

ONE  
Minute Brief

15 October 2015


  
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## Economic and Political News

President Jacob Zuma, suspended National Police Commissioner, Riah Phiyega with immediate effect until the completion of an inquiry into her fitness to hold office. Additionally, he appointed Lieutenant-General, Johannes Khomotso Phahlane as Acting National Police Commissioner.

President Jacob Zuma, appointed Vuma Glenton Mashinini as Chairman of the Independent Electoral Commission (IEC) of South Africa. The position has been vacant since Chairperson, Pansy Tlakula resigned last year.

Chief Operating Officer, Hlaudi Motsoeneng of the South African Broadcasting Corporation (SABC) filed an appeal with the Constitutional Court, challenging the Supreme Court of Appeal judgment of his suspension.

Association of Mineworkers and Construction Union (Amcu) President, Joseph Mathunjwa stated that the union will hold back on issuing a strike notice in the gold sector, as it awaits the dates for further wage negotiations with Sibanye Gold Limited.

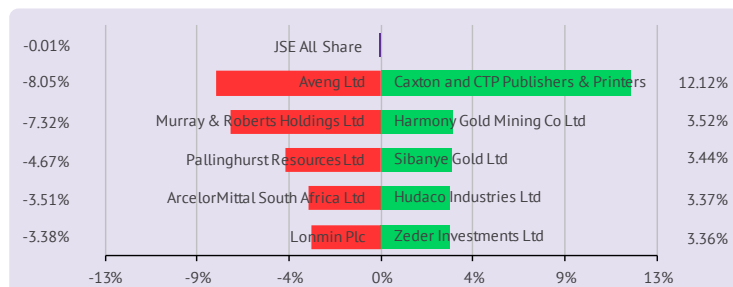
## Key Indices

|                  | Last Close | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share    | 53059.06   | ▼         | -4.00     | -0.01%    | -0.44%    | 5.93%             | 0.23%     |
| JSE Top 40       | 47612.14   | ▼         | -31.72    | -0.07%    | -0.41%    | 6.08%             | 1.20%     |
| FTSE 100         | 6269.61    | ▼         | -72.67    | -1.15%    | -2.28%    | 3.43%             | -2.98%    |
| DAX 30           | 9915.85    | ▼         | -116.97   | -1.17%    | -1.79%    | 2.64%             | -5.84%    |
| CAC 40           | 4609.03    | ▼         | -34.35    | -0.74%    | -1.96%    | 3.45%             | -4.25%    |
| S&P 500          | 1994.24    | ▼         | -9.45     | -0.47%    | -1.02%    | 3.87%             | -2.64%    |
| Nasdaq Composite | 4782.85    | ▼         | -13.76    | -0.29%    | -0.99%    | 3.52%             | -3.27%    |
| DJIA             | 16924.75   | ▼         | -157.14   | -0.92%    | -0.94%    | 3.93%             | -1.47%    |

## South Africa Market ▼

## South African markets closed a tad lower

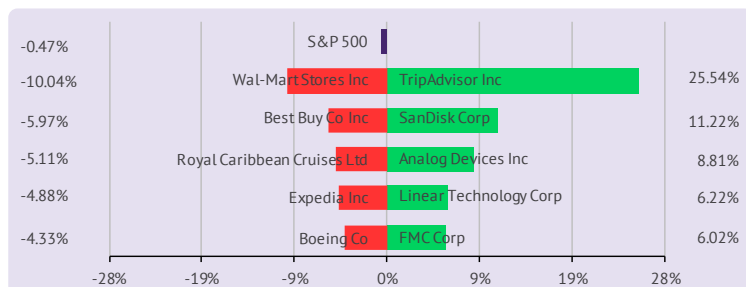
South African markets closed in the red yesterday, with private healthcare group Mediclinic being the biggest loser. The JSE All Share Index fell marginally to close at 53,059.06.



