

ONE Minute Brief

21 January 2016

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Economic and Political News

In South Africa, the consumer price index (CPI) advanced 0.3% in December on a monthly basis, at par with market expectations. In the previous month, the CPI had recorded a rise of 0.1%.

In November, on a monthly basis, retail sales in South Africa recorded a rise of 2.5%, compared to a revised advance of 0.4% in October. Markets were expecting retail sales to climb 0.6%.

Reserve Bank Governor, Lesetja Kganyago, stated that the bank was facing a policy dilemma of slow growth and rising inflation. He added that the bank will "act with resolve" if price pressures from a weaker Rand spread more broadly in the economy.

The National Energy Regulator of South Africa (Nersa) has cancelled public hearings in Free State, Mpumalanga and Limpopo on Eskom's Regulatory Clearing Account (RCA) application as no interested parties registered to be present.

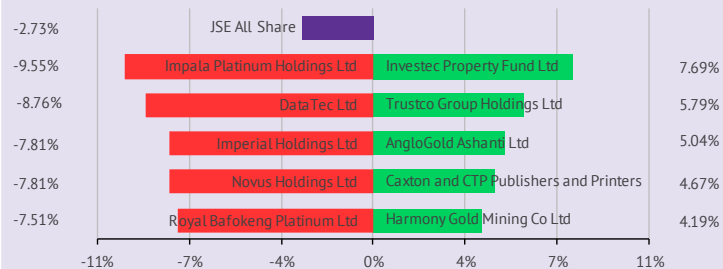
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	46329.78	▼	-1297.98	-2.73%	-1.34%	-8.61%	-8.61%
JSE Top 40	41610.78	▼	-1261.61	-2.94%	-1.17%	-9.14%	-9.14%
FTSE 100	5673.58	▼	-203.22	-3.46%	-2.25%	-1.79%	-9.11%
DAX 30	9391.64	▼	-272.57	-2.82%	-1.61%	-12.58%	-12.58%
CAC 40	4124.95	▼	-147.31	-3.45%	-2.02%	-11.04%	-11.04%
S&P 500	1859.33	▼	-22.00	-1.17%	-1.12%	-9.03%	-9.03%
Nasdaq Composite	4471.69	▼	-5.26	-0.12%	-0.37%	-10.70%	-10.70%
DJIA	15766.74	▼	-249.28	-1.56%	-1.38%	-9.52%	-9.52%

South Africa Market ▼

South African markets closed lower

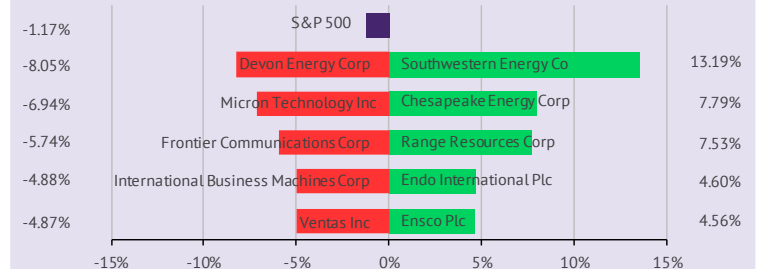
South African markets closed in the red yesterday, led by losses in platinum mining sector stocks. Meanwhile, data revealed that South Africa's CPI advanced as expected on a monthly basis in December. The JSE All Share Index fell 2.7% to close at 46,329.78.



US Market ▼

The S&P 500 futures are trading in the green

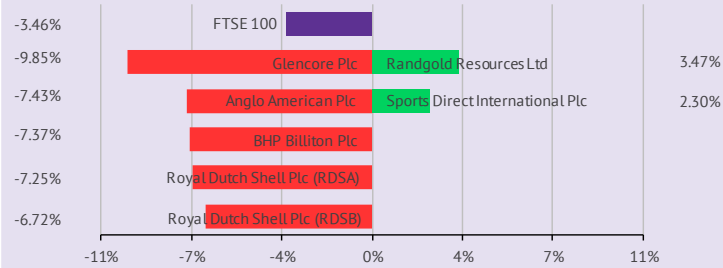
US markets closed lower yesterday, amid losses in energy sector stocks. Data indicated an unexpected decline in the US CPI on a monthly basis in December. The S&P 500 Index dropped 1.2% to close at 1,859.33.



