

ONE Minute Brief

22 January 2016

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Economic and Political News

Konrad Reuss, the sub-Saharan Africa head of Standard & Poor warned that further policy mistakes like removing former Finance Minister, Nhlanhla Nene and failure to improve economic growth could contribute to a downgrade in South Africa's credit rating to junk status.

Sim Tshabalala, the joint Chief Executive Officer of Standard Bank mentioned that this year is going to be a tough one for the local economy, with high unemployment and a low business and consumer confidence. He added that the currency was likely to continue depreciating, which would strengthen inflation.

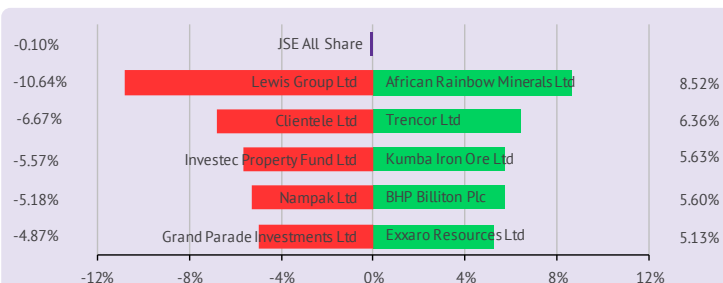
The Competition Commission has decided not to move forward with a complaint against Airports Company South Africa (Acsa) by Skywise, the low-cost airline. However, it has allowed Skywise 20 days to approach the Competition Tribunal directly.

The Independent Electoral Commission announced that the African National Congress, Democratic Alliance and Inkatha Freedom Party have retained their wards in the nine by-elections contested in five provinces.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, led by losses in gold mining sector stocks. The JSE All Share Index fell 0.1% to close at 46,282.02.



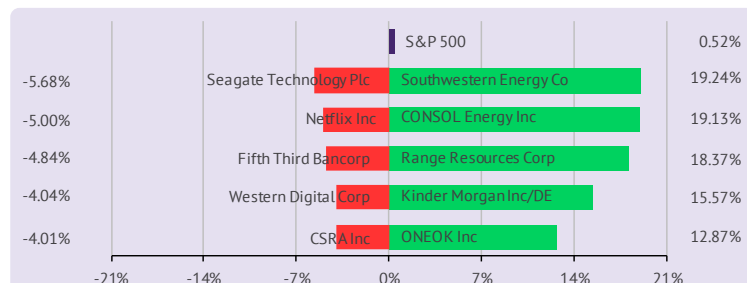
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	46282.02	▼	-47.76	-0.10%	-1.44%	-8.70%	-8.70%
JSE Top 40	41543.66	▼	-67.12	-0.16%	-1.33%	-9.29%	-9.29%
FTSE 100	5773.79	▲	100.21	1.77%	-0.52%	-7.51%	-7.51%
DAX 30	9574.16	▲	182.52	1.94%	0.30%	-10.88%	-10.88%
CAC 40	4206.40	▲	81.45	1.97%	-0.09%	-9.29%	-9.29%
S&P 500	1868.99	▲	9.66	0.52%	-0.60%	-8.56%	-8.56%
Nasdaq Composite	4472.06	▲	0.37	0.01%	-0.36%	-10.69%	-10.69%
DJIA	15882.68	▲	115.94	0.74%	-0.66%	-8.85%	-8.85%

US Market ▲

The S&P 500 futures are trading in the green

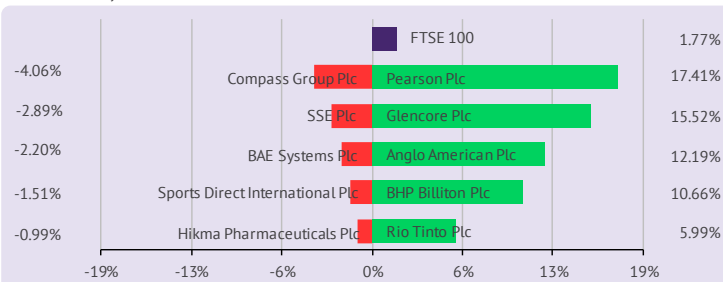
US markets closed higher yesterday, amid a rally in energy sector stocks after some recovery in oil prices. Data revealed an unexpected climb in US initial jobless claims last week. The S&P 500 Index climbed 0.5% to close at 1,868.99.