## US Market ▼

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

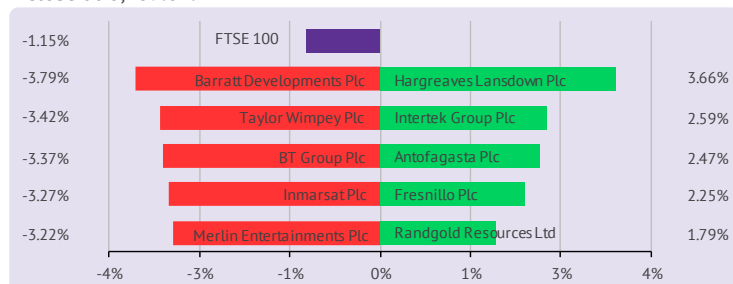
US markets ended lower yesterday, amid lackluster US retail sales data along with weak corporate results. The Federal Reserve's (Fed) Beige Book indicated continued moderate economic expansion in the US. The S&P 500 Index declined 0.5% to close at 1,994.24.



## UK Market ▼

## The FTSE 100 futures are trading in positive territory

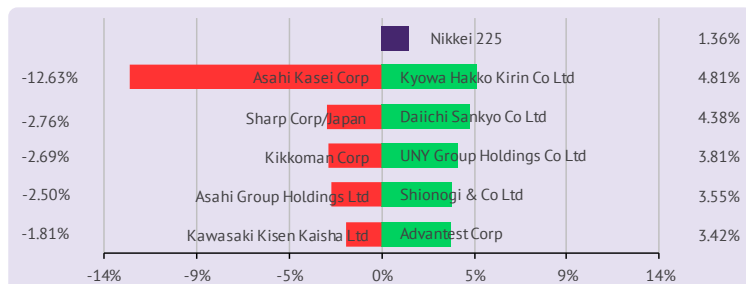
UK markets finished weaker yesterday, amid concerns about China's slowing economic growth. Meanwhile, data revealed an unexpected drop in UK's ILO unemployment rate. The FTSE 100 Index fell 1.2% to close at 6,269.61.



## Asian Market ▲

## Trading higher

Asian markets are trading higher this morning. A Reuter's survey indicated that the Japanese manufacturers' confidence worsened in October. The Nikkei 225 Index is trading 1.4% higher at 18,134.93.



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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar fell 0.1% against the South African Rand to trade at R13.2155. Later in the session today, traders will focus on US data on consumer price inflation, weekly jobless claims, the Philadelphia Fed manufacturing survey and the New York Empire State manufacturing index data along with the US monthly budget statement. Additionally, a speech by William Dudley, the President of the Federal Reserve Bank of New York would be closely watched by market participants.

The US Dollar fell against the South African Rand yesterday, as US advance retail sales rose less-than-expected while the producer price inflation index dropped more-than-expected in September. Meanwhile, business inventories surprisingly remained flat in August. Furthermore, the US Fed's Beige Book survey reported that economic activity in the US continued to expand modestly from mid-August through early October.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% weaker against the South African Rand at R20.4435. With no major releases in the UK today, investors will keep a tab on UK's public sector net borrowing and retail sales data scheduled for release next week.

The British Pound weakened against the South African Rand yesterday, amid a report showing an unexpected rise in the number of unemployment benefits claimants in the UK in September. Losses in the Pound were kept in check, as the UK unemployment rate dropped unexpectedly while average earnings rose in the June-August 2015 period.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.1% against the South African Rand to trade at R15.1725. Amid no economic releases in the Eurozone today, market participants will look forward to the Eurozone consumer price inflation and trade balance data scheduled for release tomorrow.

The Euro declined against the South African Rand yesterday, following a drop in industrial production in the Eurozone on a monthly basis in August.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.5% firmer against the South African Rand at R9.7084. Earlier in the session, data revealed a rise in Australian consumer inflation expectations in October. Additionally, in Australia, the unemployment rate remained steady at 6.2%, while new motor vehicle sales rose in September.

The Australian Dollar fell against the South African Rand yesterday, after the consumer price index in China, Australia's major trading partner, recorded a less-than-expected rise on an annual basis in September, increasing fears about deflationary pressures in the world's second biggest economy. Meanwhile, the Australian Westpac consumer confidence index advanced in October.

