

# ONE Minute Brief

1 December 2015

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## Economic and Political News

In October, the budget deficit in South Africa widened to ZAR26.55bn, compared to a deficit of ZAR5.55bn in the prior month.

In October, trade deficit in South Africa widened to ZAR21.40bn, following a revised deficit of ZAR1.30bn in the prior month. Market expectation was for the nation to post a deficit of ZAR4.90bn.

On a yearly basis, the private sector credit recorded a rise of 8.9% in South Africa, in October, compared to an advance of 8.4% in September. Markets were anticipating the private sector credit to climb 8.5%.

On an annual basis, in October, M3 money supply advanced 9.8% in South Africa, compared to a rise of 8.5% in the previous month. Market expectation was for M3 money supply to climb 8.7%.

The South African Reserve Bank (SARB), in a report, stated that the depreciation in the Rand has been an important contributor to inflation and is a major risk to consumer price forecasts. It further added that additional depreciation could be triggered by further falls in the prices of exports or by a US Fed rate hike.

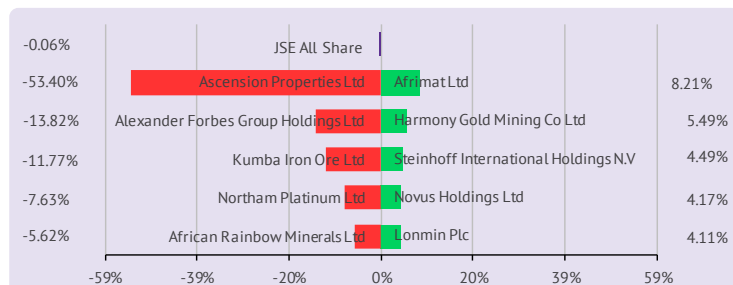
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51607.83	▼	-29.45	-0.06%	-0.06%	NA	-4.06%
JSE Top 40	46329.56	▲	1.89	0.00%	0.00%	NA	-4.11%
FTSE 100	6356.09	▼	-19.06	-0.30%	-0.30%	NA	-0.08%
DAX 30	11382.23	▲	88.47	0.78%	0.78%	NA	4.90%
CAC 40	4957.60	▲	27.46	0.56%	0.56%	NA	1.22%
S&P 500	2080.41	▼	-9.70	-0.46%	-0.46%	NA	0.05%
Nasdaq Composite	5108.67	▼	-18.86	-0.37%	-0.37%	NA	1.09%
DJIA	17719.92	▼	-78.57	-0.44%	-0.44%	NA	0.32%
							-0.58%

## South Africa Market ▼

### South African markets closed lower

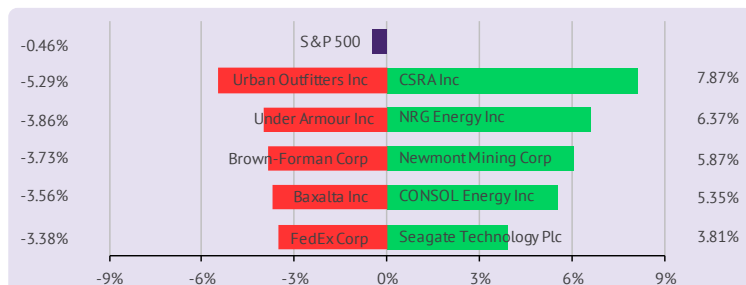
South African markets closed in the red yesterday, weighed down by losses in banking sector stocks. Data revealed a wider trade deficit and rise in private sector credit in October. The JSE All Share Index fell 0.1% to close at 51,607.83.



## US Market ▼

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

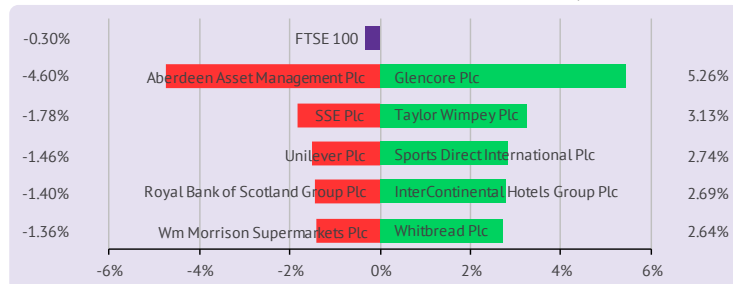
US markets closed lower yesterday, led by losses in healthcare sector stocks. Data revealed that manufacturing activity in the Chicago region fell back into contractionary territory in November. The S&P 500 Index dropped 0.5% to close at 2,080.41.



