

# ONE Minute Brief

16 August 2016

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## Economic and Political News

SACCI's seasonally adjusted monthly trade activity index dropped to 47 in July from 51 in June, indicating that trade conditions in South Africa worsened as new orders and sales volumes fell amid weak demand.

The Economic Freedom Fighters (EFF) national spokesperson, Mbuyiseni Ndlozi stated that coalition discussions were at an advanced stage and the EFF was dealing with the situation in the necessary delicate way.

The African Independent Congress agreed in principle to enter into coalitions with the African National Congress in Ekurhuleni, the City of Johannesburg, Nelson Mandela Bay and Rustenburg.

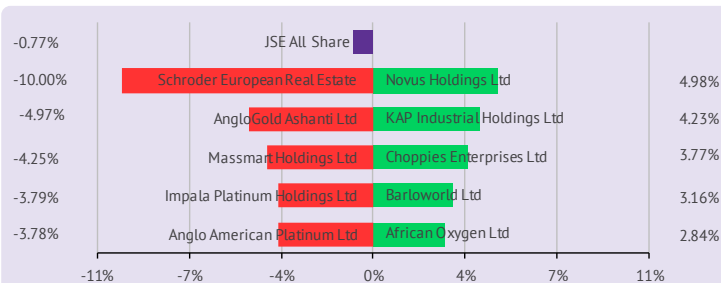
Moody's announced that South African Reserve Bank's decision to fine five banks ZAR35.00mn for not fulfilling the law is credit positive for the nation's rating status.

The Automobile Association announced that the price of fuel could be cheaper due to strengthening of the South African Rand with petrol slated for a reduction of up to 69.0c a litre and diesel for a cut of up to 94.0c.

## South Africa Market ▼

### South African markets closed lower

South African markets closed in the red yesterday, amid losses in platinum and gold mining sector stocks. The JSE All Share Index fell 0.8% to close at 52,397.97.



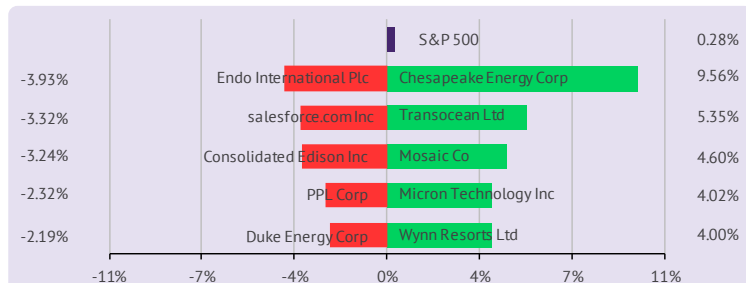
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52397.97	▼ -408.53	-0.77%	-0.77%	-0.76%	1.11%	3.36%
JSE Top 40	45303.88	▼ -399.30	-0.87%	-0.87%	-1.33%	-0.13%	-1.08%
FTSE 100	6941.19	▲ 25.17	0.36%	0.36%	3.22%	3.38%	11.20%
DAX 30	10739.21	▲ 25.78	0.24%	0.24%	3.89%	6.79%	-0.04%
CAC 40	4497.86	▼ -2.33	-0.05%	-0.05%	1.31%	4.77%	-3.00%
S&P 500	2190.15	▲ 6.10	0.28%	0.28%	0.76%	3.56%	7.15%
Nasdaq Composite	5262.02	▲ 29.12	0.56%	0.56%	1.93%	6.60%	5.08%
DJIA	18636.05	▲ 59.58	0.32%	0.32%	1.11%	2.80%	6.95%

## US Market ▲

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

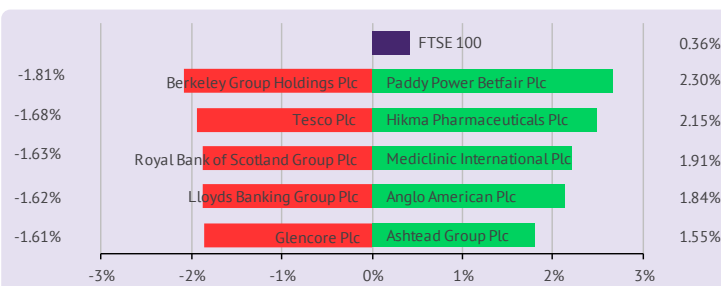
US markets closed higher yesterday, supported by gains in material sector stocks. Data revealed that the New York Empire State manufacturing index surprisingly eased in August. The S&P 500 Index climbed 0.3% to close at 2,190.15.