UK Market ▲

The FTSE 100 futures are trading in positive territory

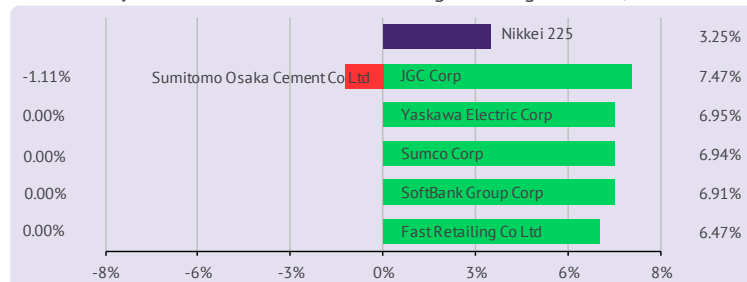
UK markets finished higher yesterday after the European Central Bank (ECB) President, Mario Draghi, hinted of more stimulus measures to boost the Eurozone economy. The FTSE 100 Index advanced 1.8% to close at 5,773.79.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, following a rebound in oil prices and hopes of more stimulus from the ECB at its next meeting. Data revealed that Japan's factory output remained strong in January. The Nikkei 225 Index is trading 3.3% higher at 16,537.29.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.4% higher against the South African Rand at R16.6276. Later today, traders will look forward to the US Markit manufacturing Purchasing Managers' Index (PMI), the Chicago Fed national activity index, existing home sales and leading indicators data for further clues.

The US Dollar fell against the South African Rand yesterday, after the number of individuals who filed for initial jobless benefits in the US climbed unexpectedly last week. Meanwhile, manufacturing activity in the Philadelphia region improved but remained in contraction territory in January.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound is trading 0.1% higher against the South African Rand at R23.6291. Later in the session today, investors will keep a tab on UK's retail sales and public sector net borrowing for further direction.

The British Pound declined against the South African Rand yesterday, extending previous session losses.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R18.0233. Going forward, the preliminary Markit manufacturing and services data across the Eurozone will attract market attention.

The Euro weakened against the South African Rand yesterday, after the ECB Chief Mario Draghi stated that the bank would reconsider its monetary policy at its next meeting in March, as inflation in the Eurozone remains weak. Meanwhile, the ECB maintained the benchmark interest rate at 0.05%. Additionally, consumer confidence in the Eurozone dropped unexpectedly in January.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% higher against the South African Rand at R11.6367. Earlier in the session, data revealed that business sentiment in China, Australia's key trading partner, eased in January.

The Australian Dollar rose against the South African Rand yesterday. Data released indicated a decline in Australia's consumer inflation expectations in January.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	16.6276	▲	-1.17%	-1.34%	7.03%	7.12%	7.03%
GBPZAR	23.6291	▲	-0.80%	-1.39%	3.52%	4.72%	3.52%
EURZAR	18.0233	▼	-1.34%	-1.64%	7.33%	10.03%	7.33%
AUDZAR	11.6367	▲	0.13%	0.59%	2.03%	8.80%	2.03%
EURUSD	1.0839	▼	-0.03%	-0.27%	0.20%	2.84%	0.20%
GBPU\$	1.4211	▼	0.49%	-0.08%	-3.39%	-2.13%	-3.39%
Brent (\$/barrel)	29.4	▲	4.91%	1.07%	-21.54%	-16.43%	-21.54%
Gold (\$/oz)	1100.7	▲	-0.72%	0.69%	3.58%	-0.53%	3.58%
Platinum (\$/oz)	820.9	▲	0.02%	-0.92%	-8.25%	7.06%	-8.25%
Copper (\$/MT)*	4432.5	▲	1.77%	2.43%	-5.81%	2.32%	-5.81%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged higher 0.2% to trade at \$1,100.70/oz.

Yesterday, gold prices fell 0.7% to close at \$1,098.20/oz, amid a rebound in global stock markets after the ECB hinted of more stimulus measures at its next meeting in March.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil climbed 0.5% to trade at \$29.40/bl.

Yesterday, Brent crude oil advanced 4.9% to settle at \$29.25/bl, rebounding from its recent losses after the ECB Chief, Mario Draghi suggested the likelihood of further easing measures. Meanwhile, the US Energy Department (EIA) reported that crude oil inventories rose more-than-expected by 3.98mn bls last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.3% to trade at \$820.90/oz.

Yesterday, platinum prices rose marginally to close at \$818.10/oz, reversing previous session losses.



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Major South Africa Corporate News

Clicks Group Limited

In its trading update for the 20 weeks ended 17 January 2016, the firm, stated that its sales increased 13.6% from the comparable period against the background of deteriorating consumer confidence and rising economic uncertainty. Its comparable store sales grew 10.6% and showed real volume growth of 7.2% as selling price inflation stood at 3.4%. Going forward, the company anticipates trading conditions to be challenging as consumers will feel added pressure from a combination of higher inflation and rising interest rates.