## UK Market ▼

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

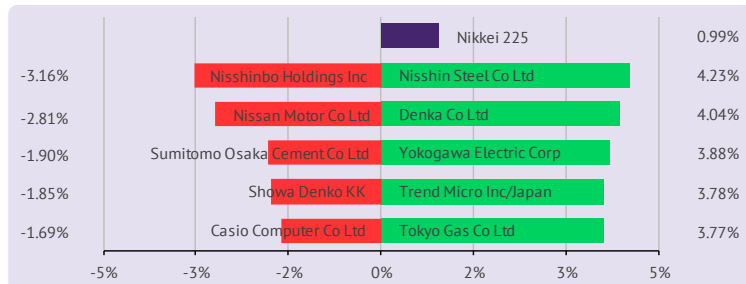
UK markets finished lower yesterday, led by losses in shares of Aberdeen Asset Management Plc after it reported a drop in the level of assets under management. Data showed a rise in UK consumer credit in October. The FTSE 100 Index declined 0.3% to close at 6,356.09.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning. Data showed an unexpected decline in China's official manufacturing data in November. The Nikkei 225 Index is trading 1.0% higher at 19,942.77.



**Address:** GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.  
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## USDZAR ▼

### USD trading lower against ZAR

At 06:00 SAST, the US Dollar dropped 0.4% against the South African Rand to trade at R14.3938. Later in the session today, traders will look forward to US Markit and ISM manufacturing Purchasing Managers' Index (PMI) data along with construction spending for further direction. Additionally, South Africa's manufacturing PMI and new vehicle sales will attract market attention.

The US Dollar rose against the South African Rand yesterday. Data revealed a contraction in manufacturing activity in the Chicago region in November while US pending home sales rose less-than-expected in October. On the other hand, South Africa posted a wider budget and trade deficit in October.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.3% lower against the South African Rand at R21.7038. Later today, market participants will keep a tab on the Bank of England's (BoE) financial stability report and UK's Markit manufacturing PMI as well as manufacturing PMI and new vehicle sales in South Africa for further clues.

The British Pound advanced against the South African Rand yesterday. Data indicated a rise in the number of UK mortgage approvals and a less-than-expected climb in net consumer credit in October. Furthermore, the budget and trade deficit in South Africa widened in October.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro declined 0.4% against the South African Rand to trade at R15.2186. Going forward, investors today will focus on Markit manufacturing PMI's and unemployment rate data of Eurozone and Germany.

The Euro strengthened against the South African Rand yesterday, as consumer price inflation in Germany advanced as expected in November. Meanwhile, retail sales in Germany unexpectedly eased on a monthly basis in October.

## AUDZAR ▲

### AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.4520. Earlier in the session, the Reserve Bank of Australia (RBA) maintained the key interest rate at 2.0%. Data revealed a rise in the Australia's AiG performance of manufacturing index in November and a surprising climb in building approvals on a monthly basis in October. Additionally, the Australian current account deficit dropped in 3Q15. Elsewhere, in China, Australia's major trading partner, the NBS manufacturing PMI declined unexpectedly while the non-manufacturing PMI climbed in November.

The Australian Dollar rose against the South African Rand yesterday. Data indicated a more-than-expected rise in Australian private sector credit in October and an advance in gross operating profits of companies in 3Q15.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.3938 ▼		0.22%	0.22%	NA	4.50%	24.87%
GBPZAR	21.7038 ▼		0.47%	0.47%	NA	2.10%	20.78%
EURZAR	15.2186 ▼		0.08%	0.08%	NA	0.40%	9.12%
AUDZAR	10.4520 ▲		0.75%	0.75%	NA	5.86%	10.46%
EURUSD	1.0574 ▲		-0.26%	-0.26%	NA	-3.99%	-12.68%
GBPUUSD	1.5080 ▲		0.14%	0.14%	NA	-2.37%	-3.37%
Brent (\$/barrel)	44.8 ▲		-0.56%	-0.56%	NA	-9.99%	-22.19%
Gold (\$/oz)	1071.3 ▲		0.91%	0.91%	NA	-6.62%	-9.99%
Platinum (\$/oz)	842.0 ▲		-0.35%	-0.35%	NA	-15.79%	-31.10%
Copper (\$/MT)*	4599.3 ▲		0.18%	0.18%	NA	-10.34%	-27.78%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 0.5% to trade at \$1,071.30/oz.

