

ONE Minute Brief

15 January 2016

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Economic and Political News

The Barclays manufacturing Purchasing Managers' Index (PMI) climbed to 45.50 in South Africa, in December, higher than market expectations of a rise to a level of 45.00. The PMI had recorded a level of 43.30 in November.

On an annual basis, mining production in South Africa eased 0.8% in November, less than market expectations for a fall of 3.7%. Mining production had registered a revised drop of 4.7% in the previous month.

On an annual basis, in November, gold production climbed 2.2% in South Africa, compared to a revised drop of 7.8% in the prior month.

On a yearly basis, platinum production rose 24.9% in November, compared to a revised advance of 26.0% in October.

Finance Minister, Pravin Gordhan, indicated that the government will work with business and labour unions to stabilise the ratings on the nation's debt. He further added that the nation is not growing fast enough but was quick to state that it is not slipping into a recession.

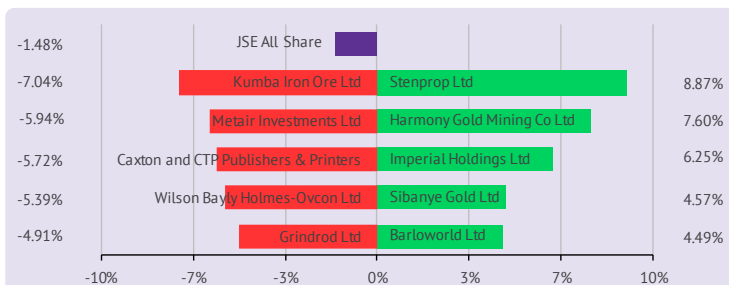
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	47697.53	▼	-715.27	-1.48%	-0.85%	-5.91%	-5.91%
JSE Top 40	42741.46	▼	-680.96	-1.57%	-1.18%	-6.67%	-6.67%
FTSE 100	5918.23	▼	-42.74	-0.72%	0.10%	-5.19%	-5.19%
DAX 30	9794.20	▼	-166.76	-1.67%	-0.56%	-8.83%	-8.83%
CAC 40	4312.89	▼	-79.05	-1.80%	-0.48%	-6.99%	-6.99%
S&P 500	1921.84	▲	31.56	1.67%	-0.01%	-5.97%	-5.97%
Nasdaq Composite	4615.00	▲	88.94	1.97%	-0.62%	-7.84%	-7.84%
DJIA	16379.05	▲	227.64	1.41%	0.20%	-6.00%	-6.00%

South Africa Market ▼

South African markets closed lower

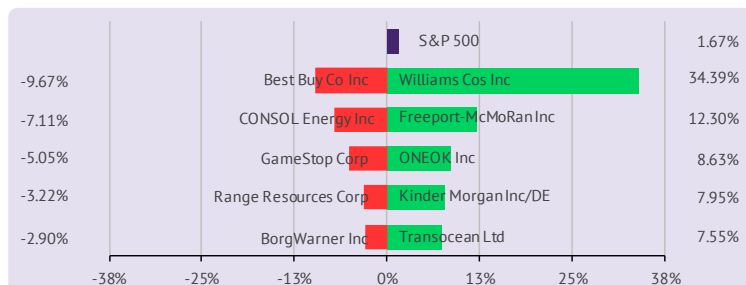
South African markets closed in the red yesterday, led by losses in financials as well as industrial sector stocks. Data revealed that that manufacturing activity in South Africa improved in December. The JSE All Share Index fell 1.5% to close at 47,697.53.



US Market ▲

The S&P 500 futures are trading in the red

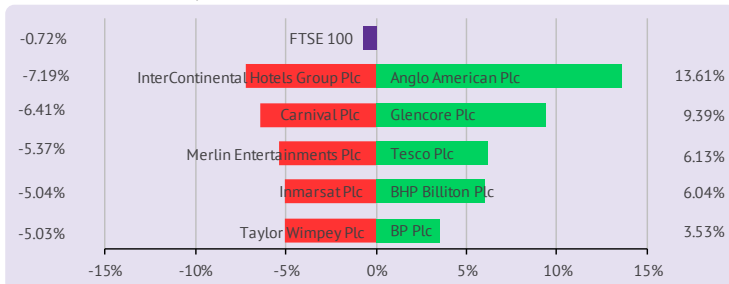
US markets closed higher yesterday, amid gains in energy sector stocks following a recovery in oil prices. Data revealed that US initial jobless claims rose unexpectedly last week. The S&P 500 Index climbed 1.7% to close at 1,921.84.



