

# ONE Minute Brief

2 February 2016

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## Economic and Political News

The seasonally adjusted Barclays manufacturing Purchasing Manager's Index (PMI) in South Africa eased to 43.50 in January, compared to market expectations of a fall to a level of 45.20. The index had recorded a reading of 45.50 in the previous month.

On a monthly basis, new vehicle sales in South Africa unexpectedly rose 6.9% in January, higher than market expectations for an increase of 4.1%.

The Congress of the People (Cope), has welcomed the decision of seven trade unions to form an independent labour federation. Meanwhile, the National Union of Metalworkers of South Africa (Numsa), confirmed that a decision would be taken at the workers summit in March.

The Democratic Alliance (DA), demanded a disciplinary inquiry into former Deputy National Director of Public Prosecutions, Nomgcobo Jiba's fitness to hold office and claimed that President Jacob Zuma had ulterior motives for failing to suspend Jiba.

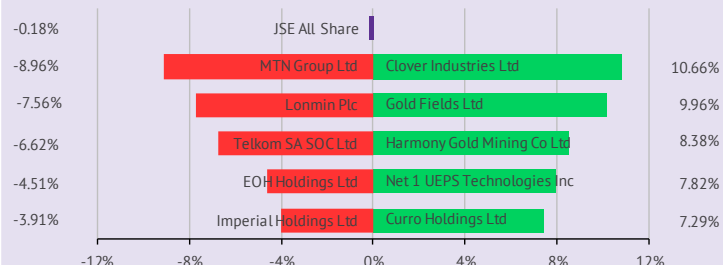
## Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49055.54	▼	-86.40	-0.18%	-0.18%	-3.06%	-3.23%
JSE Top 40	43881.35	▼	-184.20	-0.42%	-0.42%	-3.78%	-4.18%
FTSE 100	6060.10	▼	-23.69	-0.39%	-0.39%	-2.54%	-2.92%
DAX 30	9757.88	▼	-40.23	-0.41%	-0.41%	-8.80%	-9.17%
CAC 40	4392.33	▼	-24.69	-0.56%	-0.56%	-4.75%	-5.28%
S&P 500	1939.38	▼	-0.86	-0.04%	-0.04%	-5.07%	-5.12%
Nasdaq Composite	4620.37	▲	6.41	0.14%	0.14%	-7.86%	-7.73%
DJIA	16449.18	▼	-17.12	-0.10%	-0.10%	-5.50%	-5.60%

## South Africa Market ▼

### South African markets closed lower

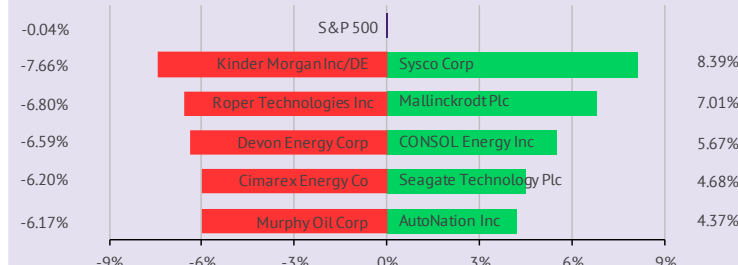
South African markets closed in the red yesterday, led by losses in banking sector stocks. Data revealed that South Africa's manufacturing activity contracted further in January. The JSE All Share Index fell 0.2% to close at 49,055.54.



## US Market ▼

### The S&P 500 futures are trading in the red

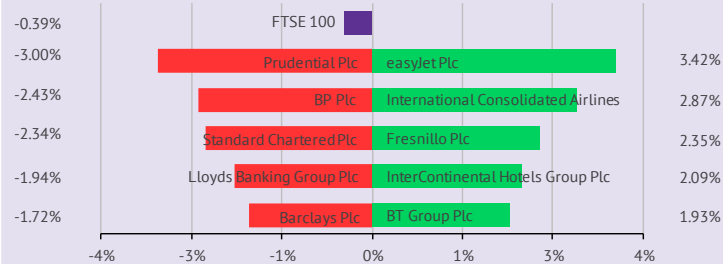
US markets closed lower yesterday, weighed down by losses in energy sector stocks. Data revealed a less-than-expected rise in the US ISM manufacturing index in January. The S&P 500 Index dropped marginally to close at 1,939.38.