## Key Currencies & Commodities

|                   | Current |   | 1 D %<br>Chg | WTD %<br>Chg | MTD %<br>Chg | Prev. Month<br>% Chg | YTD %<br>Chg |
|-------------------|---------|---|--------------|--------------|--------------|----------------------|--------------|
| USDZAR            | 13.2155 | ▼ | -2.39%       | -0.90%       | -4.50%       | 4.35%                | 14.38%       |
| GBPZAR            | 20.4435 | ▼ | -0.93%       | 0.17%        | -2.26%       | 2.88%                | 13.64%       |
| EURZAR            | 15.1725 | ▼ | -1.50%       | 0.07%        | -1.94%       | 4.01%                | 8.49%        |
| AUDZAR            | 9.7084  | ▲ | -1.55%       | -1.24%       | -0.61%       | 2.94%                | 2.22%        |
| EURUSD            | 1.1482  | ▲ | 0.83%        | 1.02%        | 2.67%        | -0.31%               | -5.18%       |
| GBPUSD            | 1.5470  | ▼ | 1.50%        | 1.07%        | 2.30%        | -1.42%               | -0.71%       |
| Brent (\$/barrel) | 49.4    | ▲ | -0.18%       | -6.65%       | 1.61%        | -10.67%              | -14.27%      |
| Gold (\$/oz)      | 1183.6  | ▲ | 1.23%        | 2.06%        | 5.79%        | -1.46%               | -0.34%       |
| Platinum (\$/oz)  | 998.3   | ▲ | 0.27%        | 1.50%        | 9.59%        | -10.22%              | -17.76%      |
| Copper (\$/MT)*   | 5317.0  | ▲ | 0.55%        | 0.13%        | 2.71%        | 0.57%                | -16.50%      |

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices climbed 0.3% to trade at \$1,183.60/oz.

Yesterday, gold prices advanced 1.2% to close at \$1,180.10/oz, amid a broad weakness in the US Dollar due to a lower-than-anticipated rise in US retail sales, boosting the demand for the precious metal.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged 0.4% higher to trade at \$49.37/bl.

Yesterday, Brent crude oil fell 0.2% to settle at \$49.15/bls, following concerns of growing global oversupply and a slowdown in China, the world's second-largest consumer of oil, dampening the demand prospects for the commodity. Additionally, the American Petroleum Institute (API) reported that US crude oil inventories advanced by 9.3mn bls last week.

## Platinum ▲

### Trading in positive territory

At 06:00 SAST, platinum prices rose 0.4% to trade at \$998.30/oz.

Yesterday, platinum prices rose 0.3% to close at \$994.20/oz.



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## Major South Africa Corporate News

### Mediclinic International Limited

The company announced that it has agreed to acquire United Arab Emirates' (UAE) Al Noor Hospitals Group for about GBP1.40bn (USD2.20bn), which would increase its exposure in the UAE. The acquiring company's shareholders would receive 0.62500 new Al Noor shares for each of their shares.

## Major Global Economic News

### UK

In the June-August 2015 period, the ILO unemployment rate fell unexpectedly to 5.4% in the UK, compared to a reading of 5.5% in the May-July 2015 period. Markets were expecting the unemployment rate to record a steady reading.

In the UK, the average earnings excluding bonus recorded a rise of 2.8% on a yearly basis in the June-August 2015 period, compared to an advance of 2.9% in the May-July 2015 period. Market expectation was for the average earnings excluding bonus to climb 3.1%.

On an annual basis, the average earnings including bonus rose 3.0% in the June-August 2015 period, in the UK, compared to an advance of 2.9% in the May-July 2015 period. Market anticipation was for the average earnings including bonus to climb 3.0%.

In the UK, number of unemployment benefits claimants recorded an unexpected increase of 4.60K in September, following a gain of 1.20K in the previous month. Markets were anticipating number of unemployment benefits claimants to fall 2.20K.

### Eurozone

In August, the seasonally adjusted industrial production in the Eurozone registered a drop of 0.5% on a monthly basis, at par with market expectations. In the prior month, industrial production had registered a revised rise of 0.8%.

In September, on a monthly basis, the EU normalised consumer price index slid 0.4% in France, in line with market expectations, compared to a rise of 0.4% in the previous month.

### US

The US Federal Reserve's (Fed) Beige Book indicated that overall economic activity continued to expand modestly from mid-August through early October, with nine of the 12 Fed districts reporting moderate growth. Additionally, it also indicated that the US Dollar's appreciation restrained manufacturing activity and tourism spending, while economic downturn in China, continued to weigh on businesses.

On a weekly basis, the MBA mortgage applications in the US, in the week ended October 09, 2015, recorded a drop of 27.6%, compared to a rise of 25.5% in the previous week.

