

# ONE Minute Brief

5 January 2016

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## Economic and Political News

The Democratic Alliance (DA) criticized the failure by the government to meet the deadline set by the US to comply with the African Growth and Opportunity Act (Agoa) agreement after Trade and Industry Minister, Rob Davies, admitted that negotiations were now "in extra time".

The Presidency has criticised the DA for rejecting the Arms Procurement Commission's final report and described it as "unwarranted, shocking, irresponsible and totally unacceptable".

Eskom has appointed Phillip Dukashe to replace Roman Crookes, as the Medupi power station's Project Director with immediate effect.

The DA placed criminal charges against KwaZulu-Natal realtor, Penny Sparrow, for investigation of crimen injuria for infringing the dignity of all South Africans and for dehumanising black South Africans.

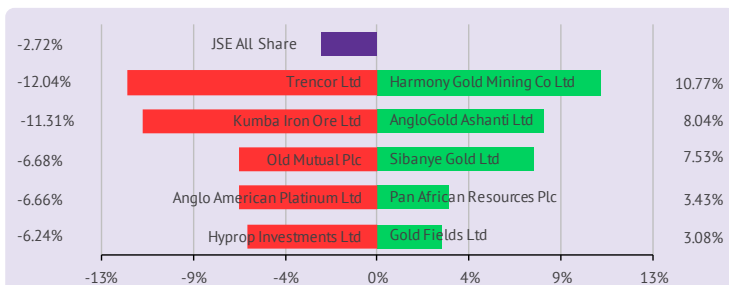
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49316.61	▼ 1377.15	-2.72%	-2.72%	-2.72%	-1.77%	-2.72%
JSE Top 40	44459.75	▼ 1337.55	-2.92%	-2.92%	-2.92%	-1.15%	-2.92%
FTSE 100	6093.43	▼ -148.89	-2.39%	-2.39%	-2.39%	-1.79%	-2.39%
DAX 30	10283.44	▼ -459.57	-4.28%	-4.28%	-4.28%	-5.62%	-4.28%
CAC 40	4522.45	▼ -114.61	-2.47%	-2.47%	-2.47%	-6.47%	-2.47%
S&P 500	2012.66	▼ -31.28	-1.53%	-1.53%	-1.53%	-1.75%	-1.53%
Nasdaq Composite	4903.09	▼ -104.32	-2.08%	-2.08%	-2.08%	-1.98%	-2.08%
DJIA	17148.94	▼ -276.09	-1.58%	-1.58%	-1.58%	-1.66%	-1.58%

## South Africa Market ▼

### South African markets closed lower

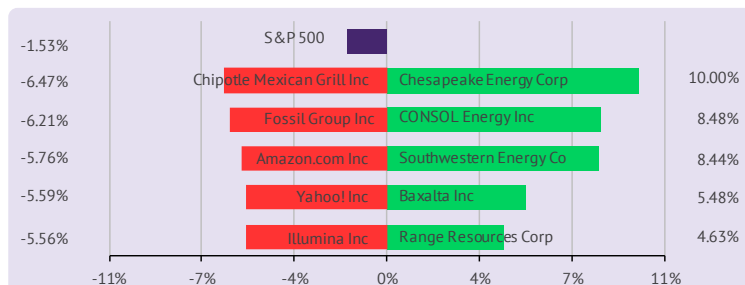
South African markets closed in the red yesterday, led by losses in financial and banking sector stocks. The JSE All Share Index fell 2.7% to close at 49,316.61.



## US Market ▼

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

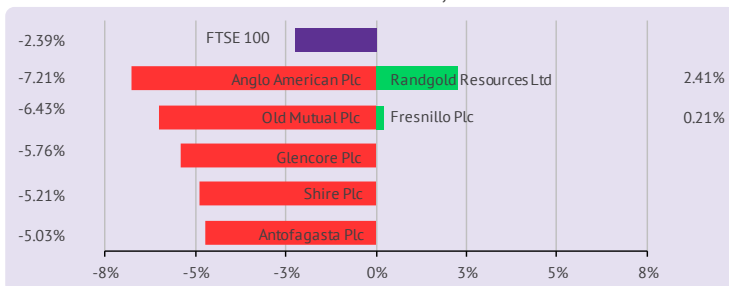
US markets closed lower yesterday, weighed down by losses in financial sector stocks after a selloff in China's equity market. Meanwhile, data showed that the US ISM manufacturing activity index dropped in December. The S&P 500 Index dropped 1.5% to close at 2,012.66.



