

ONE Minute Brief

21 October 2015

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Economic and Political News

A leading indicator in South Africa fell slightly to a level of 92.70 in August, compared to a level of 92.80 in the prior month.

The South African Reserve Bank (SARB) Governor, Lesetja Kganyago expressed concerns about the economy facing a challenging future and restrained by a lack of certainty about electricity supply which contributed to the decline in the central bank's estimate of potential output growth.

The Auditor General (AG)'s office reported that the South African Broadcasting Corporation's (SABC) recorded a R413.7mn loss during the 2014/2015 financial year. It also disclosed that the SABC further added R18.8mn in irregular and wasteful expenditure.

The Congress of South African Trade Unions (Cosatu) urged the Finance Minister, Nhlanhla Nene to include significant proposals in the Mid-term Budget Policy Statement, as the economy is still too fragile.

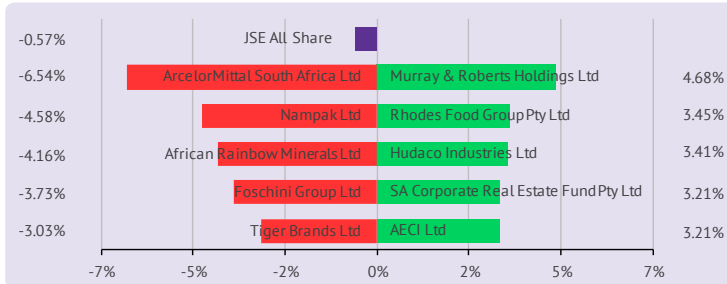
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	52880.16	▼	-303.91	-0.57%	-0.12%	5.57%	0.23%	6.25%
JSE Top 40	47410.34	▼	-309.83	-0.65%	-0.10%	5.64%	1.20%	7.82%
FTSE 100	6345.13	▼	-7.20	-0.11%	-0.52%	4.68%	-2.98%	-3.37%
DAX 30	10147.68	▼	-16.63	-0.16%	0.43%	5.04%	-5.84%	3.49%
CAC 40	4673.81	▼	-30.26	-0.64%	-0.62%	4.90%	-4.25%	9.39%
S&P 500	2030.77	▼	-2.89	-0.14%	-0.12%	5.77%	-2.64%	-1.37%
Nasdaq Composite	4880.97	▼	-24.50	-0.50%	-0.12%	5.64%	-3.27%	3.06%
DJIA	17217.11	▼	-13.43	-0.08%	0.01%	5.73%	-1.47%	-3.40%

South Africa Market ▼

South African markets closed lower

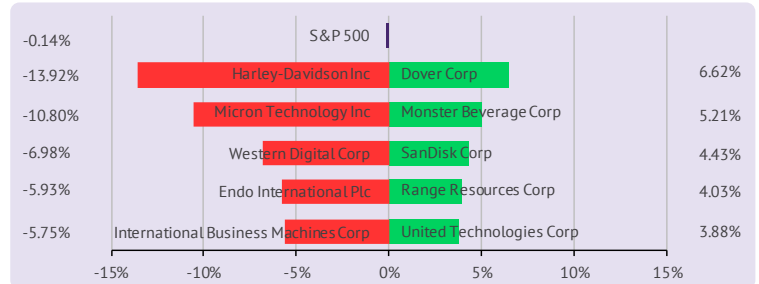
South African markets closed in the red yesterday, led by losses in platinum mining sector stocks. Data showed that the leading indicator in South Africa recorded a drop for the fourth consecutive month in August. The JSE All Share Index fell 0.6% to close at 52,880.16.



US Market ▼

The S&P 500 futures are trading in the green

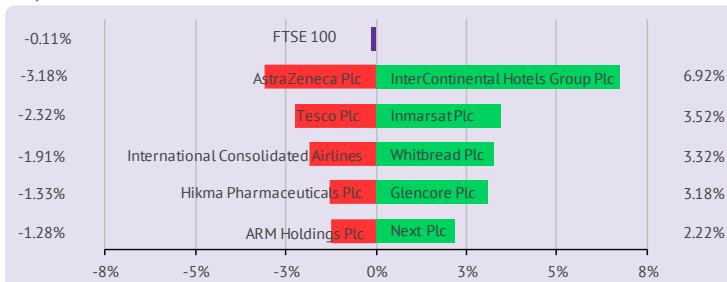
US markets ended lower yesterday, amid losses in healthcare stocks and mixed corporate earnings. Data showed that US housing starts advanced more than anticipated in September. The S&P 500 Index weakened 0.1% to close at 2,030.77.



