

# ONE Minute Brief

14 September 2016

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## Economic and Political News

South Africa's current account deficit narrowed to ZAR134.00bn in 2Q16, from a revised deficit of ZAR221.00bn in the prior quarter. As a percentage of GDP, current account deficit stood at 3.1% in 2Q16 compared to 5.3% in the prior quarter.

Finance Minister, Pravin Gordhan stated that South Africa needed to be more agile and welcome innovation for achieving sustainable growth, as he remained optimistic that the country will get back to 2% and 3% growth over the next few years. Moreover, he confirmed that South African Airlines (SAA) suffered a loss of ZAR4.7bn in 2014-15 financial year and ZAR1.8bn in the past financial year.

While speaking at the National Assembly, President Jacob Zuma stated that there were no tensions between the Presidency and Treasury. Further, he indicated that a process by the government to widen nuclear power generation was continuing, albeit treasury warning that funds were not immediately available.

## Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52805.96	▲	3.96	0.01%	-1.01%	0.14%	-0.12%	4.17%
JSE Top 40	46274.97	▼	-19.10	-0.04%	-0.98%	0.03%	0.75%	1.04%
FTSE 100	6665.63	▼	-35.27	-0.53%	-1.64%	-1.71%	0.85%	6.78%
DAX 30	10386.60	▼	-45.17	-0.43%	-1.77%	-1.95%	2.47%	-3.32%
CAC 40	4387.18	▼	-52.62	-1.19%	-2.32%	-1.15%	-0.04%	-5.39%
S&P 500	2127.02	▼	-32.02	-1.48%	-0.04%	-2.02%	-0.12%	4.06%
Nasdaq Composite	5155.26	▼	-56.63	-1.09%	0.57%	-1.11%	0.99%	2.95%
DJIA	18066.75	▼	-258.32	-1.41%	-0.10%	-1.82%	-0.17%	3.68%

## South Africa Market ▲

### South African markets closed higher

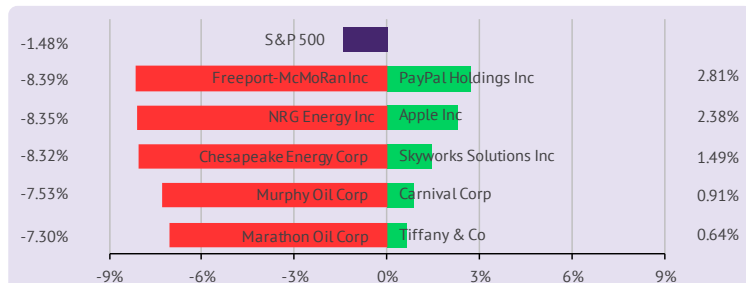
South African markets closed in the green yesterday, supported by gains in retail sector stocks. Data indicated that South Africa's current account balance narrowed in 2Q16. The JSE All Share Index rose marginally to close at 52,805.96.



## US Market ▼

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

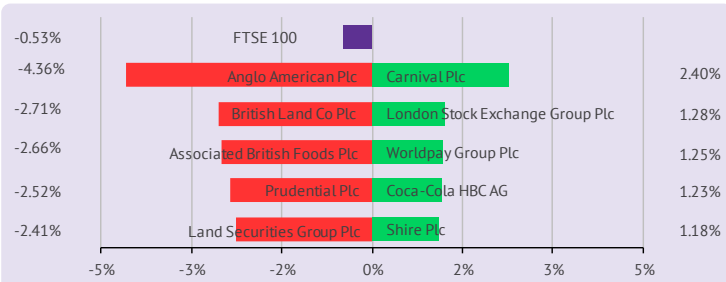
US markets closed sharply lower yesterday, weighed down by losses in energy sector stocks. Data indicated a budget deficit in the US in August. The S&P 500 Index dropped 1.5% to close at 2,127.02.



## UK Market ▼

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

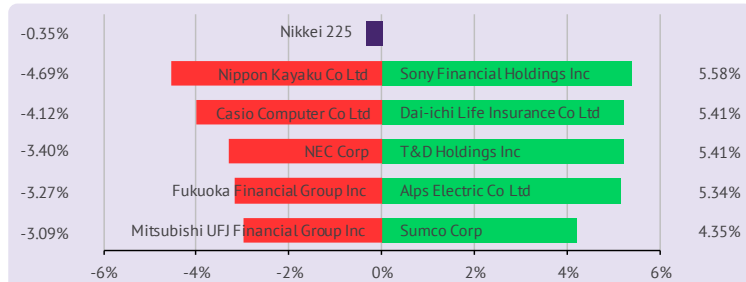
UK markets finished lower yesterday, amid losses in commodity sector stocks. Data revealed that UK's consumer price index advanced less-than-expected on annual basis in August. The FTSE 100 Index declined 0.5% to close at 6,665.63.