## UK Market ▼

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

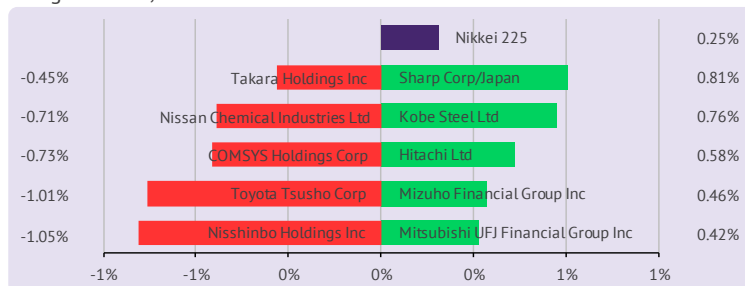
UK markets finished lower yesterday, amid losses in mining sector stocks following weak manufacturing data from China. Data revealed an unexpected decline in UK's manufacturing activity in December. The FTSE 100 Index declined 2.4% to close at 6,093.43.



## Asian Market ▲

### Trading mostly higher

Asian markets are trading mostly higher this morning, recovering from previous session losses. Separately, the Bank of Japan (BoJ) reported a rise in monetary base in December. The Nikkei 225 Index is trading 0.2% higher at 18,496.35.



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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 R15.5126. Later today, traders will keep a close watch on the ISM New York index for further direction.

The US Dollar rose against the South African Rand yesterday, despite downbeat economic data in the US. Data showed an unexpected drop in US ISM manufacturing activity and a decline in Markit manufacturing purchasing managers' index (PMI) in December. Additionally, US construction spending declined surprisingly in November.

## GBPZAR ▼

### GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.4% lower against the South African Rand at R22.8417. Later in the session today, investors will look forward to the Bank of England's (BoE) credit conditions survey and UK's construction PMI for further clues.

The British Pound advanced against the South African Rand yesterday, even after data revealed that UK manufacturing activity continued to grow at the slowest rate in three months in December. Meanwhile, the number of mortgage approvals for house purchases unexpectedly rose to a 3-month high while UK net consumer credit advanced more-than-expected in November.

## EURZAR ▼

### EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.4% lower against the South African Rand at R16.7878. Going forward, Eurozone's consumer price inflation and Germany's unemployment rate data scheduled in a few hours will attract market attention.

The Euro strengthened against the South African Rand yesterday, after an expansion in manufacturing activity in Eurozone and Germany in December. Meanwhile, data indicated an unexpected drop in Germany's consumer price inflation on a monthly basis in December.

## AUDZAR ▼

### AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar retreated 0.1% against the South African Rand to trade at R11.1767.

The Australian Dollar marginally rose against the South African Rand yesterday. Data revealed a decline in Australia's AiG performance of manufacturing index in December. Meanwhile, in China, Australia's largest trading partner, the Caixin/Markit manufacturing PMI contracted further in December.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.5126	▼	0.64%	0.64%	0.63%	7.12%	0.63%
GBPZAR	22.8417	▼	0.57%	0.57%	0.55%	4.72%	0.55%
EURZAR	16.7878	▼	0.35%	0.35%	0.33%	10.03%	0.33%
AUDZAR	11.1767	▼	0.01%	0.01%	-1.50%	8.80%	-1.50%
EURUSD	1.0820	▼	-0.30%	-0.30%	-0.34%	2.84%	-0.34%
GBPU\$	1.4720	▼	-0.08%	-0.08%	-0.13%	-2.13%	-0.13%
Brent (\$/barrel)	37.5	▲	-0.16%	-0.16%	-0.16%	-16.43%	-0.16%
Gold (\$/oz)	1076.3	▲	1.41%	1.41%	1.41%	-0.53%	1.41%
Platinum (\$/oz)	883.0	▼	-0.95%	-0.95%	-0.95%	7.06%	-0.95%
Copper (\$/MT)*	4611.3	▼	-2.01%	-2.01%	-2.01%	2.32%	-2.01%

\*As of Previous Close

## Gold ▲

### Trading in the green

At 06:00 SAST, gold prices advanced 0.1% to trade at \$1,076.30/oz.

Yesterday, gold prices rose 1.4% to close at \$1,075.20/oz, as investors sought refuge in the safe haven metal amid tensions in the Middle East and concerns on global growth.

## Brent Crude Oil ▲

### Trading stronger

At 06:00 SAST, Brent crude oil edged higher 0.7% to trade at \$37.47/bl.