## UK Market ▼

### The FTSE 100 futures are trading in negative territory

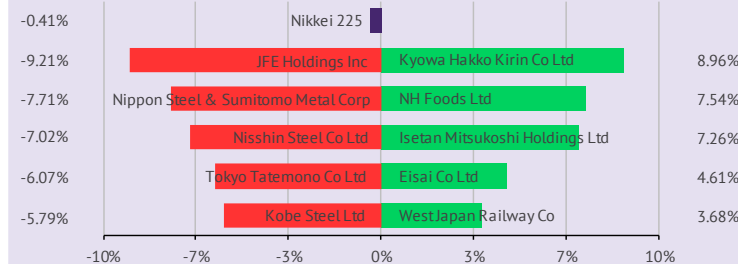
UK markets finished lower yesterday, amid losses in commodity and insurance sector stocks. Data indicated an unexpected expansion in UK's manufacturing activity in January. The FTSE 100 Index declined 0.4% to close at 6,060.10.



## Asian Market ▼

### Trading mostly lower

Asian markets are trading mostly lower this morning, amid a drop in oil prices as weak Chinese data indicated fresh signs of economic weakness in the world's second biggest economy. The Nikkei 225 Index is trading 0.4% lower at 17,791.96.



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## USDZAR ▲

### USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.6% against the South African Rand to trade at R16.0019. Later today, traders will look forward to US economic optimism data along with the ISM New York index for further direction.

The US Dollar rose against the South African Rand yesterday. Data released showed that the US Markit manufacturing PMI advanced less than expected in January. Meanwhile, the ISM reported that US manufacturing activity contracted for a fourth straight month in January but at a slower pace. Elsewhere, growth in South Africa's manufacturing sector weakened again in January.

## GBPZAR ▲

### GBP trading stronger against ZAR

At 06:00 SAST, the British Pound is trading 0.2% higher against the South African Rand at R23.0643. Later today, investors will keep a tab on UK's construction PMI for further clues.

The British Pound advanced against the South African Rand yesterday, after UK's manufacturing activity grew at the fastest rate in three months in January, shrugging off a number of potential headwinds. Separately, South Africa's manufacturing activity contracted in January.

## EURZAR ▲

### EUR trading firmer against ZAR

At 06:00 SAST, the Euro gained 0.5% against the South African Rand to trade at R17.4517. Going forward, the Eurozone and German unemployment data, slated to release in a few hours will attract market attention.

The Euro strengthened against the South African Rand yesterday. Meanwhile, data revealed that that growth in the Eurozone's manufacturing sector slowed in January. Additionally, manufacturing activity in Germany eased to its lowest level in three months.

## AUDZAR ▲

### AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% higher against the South African Rand at R11.3490. Earlier in the session, the Reserve Bank of Australia (RBA) maintained the key interest rate at 2.0% but left the door open for further monetary easing. Also, The RBA Governor, Glenn Stevens, remained optimistic about the local economy.

The Australian Dollar rose against the South African Rand yesterday, despite a decline in Australia's AiG performance of manufacturing index in January. Elsewhere, in China, Australia's largest trading partner, the NBS manufacturing PMI dropped to its lowest level in 3 years in January, while the Caixin/Markit manufacturing PMI advanced surprisingly in the same month.

## Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	16.0019	▲	0.08%	0.08%	0.08%	2.70%	2.78%
GBPZAR	23.0643	▲	1.69%	1.69%	1.69%	-0.72%	0.96%
EURZAR	17.4517	▲	0.87%	0.87%	0.87%	2.40%	3.28%
AUDZAR	11.3490	▲	0.52%	0.52%	0.52%	-0.95%	-0.44%
EURUSD	1.0906	▲	0.56%	0.56%	0.56%	-0.30%	0.26%
GBPU\$	1.4414	▼	1.35%	1.35%	1.35%	-3.33%	-2.03%
Brent (\$/barrel)	33.7	▼	-1.44%	-1.44%	-1.44%	-6.81%	-8.15%
Gold (\$/oz)	1126.4	▼	1.03%	1.03%	1.03%	5.30%	6.39%
Platinum (\$/oz)	861.8	▼	-0.48%	-0.48%	-0.48%	-1.95%	-2.42%
Copper (\$/MT)*	4571.0	▲	0.02%	0.02%	0.02%	-2.88%	-2.86%

\*As of Previous Close

## Gold ▼

### Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,126.40/oz.

