

ONE Minute Brief

28 January 2016

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Economic and Political News

Gwede Mantashe, the Secretary General of the African National Congress (ANC), after a three-day National Executive Committee lekgotla, stated that the priority of the government is to ensure that the nation does not fall into another recession and also downgrade from rating agencies must be avoided.

Democratic Alliance (DA) leader, Mmusi Maimane, while leading a march through the central business district of Johannesburg stated that more than 2mn South Africans were without jobs and that the nation's freedom will only be complete when more people are able to find work. He further added that the party has a fivefold employment plan, which includes providing venture capital to people to own small businesses and houses of their own.

The General Secretary of the South African Communist Party (SACP), Blade Nzimande, has warned his party members of the KwaZulu-Natal constituency to focus on organisation rather than revenge for the killing of two people during a meeting on Sunday.

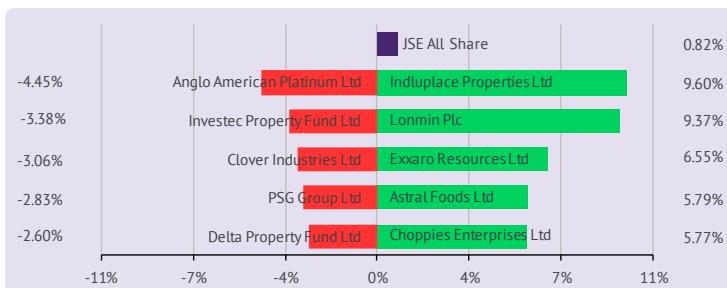
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	47923.92	▲	391.52	0.82%	0.55%	-5.46%	-1.77%	-5.46%
JSE Top 40	42938.94	▲	313.14	0.73%	-0.03%	-6.24%	-1.15%	-6.24%
FTSE 100	5990.37	▲	78.91	1.33%	1.53%	-4.04%	-1.79%	-4.04%
DAX 30	9880.82	▲	58.07	0.59%	1.19%	-8.03%	-5.62%	-8.03%
CAC 40	4380.36	▲	23.55	0.54%	1.01%	-5.54%	-6.47%	-5.54%
S&P 500	1882.95	▼	-20.68	-1.09%	-1.26%	-7.88%	-1.75%	-7.88%
Nasdaq Composite	4468.17	▼	-99.51	-2.18%	-2.68%	-10.77%	-1.98%	-10.77%
DJIA	15944.46	▼	-222.77	-1.38%	-0.93%	-8.50%	-1.66%	-8.50%

South Africa Market ▲

South African markets closed higher

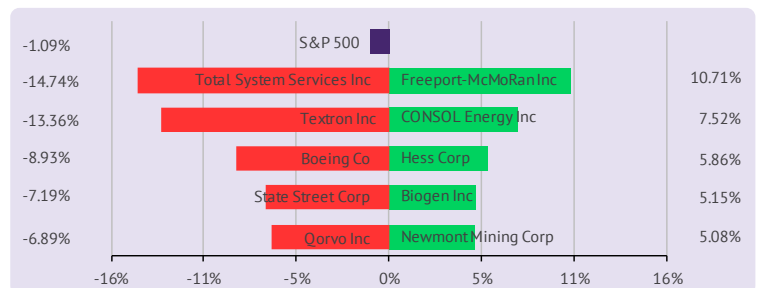
South African markets closed in the green yesterday, supported by gains in platinum mining sector stocks. The JSE All Share Index rose 0.8% to close at 47,923.92.