UK Market ▼

The FTSE 100 futures are trading in positive territory

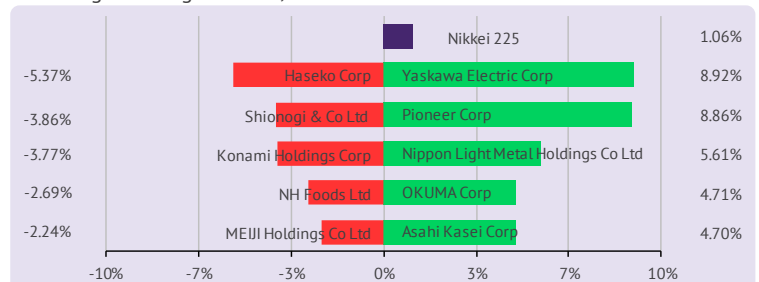
UK markets finished weaker yesterday, as losses in commodity sector stocks overshadowed a rally in shares of InterContinental Hotels Group and Whitbread Plc. The FTSE 100 Index declined 0.1% to close at 6,345.13.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Data showed that Japan's total merchandise trade deficit narrowed in September. Markets in Hong Kong are closed on account of a public holiday. The Nikkei 225 Index is trading 1.1% higher at 18,400.02.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% weaker against the South African Rand at R13.2755. Later in the session today, traders will focus on US mortgage applications data along with South Africa's medium term budget policy statement, consumer price inflation and retail sales data for further clues. Additionally, a speech by the Governor of the US Federal Reserve, Jerome Powell will be keenly eyed.

The US Dollar rose against the South African Rand yesterday. In economic news, a leading indicator in South Africa declined in August. Meanwhile, data indicated an advance in US housing starts and an unexpected drop in building permits in September.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R20.5025. Later today, investors will keep a tab on UK's public sector net borrowing as well as the medium term budget policy statement, along with consumer price inflation and retail sales data of South Africa for further direction. Additionally, a speech by Mark Carney, the Governor of the Bank of England (BoE) will be watched closely.

The British Pound weakened against the South African Rand yesterday, even as a South African leading indicator dropped in August.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading marginally lower against the South African Rand at R15.0815. With no major releases in Europe today, market participants will await the European Central Bank's (ECB) interest rate decision along with the Eurozone consumer confidence data scheduled for release tomorrow.

The Euro advanced against the South African Rand yesterday, despite a decrease in the Eurozone's current account surplus in August and a more-than-expected decline in German producer price inflation on a monthly basis in September.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% weaker against the South African Rand at R9.6504. Earlier in the session, data revealed that in Australia, a leading indicator dropped in August while the Westpac leading index rose in September.

The Australian Dollar rose against the South African Rand yesterday, as the minutes of the Reserve Bank of Australia's (RBA) latest policy meeting indicated that the nation's economic recovery picked up pace in 3Q15. Additionally, the minutes downplayed the chances of a November rate cut in the nation.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	13.2755	▼	0.06%	1.64%	-4.02%	4.35%	14.96%
GBPZAR	20.5025	▼	-0.10%	1.69%	-2.01%	2.88%	13.93%
EURZAR	15.0815	▼	0.22%	1.62%	-2.57%	4.01%	7.79%
AUDZAR	9.6504	▼	0.22%	1.54%	-0.68%	2.94%	2.15%
EURUSD	1.1361	▲	0.17%	-0.02%	1.52%	-0.31%	-6.24%
GBPUSD	1.5445	▲	-0.13%	0.05%	2.09%	-1.42%	-0.92%
Brent (\$/barrel)	48.6	▼	0.21%	-3.47%	0.70%	-10.67%	-15.04%
Gold (\$/oz)	1177.4	▼	0.40%	-0.47%	5.60%	-1.46%	-0.52%
Platinum (\$/oz)	1020.8	▲	0.54%	-0.23%	12.31%	-10.22%	-15.72%
Copper (\$/MT)*	5205.3	▼	-0.06%	-1.85%	0.56%	0.57%	-18.26%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices declined 0.1% to trade at \$1,177.40/oz.

Yesterday, gold prices advanced 0.4% to close at \$1,178.00/oz, as mixed US economic data maintained uncertainty over whether the Fed would increase interest rates this year.

Brent Crude Oil ▼

Trading weaker

Brent crude oil reversed yesterday's upward trend and at 06:00 SAST, retreated 0.3% to trade at \$48.56/bl.

Yesterday, Brent crude oil rose 0.2% to settle at \$48.71/bls, reversing previous session losses. Meanwhile, the American Petroleum Institute (API) reported that crude oil inventories advanced 7.1mn bls last week. Moving ahead, the Organization of the Petroleum Exporting Countries (OPEC) and non-OPEC oil producers will meet in Vienna today, to discuss the current state of the global energy markets.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices rose 0.2% to trade at \$1,020.80/oz.

Yesterday, platinum prices rose 0.5% to close at \$1018.90/oz.



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Major South Africa Corporate News

Aveng Limited

The company announced that it intends to settle its liability related to the repayment of the remaining AUD112.50mn advance payment to the Queensland Curtis Liquefied Natural Gas (QCLNG) on or around October 28, 2015. Following the removal of the cash flow risk on the QCLNG project, it would continue to vigorously pursue its legal claims through the arbitration process.

Mediclinic International Limited

The Al Noor Hospitals Group, which agreed to combine operations with Mediclinic International Limited earlier this month, said that VPS Healthcare had emerged as another potential suitor for its business.