UK Market ▼

The FTSE 100 futures are trading in positive territory

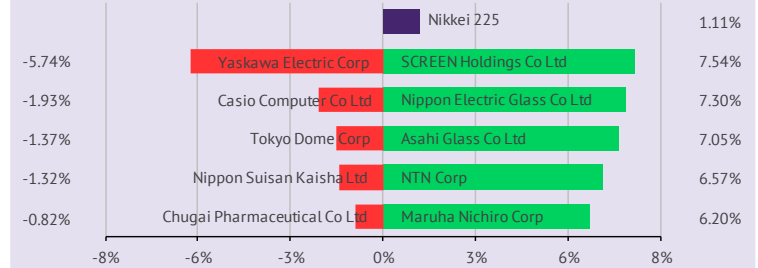
UK markets finished lower yesterday, weighed down by losses in commodity sector stocks. Data indicated a surprising drop in UK's ILO unemployment rate in the September-November 2015 period. The FTSE 100 Index declined 3.5% to close at 5,673.58.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning, shrugging off a sell-off on Wall Street. Meanwhile, the Ministry of Trade, Industry and Energy of South Korea stated that it will boost economic cooperation with Iran. The Nikkei 225 Index is trading 1.1% higher at 16,599.17.



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 is trading 0.1% firmer against the South African Rand at R16.7810. Later today, traders will look forward to a report on US weekly jobless claims and the Philadelphia Fed manufacturing survey for further clues.

The US Dollar fell against the South African Rand yesterday, amid a surprising drop in the US CPI on a monthly basis in December. Additionally, US housing starts unexpectedly declined while building permits eased less-than-expected in the same period. Furthermore, the South African CPI advanced as expected on a monthly basis in December while growth in retail sales accelerated for the second straight month in November.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound gained marginally against the South African Rand to trade at R23.7925. Earlier in the session, the RICS house price balance advanced in December. With no economic releases in the UK today, investors will keep a tab on UK's retail sales and public sector net borrowing scheduled for tomorrow.

The British Pound declined against the South African Rand yesterday. Meanwhile, data revealed an unexpected drop in UK's ILO unemployment rate, notching its lowest in almost a decade in the September-November 2015 period. On the other hand, the number of unemployment benefits claimants in the UK surprisingly declined in December. Elsewhere, in South Africa, on a monthly basis, CPI advanced in December while retail sales rose in November.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro dropped marginally against the South African Rand to trade at R18.2732. Going forward, market participants will await the European Central Bank's (ECB) interest rate decision along with the Eurozone consumer confidence data for further direction in the Euro.

The Euro weakened against the South African Rand yesterday. Data indicated a more-than-expected fall in German producer price inflation on a monthly basis in December.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R11.6028. Earlier in the session, data showed that Australia's consumer inflation expectations declined in January and new home sales dropped in November. Additionally, foreign exchange transaction surplus in Australia widened in December.

The Australian Dollar fell against the South African Rand yesterday. Data revealed a decline in Australia's Westpac consumer confidence index in January. Elsewhere, in China, Australia's major trading partner, the foreign direct investment (FDI) unexpectedly declined in December.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	16.7810	▲	-0.24%	-0.17%	8.30%	7.12%	8.30%
GBPZAR	23.7925	▲	-0.07%	-0.60%	4.35%	4.72%	4.35%
EURZAR	18.2732	▼	-0.14%	-0.31%	8.78%	10.03%	8.78%
AUDZAR	11.6028	▲	-0.22%	0.45%	1.89%	8.80%	1.89%
EURUSD	1.0887	▼	-0.17%	-0.24%	0.23%	2.84%	0.23%
GBPUUSD	1.4177	▲	-0.04%	-0.57%	-3.87%	-2.13%	-3.87%
Brent (\$/barrel)	28.1	▲	-3.06%	-3.66%	-25.21%	-16.43%	-25.21%
Gold (\$/oz)	1099.8	▼	1.57%	1.42%	4.34%	-0.53%	4.34%
Platinum (\$/oz)	820.4	▲	-1.30%	-0.94%	-8.28%	7.06%	-8.28%
Copper (\$/MT)*	4355.5	▼	-1.34%	0.65%	-7.44%	2.32%	-7.44%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices retreated 0.6% to trade at \$1,099.80/oz.

Yesterday, gold prices rose 1.6% to close at \$1,106.20/oz, after a sell-off in global equity markets increased the demand of the safe haven asset. Additionally, soft US inflation data bolstered the chances that the US Federal Reserve (Fed) could delay hiking interest rates sooner.

Brent Crude Oil ▲

Trading stronger

Brent crude oil, reversed previous session losses and at 06:00 SAST, edged 0.9% higher to trade at \$28.14/bl.