US Market ▼

The S&P 500 futures are trading in the green

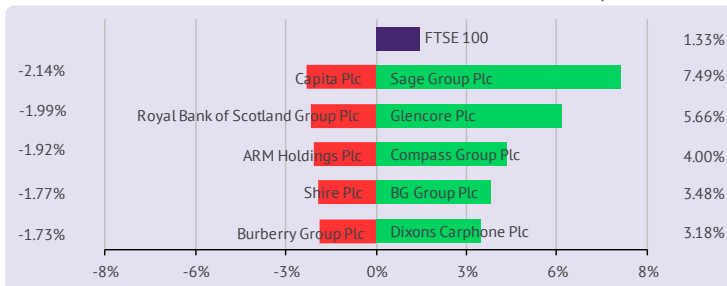
US markets closed lower yesterday, after the US Federal Reserve (Fed) indicated concerns about global economic growth. Additionally, weak quarterly results of Apple Inc. and Boeing Co. weighed on market sentiment. The S&P 500 Index dropped 1.1% to close at 1,882.95.



UK Market ▲

The FTSE 100 futures are trading in negative territory

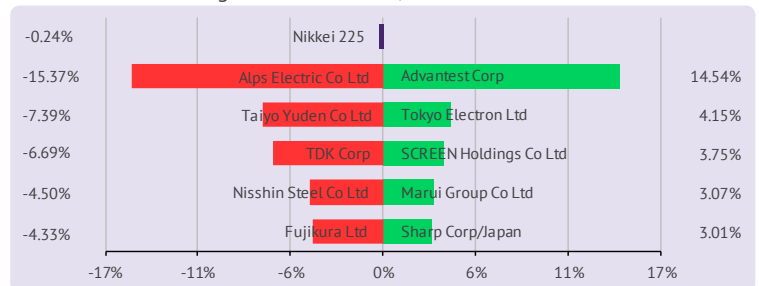
UK markets finished higher yesterday, buoyed by upbeat first quarter results from Sage Group Plc and a rebound in oil prices. Meanwhile, data revealed that UK mortgage approvals fell unexpectedly in December. The FTSE 100 Index advanced 1.3% to close at 5,990.37.



Asian Market ◀▶

Trading mixed

Asian markets are trading mixed this morning. Overnight data showed that Japanese retail sales again dropped on a monthly basis in December, indicating weak household demand in the nation. The Nikkei 225 Index is trading 0.2% lower at 17,122.45.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R16.4442. Later today, traders will look forward to reports on US durable goods orders, pending home sales and initial jobless claims. Furthermore, investors will track the South African Reserve Bank's (SARB) interest rate decision and producer price inflation data for further clues.

The US Dollar rose against the South African Rand yesterday, after data revealed that purchases of new US homes surged to the highest level in 10 months in December. Meanwhile, the US Fed left the benchmark interest rate unchanged at 0.5%, citing weak economic growth and sluggish inflation expectations. Furthermore, the central bank acknowledged the improving conditions in US labour markets and stated that it was closely monitoring global economic and financial developments.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound is trading 0.1% lower against the South African Rand at R23.4251. Later in the session today, investors will focus on UK's 4Q15 preliminary gross domestic product along with CBI distributive trade's survey for further direction in the Pound. Additionally, the South African Reserve Bank (SARB) interest rate decision will attract market attention.

The British Pound declined against the South African Rand yesterday, after UK's mortgage approvals unexpectedly fell to its lowest level in 7 months in December. On the other hand, growth in house prices in the UK rose less-than-expected in January.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro is trading 0.1% weaker against the South African Rand at R17.9094. Going forward, market participants will keep a tab on Eurozone's consumer confidence data as well as Germany's consumer price and import price indices for further clues.

The Euro strengthened against the South African Rand yesterday. Data released showed that consumer confidence in Germany remained surprisingly stable at a level of 9.40 for February.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar gained 0.2% against the South African Rand to trade at R11.5707.