Murray & Roberts Holdings Limited

The company, following the announcement of October 15, 2015 about the collapse of a pedestrian bridge construction support structure on the M1 highway next to the Grayston Drive bridge in Sandton, Johannesburg, stated that they have not yet received any information on the cause or causes of the incident. Furthermore, it indicated that if negligence is proven in a court of law, victims could be eligible for substantial amounts of compensation.

Northam Platinum Limited

The company announced that it has entered into a three year wage agreement with mining contractor, Murray and Roberts Cementation and its representative unions, the Association of Mineworkers and Construction Union, the National Union of Mineworkers and Solidarity across MRC operations and will consequently be applied at its Booyendal Mine.

Royal Bafokeng Platinum Limited

The company maintained its strong grip on expenditure during the September quarter, while nudging up metal output. Royal Bafokeng Platinum Limited, which is building the R11.00bn Styldrift mine south of Sun City and the Pilanesberg Game Reserve, told the market this year it was deferring some expansion projects and reining in costs at its new mine to cope with weak platinum prices.

Major Global Economic News

US

Housing starts in the US rose 6.5%, on monthly basis, to an annual rate of 1206.00K in September, compared to market expectations of 1142.00K. In the previous month, housing starts had recorded a revised reading of 1132.00K.

Building permits registered an unexpected drop of 5.0%, on monthly basis, to an annual rate of 1103.00K in September, in the US, compared to a revised level of 1161.00K in the prior month. Markets were expecting building permits to rise to a level of 1170.00.

The US seasonally adjusted Redbook index recorded a drop of 0.1% on a monthly basis, in the week ended October 16, 2015, compared to a fall of 0.2% in the prior week.

Asia

The total merchandise trade in Japan narrowed to JPY114.50bn in September, following a revised deficit of JPY569.40bn in the prior month. Markets were anticipating the country's trade surplus to stand at JPY87.00bn.

On an annual basis, the final print of Japan's machine tool orders recorded a drop of 19.1% in September, compared to a decline of 16.5% in the previous month. The preliminary figures had also indicated a drop of 19.1%.

On a monthly basis, the Conference Board leading indicator in Australia eased 0.4% in August. The leading index had climbed 0.3% in the prior month.

The Westpac leading index on a monthly basis, in Australia rose 0.1% in September. In the previous month, the Westpac leading index had fallen 0.3%.

Eurozone

In August, the seasonally adjusted current account surplus in the Eurozone dropped to EUR17.70bn, compared to a surplus of EUR25.60bn in the prior month.

The producer price index in Germany slipped 0.4% in September on a monthly basis, compared to market expectations for a decline of 0.2%. In August, the index had fallen 0.5%.

In September, trade surplus in Switzerland expanded to CHF3.05bn, compared to market expectations of a surplus of CHF3.27bn. Switzerland had reported a revised surplus of CHF2.86bn in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Adjusted Merchandise Trade Balance (Sep)	✓	-JPY355.70bn*	-JPY373.50bn	Monthly
Japan	01:50	Exports (YoY) (Sep)	✓✓	0.60%*	3.10%	Monthly
Japan	01:50	Imports (YoY) (Sep)	✓✓	-11.10%*	-3.10%	Monthly
Japan	01:50	Merchandise Trade Balance Total (Sep)	✓✓	-JPY114.50bn*	-JPY569.40bn	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Aug)	✓	-0.20%	0.20%	Monthly
Japan	07:00	Supermarket Sales (YoY) (Sep)	✓	-	2.00%	Monthly
Switzerland	09:00	M3 Money Supply (YoY) (Sep)	✓	-	1.40%	Monthly
South Africa	10:00	Consumer Price Index (MoM) (Sep)	✓✓	0.20%	0.00%	Monthly
UK	10:30	PSNB ex Interventions (Sep)	✓	GBP10.10bn	GBP12.10bn	Monthly
UK	10:30	Public Sector Net Cash Requirement (Sep)	✓✓	-	-GBP0.20bn	Monthly
UK	10:30	Public Sector Net Borrowing (Sep)	✓✓	GBP9.60bn	GBP11.30bn	Monthly
Eurozone	11:00	Government Debt-GDP Ratio	✓✓	-	91.90%	Yearly
Greece	11:00	Current Account (Aug)	✓	-	EUR4.25bn	Monthly
US	13:00	MBA Mortgage Applications (16-Oct)	✓	-	-27.60%	Weekly
South Africa	13:00	Retail Sales (MoM) (Aug)	✓✓	0.30%	0.10%	Monthly
South Africa	14:00	Medium Term Budget Policy Statement	✓✓✓	-	-	As scheduled
Canada	16:00	Bank of Canada Interest Rate Decision	✓✓	-	0.50%	As scheduled
Canada	16:00	Bank of Canada Releases Monetary Policy Report	✓✓	-	-	As scheduled
Canada	16:00	BOC Rate Statement	✓✓	-	-	As scheduled
Canada	17:15	BoC Press Conference	✓✓	-	-	As scheduled
UK	19:00	BOE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	19:30	FOMC Member Powell Speech	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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