Yesterday, gold prices rose 1.0% to close at \$1,127.90/oz, amid a broadly weaker US Dollar and after weak factory data from China underlined the weak outlook for the global economy, thus increasing the demand of the safe-haven yellow metal.

## Brent Crude Oil ▼

### Trading weaker

Brent crude oil extended previous session losses and at 06:00 SAST, edged 1.7% lower to trade at \$33.66/bl.

Yesterday, Brent crude oil dropped 1.4% to settle at \$34.24/bl, after data indicated that manufacturing activity in China, contracted at the fastest pace since 2012 in January, thereby adding to worries about the demand prospects of the commodity from the world's second largest energy consumer of oil. Separately, a preliminary Reuter's survey revealed that US commercial crude oil inventories rose by 4.7mn bls last week to a new record high of 499.6mn bls.

## Platinum ▼

### Trading in negative territory

At 06:00 SAST, platinum prices dropped 1.0% to trade at \$861.80/oz.

Yesterday, platinum prices declined 0.5% to close at \$870.10/oz, reversing previous gains.



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## Major South Africa Corporate News

### African Rainbow Minerals Limited

The company announced that Kagiso Asset Management (Pty) Limited, on behalf of its clients, has purchased a stake in the ordinary shares of the company, and its total interest in the company now stand at 5.01% of the total issued ordinary shares.

### Clover Industries Limited

In its voluntary trading statement for the six months ended 31 December 2015, the firm, revealed that its revenue rose between 5.8% and 10.8% from the previous comparable period. It expects headline earnings to grow in the range of 7.9% to 12.9% from the corresponding period of the prior year. Its headline EPS is anticipated to between 4.7% and 9.7% higher than headline EPS of 109.22c reported in the same period a year ago. Moreover, EPS is estimated to be between 4.57c below and 1.32c higher than EPS of 117.76c reported in the corresponding period of the prior year.

### Hudaco Industries Limited

The company announced that it has acquired the trading assets and liabilities of Hydraulic Engineering Repair Services (Pty) Limited from December 01, 2015 for a total consideration depending upon the average profits over two years, with an initial payment of R33.00mn and not more than R100.00mn.

### Sibanye Gold Limited

In its operating results for the quarter ended December 2015, the gold firm, stated that its gold production marginally rose from the previous quarter to 12,800.00kg (411,500.00oz). Going forward, it expects gold production for FY15 to be in line with revised guidance of about 47,800.00kg (1.54mnoz), reflecting the impact of the relatively poor quarter which ended on March 2015 and the Eskom load shedding in the June 2015 quarter. Additionally, the company indicated that gold production guidance for FY16 is projected to increase to approximately 50,000.00kg (1.61mnoz).

### Telkom SA SOC Limited

In its trading and quarterly update for 3Q16, the company, stated that its group net revenue rose 7.0% from the same period of the previous year to R7.25bn. It indicated that its mobile business would miss a target of breaking even by March as a weak South African economy and rising costs holds back the unit. However, it expressed confidence of maintaining the current positive revenue growth seen in this part of its business.

## Major Global Economic News

### UK

In January, the Markit manufacturing PMI recorded an unexpected rise to 52.90 in the UK, compared to a revised reading of 52.10 in the previous month. Markets were expecting the index to ease to 51.60.

Net consumer credit dropped to GBP1.20bn in the UK, in December, compared to an advance of GBP1.50bn in the prior month. Market anticipation was for net consumer credit to record a level of GBP1.30bn.

Number of mortgage approvals for house purchases in the UK registered an unexpected rise to a level of 70.80K in December, compared to a reading of 70.40K in the prior month. Markets were anticipating it to ease to 69.60K.

### Eurozone

The final Markit manufacturing PMI came in line with market expectations, recording a reading of 52.30 in the Eurozone, in January. The preliminary figure had also recorded a reading of 52.30.

In January, the final Markit manufacturing PMI in Germany came in at level of 52.30, beating market expectations to remain steady at a preliminary reading of 52.1.

### US

In the US, the ISM manufacturing activity index advanced to 48.20 in January, lower than market expectations of a rise to a level of 48.50. In the prior month, the index had registered a revised reading of 48.00.