Yesterday, Brent crude oil dropped 0.2% to settle at \$37.22/bl, erasing earlier session gains amid a broadly stronger US Dollar. Additionally, Genscape reported a build of more than 480,000 bls in US Cushing crude supplies last week. On the other hand, a Reuter's poll forecasted that US crude stocks fell last week by 500,000 bls.

## Platinum ▼

### Trading in negative territory

Platinum prices extended previous session losses and at 06:00 SAST, edged marginally lower to trade at \$883.00/oz.

Yesterday, platinum prices declined 1.0% to close at \$883.20/oz.



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## Major South Africa Corporate News

### Brimstone Investment Corporation Limited

In its trading statement for the year ended 31 December 2015, the company, indicated that its EPS and headline EPS will be negative (a fall of more than 100.0%), resulting from downward fair value adjustments to investments. In the previous comparable year the company recorded positive earnings, with the EPS being 105.80c and headline EPS being 116.90c.

### Tiger Brands Limited

The company announced that it is on track to appoint a Chief Executive Officer (CEO) by the end of March 2016. Until then, Noel Doyle has commenced to be the acting CEO from January 01, 2016.

## Major Global Economic News

### Eurozone

The final Markit manufacturing PMI rose to a level of 53.20 in December, in the Eurozone, compared to a reading of 52.80 in the previous month. Markets were expecting the index to advance to a level of 53.10. The preliminary figures had indicated a climb to 53.10.

In December, the final Markit manufacturing PMI climbed to 53.20 in Germany, compared to market expectations of an advance to 53.00. In the prior month, the index had recorded a level of 52.90.

The final Markit manufacturing PMI climbed to a level of 51.40 in December, in France, compared to market expectations of an advance to a level of 51.60. In the prior month, the PMI had recorded a reading of 50.60. The preliminary figures had indicated a rise to 51.60.

In December, on a monthly basis, the flash consumer price index (CPI) unexpectedly dropped 0.1% in Germany, compared to market expectations for an advance of 0.2%. In the previous month, the CPI had climbed 0.1%.

### US

The ISM manufacturing activity index fell unexpectedly to a level of 48.20 in the US, in December, compared to market expectations of a rise to a level of 49.00. In the previous month, the index had registered a level of 48.60.

In the US, the final Markit manufacturing PMI recorded a drop to 51.20 in December, compared to a reading of 52.80 in the prior month. The preliminary figures had recorded a fall to 51.30. Markets were anticipating the index to ease to 51.10.

Construction spending in the US registered an unexpected drop of 0.4% on a monthly basis in November, compared to market expectations for an advance of 0.7%. In the prior month, construction spending had recorded a revised rise of 0.3%.

### UK

The Markit manufacturing PMI in the UK fell unexpectedly to a level of 51.90 in December, compared to market expectations of an advance to 52.80. In November, the index had recorded a revised reading of 52.50.

In November, number of mortgage approvals for house purchases in the UK advanced unexpectedly to a level of 70.40K, compared to market expectations of a drop to a level of 69.80K and a revised reading of 69.90K in the prior month.

Net consumer credit in the UK advanced GBP1.50bn in November, compared to market expectations for a climb of GBP1.30bn. In the prior month, net consumer credit rose GBP1.20bn.

### Asia

The monetary base on an annual basis climbed 29.5% in Japan, in December. In the previous month, the monetary base had climbed 32.5%.

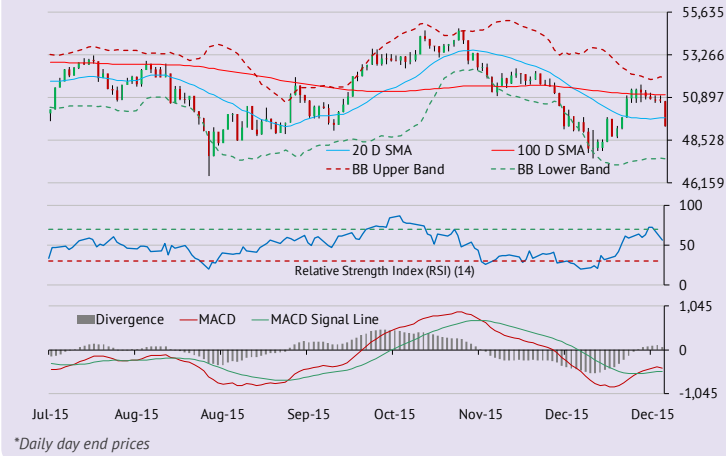
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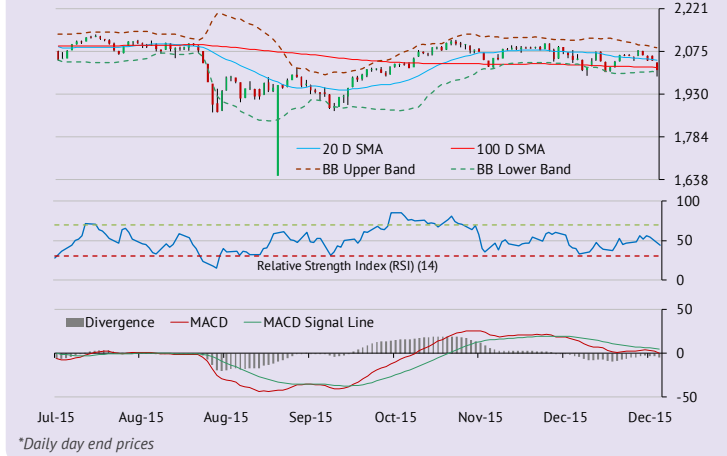
## Technical Snapshot

