

ONE Minute Brief

26 January 2016

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Economic and Political News

President Jacob Zuma, has received a request from the Congress of Traditional Leaders of South Africa (Contralesa) to grant a presidential pardon to AbaThembu King, Buyelekhaya Dalindyebo. The Presidency stated that President Zuma has forwarded the petition to the Minister of Justice and Correctional Services for further processing.

The Democratic Alliance (DA) public enterprises spokeswoman, Natasha Mazzone, announced that she would write to Finance Minister, Pravin Gordhan and Public Enterprises Minister, Lynne Brown, to investigate and suspend South African Airways Chairwoman, Dudu Myeni for allegedly mishandling the affairs of the national carrier.

Trevor Hoole, the Chief Executive Officer of KPMG stated that the report into the "rogue" unit at the South African Revenue Service (SARS) which was leaked was a draft and not a final report.

The National Education, Health and Allied Workers Union (Nehawu) announced that the government has guaranteed to pay public sector workers their housing allowance increases on February 15, 2016.

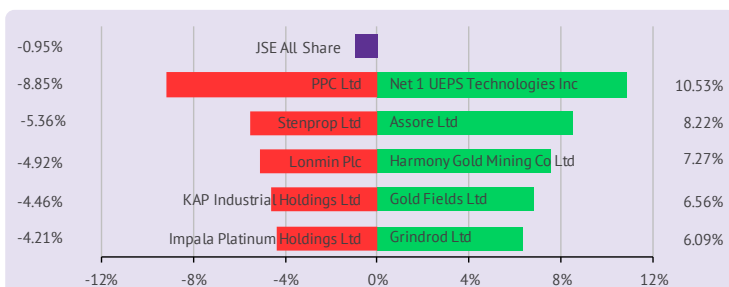
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	47210.42	▼	-451.45	-0.95%	-0.95%	-6.87%	-6.87%
JSE Top 40	42413.33	▼	-539.24	-1.26%	-1.26%	-7.39%	-7.39%
FTSE 100	5877.00	▼	-23.01	-0.39%	-0.39%	-5.85%	-5.85%
DAX 30	9736.15	▼	-28.73	-0.29%	-0.29%	-9.37%	-9.37%
CAC 40	4311.33	▼	-25.36	-0.58%	-0.58%	-7.02%	-7.02%
S&P 500	1877.08	▼	-29.82	-1.56%	-1.56%	-8.16%	-8.16%
Nasdaq Composite	4518.49	▼	-72.69	-1.58%	-1.58%	-9.76%	-9.76%
DJIA	15885.22	▼	-208.29	-1.29%	-1.29%	-8.84%	-8.84%

South Africa Market ▼

South African markets closed lower

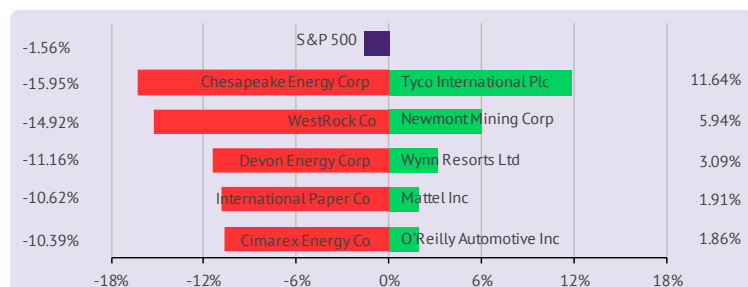
South African markets closed in the red yesterday, led by losses in platinum mining sector stocks. The JSE All Share Index fell 1.0% to close at 47,210.42.



