

# ONE Minute Brief

13 September 2016

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## Economic and Political News

The National Treasury announced that President Jacob Zuma has settled his Nkandla bill. Further, Presidency confirmed that Zuma paid back the ZAR7.80mn for security upgrades to his Nkandla home through a home loan obtained from VBS Mutual Bank.

The National Treasury stated that Finance Minister, Pravin Gordhan will appoint an external company to conduct a probe on allegations of impropriety among members of the Financial and Fiscal Commission.

Presidency stated that President Jacob Zuma's meeting with the Black Business Council was focused on issues relating to economic transformation and the President will resolve issues of ownership, control and management of the economy.

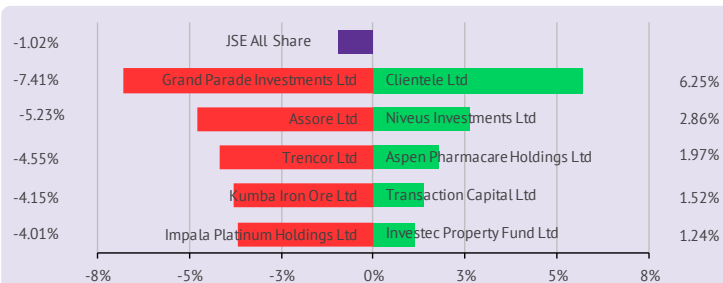
The Transnet National Ports Authority indicated that South Africa's bulk export volumes fell 4.9% on a yearly basis in August to 12.6mn tons, compared to a 15.4% drop in July to 11.6mn tons.

Opposition party, DA has urged President Jacob Zuma to stop a ZAR100.00mn deal by the Defence & Military Veterans Minister, Nosiviwe Mapisa-Nqakula, for the leasing of a VIP-configured jet.

## 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 1.0% to close at 52,802.00.



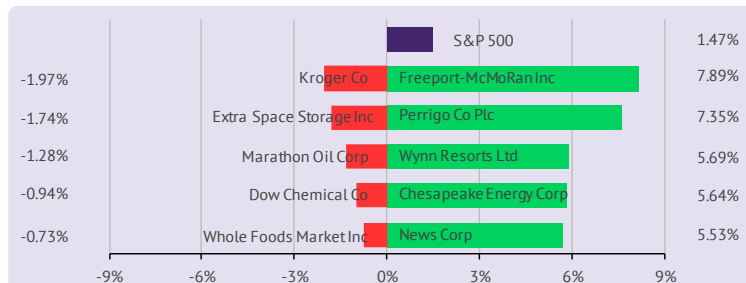
## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52802.00	▼	-545.30	-1.02%	-1.02%	0.13%	-0.12%	4.16%
JSE Top 40	46294.07	▼	-440.85	-0.94%	-0.94%	0.07%	0.75%	1.08%
FTSE 100	6700.90	▼	-76.05	-1.12%	-1.12%	-1.19%	0.85%	7.35%
DAX 30	10431.77	▼	-141.67	-1.34%	-1.34%	-1.52%	2.47%	-2.90%
CAC 40	4439.80	▼	-51.60	-1.15%	-1.15%	0.04%	-0.04%	-4.25%
S&P 500	2159.04	▲	31.23	1.47%	1.47%	-0.55%	-0.12%	5.63%
Nasdaq Composite	5211.89	▲	85.98	1.68%	1.68%	-0.03%	0.99%	4.08%
DJIA	18325.07	▲	239.62	1.32%	1.32%	-0.41%	-0.17%	5.17%

## US Market ▲

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

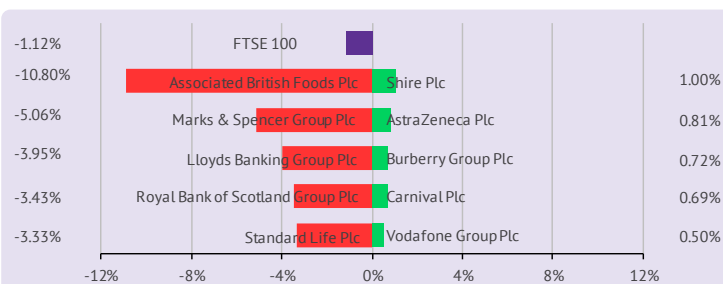
US markets closed higher yesterday, following comments from Fed Governor Lael Brainard advising prudence while raising interest rates and supported by gains in telecommunication sector stocks. The S&P 500 Index rallied 1.5% to close at 2,159.04.