UK Market ▼

The FTSE 100 futures are trading in negative territory

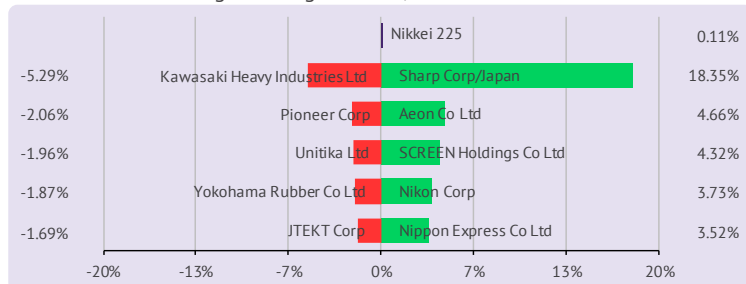
UK markets finished lower yesterday, weighed down by losses in travel and leisure sector stocks. Meanwhile, the Bank of England (BoE) maintained the key interest rate at 0.5%. The FTSE 100 Index declined 0.7% to close at 5,918.23.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning. Late night, oil prices rebounded leading to a rally on Wall Street. Early morning data revealed a decline in Chinese new Yuan loans in December. The Nikkei 225 Index is trading 0.1% higher at 17,259.77.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar climbed 0.6% against the South African Rand to trade at R16.5492. Later today, traders will look forward to reports on US retail sales, industrial production, the Reuters/Michigan consumer sentiment index and the New York Empire State manufacturing index for further clues. Additionally, a speech by the President of the Federal Reserve Bank of New York (Fed), William Dudley will be eyed.

The US Dollar fell against the South African Rand yesterday, after initial jobless claims in the US unexpectedly climbed last week. Meanwhile, St. Louis Fed President, James Bullard, hinted that the Fed should consider delaying hike in interest rates. Elsewhere, the South African manufacturing PMI advanced more-than-expected in December.

GBPZAR ▲

GBP trading stronger against ZAR

At 06:00 SAST, the British Pound rose 0.5% against the South African Rand to trade at R23.8319. Later in the session, investors will keep a tab on UK's construction output and the credit conditions survey by the BoE for further direction.

The British Pound declined against the South African Rand yesterday, after the BoE held the benchmark interest rate steady at 0.5% and mentioned that rise in inflation would be slightly more gradual in the near term. Meanwhile, manufacturing activity in South Africa increased at a faster pace in December but remained in the contraction territory.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading 0.7% firmer against the South African Rand at R18.0030. Going forward, Eurozone's trade balance scheduled for release in a few hours will attract market attention.

The Euro weakened against the South African Rand yesterday, after the minutes of the European Central Bank's (ECB) latest monetary policy meeting showed that some board members favoured a larger cut in the central bank's deposit rate.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.1% against the South African Rand to trade at R11.4947. Earlier in the session, data revealed a rise in investment lending and an unexpected rise in home loan approvals in Australia in November. Elsewhere, in China, Australia's key trading partner, data indicated that new Yuan loans declined but fell short of market expectations in December.

The Australian Dollar fell against the South African Rand yesterday. Data showed that the Australian unemployment rate remained unchanged at 5.8% in December.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	16.5492	▲	-0.75%	0.79%	6.29%	7.12%	6.29%
GBPZAR	23.8319	▲	-0.72%	0.17%	3.98%	4.72%	3.98%
EURZAR	18.0030	▲	-0.73%	0.44%	6.34%	10.03%	6.34%
AUDZAR	11.4947	▲	-0.34%	1.20%	1.10%	8.80%	1.10%
EURUSD	1.0882	▲	-0.17%	-0.51%	-0.01%	2.84%	-0.01%
GBPUSD	1.4403	▼	-0.16%	-0.79%	-2.24%	-2.13%	-2.24%
Brent (\$/barrel)	30.7	▼	2.38%	-7.51%	-16.77%	-16.43%	-16.77%
Gold (\$/oz)	1080.3	▲	-1.24%	-2.21%	1.26%	-0.53%	1.26%
Platinum (\$/oz)	831.6	▼	-1.91%	-4.91%	-6.47%	7.06%	-6.47%
Copper (\$/MT)*	4419.5	▲	0.72%	-1.41%	-6.08%	2.32%	-6.08%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.6% higher to trade at \$1,080.30/oz.

Yesterday, gold prices fell 1.2% to close at \$1,073.60/oz, amid a rebound in US equity markets.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil fell 1.2% to trade at \$30.66/bl.

Yesterday, Brent crude oil advanced 2.4% to settle at \$31.03/bl, rebounding from recent losses. However, gains in oil prices were limited, amid concerns over a continuing global supply glut if sanctions on Iran are lifted.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.3% lower to trade at \$831.60/oz.

Yesterday, platinum prices declined 1.9% to close at \$834.00/oz, reversing previous session gains.



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Major South Africa Corporate News

Cie Financiere Richemont SA

In its trading update for 3Q16, the company revealed that total sales increased to EUR2.93bn from EUR2.84bn recorded in the same period a year ago. On a constant currency basis, sales fell 4.0%, reflecting weak trading in Europe and partly due to the shortfall in Paris. Also, sales in the Asia-Pacific region continued to weaken, while sales in America was subdued. Furthermore, the company anticipates the tough trading conditions to prevail into the start of 2016.

Massmart Holdings Limited

In its sales update for the 52 week period ended 27 December 2015, the company, indicated that its total sales advanced 8.4% from the prior year to R84.70bn, with annual inflation estimated at 3.0%. Its comparable store sales rose 6.7% from the corresponding period of the preceding year.