### JSE All Share



The JSE All Share index is expected to find support at 48,617.10, and a fall through could take it to the next support level of 47,917.60. The index is expected to find its first resistance at 50,664.42, and a rise through could take it to the next resistance level of 52,012.24.

### S&P 500



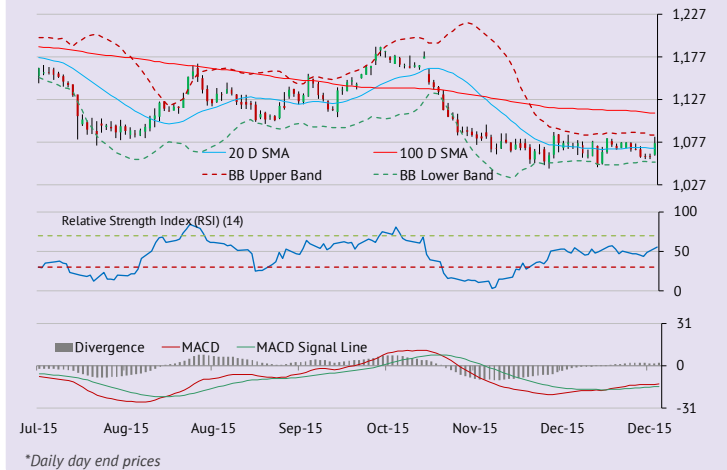
The S&P 500 index is expected to find support at 1,974.37, and a fall through could take it to the next support level of 1,936.09. The index is expected to find its first resistance at 2,066.25, and a rise through could take it to the next resistance level of 2,119.85.

### USDZAR



The pair is expected to find support at 15.3218, and a fall through could take it to the next support level of 15.0741. The pair is expected to find its first resistance at 15.7555, and a rise through could take it to the next resistance level of 15.9415.

### XAU/USD



Gold is expected to find support at \$1,060.13/oz, and a fall through could take it to the next support level of \$1,045.07/oz. The precious metal is expected to find its first resistance at \$1,086.63/oz, and a rise through could take it to the next resistance level of \$1,098.07/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
US	00:30	USD Fed's Williams Speaks on Macroprudential Policy Implementation	✓	-	-	As scheduled
Japan	01:50	Monetary Base (YoY) (Dec)	✓✓	29.50%*	32.50%	Monthly
Japan	07:00	Vehicle Sales (YoY) (Dec)	✓	-	0.30%	Monthly
Spain	10:00	Unemployment Change (Dec)	✓	-50.00K	-27.10K	Monthly
Germany	10:55	Unemployment Rate s.a. (Dec)	✓✓	6.30%	6.30%	Monthly
Germany	10:55	Unemployment Change (Dec)	✓✓✓	-8.00K	-13.00K	Monthly
UK	11:30	BOE Credit Conditions Survey	✓	-	-	As scheduled
UK	11:30	Markit Construction PMI (Dec)	✓✓	56.00	55.30	Monthly
Italy	12:00	Consumer Price Index (MoM) (Dec) (P)	✓	0.10%	-0.40%	Monthly
Eurozone	12:00	Consumer Price Index (YoY) (Dec) (P)	✓✓✓	0.30%	0.20%	Monthly
Portugal	13:00	Consumer Confidence (Dec)	✓	-	-13.70	Monthly
US	15:55	Redbook Index s.a. (MoM) (01-Jan)	✓	-	-0.50%	Weekly
US	16:45	ISM New York Index (Dec)	✓	-	60.70	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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