

ONE Minute Brief

3 December 2015

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Economic and Political News

Deputy National Director of Public Prosecution Nomgcobo Jiba claimed that an inquiry into her fitness to hold office was baseless and claimed that she has always acted "in good faith".

A draft agreement between Parliament management and leaders of the National Education, Health and Allied Workers' Union (Nehawu) agreeing to reimburse illegal deductions of the salaries of the employees has brought an end to strike by Parliament staff members.

Transnet and China Export Credit Insurance Corporation (Sinosure) has agreed to a USD2.5bn funding guarantee which would be used to finance procurement of mechanical, electrical products and equipment from Chinese enterprises and for railway, ports and pipeline projects in South Africa.

Airports Company South Africa (Acса) has suspended Skywise Airlines from operating, due to unpaid airport charges. The low-cost airline wrote an appeal to President Jacob Zuma & Deputy President Cyril Ramaphosa to intervene and prevent its closure.

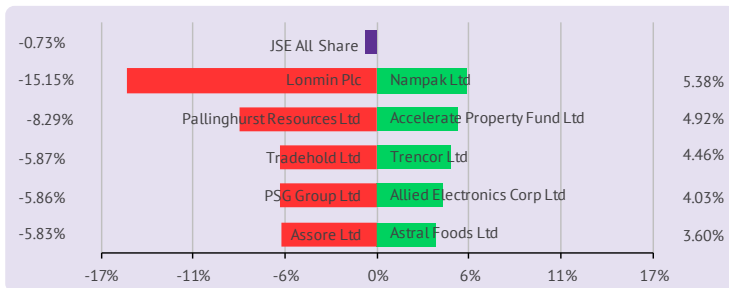
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51159.11	▼	-376.71	-0.73%	-0.93%	-0.87%	-4.06%
JSE Top 40	46024.24	▼	-271.01	-0.59%	-0.65%	-0.66%	-4.11%
FTSE 100	6420.93	▲	25.28	0.40%	0.72%	1.02%	-0.08%
DAX 30	11190.02	▼	-71.22	-0.63%	-0.92%	-1.69%	4.90%
CAC 40	4905.76	▼	-8.77	-0.18%	-0.49%	-1.05%	1.22%
S&P 500	2079.51	▼	-23.12	-1.10%	-0.51%	-0.04%	0.05%
Nasdaq Composite	5123.22	▼	-33.09	-0.64%	-0.08%	0.28%	1.09%
DJIA	17729.68	▼	-158.67	-0.89%	-0.39%	0.06%	-0.52%

South Africa Market ▼

South African markets closed lower

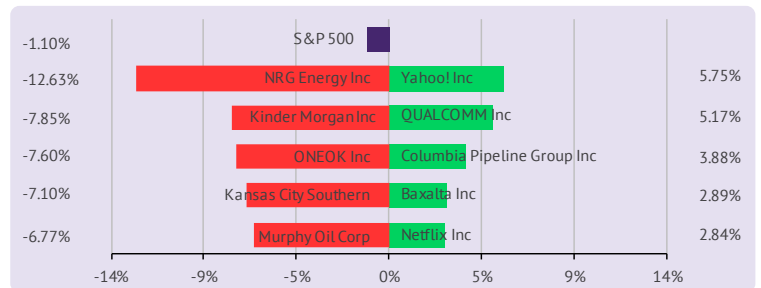
South African markets closed in the red yesterday, led by losses in platinum mining sector stocks. The JSE All Share Index fell 0.7% to close at 51,159.11.