## UK Market ▲

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

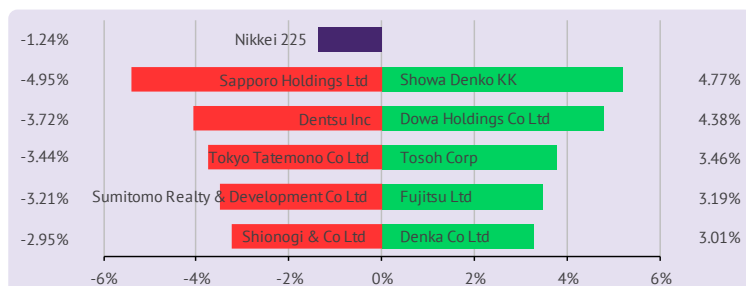
UK markets finished higher yesterday, amid gains in energy sector stocks. The FTSE 100 Index advanced 0.4% to close at 6,941.19.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning. The Nikkei 225 Index is trading 1.2% lower at 16,661.03.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R13.2800. Later today, traders will keep a close watch on US consumer price index, manufacturing and industrial production along with building permits and housing starts data for further cues.

The US Dollar fell against the South African Rand yesterday. Data indicated that the New York Empire state manufacturing index in the US unexpectedly declined in August.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R17.1486. Later today, traders will keep an eye on UK's consumer price index for further direction in the Pound.

The British Pound declined against the South African Rand yesterday.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro fell 0.1% against the South African Rand to trade at R14.8687. Going forward, market participants will keep a tab on Eurozone's ZEW survey on economic sentiment and trade balance data, scheduled to release in a few hours. Moreover, Germany's ZEW survey on economic sentiment will be on investors' radar.

The Euro weakened against the South African Rand yesterday, reversing previous session gains.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R10.2017. Earlier in the session, the RBA's monetary policy meeting minutes indicated that while prospects for growth were positive, there was room for stronger growth, which could be assisted by lower interest rates.

The Australian Dollar fell against the South African Rand yesterday, extending losses from previous sessions.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.2800	▼	-1.28%	-1.28%	-4.15%	-5.76%	-14.02%
GBPZAR	17.1486	▲	-1.61%	-1.61%	-6.67%	-6.41%	-24.86%
EURZAR	14.8687	▼	-1.04%	-1.04%	-4.09%	-5.05%	-11.48%
AUDZAR	10.2017	▼	-0.98%	-0.98%	-3.34%	-3.73%	-10.14%
EURUSD	1.1193	▲	0.20%	0.20%	0.09%	0.61%	2.92%
GBPUSD	1.2902	▲	-0.31%	-0.31%	-2.65%	-0.61%	-12.63%
Brent (\$/barrel)	48.1	▼	2.94%	2.94%	11.07%	-12.43%	29.69%
Gold (\$/oz)	1351.6	▲	0.34%	0.34%	-0.64%	2.15%	26.42%
Platinum (\$/oz)	1126.3	▲	-1.15%	-1.15%	-2.98%	12.64%	25.19%
Copper (\$/MT)*	4759.8	▲	0.23%	0.23%	-3.16%	1.55%	1.15%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,351.60/oz.

Yesterday, gold prices rose 0.3% to close at \$1,340.30/oz, as weakness in the US Dollar increased demand for the precious yellow metal.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil edged 0.6% lower to trade at \$48.05/bl.

Yesterday, Brent crude oil surged 2.9% to settle at \$48.35/bl, as speculation rose that the prolonged price rout might drive major oil producers to reconsider a collective production cap. Moreover, Russian Energy Minister, Alexander Novak stated it is consulting with Saudi Arabia and other producers to achieve oil-market stability.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices gained 0.9% to trade at \$1,126.30/oz.

Yesterday, platinum prices declined 1.2% to close at \$1,116.30/oz.



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16 August 2016



## Major South Africa Corporate News

### AngloGold Ashanti Limited

In its 1H16 results, the company stated that gold produced from continuing operations decreased to 1,745.00k oz from 1,878.00k oz posted in the corresponding period of the previous year. It posted a profit of USD52.00mn, compared with a loss of USD143.00mn in the same period of the prior year. For FY16, the firm expects gold production guidance to be between 3.60mn oz to 3.80 mn oz.

### Barclays Africa Group Limited

The bank announced that Jason Quinn has been appointed the Group Financial Director and Financial Director of Absa Bank with effect from September 01, 2016. He becomes an Executive Director of Barclays Africa and Absa Bank Limited.

### Blue Label Telecoms Limited

In its trading statement for FY16, the company reported that it expects headline EPS to rise in the range of 16.45c to 18.10c. It anticipates EPS to be between 18.0% and 20.0% higher, than the previous year.