Yesterday, gold prices rose 0.9% to close at \$1,065.80/oz, reversing previous session losses.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.3% to trade at \$44.76/bl.

Yesterday, Brent crude oil dropped 0.6% to settle at \$44.61/bl. Government data showed that US crude production fell by 20,000 bpd to 9.3mn bpd in September. Meanwhile, a Reuter's survey showed that US crude stockpiles were expected to have fallen by 1.1mn bls last week while the Organisation of Petroleum Exporting Countries' (OPEC) production rose by 130,000 bpd in November. On the other hand, Russia's Energy Ministry will not attend this week's OPEC meeting.

## Platinum ▲

### Trading in positive territory

Platinum prices reversed yesterday's losses and at 06:00 SAST, advanced 1.1% to trade at \$842.00/oz.

Yesterday, platinum prices declined 0.4% to close at \$832.90/oz, extending previous session losses.

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## Major South Africa Corporate News

### Allied Electronics Corporation Limited

The company announced that its subsidiary, Powertech would sell off its PTSI business to Capitalworks for a purchase price of R140.00mn. The disposal would include all of the operating assets and liabilities of the PTSI business and exclude the businesses of Powertech QuadPro SA Proprietary Limited and Technology Integrated Solutions.

### Aquarius Platinum Limited

The company stated that significant progress has been made to the transaction under which a wholly owned subsidiary of Sibanye Limited would acquire all of the shares in Aquarius for cash consideration of USD0.195/Aquarius share. The acquisition needs to be approved by a simple majority of votes cast by Aquarius shareholders. It also needs an approval of the South African Competition Commission and Competition Tribunal.

### Anglo American Plc

The company announced that it has appointed Didier Charreton as Group Director of Human Resources and also as a member of the Group Management Committee, effective December 01, 2015.

### Truworths International Limited

The firm announced that it has agreed to acquire a majority stake in the Office Retail Group Limited (Office) from Silverfleet Capital and existing Office management, through its UK resident and managed subsidiary Shoo 615 Limited. The enterprise value of the transaction is GBP256.00mn for 88.9% stake in Office.

## Major Global Economic News

### UK

In October, net consumer credit rose GBP1.20bn in the UK, compared to market expectations for an advance of GBP1.30bn. In the previous month, net consumer credit had climbed GBP1.30 bn.

The number of mortgage approvals for house purchases recorded a rise to 69.60K in the UK, in October, compared to a revised reading of 69.00K in the previous month. Markets were anticipating the number of mortgage approvals for house purchases to advance to 69.90K.

The Lloyds business barometer advanced to 55.00 in November, in the UK, compared to a reading of 50.00 in the prior month.

### Eurozone

Retail sales recorded an unexpected drop of 0.4% in Germany on a monthly basis in October, compared to market expectations for an advance of 0.4%. In September, retail sales had registered a flat reading.

The preliminary consumer price index in Germany advanced 0.1% on a monthly basis in November, compared to an unchanged reading in the previous month. Market anticipation was for the index to rise 0.1%.

### Asia

The NBS manufacturing PMI registered an unexpected drop to 49.60 in China, in November, compared to a reading of 49.80 in October.

The NBS non-manufacturing PMI advanced to 53.60 in China, in November. The PMI had registered a level of 53.10 in the prior month.

The final manufacturing PMI recorded a rise to 52.60 in November, in Japan. The preliminary figures had indicated an advance to 52.80.

The RBA kept the interest rate unchanged at 2.0%, in line with market expectations.

In Australia, the AiG performance of manufacturing index climbed to 52.50 in November, compared to 50.20 in October.

