

ONE Minute Brief

14 January 2016

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Economic and Political News

The Congress of South African Trade Unions (Cosatu) warned that it will launch a “massive campaign” against the newly passed Tax Laws Amendment Act, which discourages workers from withdrawing savings from pension and provident funds. The law, which comes into effect on March 1, will normalise the tax treatment of all retirement funds, thus limiting tax-free withdrawals.

The Standard Bank's, Chief Executive Officer, Sim Tshabalala, stated that blatant racism and inequality are a risk to South Africa's stability and economic growth and that the bank does not tolerate racism in any form. In the wake of economist, Chris Hart's suspension, he added that racism against anyone is always totally unacceptable and inexcusable.

Nathi Mthethwa, the Arts and Culture Minister dissolved the Pan South African Language Board (PanSALB) due to lack of leadership and poor performance and appointed the National Heritage Council (NHC) board to ensure the development of a turnaround strategy and its implementation.

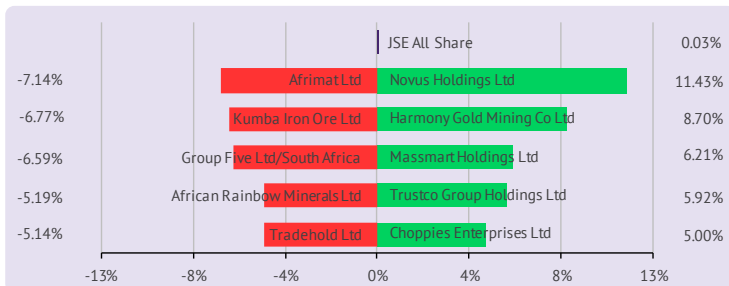
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	48412.80	▲	16.62	0.03%	0.64%	-4.50%	-4.50%
JSE Top 40	43422.42	▼	-66.95	-0.15%	0.39%	-5.19%	-5.19%
FTSE 100	5960.97	▲	31.73	0.54%	0.82%	-1.79%	-4.51%
DAX 30	9960.96	▼	-24.47	-0.25%	1.13%	-7.28%	-7.28%
CAC 40	4391.94	▲	13.19	0.30%	1.34%	-5.29%	-5.29%
S&P 500	1890.28	▼	-48.40	-2.50%	-1.65%	-7.52%	-7.52%
Nasdaq Composite	4526.06	▼	-159.86	-3.41%	-2.53%	-9.61%	-9.61%
DJIA	16151.41	▼	-364.81	-2.21%	-1.19%	-7.31%	-7.31%

South Africa Market ▲

South African markets closed higher

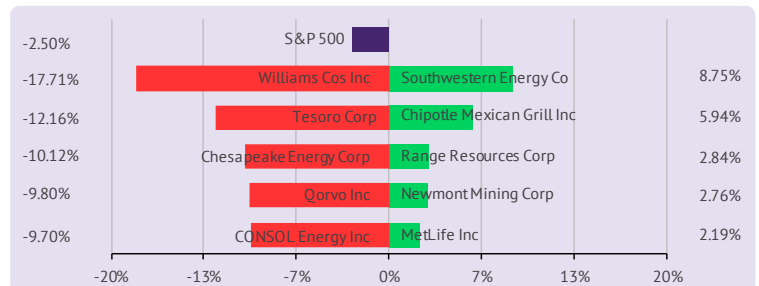
South African markets closed in the green yesterday, amid gains in banking sector stocks. The JSE All Share Index rose marginally to close at 48,412.80.



US Market ▼

The S&P 500 futures are trading in the green

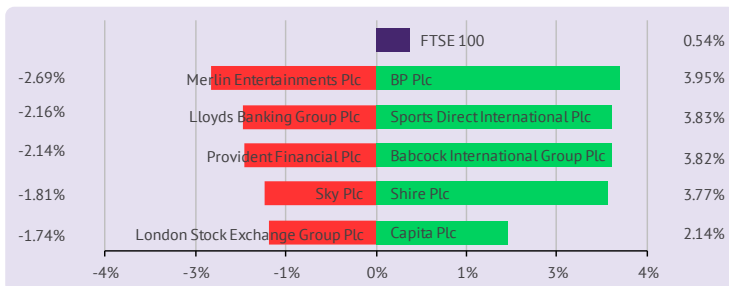
US markets closed lower yesterday, led by losses in consumer discretionary sector stocks. Meanwhile, the Federal Reserve's (Fed) Beige Book gave a mixed picture of the US economy. The S&P 500 Index dropped 2.5% to close at 1,890.28.