US Market ▼

The S&P 500 futures are trading in the green

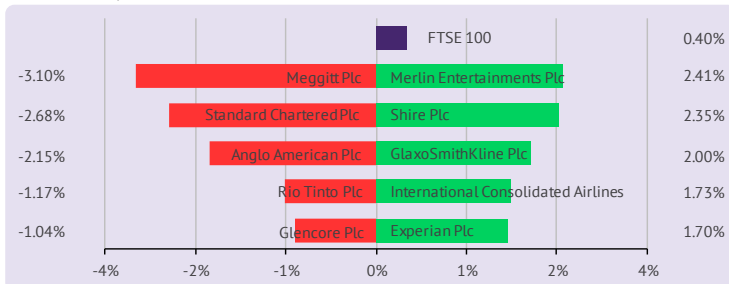
US markets closed lower yesterday, amid a selloff in energy sector stocks and following hawkish comments by US Federal Reserve (Fed) Chief, Janet Yellen. The Fed's Beige Book survey indicated moderate growth of the US economy. The S&P 500 Index dropped 1.1% to close at 2,079.51.



UK Market ▲

The FTSE 100 futures are trading in positive territory

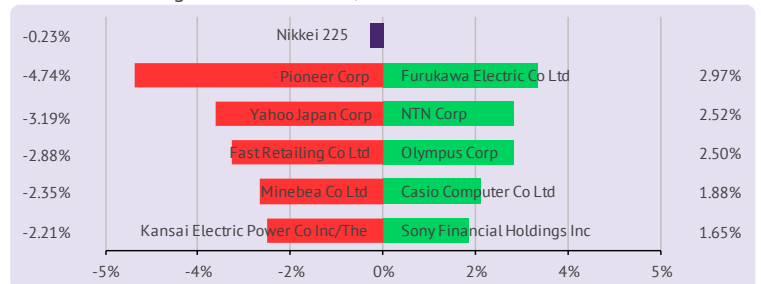
UK markets finished higher yesterday, buoyed by gains in pharmaceutical sector stocks. Data revealed a slowdown in UK's construction sector in November. The FTSE 100 Index advanced 0.4% to close at 6,420.93.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, tracking overnight losses on Wall Street and a drop in oil prices. Data indicated a contraction in China's service sector activity in November. The Nikkei 225 Index is trading 0.2% lower at 19,981.53.



Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.1% against the South African Rand to trade at R14.3738. Later in the session today, traders will concentrate on US durable goods and factory orders along with the ISM non-manufacturing and Markit services Purchasing Managers' Indices (PMI) and initial jobless claims data. Additionally, a testimony by the US Fed Chairwoman, Janet Yellen will be closely watched. Furthermore, the Standard Bank PMI and SACCI business confidence data in South Africa will attract market attention.

The US Dollar fell against the South African Rand yesterday. The Fed Chief, Janet Yellen stated that she is looking forward for the central bank to raise interest rates and also noted that economic data since the October meeting suggested improvements in the labour market. The Fed's Beige Book indicated that the US economy expanded at a moderate pace amid increasing consumer spending. Meanwhile, US private sector employment climbed in November from October.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading marginally weaker against the South African Rand at R21.4601. Later today, market participants will keep a tab on the UK services PMI and official reserves data as well as South Africa's Standard Bank PMI and business confidence data for further cues.

The British Pound declined against the South African Rand yesterday, after growth in UK's construction industry dropped to a seven-month low in November.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro declined 0.1% against the South African Rand to trade at R15.2287. Going forward, investors today await the European Central Bank's (ECB) interest rate decision. Additionally, services PMI in Eurozone and Germany as well as Eurozone's retail sales data will be eyed.

The Euro weakened against the South African Rand yesterday, as consumer price inflation in the Eurozone rose less-than-expected in November while producer price inflation declined in October.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar rose 0.1% against the South African Rand to trade at R10.5027. Earlier in the session, data revealed an expansion in Australia's trade deficit and decline in new home sales in October while the AiG performance of service index eased in November. Elsewhere, the growth in service sector activity in China, Australia's largest trading partner, slowed in November.