## Asian Market ◀▶

### Trading mixed

Asian markets are trading mixed this morning. Data indicated that Japan's final industrial production was revised lower in July. The Nikkei 225 Index is trading 0.4% lower at 16,670.44. Markets are closed in South Korea today on account of a public holiday.



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## USDZAR ▼

### USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell marginally against the South African Rand to trade at R14.3900. Later today, traders will keep a close watch on US import price index and MBA mortgage applications data for further direction. Additionally, South Africa's retail sales data will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. Data revealed that the US posted a higher budget deficit in August. Separately, South Africa current account deficit narrowed less-than-expected in 2Q16.

## GBPZAR ▲

### GBP trading higher against ZAR

At 06:00 SAST, the British Pound gained marginally against the South African Rand to trade at R19.0010. Later today, traders will keep an eye on UK's ILO unemployment rate and claimant count rate for further cues.

The British Pound advanced against the South African Rand yesterday. Meanwhile, data indicated that UK's annual consumer price inflation advanced less than market expectations in August.

## EURZAR ▲

### EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0% firmer against the South African Rand at R16.1527. Going forward, market participants will keep a tab on Eurozone's industrial production data, scheduled in a few hours.

The Euro strengthened against the South African Rand yesterday, after data revealed that Eurozone's ZEW economic sentiment index rose in September. Moreover, employment in the region advanced on a quarterly basis in the second quarter of 2016. Separately, Germany's final reading on consumer price index came in flat on a monthly basis in August in line with preliminary estimates. Further, the nation's ZEW economic sentiment index remained steady in September, while current conditions index eased more-than-expected in the same month.

## AUDZAR ▲

### AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R10.7666. Earlier in the session, data indicated that Australia's Westpac consumer confidence index advanced for a second straight month in September.

The Australian Dollar fell against the South African Rand yesterday. Data indicated that Australia's NAB business confidence index rose in August from July. Elsewhere in China, Australia's top trading partner, industrial production advanced higher than market expectations on an annual basis in August, while retail sales advanced on a yearly basis in the same month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.3900	▼	1.17%	-0.15%	-2.29%	6.14%	-6.98%
GBPZAR	19.0010	▲	0.11%	-0.70%	-1.85%	5.43%	-16.69%
EURZAR	16.1527	▲	1.04%	-0.26%	-1.74%	5.96%	-3.90%
AUDZAR	10.7666	▲	-0.20%	-1.18%	-3.00%	4.86%	-5.44%
EURUSD	1.1223	▲	-0.13%	-0.12%	0.56%	-0.14%	3.26%
GBPUSD	1.3195	▲	-1.08%	-0.56%	0.42%	-0.70%	-10.51%
Brent (\$/barrel)	47.3	▲	-2.52%	-1.90%	0.45%	7.72%	26.34%
Gold (\$/oz)	1322.8	▲	-0.15%	-0.83%	0.89%	-3.05%	24.47%
Platinum (\$/oz)	1038.4	▲	-0.66%	-2.95%	-1.66%	-8.44%	16.18%
Copper (\$/MT)*	4633.3	▲	0.10%	0.41%	0.60%	-6.30%	-1.54%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices rose 0.2% to trade at \$1,322.80/oz.

Yesterday, gold prices fell 0.2% to close at \$1,319.60/oz, as the US Dollar strengthened, reducing demand for the precious metal as an alternative investment.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil rose 0.4% to trade at \$47.29/bl.

Yesterday, Brent crude oil slipped 2.5% to settle at \$47.10/bl, after the International Energy Agency downgraded its global oil demand outlook by about 100,000 bls per day for 2016 to a growth of 1.3 mn bls per day, and slashed its forecast for 2017 by 200,000 barrels to a growth of 1.2mn bls per day. Moreover, the American Petroleum Institute (API) reported that crude oil inventories advanced 1.4mn bls last week.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices edged 0.2% higher to trade at \$1,038.40/oz.

Yesterday, platinum prices declined 0.7% to close at \$1036.00/oz.



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## Major South Africa Corporate News

### Anglo American Platinum Limited

The company announced that it has safely effected a shutdown of the furnace number one at Waterval smelter in South Africa, after a leak of molten furnace matte was detected from the furnace's hearth on September 10, 2016. All emergency procedures, including actions to safeguard all site personnel, were successfully implemented and no one was injured. The rebuild of furnace is expected to take approximately 3 to 4 months to complete. Its mining and concentrating activities are unaffected, therefore not impacting the previously guided range of production of 2.30mn and 2.40mn platinum ounces.