The seasonally adjusted current account deficit in Australia was AUD18.10bn in 3Q15, compared to a revised deficit of AUD20.50bn in the previous quarter. Markets were anticipating the nation to post a deficit of AUD16.50bn.

In Australia, the seasonally adjusted building approvals recorded an unexpected rise of 3.9% in October on a monthly basis, compared to market expectations for a drop of 2.5%. In the prior month, building approvals had climbed by a revised 2.3%.

### US

In November, the Chicago Fed Purchasing Managers' Index (PMI) in the US dropped to 48.70, compared to market expectations of a fall to 54.00. The index had registered a reading of 56.20 in the prior month.

In October on a monthly basis, pending home sales in the US advanced 0.2%, compared to market expectations for a rise of 1.0%. In the previous month, pending home sales had fallen by a revised 1.6%.

The Dallas Fed manufacturing business index advanced to -4.90 in November, in the US, compared to a reading of -12.70 in the prior month. Markets were expecting the index to rise to -10.00.

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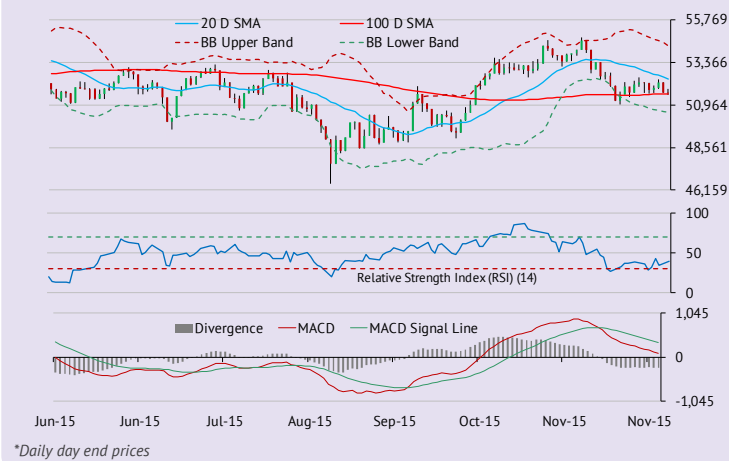
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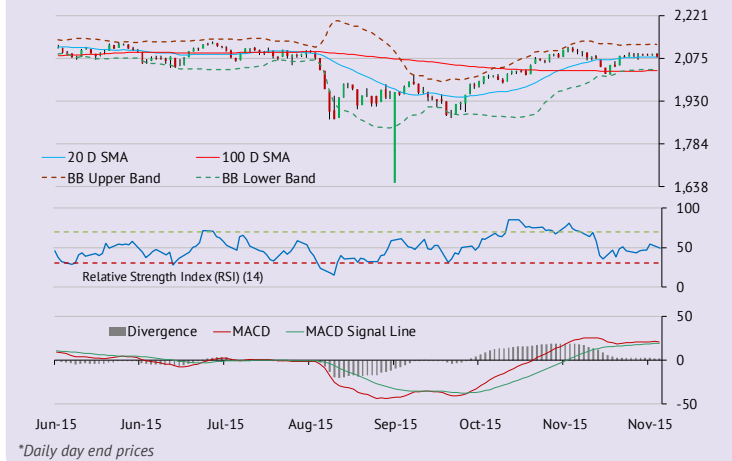
## Technical Snapshot

### JSE All Share



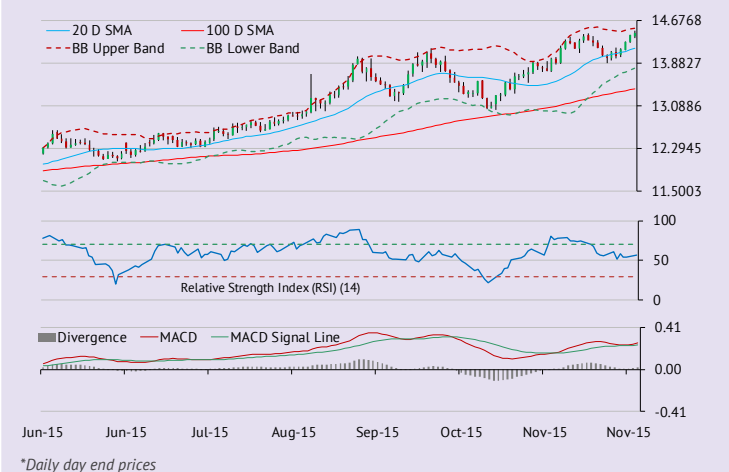
The JSE All Share index is expected to find support at 51,291.92, and a fall through could take it to the next support level of 50,976.02. The index is expected to find its first resistance at 52,154.92, and a rise through could take it to the next resistance level of 52,702.02.