## UK Market ▼

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

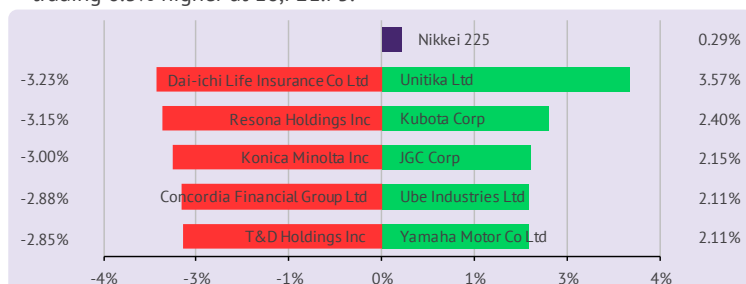
UK markets finished lower yesterday, led by losses in banking sector stocks. The FTSE 100 Index declined 1.1% to close at 6,700.90.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. Earlier in the session, data indicated that China's industrial production advanced more-than-expected on an annual basis in August. The Nikkei 225 Index is trading 0.3% higher at 16,721.75.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.4% against the South African Rand to trade at R14.2800. Later today, traders will keep a close watch on US monthly budget statement and NFIB small business optimism index for further cues. Additionally, South Africa's current account balance will be on investors' radar.

The US Dollar fell against the South African Rand yesterday, following comments by Fed Governor, Lael Brainard, who stated that the case to tighten monetary policy in the near future looks less compelling due to concerns over the likely effect of global difficulties on the US economy.

## GBPZAR ▲

### GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.4% higher against the South African Rand at R19.0510. 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, reversing previous session gains.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.4% higher against the South African Rand at R16.0421. Going forward, market participants will keep a tab on Eurozone's ZEW economic sentiment index and employment change, scheduled in a few hours. Moreover, investors will also keep a track on Germany's consumer price index and ZEW survey for economic sentiment index and current situation.

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

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.7728. Earlier in the session, data indicated that Australia's NAB business confidence index advanced in August from July. Elsewhere in China, Australia's largest trading partner, industrial production rose more than market expectations on a yearly basis in August, while retail sales advanced on an annual basis in the same month.

The Australian Dollar fell against the South African Rand yesterday.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.2800	▲	-1.31%	-1.31%	-3.42%	6.14%	-8.05%
GBPZAR	19.0510	▲	-0.81%	-0.81%	-1.96%	5.43%	-16.78%
EURZAR	16.0421	▲	-1.29%	-1.29%	-2.75%	5.96%	-4.89%
AUDZAR	10.7728	▲	-0.98%	-0.98%	-2.80%	4.86%	-5.25%
EURUSD	1.1232	▼	0.02%	0.02%	0.69%	-0.14%	3.39%
GBPUUSD	1.3333	▼	0.53%	0.53%	1.51%	-0.70%	-9.53%
Brent (\$/barrel)	47.9	▼	0.65%	0.65%	3.05%	7.72%	29.61%
Gold (\$/oz)	1334.3	▲	-0.68%	-0.68%	1.05%	-3.05%	24.66%
Platinum (\$/oz)	1062.3	▲	-2.30%	-2.30%	-1.01%	-8.44%	16.96%
Copper (\$/MT)*	4628.8	▲	0.31%	0.31%	0.50%	-6.30%	-1.64%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices edged 1.0% higher to trade at \$1,334.30/oz.

Yesterday, gold prices fell 0.7% to close at \$1,321.60/oz. Losses were limited, after a Fed official struck a dovish tone, stating that the US Fed needed to be prudent in considering future rate rises.