### Clientele Limited

In its FY16 results, the company indicated that revenue rose to R1.85bn from R1.64bn posted in the previous year. Its profit before tax advanced 12.4% from the preceding year to R564.30mn. Its diluted headline EPS stood at 122.99c, compared with 107.67c recorded in the prior year.

### Group Five Limited

In its FY16 results, the company revealed that its revenue declined 0.7% from the preceding year to R13.77bn, as increased revenue from the Investments & Concessions cluster was offset by decreased revenue from the Manufacturing cluster. Its fully diluted headline EPS stood at 335.00c, compared with 204.00c recorded in the previous year. A dividend of 30.00c/share was declared based on an adjusted EPS. It posted a loss before tax of R277.73mn, compared with an income before tax of R109.05mn recorded in the prior year.

### Massmart Holdings Limited

In its trading statement for 1H16, the company indicated that it expects headline EPS to rise between 140.20c and 149.90c, compared with 124.20c recorded in the preceding period of the prior year. It anticipates profit before interest and tax excluding insurance gain arising from the excess of the insured replacement value over the net book value of the assets destroyed by the fire at the Jumbo Crown Mines store in February 2016 to be in the range R742.80mn to R794.10mn, while it expects profit before interest and tax including insurance gain to be between R782.50mn and R836.60mn.

## Major Global Economic News

### US

In the US, the New York Empire State manufacturing index fell unexpectedly to a level of -4.21 in August, compared to the market expectations of an advance to 2.00. In the prior month, the index had registered a reading of 0.55.

In the US, the NAHB housing market index registered a rise to 60.00 in August, compared to a revised reading of 58.00 in the previous month. Market anticipation was for the index to climb to a level of 60.00.

### Asia

The Reserve Bank of Australia's (RBA) August meeting minutes revealed that while prospects for growth were positive, there was room for stronger growth, which could be assisted by lower interest rates. Further, the RBA indicated that risks associated with rising household sector leverage and rapid gains in housing prices had diminished. At the meeting, the central bank slashed the official cash rate to a record low 1.50% from 1.75%.

The seasonally adjusted new motor vehicle sales fell 1.3% in Australia on a monthly basis, in July. In the prior month, new motor vehicle sales had registered a revised rise of 3.5%.

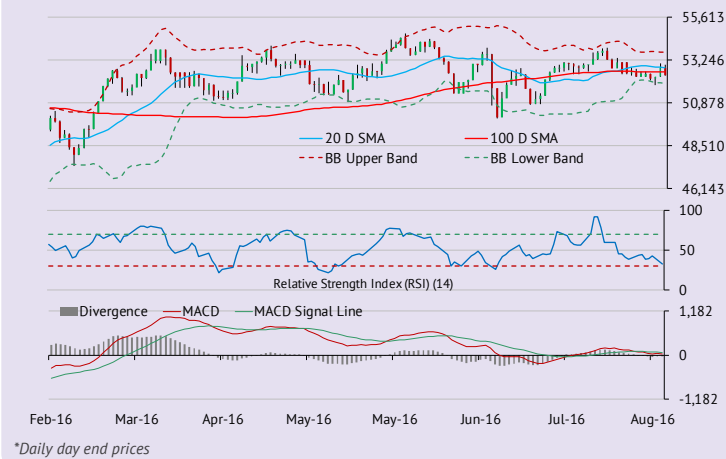
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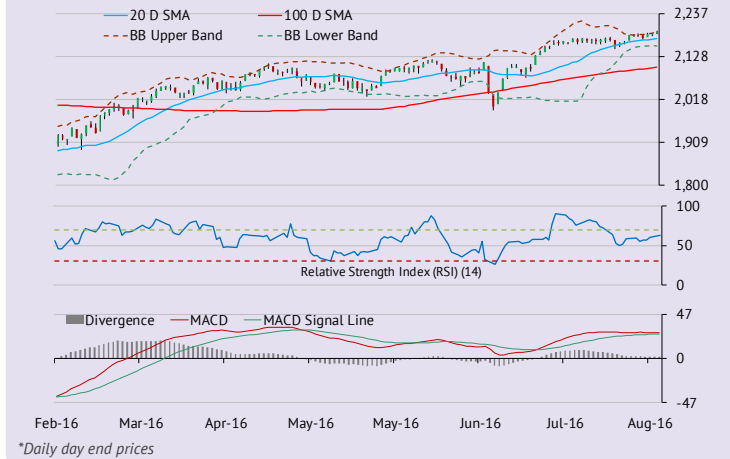
## Technical Snapshot

### JSE All Share



The JSE All Share index is expected to find support at 51,824.80, and a fall through could take it to the next support level of 51,251.63. The index is expected to find its first resistance at 53,021.51, and a rise through could take it to the next resistance level of 53,645.05.