Advance retail sales in the US rose 0.1% on a monthly basis in September, compared to market expectations for a climb of 0.2%. In August, advance retail sales had recorded a revised flat reading.

In August, business inventories unexpectedly remained flat in August, compared to market expectations for a 0.1% increase.

On a monthly basis, the US producer price index dropped 0.5%, in September, compared to market expectations for a fall of 0.2%. In August, the index had registered a flat reading.

### Asia

On a monthly basis, the final industrial production recorded a drop of 1.2% in Japan, in August. Industrial production had dropped 0.8% in the prior month. The preliminary figures had recorded a fall of 0.5%.

The seasonally adjusted unemployment rate in Australia remained flat at 6.2% in September, meeting market expectations.

The consumer inflation expectations in Australia climbed to 3.5% in October, compared to a level of 3.2% in the previous month.



In September, on a monthly basis, the seasonally adjusted new motor vehicle sales recorded a rise of 5.5% in Australia. In the prior month, new motor vehicle sales had registered a revised drop of 1.70%.

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## Economic Calendar

| Country  | SAST  | Economic Indicator                                       | Relevance | Consensus/<br>*Actual | Previous/<br>**Previous Est. | Frequency    |
|--|-------|--|-----------|-----------------------|------------------------------|--------------|
|  Eurozone   | 03:15 | ECB's Constancio Speaks in Hong Kong                     | ✓         | -                     | -                            | As scheduled |
|  Japan      | 06:00 | Tokyo Condominium Sales (YoY) (Sep)                      | ✓         | -                     | 23.70%                       | Monthly      |
|  Japan      | 06:30 | Capacity Utilisation (MoM) (Aug)                         | ✓         | -                     | -0.20%                       | Monthly      |
|  Japan      | 06:30 | Industrial Production (MoM) (Aug) (F)                    | ✓✓✓       | -                     | -0.50%**                     | Monthly      |
|  Japan      | 06:30 | Tertiary Industry Index (MoM) (Aug)                      | ✓✓        | 0.00%                 | 0.20%                        | Monthly      |
|  Eurozone   | 09:00 | ECB's Nowotny Speaks at Central Bank Conference          | ✓         | -                     | -                            | As scheduled |
|  Eurozone   | 11:30 | ECB's Hansson Speaks at Conference in Warsaw             | ✓         | -                     | -                            | As scheduled |
|  Canada     | 14:30 | Teranet/National Bank HPI (MoM) (Sep)                    | ✓         | -                     | 1.00%                        | Monthly      |
|  US         | 14:30 | Continuing Jobless Claims (03-Oct)                       | ✓         | 2200.00K              | 2204.00K                     | Weekly       |
|  US         | 14:30 | Initial Jobless Claims (10-Oct)                          | ✓✓        | 270.00K               | 263.00K                      | Weekly       |
|  US         | 14:30 | NY Empire State Manufacturing Index (Oct)                | ✓✓        | -8.00                 | -14.67                       | Monthly      |
|  US         | 14:30 | Consumer Price Index (MoM) (Sep)                         | ✓✓        | -0.20%                | -0.10%                       | Monthly      |
|  Canada   | 15:00 | Existing Home Sales (MoM) (Sep)                          | ✓         | -                     | 0.30%                        | Monthly      |
|  US       | 16:00 | Philadelphia Fed Manufacturing Survey (Oct)              | ✓✓        | -2.00                 | -6.00                        | Monthly      |
|  US       | 16:30 | Fed's Bullard Makes Opening Remarks at Policy Conference | ✓         | -                     | -                            | As scheduled |
|  US       | 16:30 | Fed's William Dudley speech                              | ✓✓        | -                     | -                            | As scheduled |
|  Eurozone | 19:00 | ECB's Nowotny Speaks at Conference in Warsaw             | ✓         | -                     | -                            | As scheduled |
|  US       | 22:30 | FOMC Member Mester speech                                | ✓         | -                     | -                            | As scheduled |
|  China    | -     | M2 Money Supply (YoY) (Sep)                              | ✓         | 13.10%                | 13.30%                       | Monthly      |
|  China    | -     | New Yuan Loans (Sep)                                     | ✓✓✓       | CNY900.00bn           | CNY809.60bn                  | Monthly      |
|  China    | -     | Aggregate Financing (Sep)                                | ✓         | CNY1200.00bn          | CNY1080.00bn                 | Monthly      |

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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