The Australian Dollar rose against the South African Rand yesterday, after consumer price inflation in Australia rose more-than-expected on a quarterly basis in 4Q15. Elsewhere, in China, Australia's biggest trading partner, industrial profits contracted at a faster pace in December.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	16.4442	▼	0.32%	-0.15%	6.28%	7.12%	6.28%
GBPZAR	23.4251	▼	-0.32%	-0.21%	2.79%	4.72%	2.79%
EURZAR	17.9094	▼	0.77%	0.90%	6.63%	10.03%	6.63%
AUDZAR	11.5707	▲	0.62%	0.16%	1.66%	8.80%	1.66%
EURUSD	1.0893	▲	0.31%	0.89%	0.24%	2.84%	0.24%
GBPUSD	1.4246	▲	-0.78%	-0.23%	-3.37%	-2.13%	-3.37%
Brent (\$/barrel)	32.8	▼	4.09%	2.86%	-11.21%	-16.43%	-11.21%
Gold (\$/oz)	1122.2	▲	-0.39%	1.78%	5.24%	-0.53%	5.24%
Platinum (\$/oz)	879.6	▼	0.59%	6.11%	-1.27%	7.06%	-1.27%
Copper (\$/MT)*	4596.3	▲	1.11%	3.30%	-2.33%	2.32%	-2.33%

*As of Previous Close

Gold ▲

Trading in the green

Gold prices reversed previous session losses and at 06:00 SAST, edged 0.6% higher to trade at \$1,122.20/oz.

Yesterday, gold prices fell 0.4% to close at \$1,115.80/oz. However, losses were kept in check, after the US Fed held the benchmark interest rate unchanged but indicated concerns about the global economy.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil dropped 1.0% to trade at \$32.76/bl.

Yesterday, Brent crude oil advanced 4.1% to settle at \$33.10/bl, after Russia's energy ministry indicated a possibility of cooperating with the Organization of the Petroleum Exporting Countries (OPEC) to slash output and shore up oil prices. Meanwhile, the US Energy Department reported that crude oil inventories rose more-than-expected by 8.38mn bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.1% lower to trade at \$879.60/oz.

Yesterday, platinum prices climbed 0.6% to close at \$880.40/oz.



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Major South Africa Corporate News

Curro Holdings Limited

In its trading statement for the year ended 31 December 2015, the firm, stated that its EPS and headline EPS is expected to be in the range of 26.50c to 29.00c, compared with 17.20c (restated from 17.70c due to the rights issue in May 2015) recorded in the corresponding period of the prior year.

DataTec Limited

In its interim management statement for the period from 1 March 2015 to 31 December 2015, the company indicated that its group revenue grew 1.8% from the previous comparable period to USD5.50bn. Group gross margins were 13.3% over the period (comparable period: 13.8%) and up from 13.1% in 1H16. For 2H16, the company expects group EBITDA (excluding foreign exchange) to show a modest sequential improvement from 1H16.

Gold Fields Limited

In its production and cost update, the firm stated that its FY15 attributable equivalent gold production is estimated to be approximately 2.16mnoz, which is within its original guidance of 2.17mnoz. Unit cost is expected to be lower than the improved guidance published earlier, with all-in sustaining cost to be around USD1,020.00/oz and all-in costs at USD1,035.00/oz.

Growthpoint Properties Limited

The company announced that its Deputy Chairman and Non-Executive Director, Herman Mashaba, has resigned from the company.

Truworths International Limited

In its trading statement for the 26 week period ended 27 December 2015, the firm indicated that it expects fully diluted headline EPS to increase in the range of 19.0% to 23.0% from the corresponding prior period to be between 396.70c and 410.10c. The results will include those of the recently acquired Office, Earthchild and Naartjie businesses.

Major Global Economic News

UK

The seasonally adjusted Nationwide house prices registered a rise of 0.3% in the UK on a monthly basis in January, less than market expectations for an advance of 0.6%. In the prior month, house prices had recorded a climb of 0.8%.

In the UK, BBA mortgage approvals eased unexpectedly to 43.98K in December, compared to market expectations of a rise to 45.50K and following a revised level of 44.53K in November.

US

The US Fed kept the key interest rate unchanged at 0.5% in line with market anticipations. In its monetary policy statement, the Fed stated that it was closely monitoring global economic and financial developments. It noted that the US economy was on track for achieving moderate growth while labour market conditions continued to improve. However, the central bank indicated some concerns regarding inflation due to the ongoing plunge in oil prices.