### S&P 500



The S&P 500 index is expected to find support at 2,069.09, and a fall through could take it to the next support level of 2,057.78. The index is expected to find its first resistance at 2,092.92, and a rise through could take it to the next resistance level of 2,105.44.

### USDZAR



The pair is expected to find support at 14.1127, and a fall through could take it to the next support level of 13.7809. The pair is expected to find its first resistance at 14.6347, and a rise through could take it to the next resistance level of 14.8249.

### XAU/USD



Gold is expected to find support at \$1,051.03/oz, and a fall through could take it to the next support level of \$1,036.27/oz. The precious metal is expected to find its first resistance at \$1,080.63/oz, and a rise through could take it to the next resistance level of \$1,095.47/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:00	NBS Non-manufacturing PMI (Nov)	✓✓	53.60*	53.10	Monthly
Japan	03:00	BOJ Kuroda makes a speech in Nagoya	✓✓	-	-	As scheduled
China	03:00	NBS Manufacturing PMI (Nov)	✓✓	49.60*	49.80	Monthly
Japan	03:35	Nomura/ JMMA Manufacturing PMI (Nov) (F)	✓✓	52.60*	52.80**	Monthly
China	03:45	Caixin/Markit Services PMI (Nov)	✓✓	-	52.00	Monthly
China	03:45	HSBC China Composite PMI (Nov)	✓✓	-	49.90	Monthly
China	03:45	Caixin/Markit Manufacturing PMI (Nov)	✓✓	48.60*	48.30	Monthly
Switzerland	08:45	Gross Domestic Product s.a. (QoQ) (Q3)	✓	0.20%	0.20%	Quarterly
UK	09:00	BOE Financial Stability Report, Bank Stress-Test Results	✓	-	-	As scheduled
UK	09:00	Bank Stress Test Results	✓	-	-	As scheduled
France	10:50	Markit Manufacturing PMI (Nov) (F)	✓✓	50.80	50.80**	Monthly
Germany	10:55	Unemployment Rate s.a. (Nov)	✓✓	6.40%	6.40%	Monthly
Germany	10:55	Markit Manufacturing PMI (Nov) (F)	✓✓	52.60	52.60**	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Nov) (F)	✓✓✓	52.80	52.80**	Monthly
South Africa	11:00	PMI Manufacturing (Nov)	✓✓	48.40	48.10	Monthly
UK	11:30	Markit Manufacturing PMI (Nov)	✓✓	53.60	55.50	Monthly
Eurozone	12:00	Unemployment Rate (Oct)	✓✓	10.80%	10.80%	Monthly
Italy	12:00	Gross Domestic Product (QoQ) (Q3) (F)	✓✓	0.20%	0.20%**	Quarterly
Canada	15:30	Gross Domestic Product Annualised (QoQ) (Q3)	✓✓✓	2.30%	-0.50%	Quarterly
US	15:55	Redbook Index s.a. (MoM) (27-Nov)	✓	-	0.90%	Weekly
US	16:45	Markit Manufacturing PMI (Nov) (F)	✓✓	52.60	52.60**	Monthly
US	17:00	Construction Spending (MoM) (Oct)	✓✓	0.60%	0.60%	Monthly
US	17:00	ISM Manufacturing PMI (Nov)	✓✓	50.50	50.10	Monthly
US	19:45	Fed's Evans Speaks on Economy and Policy in East Lansing	✓	-	-	As scheduled
South Africa	-	Naamsa Vehicle Sales (YoY) (Nov)	✓✓	-8.60%	-8.60%	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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