### S&P 500



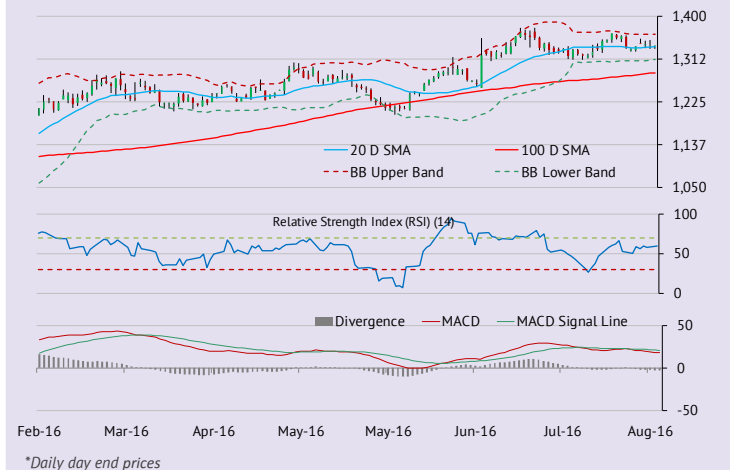
The S&P 500 index is expected to find support at 2,176.83, and a fall through could take it to the next support level of 2,163.51. The index is expected to find its first resistance at 2,198.64, and a rise through could take it to the next resistance level of 2,207.13.

### USDZAR



The pair is expected to find support at 13.1182, and a fall through could take it to the next support level of 12.9330. The pair is expected to find its first resistance at 13.5711, and a rise through could take it to the next resistance level of 13.8388.

### XAU/USD



Gold is expected to find support at \$1,327.80/oz, and a fall through could take it to the next support level of \$1,315.30/oz. The precious metal is expected to find its first resistance at \$1,353.50/oz, and a rise through could take it to the next resistance level of \$1,366.70/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	06:00	Tokyo Condominium Sales (YoY) (Jul)	✓	-30.70%*	-12.90%	Monthly
UK	10:30	Retail Price Index (Jul)	✓	262.90	263.10	Monthly
UK	10:30	Consumer Price Index (MoM) (Jul)	✓✓	-0.10%	0.20%	Monthly
UK	10:30	Retail Price Index (MoM) (Jul)	✓	-0.10%	0.40%	Monthly
UK	10:30	Core Consumer Price Index (YoY) (Jul)	✓✓✓	1.40%	1.40%	Monthly
UK	10:30	Producer Price Index - Input n.s.a (MoM) (Jul)	✓	1.00%	1.80%	Monthly
UK	10:30	Producer Price Index - Output n.s.a (MoM) (Jul)	✓	0.20%	0.20%	Monthly
Germany	11:00	ZEW Survey - Economic Sentiment (Aug)	✓✓✓	2.00	-6.80	Monthly
Eurozone	11:00	ZEW Survey - Economic Sentiment (Aug)	✓✓	-	-14.70	Monthly
Germany	11:00	ZEW Survey - Current Situation (Aug)	✓✓	50.20	49.80	Monthly
Eurozone	11:00	Trade Balance s.a. (Jun)	✓	EUR25.30bn	EUR24.50bn	Monthly
US	14:30	Consumer Price Index (MoM) (Jul)	✓✓	0.00%	0.20%	Monthly
US	14:30	Building Permits (MoM) (Jul)	✓✓	0.60%	1.50%	Monthly
Canada	14:30	Manufacturing Shipments (MoM) (Jun)	✓	0.50%	-1.00%	Monthly
US	14:30	Consumer Price Index n.s.a. (Jul)	✓	240.81	241.04	Monthly
US	14:30	Housing Starts (MoM) (Jul)	✓✓	-0.80%	4.80%	Monthly
US	14:30	Consumer Price Index Core s.a (Jul)	✓	247.87	247.50	Monthly
US	14:55	Redbook Index s.a. (MoM) (12-Aug)	✓	-	-0.20%	Weekly
US	15:15	Capacity Utilisation (Jul)	✓	75.60%	75.40%	Monthly
US	15:15	Industrial Production (MoM) (Jul)	✓✓	0.30%	0.60%	Monthly
US	15:15	Manufacturing (SIC) Production (MoM) (Jul)	✓✓	0.30%	0.40%	Monthly
US	18:30	Fed's Lockhart Speaks to Rotary Club of Knoxville	✓	-	-	As scheduled

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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