New home sales rose 10.8% on monthly basis, to a level of 544.00K in the US, in December, higher than market expectations of 500.00K. In the previous month, new home sales had registered a revised level of 491.00K.

MBA mortgage applications rose 8.8% on a weekly basis in the US, in the week ended January 22, 2016. In the prior week, mortgage applications had climbed 9.0%.

Asia

Large retailers' sales on a monthly basis in Japan remained flat in December, less than market expectations for an advance of 0.2%. It had dropped by a revised 1.6% in the prior month.

Eurozone

In February, the GfK consumer confidence index in Germany remained unchanged at a level of 9.40, compared to market expectations of a drop to 9.30.

In January, the consumer confidence index in France registered an unexpected rise to a level of 97.00, compared to market anticipations of a steady reading of 96.00.

In December, the UBS consumption indicator in Switzerland registered a rise to 1.62, from a revised level of 1.55 in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Large Retailer's Sales (Dec)	✓✓	0.00%*	-1.60%	Monthly
Japan	01:50	Retail Trade s.a (MoM) (Dec)	✓	-0.20%*	-2.50%	Monthly
Germany	09:00	Import Price Index (MoM) (Dec)	✓	-1.10%	-0.20%	Monthly
Spain	10:00	Retail Sales (YoY) (Dec)	✓	3.00%	3.30%	Monthly
Spain	10:00	Unemployment Rate (Survey) (Q4)	✓	21.20%	21.18%	Quarterly
Italy	11:00	Wage Inflation (MoM) (Dec)	✓	-	0.20%	Monthly
UK	11:30	Gross Domestic Product (QoQ) (Q4) (P)	✓✓	0.50%	0.40%	Quarterly
UK	11:30	Gross Domestic Product (YoY) (Q4) (P)	✓✓	1.90%	2.10%	Quarterly
Portugal	11:30	Business Confidence (Jan)	✓	-	0.70	Monthly
Portugal	11:30	Consumer Confidence (Jan)	✓	-	-14.10	Monthly
South Africa	11:30	Producer Price Index (MoM) (Dec)	✓✓	0.30%	0.10%	Monthly
Eurozone	12:00	Business Climate Indicator (Jan)	✓✓	0.40	0.41	Monthly
Eurozone	12:00	Consumer Confidence (Jan) (F)	✓✓	-6.30	-6.30**	Monthly
Eurozone	12:00	Economic Sentiment Indicator (Jan)	✓	106.40	106.80	Monthly
Eurozone	12:00	Industrial Confidence (Jan)	✓	-2.50	-2.00	Monthly
Eurozone	12:00	Services Sentiment Indicator (Jan)	✓	12.90	13.10	Monthly
UK	13:00	CBI Distributive Trades Survey - Realised (Jan)	✓	18.00%	19.00%	Monthly
Germany	15:00	Consumer Price Index (MoM) (Jan) (P)	✓✓	-0.80%	-0.10%	Monthly
Germany	15:00	Consumer Price Index (YoY) (Jan) (P)	✓✓	0.40%	0.30%	Monthly
US	15:30	Cap Goods Orders Nondef Ex Air (Dec) (P)	✓	-0.20%	-0.30%	Monthly
US	15:30	Initial Jobless Claims (23-Jan)	✓✓	281.00K	293.00K	Weekly
US	15:30	Cap Goods Ship Nondef Ex Air (Dec) (P)	✓	0.80%	-0.60%	Monthly
US	15:30	Durable Goods Orders ex Transportation (Dec) (P)	✓✓	-0.10%	0.00%	Monthly
US	15:30	Durable Goods Orders (Dec) (P)	✓✓✓	-0.70%	0.00%	Monthly
US	17:00	Pending Home Sales (MoM) (Dec)	✓	0.90%	-0.90%	Monthly
US	18:00	Kansas City Fed Manufacturing Activity (Jan)	✓	-10.00	-9.00	Monthly
South Africa	-	SARB Interest Rate Decision	✓✓✓	6.75%	6.25%	As scheduled
Note: ✓✓✓ High ✓✓ Medium ✓ Low						

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