## Brent Crude Oil ▼

### Trading weaker

At 06:00 SAST, Brent crude oil fell 0.8% to trade at \$47.93/bl.

Yesterday, Brent crude oil advanced 0.7% to settle at \$48.32/bl, after Genscape Inc. indicated that inventory in the tanks in Cushing fell more than 1.2mn bls. Separately, a report from OPEC showed that crude production by non-OPEC members is likely to climb in the second half of this year while supply is projected to rise by 200,000 bpd in 2017.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices climbed 1.9% to trade at \$1,062.30/oz.

Yesterday, platinum prices declined 2.3% to close at \$1042.90/oz.



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## Major South Africa Corporate News

### Aspen Pharmacare Holdings Limited

The company announced that it has signed agreements with GlaxoSmithKline Plc (GSK) whereby it will acquire a portfolio of anaesthetics globally with exception of certain territories. It expects the portfolio to generate revenue of approximately GBP70.00mn for the year ended December 31, 2016. Also, it will pay an initial amount of GBP180.00mn and milestone payments of up to GBP100.00mn based on the results of the Portfolio in the 36 months following completion of the acquisition. The acquisition is anticipated to be completed in 3Q17 of Aspen's financial year.

### AVI Limited

In its FY16 results, the company revealed that its revenue advanced 8.4% from the preceding year to R12.19bn. Its diluted headline EPS stood at 458.8c, compared with 412.9c recorded in the previous year. Its profit before tax increased to R2.07bn from R1.86bn posted in the previous year.

### Capevin Holdings Limited

In its FY16 results, the company reported that its share of profit of joint venture, Distell Group Limited, increased to R410.66mn, compared with R385.90mn recorded in the previous year. Its diluted EPS rose 6.4% from the preceding year to 46.4c. Its profit before tax advanced to R410.33mn from R385.50mn posted in the preceding year.

### Grand Parade Investments Limited

The company revealed that Ms Tasneem Karriem has been appointed as an Executive Director with effect from September 9, 2016.

### Rand Merchant Investment Holdings Limited

In its FY16 results, the company indicated that its income rose to R14.08bn from R11.70bn recorded in the previous year. Its diluted headline EPS decreased 9.0% from the prior year to 194.30c. Its profit before tax increased to R4.19bn from R4.09bn posted in the last year.

### Sasol Limited

In its FY16 results, the company stated that its turnover decreased to R172.94bn from R185.27bn recorded in the prior year. Its diluted EPS fell 55.5% from the previous year to R21.66. For FY17, the company expects liquid fuels sales volumes for the Energy SBU in Southern Africa to be approximately 61.00mn bls and Base Chemicals and Performance Chemicals sales volumes to be higher than the prior year.

## Major Global Economic News

### Asia

On a quarterly basis, business survey index (BSI) of large manufacturing industries in Japan advanced 2.9% in 3Q16. Business survey index recorded a drop of 11.1% in the prior quarter.

The business confidence index in Australia recorded a rise to 6.00 in August, compared to a level of 4.00 in the prior month.

In Australia, the business conditions index eased to 7.00 in August, compared to a revised reading of 9.00 in the prior month.

In August, industrial production advanced 6.3% on an annual basis in China, more than market expectations for a rise of 6.2%. In the previous month, industrial production had climbed 6.0%.

In China, retail sales climbed 10.6% on a yearly basis in August, higher than market expectations for an advance of 10.2%. Retail sales had registered a rise of 10.2% in the previous month.

### US

The Federal Reserve (Fed) Governor, Lael Brainard, stated that the case to tighten monetary policy in the near term looks less compelling. She added that the US labour market was not yet at full strength and expressed concerns about the impact of global difficulties on the nation's economy.