UK Market ▲

The FTSE 100 futures are trading in positive territory

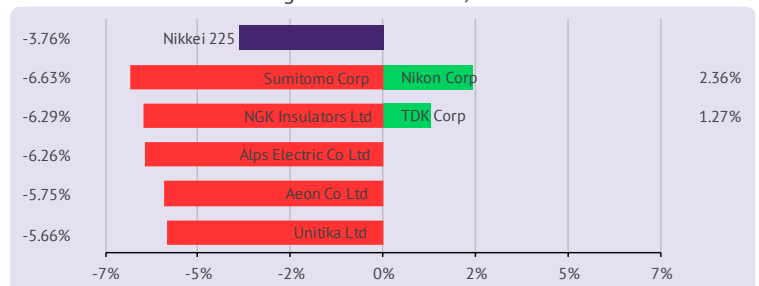
UK markets finished higher yesterday, buoyed by gains in commodity sector stocks as upbeat trade data from China improved market sentiment. The FTSE 100 Index advanced 0.5% to close at 5,960.97.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning following a huge selloff on Wall Street overnight. Earlier today, data revealed that machine orders in Japan declined more-than-expected on a monthly basis in November. The Nikkei 225 Index is trading 3.8% lower at 17,048.77.



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 0.3% against the South African Rand to trade at R16.6269. Later today, traders will look forward to US initial jobless claims as well as import and export price index for further clues. Additionally, South Africa's manufacturing Purchasing Managers' Index (PMI) and mining production will be also eyed.

The US Dollar fell against the South African Rand yesterday. Data revealed that US budget deficit narrowed in December while mortgage applications rebounded last week. Additionally, the Fed's Beige Book revealed that growth in economic activity in 7 districts in the US was modest, while growth was moderate in 2 districts.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.3% higher against the South African Rand at R23.9448. Later in the session, investors will keep a tab on the Bank of England (BoE)'s decision on interest rates and asset purchases along with the South African manufacturing PMI and mining production for further direction.

The British Pound declined against the South African Rand yesterday.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.5% higher against the South African Rand at R18.0910. Going forward, market participants will look forward to the accounts of European Central Bank's (ECB) monetary policy meeting as well as Germany's non-seasonally adjusted gross domestic product (GDP) for further clues.

The Euro weakened against the South African Rand yesterday, after industrial production in the Eurozone declined more-than-expected on a monthly basis in November.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced marginally against the South African Rand to trade at R11.5303. Earlier in the session, data revealed that the Australian unemployment rate remained steady at 5.8% in December.

The Australian Dollar fell against the South African Rand yesterday. Elsewhere in China, Australia's biggest trading partner, exports rose unexpectedly while imports fell less-than-expected in December.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	16.6269	▲	-0.60%	1.55%	7.09%	7.12%	7.09%
GBPZAR	23.9448	▲	-0.71%	0.90%	4.73%	4.72%	4.73%
EURZAR	18.0910	▲	-0.41%	1.18%	7.12%	10.03%	7.12%
AUDZAR	11.5303	▲	-1.07%	1.55%	1.45%	8.80%	1.45%
EURUSD	1.0884	▲	0.26%	-0.34%	0.15%	2.84%	0.15%
GBPUSD	1.4404	▼	-0.03%	-0.63%	-2.08%	-2.13%	-2.08%
Brent (\$/barrel)	29.9	▼	-1.78%	-9.66%	-18.70%	-16.43%	-18.70%
Gold (\$/oz)	1092.4	▲	0.18%	-0.98%	2.54%	-0.53%	2.54%
Platinum (\$/oz)	849.7	▼	1.52%	-3.07%	-4.65%	7.06%	-4.65%
Copper (\$/MT)*	4387.8	▲	1.05%	-2.11%	-6.76%	2.32%	-6.76%

*As of Previous Close

Gold ▲

Trading in the green

Gold prices extended yesterdays gains and at 06:00 SAST, gained 0.5% to trade at \$1,092.40/oz.

Yesterday, gold prices rose 0.2% to close at \$1,087.10/oz, rebounding from its previous session losses, amid a broad weakness in the US Dollar, after the Fed President, Charles Evans expressed concerns about inflation expectations.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 1.4% to trade at \$29.90/bl.

Yesterday, Brent crude oil dropped 1.8% to settle at \$30.31/bl, extending its recent losses. Additionally, the US Energy Department reported that crude oil inventories rose less-than-expected by 0.23mn bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices fell 0.1% to trade at \$849.70/oz.