Truworths International Limited

In its trading update for the 26 weeks ended 27 December 2015, the firm, indicated that group retail sales rose 36.0% from the same period of the prior year to R8.50bn, boosted by the inclusion of recent acquisitions of British shoe store Office, and children's clothing stores Earthchild and Naartjie. Like-for-like store retail sales, excluding those attributable to the three acquired businesses, gained 10.2% from the corresponding period of the preceding year, with product inflation estimated to be 9.0%.

Woolworths Holdings Limited

In its trading update for the 26 weeks ended 27 December 2015, the company, stated that group sales rose 17.1% from the corresponding period of the previous year as sales increased in clothes, food and at Australian chain David Jones. Its headline EPS is estimated to grow in the range of 25.0% to 35.0% from the same period of the prior year to be between 242.60c and 262.00c.

Major Global Economic News

UK

The BoE kept the key interest rate unchanged at 0.5% and maintained the asset purchase facility at GBP375.00bn. According to the minutes, eight of the nine voting members were in favour to keep interest rate intact. Furthermore, the BoE stated that the slump in oil prices is expected to affect inflation slightly. However, all members agreed that the headwinds weighing on the UK economy will persist.

US

In the week ended January 09, 2016, the seasonally adjusted initial jobless claims in the US advanced unexpectedly to a level of 284.00K, compared to a reading of 277.00K in the prior week. Markets were expecting initial jobless claims to ease to a level of 275.00K.

The export price index in the US dropped 1.1% on a monthly basis in December. In the previous month, the index had registered a fall of 0.6%.

In December, the US import price index eased 1.2% on a monthly basis, lower than market expectations for a drop of 1.3%. The index had fallen by a revised 0.5% in the prior month.

Eurozone

The accounts of ECB's December monetary policy meeting revealed that some members wanted to take a more accommodative policy stance. The minutes explained that a 10-basis-point cut in the deposit facility was unlikely to generate negative side effects and also left some room for further downward adjustment, if needed. However, the members agreed that the monetary policy alone will not be able to bring about sustainable growth.

Asia

The seasonally adjusted home loan approvals unexpectedly climbed 1.8% on a monthly basis in November in Australia, higher than market expectations for a fall of 0.5%. In the prior month, home loan approvals had registered a revised drop of 0.3%.

In Australia, the investment lending advanced 0.7% on a monthly basis, in November. In the prior month, the investment lending had dropped by a revised 5.8%.

In December, new Yuan loans registered a drop to CNY597.80bn in China, lower than market expectations of a fall to a level of CNY700.00bn. New Yuan loans had recorded a level of CNY708.90bn in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	04:01	New Yuan Loans (Dec)	✓✓✓	CNY597.80bn*	CNY708.90bn	Monthly
China	04:01	M2 Money Supply (YoY) (Dec)	✓	13.30%*	13.70%	Monthly
France	09:45	Budget Balance (Nov)	✓	-	-EUR76.20bn	Monthly
Spain	10:00	Consumer Price Index (MoM) (Dec) (F)	✓	-0.30%	-0.30%**	Monthly
Spain	11:00	Trade Balance (Nov)	✓✓	-	-EUR1.90bn	Monthly
Italy	11:00	Consumer Price Index (EU Norm) (MoM) (Dec) (F)	✓	-0.10%	-0.10%**	Monthly
Italy	11:00	Consumer Price Index (MoM) (Dec) (F)	✓	0.00%	0.00%**	Monthly
UK	11:30	Construction Output (YoY) (Nov)	✓	-0.10%	1.00%	Monthly
UK	11:30	Bank of England Credit Conditions & Bank Liabilities Surveys	✓	-	-	As scheduled
Eurozone	12:00	Trade Balance s.a. (Nov)	✓	EUR21.00bn	EUR19.90bn	Monthly
US	15:30	Producer Price Index (MoM) (Dec)	✓	-0.20%	0.30%	Monthly
US	15:30	Producer Price Index ex Food & Energy (MoM) (Dec)	✓	0.10%	0.30%	Monthly
US	15:30	Advance Retail Sales (MoM) (Dec)	✓✓✓	-0.10%	0.20%	Monthly
US	15:30	NY Empire State Manufacturing Index (Jan)	✓✓	-4.00	-4.59	Monthly
Canada	16:00	Existing Home Sales (MoM) (Dec)	✓✓	-	1.80%	Monthly
Italy	16:00	Bank of Italy Releases the Quarterly Economic Bulletin	✓	-	-	As scheduled
US	16:00	Fed's Dudley Speaks on Economy and Policy in New Jersey	✓	-	-	As scheduled
US	16:15	Capacity Utilisation (Dec)	✓	76.80%	77.00%	Monthly
US	16:15	Industrial Production (MoM) (Dec)	✓✓	-0.20%	-0.60%	Monthly
US	16:15	Manufacturing (SIC) Production (MoM) (Dec)	✓✓	0.00%	0.00%	Monthly
US	17:00	Business Inventories (Nov)	✓	-0.10%	0.00%	Monthly
US	17:00	Reuters/Michigan Consumer Sentiment Index (Jan) (P)	✓✓✓	92.90	92.60	Monthly
US	20:00	Fed's Kaplan Speaks on Panel in Dallas	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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