US Market ▼

The S&P 500 futures are trading in the red

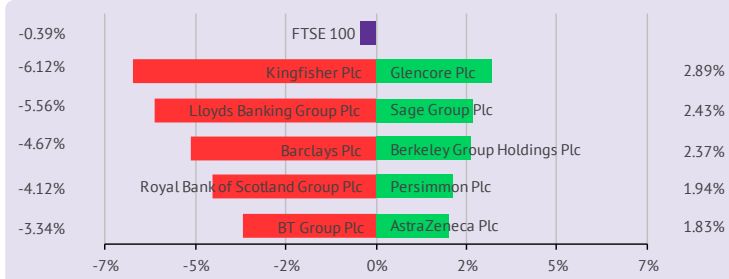
US markets closed lower yesterday, amid losses in energy sector stocks following a renewed rout in oil prices. The S&P 500 Index dropped 1.6% to close at 1,877.08.



UK Market ▼

The FTSE 100 futures are trading in negative territory

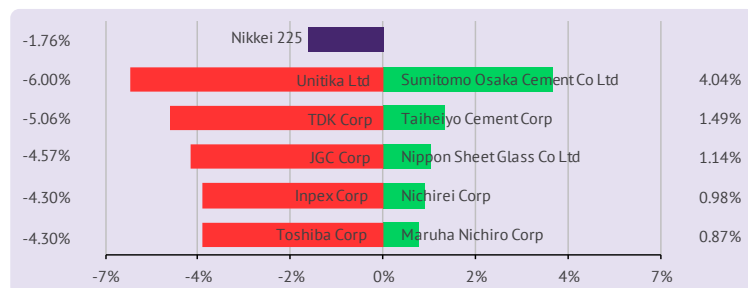
UK markets finished lower yesterday, weighed down by losses in financial and mining sector stocks. Data revealed a decline in UK's industrial order book balance in January. The FTSE 100 Index declined 0.4% to close at 5,877.00.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, amid a decline in oil prices. The Nikkei 225 Index is trading 1.8% lower at 16,809.65.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined marginally against the South African Rand to trade at R16.5412. Later today, traders will focus on the US consumer confidence index, Markit services Purchasing Managers' Index (PMI), S&P/Case-Shiller home prices and Richmond Fed manufacturing index. Additionally, a leading indicator data in South Africa will also be eyed for further direction.

The US Dollar rose against the South African Rand yesterday. Data revealed a decline in manufacturing activity in the Dallas region in the US in January.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.2% lower against the South African Rand at R23.5391. Later in the session today, investors will keep a track on the speech by the Governor of the Bank of England (BoE), Mark Carney. Separately, investors would also monitor South Africa's leading indicators data for further clues.

The British Pound advanced against the South African Rand yesterday. Data released indicated a decline in UK's total order book in January.

EURZAR ▲

EUR trading higher against ZAR

At 06:00 SAST, the Euro is trading marginally firmer against the South African Rand at R17.9436. With no releases in the Eurozone today, market participants will keep a close watch on the German GfK consumer confidence survey scheduled for release tomorrow.

The Euro strengthened against the South African Rand yesterday. On the other hand, in Germany, the Ifo business climate index fell to its lowest level in 11 months in January. Separately, the German Bundesbank stated in its monthly report that lower oil prices would increase consumption and boost Eurozone's economic growth.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar is trading marginally lower against the South African Rand at R11.5039.

The Australian Dollar fell against the South African Rand yesterday, after data showed a decline in the Australia's NAB business confidence and business condition indices in December.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	16.5412	▼	0.44%	0.44%	6.91%	7.12%	6.91%
GBPZAR	23.5391	▼	0.37%	0.37%	3.40%	4.72%	3.40%
EURZAR	17.9436	▲	1.01%	1.01%	6.75%	10.03%	6.75%
AUDZAR	11.5039	▼	-0.20%	-0.20%	1.29%	8.80%	1.29%
EURUSD	1.0845	▼	0.53%	0.53%	-0.11%	2.84%	-0.11%
GBPU\$	1.4229	▼	-0.17%	-0.17%	-3.31%	-2.13%	-3.31%
Brent (\$/barrel)	30.0	▼	-5.22%	-5.22%	-18.19%	-16.43%	-18.19%
Gold (\$/oz)	1113.7	▲	0.82%	0.82%	4.25%	-0.53%	4.25%
Platinum (\$/oz)	863.3	▲	3.62%	3.62%	-3.59%	7.06%	-3.59%
Copper (\$/MT)*	4419.0	▼	-0.68%	-0.68%	-6.09%	2.32%	-6.09%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.8% higher to trade at \$1,113.70/oz.