SABMiller Plc

In its trading update for 3Q16, the company, indicated that its net producer revenue, at constant currency rate, grew 7.0%, compared with a 4.0% rise recorded in the same period a year ago. On a reported basis, revenue fell 8.0% from the prior quarter and 9.0% from the corresponding period of the preceding year as its key operating currencies slid against the US dollar. It further stated that premium lager brand volume growth was 4.0% and global lager brands volume grew 8.0%.

Major Global Economic News

US

In the week ended January 16, 2016, the seasonally adjusted initial jobless claims climbed unexpectedly to 293.00K in the US, compared to market expectations of a fall to a level of 278.00K. Initial jobless claims had recorded a revised level of 283.00K in the prior week.

In January, the Philadelphia Fed manufacturing index in the US climbed to -3.50, higher than market expectations of a rise to -5.90. The index had recorded a revised reading of -10.20 in the previous month.

Asia

In Japan, the flash Nikkei manufacturing PMI fell unexpectedly to 52.40 in January, lower than market expectations of a rise to a level of 52.80. The index had registered a reading of 52.60 in December.

The MNI business sentiment index fell to a level of 52.30 in January in China, from a reading of 52.70 in the previous month.

Eurozone

The ECB held the key interest rate steady at 0.05% in line with market expectations. The ECB's President, Mario Draghi stated that stimulus measures undertaken by the central bank last month were effective but noted that this year, downside risks have increased again amid volatility in financial markets and geopolitical risks. He further hinted for a review of the ECB's monetary policy stance at its next meeting in March.

In January, the preliminary consumer confidence index recorded an unexpected drop to a level of -6.30 in the Eurozone, compared to market expectations of an unchanged reading. In the prior month, the index had recorded a reading of -5.70.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	MNI Business Sentiment Survey (Jan)	✓	52.30*	52.70	Monthly
Japan	04:00	Nomura/ JMMA Manufacturing PMI (Jan) (P)	✓✓	52.40*	52.60	Monthly
Eurozone	09:45	ECB President Mario Draghi Speaks in Davos	✓	-	-	As scheduled
France	10:00	Markit Manufacturing PMI (Jan) (P)	✓✓	51.30	51.40	Monthly
France	10:00	Markit Services PMI (Jan) (P)	✓	50.10	49.80	Monthly
Germany	10:30	Markit Manufacturing PMI (Jan) (P)	✓✓	53.00	53.20	Monthly
Germany	10:30	Markit Services PMI (Jan) (P)	✓✓	55.50	56.00	Monthly
Eurozone	10:30	ECB Governing Council member Jens Weidmann Speaks in Munich	✓	-	-	As scheduled
Eurozone	11:00	Markit Composite PMI (Jan) (P)	✓✓✓	54.10	54.30	Monthly
Eurozone	11:00	Markit Manufacturing PMI (Jan) (P)	✓✓✓	53.00	53.20	Monthly
Eurozone	11:00	Markit Services PMI (Jan) (P)	✓✓✓	54.20	54.20	Monthly
UK	11:30	Retail Sales (MoM) (Dec)	✓✓	-0.30%	1.70%	Monthly
UK	11:30	Retail Sales ex-Fuel (MoM) (Dec)	✓	-0.30%	1.70%	Monthly
UK	11:30	Public Sector Net Borrowing (Dec)	✓✓	GBP10.00bn	GBP13.60bn	Monthly
Eurozone	12:00	Euro Area Third Quarter Government Deficit	✓	-	-	As scheduled
UK	14:00	BOE's Cunliffe Speaks at Bruegel in Brussels	✓	-	-	As scheduled
Eurozone	14:00	ECB Executive Board member Benoit Coeure Speaks in Davos	✓	-	-	As scheduled
Canada	15:30	Retail Sales (MoM) (Nov)	✓✓	0.20%	0.10%	Monthly
Canada	15:30	Retail Sales ex Autos (MoM) (Nov)	✓	0.40%	0.00%	Monthly
Canada	15:30	Consumer Price Index s.a. (MoM) (Dec)	✓✓	0.10%	0.20%	Monthly
US	15:30	Chicago Fed National Activity Index (Dec)	✓	-0.15	-0.30	Monthly
US	16:45	Markit Manufacturing PMI (Jan) (P)	✓✓	51.00	51.20	Monthly
US	17:00	Leading Indicator (MoM) (Dec)	✓✓	-0.20%	0.40%	Monthly
US	17:00	Existing Home Sales (MoM) (Dec)	✓	9.20%	-10.50%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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