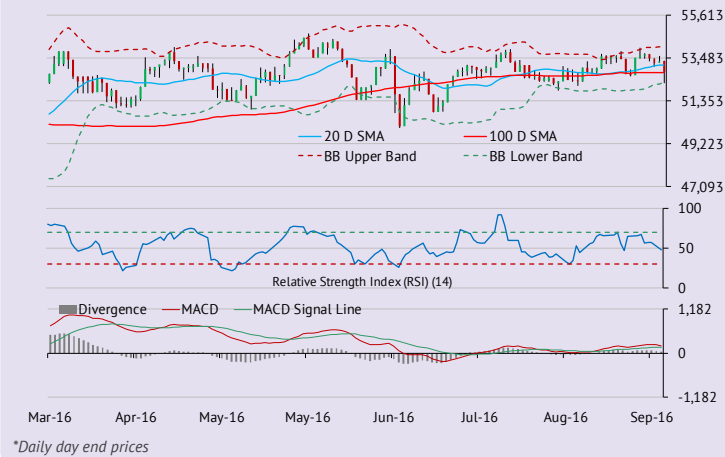
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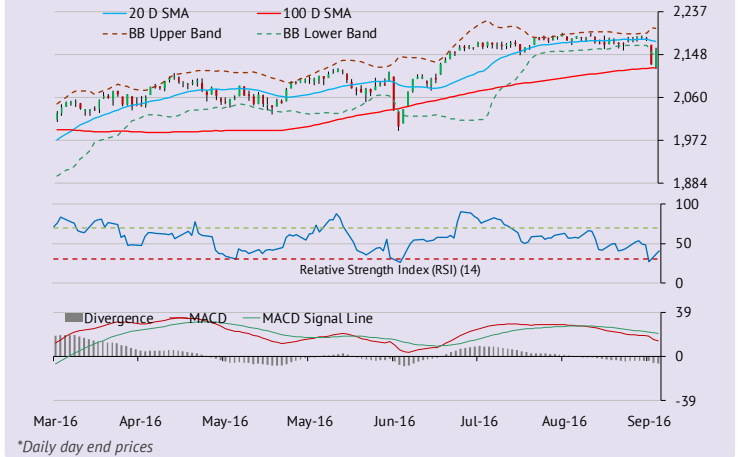
## Technical Snapshot

### JSE All Share



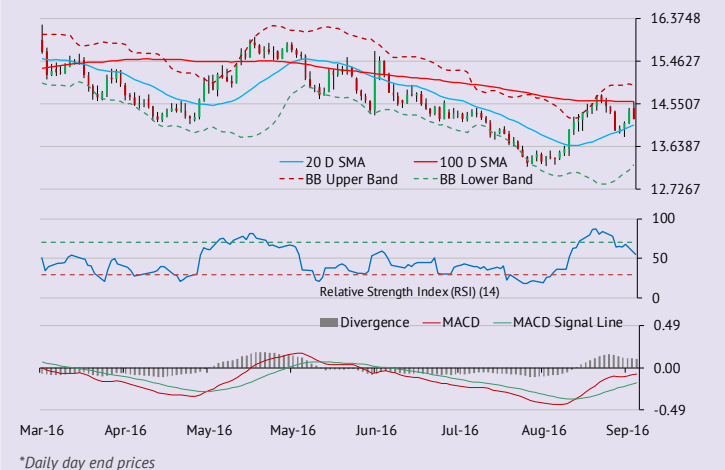
The JSE All Share index is expected to find support at 52,118.66, and a fall through could take it to the next support level of 51,435.32. The index is expected to find its first resistance at 53,608.23, and a rise through could take it to the next resistance level of 54,414.46.