Yesterday, gold prices rose 0.8% to close at \$1,105.30/oz, amid concerns over the growth of the global economy and speculation over the US Federal Reserve's (Fed) interest rate decision later this week.

Brent Crude Oil ▼

Trading weaker

Brent crude oil, extended previous session losses and at 06:00 SAST, edged 1.7% lower to trade at \$29.98/bl.

Yesterday, Brent crude oil dropped 5.2% to settle at \$30.50/bl, as worries over the current global supply glut prevailed, after Iraq announced a record-high oil production of 4.13mn bpd. Additionally, Standard Chartered Bank announced that it expects oil prices to remain volatile for the first quarter. Separately, OPEC's Secretary-General, Abdullah al-Badri, stated that signs were already emerging that the market was rebalancing.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.4% higher to trade at \$863.30/oz.

Yesterday, platinum prices climbed 3.6% to close at \$859.70/oz.



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Major South Africa Corporate News

AECI Limited

The company announced that it has been notified that clients of Allan Gray have acquired stake in the ordinary shares of the company taking their total interest to 5.0564% of the total issued ordinary shares of the company.

Anglo American Platinum Limited

In its trading statement for the year ended 31 December 2015, the firm, stated that it currently expects its headline earnings to decrease between R60.00mn and R135.00mn (or between 83.0% and 92.0%) from the previous year. Its headline EPS is expected to fall in the range of 25.00c to 55.00c (or between 82.0% and 92.0%) from the preceding year. The company indicated that the expected decrease in earnings and headline earnings is largely due to impairments and write-offs reflecting the carrying value of assets, restructuring costs and plans that led to layoffs of contractors and employees.

AVI Limited

In its trading update for the six months ended 31 December 2015, the company indicated that its consolidated headline EPS is expected to increase in the range of 10.0% to 12.0% from the previous comparable period to be between 278.00c and 283.00c. Its consolidated EPS is expected to advance between 10.0% and 12.0% to be in the range of 278.00c to 283.00c.

Harmony Gold Mining Company Limited

The company announced that its gold production rose for third consecutive quarter. Its overall gold production increased by 2.0% from the previous quarter.

Hudaco Industries Limited

In its trading statement for the year ended 30 November 2015, the company, revealed that its results were severely affected by a charge for a tax settlement amounting to R312.00mn, which approximated its earnings for that year. As a result, basic and headline EPS were only 8.00c and 6.00, respectively, whereas comparable EPS, which excluded the impact of the tax settlement, was 9.86c. For FY15, basic, headline and comparable EPS are all expected to be in the range of R1.14 to R1.19, with comparable EPS to increase between 16.0% and 20.0%.

Net 1 UEPS Technologies Incorporation

The company announced that it has purchased the remaining 56.0% of Transact24 Limited (T24), a Hong Kong-based payment services company and now owns 100.0% of T24 for a consideration in cash and shares. Additionally, it revealed that Philip Meyer, Managing Director of T24 will become an Executive Officer of the company.

Major Global Economic News

UK

The balance of firms reporting total order book above normal in the UK recorded a drop to -15.00 in January, compared to market expectations of a fall to a level of -10.00. In the previous month, the balance of firms reporting total order book above normal had registered a level of -7.00.

Eurozone

The German Bundesbank in its monthly report indicated that low oil prices would bolster consumption and boosting investment would help the Eurozone's economic prospects. It further indicated that at the outset of the year, there is a chance for further stronger economic growth.