Yesterday, platinum prices climbed 1.5% to close at \$850.20/oz, reversing previous session losses.



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Major South Africa Corporate News

Net 1 UEPS Technologies Incorporation

The company announced that its business unit, ZAZOO has entered into a partnership deal with Oxigen Services India Pvt. Limited to integrate its mobile virtual card technology to power Visa Prepaid into Oxigen Wallet in association with the RBL Bank as sponsor bank and co-branding partner.

Peregrine Holdings Limited

The firm announced that a wholly-owned subsidiary of Peregrine SA Holdings Proprietary Limited, Citadel Holdings Proprietary Limited, has acquired the entire issued share capital of and claims by way of loan account against Consolidated Financial Planning Proprietary Limited from the shareholders of Consolidated, being Betty & Dickson Holdings Proprietary Limited, The Professional Provident Society Insurance Company Limited and management, with effect from January 01, 2016.

Major Global Economic News

US

The Fed's Beige Book indicated moderate growth in 9 of its 12 districts from late November through January 04, 2016. Also, it indicated that economic activity in Boston was upbeat, the New York and Kansas City districts were flat, while most others described their districts growth as modest. Additionally, the labour market and growth in consumer spending improved, while manufacturing, agricultural and energy sectors showed further strain.

Budget deficit in the US fell to USD14.40bn in December, compared to market expectations of a deficit of USD10.00bn. The US had reported a deficit of USD64.6bn in the prior month.

The MBA mortgage applications climbed 21.3% in the US on a weekly basis, in the week ended January 08, 2016. Mortgage applications had dropped 11.6% in the previous week.

Eurozone

The seasonally adjusted industrial production on a monthly basis in the Eurozone registered a drop of 0.7% in November, compared to a revised rise of 0.8% in the prior month. Market expectation was for industrial production to fall 0.3%.

In December, on a monthly basis, EU normalised consumer price index in France registered a rise of 0.2%, higher than market expectations for an advance of 0.1%. The index had dropped 0.2% in the previous month.

Current account deficit in France widened to EUR1.40bn in November, following a revised deficit of EUR1.00bn in the prior month.

Asia

In November, machinery orders slid 14.4% on a monthly basis in Japan, higher than market expectations for a fall of 7.3%. In the previous month, machinery orders had advanced 10.7%.

In December, the seasonally adjusted unemployment rate in Australia remained unchanged at 5.8%, compared to market expectations of an advance to a level of 5.9%.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Machinery Orders (MoM) (Nov)	✓	-14.40%*	10.70%	Monthly
Japan	01:50	Domestic Corporate Goods Price Index (MoM) (Dec)	✓	-0.30%*	-0.10%	Monthly
Japan	08:00	Machine Tool Orders (YoY) (Dec) (P)	✓✓	-	-17.70%	Monthly
Germany	09:00	Wholesale Price Index (MoM) (Dec)	✓	-	-0.20%	Monthly
Germany	11:00	Gross Domestic Product n.s.a. (YoY)	✓✓✓	1.70%	1.50%	Yearly
Italy	11:00	Industrial Production n.s.a. (YoY) (Nov)	✓	-	-0.30%	Monthly
South Africa	11:00	PMI Manufacturing (Dec)	✓✓	45.00	43.30	Monthly
Italy	11:00	Industrial Production s.a. (MoM) (Nov)	✓	0.20%	0.50%	Monthly
South Africa	11:30	Gold Production (YoY) (Nov)	✓✓	-	-7.50%	Monthly
South Africa	11:30	Platinum Production (YoY) (Nov)	✓✓	-	26.50%	Monthly
South Africa	11:30	Mining Production (YoY) (Nov)	✓✓	-3.70%	-4.60%	Monthly
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP375.00bn	GBP375.00bn	As scheduled
Eurozone	14:30	ECB account of the monetary policy meeting	✓✓	-	-	As scheduled
US	15:30	Fed's Bullard Speaks to Economic Club of Memphis	✓	-	-	As scheduled
US	15:30	Export Price Index (MoM) (Dec)	✓	-	-0.60%	Monthly
US	15:30	Import Price Index (MoM) (Dec)	✓	-1.30%	-0.40%	Monthly
Canada	15:30	New Housing Price Index (MoM) (Nov)	✓	0.20%	0.30%	Monthly
US	15:30	Initial Jobless Claims (09-Jan)	✓✓	275.00K	277.00K	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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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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