The Australian Dollar fell against the South African Rand yesterday, despite an expansion in the Australian economy in 3Q15.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.3738	▲	-0.61%	-0.41%	-0.63%	4.50%	24.09%
GBPZAR	21.4601	▼	-1.46%	-0.93%	-1.39%	2.10%	19.09%
EURZAR	15.2287	▼	-0.72%	-0.08%	-0.16%	0.40%	8.94%
AUDZAR	10.5027	▲	-0.78%	1.22%	0.47%	5.86%	10.98%
EURUSD	1.0595	▼	-0.16%	0.20%	0.46%	-3.99%	-12.28%
GBPUSD	1.4931	▼	-0.91%	-0.65%	-0.79%	-2.37%	-4.13%
Brent (\$/barrel)	42.7	▲	-4.39%	-5.28%	-4.75%	-9.99%	-25.89%
Gold (\$/oz)	1050.1	▼	-0.90%	-0.19%	-1.09%	-6.62%	-10.97%
Platinum (\$/oz)	831.2	▼	-0.36%	-0.41%	-0.06%	-15.79%	-31.14%
Copper (\$/MT)*	4567.5	▼	-1.63%	-0.51%	-0.69%	-10.34%	-28.27%

*As of Previous Close

Gold ▼

Trading in the red

Gold prices, extended yesterdays losses and at 06:00 SAST, edged 0.4% lower to trade at \$1,050.10/oz.

Yesterday, gold prices fell 0.9% to close at \$1,054.20/oz, amid strength in the US Dollar, optimistic US employment data and hawkish comments from the Fed Chairperson, Janet Yellen which increased the case for a US rate hike this month.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil gained 0.5% to trade at \$42.72/bl.

Yesterday, Brent crude oil dropped 4.4% to settle at \$42.49/bl, amid a stronger US Dollar and after the US Energy Department reported that crude oil inventories unexpectedly rose 1.18mn bls last week. Russia's Energy Ministry indicated that the country continued extracting oil at 10.78mn bpd in November despite low oil prices.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.1% to trade at \$831.20/oz.

Yesterday, platinum prices declined 0.4% to close at \$832.40/oz.

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Major South Africa Corporate News

Afrimat Limited

The company announced the retirement of its Financial Director, Hendrik Verreyne and also revealed that Pieter de Wit would be appointed in his place, effective March 01, 2016.

PSG Group Limited

The company announced that it plans to raise R1.50bn through a book building process through an offering of approximately 3.0% of its issued share capital. The net proceeds from the placing of the shares would be used to facilitate growth in its existing investments and to fund additional investment opportunities. The company has already received soft commitments for R700.00mn.

Harmony Gold Mining Company Limited

The company announced that it has repaid R1.10bn of its debt, comprising USD50.00mn on its USD250.00mn revolving credit facility (RCF) and R400.00mn on its R1.30bn rand facility as its cash position strengthened. Additionally, it revealed that the mining operations continued to perform in line with its goals after the September 2015 quarter.

Sanlam Limited

In its operational update for the 10 months ended 31 October 2015, the firm stated that it strongly performed despite continued impact from the headwinds faced in 1H15. Its normalised headline EPS rose 12.0% from the same period of the prior year and its diluted headline EPS advanced 16.0% compared with the corresponding period of the prior year. However, its overall net fund inflows of R11.50bn was lower than R27.50bn achieved in the same period a year ago, but represents a satisfactory performance given the large outflows experienced in FY15 from two institutional clients. For the remainder of the year, the company expects that its strategy would be appropriate to deliver its longer term growth targets despite some short term pressures.

Major Global Economic News

UK

In the UK, the construction PMI registered a drop to 55.30 in November, compared to market expectations of a drop to 58.50. In the prior month, the PMI had registered a reading of 58.80.

Eurozone

The core consumer price index in the Eurozone grew at an annualised rate of 0.1% in November, compared to market expectations of rise of 0.2%.

The producer price index (PPI) on a monthly basis slid 0.3% in the Eurozone, in October, compared to market expectations for a fall of 0.4%. In the previous month, the index had recorded a revised drop of 0.4%.

US

The US Federal Reserve (Fed) Chief, Janet Yellen, in a speech, indicated that the central bank is prepared to raise interest rates this month at its monetary policy meeting since economic and financial information showed a continued improvement in the US labour market.