In January, the Ifo business climate index in Germany registered a drop to 107.30, lower than market expectations of a fall to a level of 108.40. The index had registered a revised level of 108.60 in the prior month.

In January, the Ifo current assessment index in Germany fell to 112.50, lower than market expectations of a fall to 112.60 and compared to a reading of 112.80 in December.

US

The Dallas Fed manufacturing business index in the US fell unexpectedly to -34.60 in January, compared to market expectations of a rise to -14.50. The index had recorded a revised level of -21.60 in the prior month.

Asia

The corporate service price index advanced 0.4% in Japan, on an annual basis in December, compared to a climb of 0.2% in the previous month. Markets were expecting the index to climb 0.2%.

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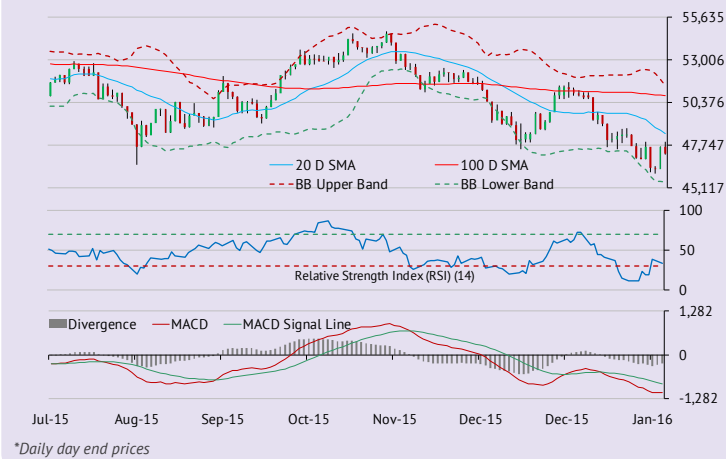
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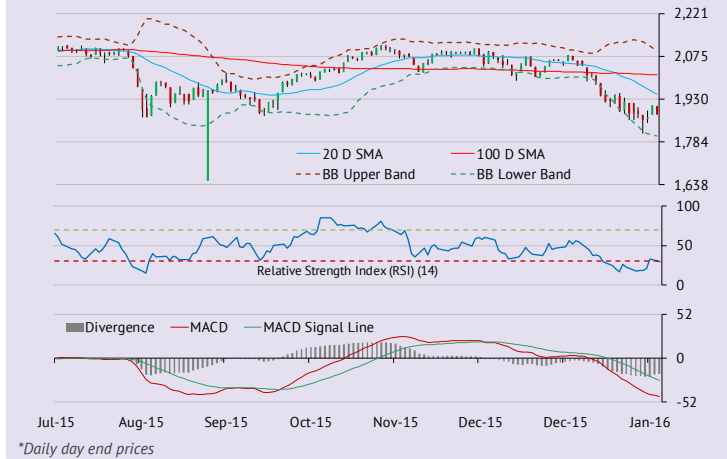
Technical Snapshot

JSE All Share



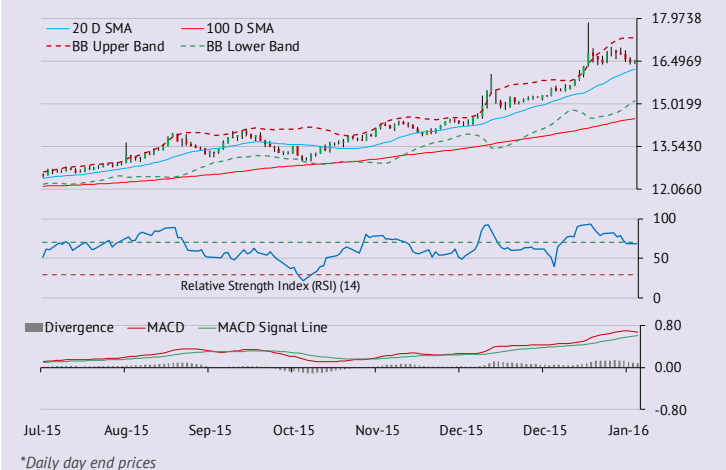
The JSE All Share index is expected to find support at 46,137.17, and a fall through could take it to the next support level of 45,063.91. The index is expected to find its first resistance at 48,122.29, and a rise through could take it to the next resistance level of 49,034.15.

