note that content does not necessarily represent or reflect the views and opinions of GTC (Pty) Ltd. This report is proprietary to GTC (Pty) Ltd and you may not copy or distribute the report without the prior written consent of the authors. Any feedback or contributions are most welcome. GTC (Pty) Ltd Registration No 1996/001488/07 FSP No 731. An authorised Financial Services Provider.

**Address:** GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.  
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

An Authorised Financial Services Provider FSP No. 731  
formerly Grant Thornton Capital

Employee Benefits Consulting • Employee Benefits Administration • Private Client Wealth Management • Healthcare Consulting •  
Short-Term Risk Solutions • Stockbroking • Derivatives Trading • Unit Trust Management • Asset Management • Fiduciary Services