### Attacq Limited

In its FY16 results, the company revealed that its gross revenue advanced 23.5% from the prior year to R1.62bn. Its diluted headline EPS stood at 12.00c, compared with 2.10c recorded in the preceding year. Its profit before tax increased to R2.20bn from R1.46bn posted in the prior year.

### Clover Industries Limited

In its FY16 results, the group stated that its sales rose to R9.10bn from R8.27bn recorded in the previous year. Its diluted headline EPS increased 11.3% from the preceding year to 184.70c. Its profit before tax advanced to R465.89mn from R445.95mn posted in the last year.

### Grand Parade Investments Limited

In its FY16 results, the company stated that its revenue from continuing operations increased to R772.34mn from R502.01mn recorded in the previous year. It reported diluted headline earnings from continuing operations 1.98c/share, compared with a loss of 10.03c/share posted in the preceding year. Its profit before tax rebounded to R277.91mn from a loss of R68.58mn posted in the last year.

### Holdsport Limited

In its trading statement for the 6 months ended 31 August 2016 the retailer stated that it expects its total sales to increase by 6.5% compared with the corresponding period of the previous year. It expects its headline EPS to be in the range of 159.00c to 169.20c.

### Pallinghurst Resources Limited

In its trading update for the period to 30 June 2016 the company announced that it expects its headline loss to be R0.67/share. It expects its Net Asset Value (NAV) to be R4.30bn. It also expects its financial results to be revealed on or about September 20, 2016.

## Major Global Economic News

### Eurozone

In the Eurozone, the number of persons employed advanced 0.4% on a quarterly basis in 2Q16. In the previous quarter, the number of persons employed registered a revised similar rise.

In the Eurozone, the ZEW economic sentiment index advanced to 5.40 in September, compared to a reading of 4.60 in the prior month.

In August, the final consumer price index remained flat on a monthly basis in Germany, meeting market expectations. The preliminary figures had also recorded a flat reading and in the prior month, the CPI recorded a rise of 0.3%.

In Germany, the ZEW economic sentiment index remained unchanged at 0.50 in September, compared to market expectations of an advance to 2.50.

The current situation index in Germany fell to a level of 55.10 in September, compared to a level of 57.60 in the prior month. Markets were expecting the index to ease to 56.00.

### UK

The consumer price index in the UK recorded a rise of 0.6% on an annual basis in August, compared to a similar rise in the previous month. Market anticipation was for the CPI to advance 0.7%.

### Asia

In Japan, the final industrial production registered a drop of 0.4% in July, on a monthly basis. In the previous month, industrial production had recorded a rise of 2.3% and the preliminary figures had indicated a flat reading.

In September, the Westpac consumer confidence index rose 0.3% on monthly basis, to a level of 101.40 in Australia. In the prior month, the index had recorded a level of 101.00.

### US

The US registered a budget deficit of USD107.10bn in August, compared to a deficit of USD64.40bn in the previous month. Market anticipation was for the nation to record a deficit of USD107.00bn.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	06:30	Industrial Production (MoM) (Jul) (F)	✓	-0.40%*	0.00%**	Monthly
Italy	10:00	Consumer Price Index (MoM) (Aug) (F)	✓	0.20%	0.20%**	Monthly
UK	10:30	Average Earnings excluding Bonus (3Mo/Yr) (Jul)	✓	2.20%	2.30%	Monthly
UK	10:30	Claimant Count Rate (Aug)	✓✓	2.20%	2.20%	Monthly
UK	10:30	ILO Unemployment Rate (3M) (Jul)	✓✓✓	4.90%	4.90%	Monthly
UK	10:30	Average Earnings including Bonus (3Mo/Yr) (Jul)	✓✓	2.10%	2.40%	Monthly
UK	10:30	Claimant Count Change (Aug)	✓✓	1.80 K	-8.60 K	Monthly
UK	10:30	Employment Change (3M/3M) (Jul)	✓✓	171.00 K	172.00 K	Monthly
Switzerland	11:00	ZEW Survey - Expectations (Sep)	✓✓	-	-2.80	Monthly
Eurozone	11:00	Industrial Production s.a. (MoM) (Jul)	✓	-1.00%	0.60%	Monthly
US	13:00	MBA Mortgage Applications (09-Sep)	✓	-	0.90%	Weekly
South Africa	13:00	Retail Sales (MoM) (Jul)	✓✓	0.20%	-2.00%	Monthly
Canada	14:30	Teranet/National Bank HPI (MoM) (Aug)	✓	-	2.00%	Monthly
US	14:30	Import Price Index (MoM) (Aug)	✓	-0.10%	0.10%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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