Yesterday, Brent crude oil dropped 3.1% to settle at \$27.88/bl, amid worries that the supply glut will last longer and after the American Petroleum Institute (API) reported that crude oil inventories rose more-than-expected by 4.6mn bls last week. Additionally, a Middle East shipping firm became the first to resume direct business with Iran after the sanctions were lifted. Meanwhile, Venezuela requested an emergency Organization of the Petroleum Exporting Countries (OPEC) meeting to discuss steps to boost prices, but the idea was dismissed by 4 other member countries.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.3% higher to trade at \$820.40/oz.

Yesterday, platinum prices declined 1.3% to close at \$817.90/oz, reversing previous session gains.

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Major South Africa Corporate News

Anglo American Plc

The company announced that it has entered into an agreement with Batchfire Resources Pty Limited to sell its 100.0% stake in Callide thermal coal mine in Queensland, Australia, subject to approval of several conditions.

Assore Limited

In its trading statement for the six months ended 31 December 2015, the company, indicated that its headline earnings is expected to decline between R548.00mn (by 44.6%) and R672.00mn (by 32.1%), compared with R990.00mn posted in the same period of the prior year and its attributable earnings are expected to fall by 51.3% and by 40.4% from R935.00mn recorded in the corresponding period of the previous year. Furthermore, the company stated that the decreased earnings were likely to decline its headline EPS to be in the range of R5.31 to R6.51 and attributable EPS between R4.41 and R5.40.

BHP Billiton Plc

In its operational review for the half year ended 31 December 2015, the company, stated that further productivity improvements supported the robust production performance across its operated assets during the period. For FY16, company expects total iron ore production to be 237.00mnt, 10.00mnt lower than its earlier guidance, after the suspension of operations in November at its Samarco joint venture mine in Brazil. Production guidance for its petroleum, copper and coal businesses were left unchanged. However, the company signalled further write-downs as it struggled with the impact of the commodities slump.

Major Global Economic News

Asia

The consumer inflation expectations recorded a drop to 3.6% in Australia, in January, compared to a level of 4.0% in the previous month. New home sales in Australia eased 2.7% on a monthly basis in November. In the prior month, new home sales had dropped 3.0%.

US

The CPI in the US recorded an unexpected drop of 0.1% on a monthly basis in December, compared to market anticipations of a flat reading.

Housing starts unexpectedly fell by 2.5% on monthly basis, to an annual rate of 1149.00K in December, in the US, lower than market expectations of 1200.00K. Housing starts had registered a revised reading of 1179.00K in the previous month.

Building permits dropped 3.9% on monthly basis, to an annual rate of 1232.00K in the US in December, higher than market expectations of 1200.00K. In the prior month, building permits had registered a revised level of 1282.00K.

In the US, MBA mortgage applications recorded a rise of 9.0% on a weekly basis, in the week ended January 15, 2016. Mortgage applications had registered an advance of 21.3% in the previous week.

Eurozone

The producer price index (PPI) recorded a drop of 0.5% on a monthly basis in December, in Germany, compared to a fall of 0.2% in the previous month. Markets were anticipating the PPI to decline 0.4%.

The ZEW economic expectations index fell to a level of -3.00 in Switzerland in January, from a reading of 16.60 in the previous month.

UK

In the UK, the ILO unemployment rate dropped unexpectedly to 5.1% in the September-November 2015 period, compared to market expectations of a steady reading of 5.2%.

In the UK, the number of unemployment benefits claimants eased unexpectedly by 4.30K in December, following a revised decline of 2.20K in the previous month. Markets were anticipating number of claimants to rise 2.80K.

The RICS house price balance in the UK rose to a level of 50.00 in December, compared to a reading of 49.00 in the prior month. Markets were expecting house price balance to climb to 50.00.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	02:01	RICS Housing Price Balance (Dec)	✓✓	50.00%*	49.00%	Monthly
Japan	06:30	All Industry Activity Index (MoM) (Nov)	✓✓	-0.70%	1.00%	Monthly
France	09:45	Business Survey Overall Demand (Jan)	✓	-	5.00	Monthly
France	09:45	Production Outlook Indicator (Jan)	✓	-	0.00	Monthly
France	09:45	Business Climate (Jan)	✓	102.00	101.00	Monthly
Switzerland	10:00	M3 Money Supply (YoY) (Dec)	✓	-	2.70%	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	Continuing Jobless Claims (09-Jan)	✓	2250.00K	2263.00K	Weekly
US	15:30	Initial Jobless Claims (16-Jan)	✓✓	278.00K	284.00K	Weekly
US	15:30	Philadelphia Fed Manufacturing Survey (Jan)	✓✓	-5.90	-5.90	Monthly
Eurozone	17:00	Consumer Confidence (Jan) (P)	✓✓	-5.70	-5.70	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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