The Fed, in its Beige Book, indicated that the US economy expanded at a moderate pace into November amid increasing consumer spending and a tightening labour market. In most districts, manufacturing business conditions were anticipated to improve in the next six months. It also noted an improvement in housing market and commercial construction.

In the US, the ADP reported that private sector employment rose by 217.00K in November, compared to market expectations of an advance of 190.00K. The private sector employment had recorded a revised increase of 196.00K in the previous month.

Asia

In November, the Caixin/Markit services PMI index eased to 51.20 in China, compared to a level of 52.00 in the previous month.

The Nikkei services PMI in Japan dropped to 51.60 in November, compared to 52.20 in the October.

The AiG performance of services index fell to a level of 48.20 in November, in Australia. In the prior month, the index had registered a reading of 48.90.

In October, the seasonally adjusted trade deficit in Australia expanded to AUD3305.00mn, following a revised deficit of AUD2403.00mn in the previous month. Market anticipation was for the deficit to rise to AUD2600.00mn.

New home sales recorded a drop of 3.0% in Australia on a monthly basis, in October. In the prior month, new home sales had registered a decline of 4.0%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	03:35	Markit Japan Services PMI (Nov)	✓✓	51.60*	52.20	Monthly
China	03:45	Caixin/Markit Services PMI (Nov)	✓✓	51.20*	52.00	Monthly
Japan	08:30	BOJ Takahide Kiuchi makes a speech in Tokyo	✓	-	-	As scheduled
France	08:30	ILO Unemployment (Q3)	✓	10.40%	10.30%	Quarterly
France	08:30	Unemployment Rate (Q3)	✓✓	10.00%	10.00%	Quarterly
South Africa	09:15	Standard Bank South Africa PMI (Nov)	✓✓	47.80	47.50	Monthly
Spain	10:15	Markit Services PMI (Nov)	✓✓✓	56.40	55.90	Monthly
Italy	10:45	Markit Services PMI (Nov)	✓	53.90	53.40	Monthly
France	10:50	Markit Services PMI (Nov) (F)	✓	51.30	51.30**	Monthly
Germany	10:55	Markit Services PMI (Nov) (F)	✓✓	55.60	55.60**	Monthly
Eurozone	11:00	Markit Services PMI (Nov) (F)	✓✓✓	54.60	54.60**	Monthly
UK	11:30	Official Reserves (Changes) (Nov)	✓✓	-	USD16.00mn	Monthly
UK	11:30	Markit Services PMI (Nov)	✓✓	55.00	54.90	Monthly
South Africa	11:30	SACCI Business Confidence Index (Nov)	✓✓	-	88.40	Monthly
Eurozone	12:00	Retail Sales (MoM) (Oct)	✓✓	0.20%	-0.10%	Monthly
South Africa	13:00	Electricity Production (YoY) (Oct)	✓✓	-	-3.70%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Oct)	✓✓	-	-3.70%	Monthly
Eurozone	14:45	ECB Interest Rate Decision	✓✓✓	0.05%	0.05%	As scheduled
Eurozone	15:30	ECB Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
US	15:30	Fed's Mester Gives Opening Remarks at Financial Stability Conf	✓	-	-	As scheduled
Eurozone	15:30	ECB Draghi Holds Press Conference Following Policy Meeting	✓✓	-	-	As scheduled
US	15:30	Initial Jobless Claims (28-Nov)	✓✓	269.00K	260.00K	Weekly
US	16:45	Markit Services PMI (Nov) (F)	✓✓	56.50	56.50**	Monthly
US	17:00	Durable Goods Orders (Nov)	✓✓✓	-	3.00%	Monthly
US	17:00	Yellen Appears Before Congressional Joint Economic Committee	✓✓	-	-	As scheduled
US	17:00	Factory Orders (MoM) (Oct)	✓✓	1.40%	-1.00%	Monthly
US	17:00	ISM Non-Manufacturing PMI (Nov)	✓✓	58.00	59.10	Monthly
US	19:00	Fed Vice Chair Fischer Speaks at Financial Stability Conference	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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