S&P 500



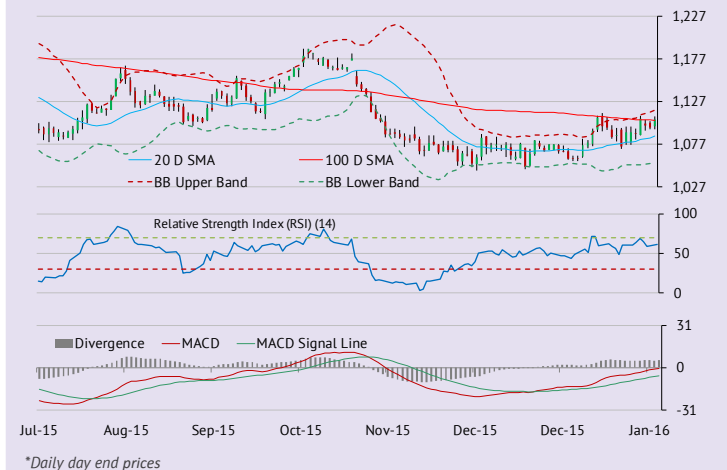
The S&P 500 index is expected to find support at 1,823.30, and a fall through could take it to the next support level of 1,769.51. The index is expected to find its first resistance at 1,919.86, and a rise through could take it to the next resistance level of 1,962.63.

USDZAR



The pair is expected to find support at 16.3029, and a fall through could take it to the next support level of 16.0639. The pair is expected to find its first resistance at 16.8704, and a rise through could take it to the next resistance level of 17.1989.

XAU/USD



Gold is expected to find support at \$1,088.30/oz, and a fall through could take it to the next support level of \$1,071.30/oz. The precious metal is expected to find its first resistance at \$1,116.10/oz, and a rise through could take it to the next resistance level of \$1,126.90/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Corporate Service Price (YoY) (Dec)	✓	0.40%*	0.20%	Monthly
Switzerland	09:00	Exports (MoM) (Dec)	✓✓	-	-2.10%	Monthly
Switzerland	09:00	Imports (MoM) (Dec)	✓✓	-	0.20%	Monthly
Switzerland	09:00	Trade Balance (Dec)	✓✓	CHF2.90bn	CHF3.14bn	Monthly
South Africa	09:00	Leading Indicator (Nov)	✓✓	-	93.60	Monthly
UK	12:45	BOE's Governor Carney speech	✓	-	-	As scheduled
US	15:55	Redbook Index s.a. (MoM) (22-Jan)	✓	-	-1.20%	Weekly
US	16:00	Housing Price Index (MoM) (Nov)	✓	0.50%	0.50%	Monthly
US	16:00	S&P/Case-Shiller 20 City s.a. (MoM) (Nov)	✓	0.80%	0.84%	Monthly
US	16:00	S&P/Case-Shiller Home Price Index (Nov)	✓	183.09	182.83	Monthly
US	16:00	S&P/Case-Shiller Composite-20 (YoY) (Nov)	✓	5.67%	5.54%	Monthly
US	16:45	Markit Composite PMI (Jan) (P)	✓✓	-	54.00	Monthly
US	16:45	Markit Services PMI (Jan) (P)	✓✓	54.00	54.30	Monthly
US	17:00	Consumer Confidence (Jan)	✓✓✓	96.50	96.50	Monthly
US	17:00	Richmond Fed Manufacturing Index (Jan)	✓	2.00	6.00	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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