### S&P 500



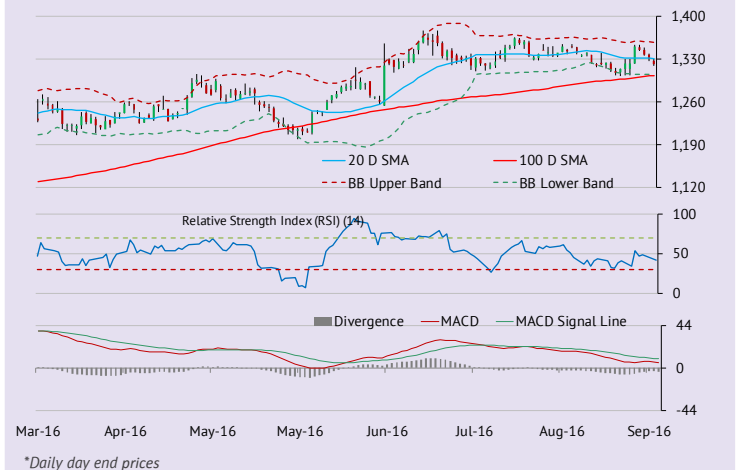
The S&P 500 index is expected to find support at 2,122.82, and a fall through could take it to the next support level of 2,086.59. The index is expected to find its first resistance at 2,191.57, and a rise through could take it to the next resistance level of 2,224.09.

### USDZAR



The pair is expected to find support at 13.8437, and a fall through could take it to the next support level of 13.4597. The pair is expected to find its first resistance at 14.6001, and a rise through could take it to the next resistance level of 14.9725.

### XAU/USD



Gold is expected to find support at \$1,309.27/oz, and a fall through could take it to the next support level of \$1,296.93/oz. The precious metal is expected to find its first resistance at \$1,343.87/oz, and a rise through could take it to the next resistance level of \$1,366.13/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	BSI Large Manufacturing (QoQ) (Q3)	✓✓	2.90%*	-11.10%	Quarterly
China	02:01	Manpower Survey (Q4)	✓	5.00%*	2.00%	Quarterly
Japan	02:01	Manpower Survey (Q4)	✓	23.00%*	22.00%	Quarterly
China	04:00	Industrial Production (YoY) (Aug)	✓✓	6.30%*	6.00%	Monthly
China	04:00	Retail Sales (YoY) (Aug)	✓✓	10.60%*	10.20%	Monthly
China	04:00	Fixed Assets Inv Excl. Rural YTD (YoY) (Aug)	✓✓	8.10%*	8.10%	Monthly
Germany	08:00	Consumer Price Index (MoM) (Aug) (F)	✓✓	0.00%	0.00%**	Monthly
Germany	08:00	Wholesale Price Index (MoM) (Aug)	✓	-	0.20%	Monthly
Switzerland	09:15	Producer and Import Prices (MoM) (Aug)	✓	-0.20%	-0.10%	Monthly
Italy	10:00	Industrial Production s.a. (MoM) (Jul)	✓	0.20%	-0.40%	Monthly
South Africa	10:00	Current Account Balance (Q2)	✓✓	-ZAR129.00bn	-ZAR211.00bn	Quarterly
South Africa	10:00	Current Account to GDP (Q2)	✓✓	-3.00%	-5.00%	Quarterly
UK	10:30	Consumer Price Index (MoM) (Aug)	✓✓	0.40%	-0.10%	Monthly
UK	10:30	Retail Price Index (MoM) (Aug)	✓	0.40%	0.10%	Monthly
Eurozone	11:00	Employment Change (QoQ) (Q2)	✓✓	-	0.30%	Quarterly
Eurozone	11:00	Employment Change (YoY) (Q2)	✓✓	-	1.40%	Quarterly
Eurozone	11:00	ZEW Survey - Economic Sentiment (Sep)	✓✓	-	4.60	Monthly
Germany	11:00	ZEW Survey - Current Situation (Sep)	✓✓	56.00	57.60	Monthly
Germany	11:00	ZEW Survey - Economic Sentiment (Sep)	✓✓✓	2.50	0.50	Monthly
US	12:00	NFIB Small Business Optimism (Aug)	✓	94.80	94.60	Monthly
Eurozone	14:00	ECB's Nowotny, BIS's Caruana Speak at OeNB/BIS Conference	✓	-	-	As scheduled
Eurozone	20:00	Lautenschläger Speaks in Strasbourg	✓	-	-	As scheduled
US	20:00	Monthly Budget Statement (Aug)	✓✓	-USD107.00bn	-USD112.82bn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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