In January, the final estimate of the US Markit manufacturing PMI advanced to 52.40, compared to market expectations of an advance to a level of 52.70. The preliminary figures had recorded a climb to 52.70.

Construction spending registered a rise of 0.1% in the US, on a monthly basis, in December, following a revised fall of 0.6% in the previous month. Market expectation was for construction spending to increase 0.6%.

### Asia

The RBA in its latest monetary policy held the benchmark interest rate unchanged at 2.0%. Governor Glenn Stevens stated that there were reasonable prospects for continued growth in the economy, with inflation close to the bank's target. He also added that continued low inflation may provide scope for easier policy.

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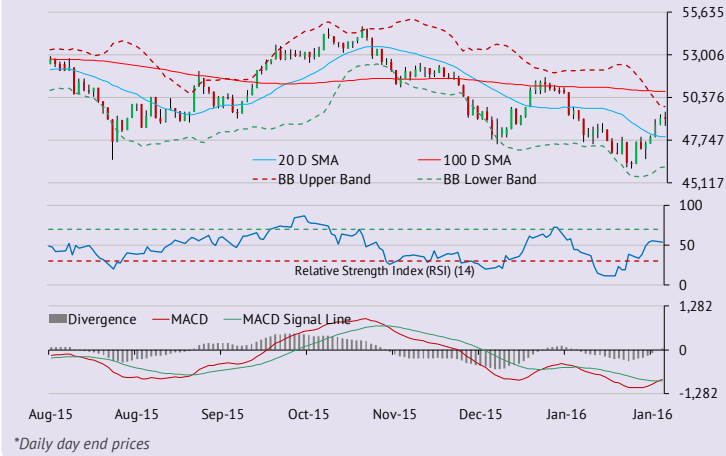
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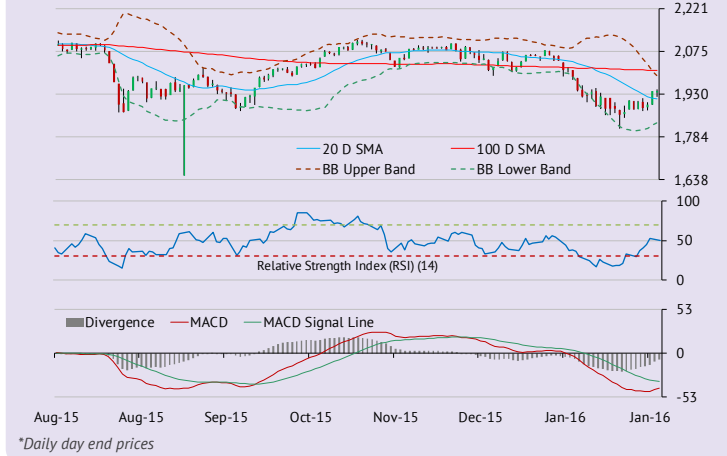
## Technical Snapshot

### JSE All Share



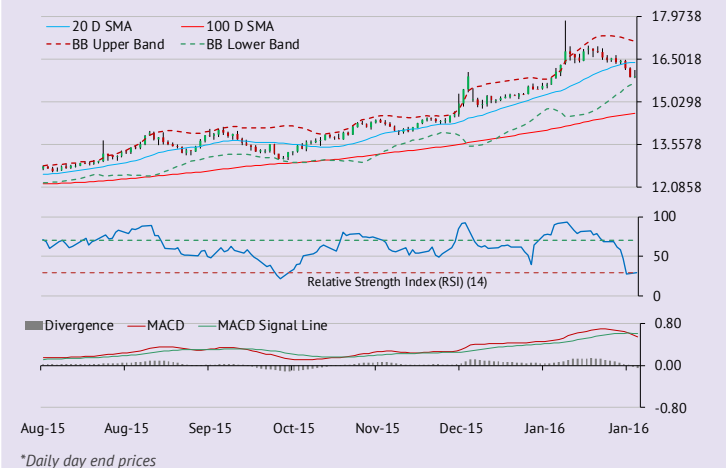
The JSE All Share index is expected to find support at 47,255.67, and a fall through could take it to the next support level of 45,455.81. The index is expected to find its first resistance at 50,181.78, and a rise through could take it to the next resistance level of 51,308.03.

### S&P 500



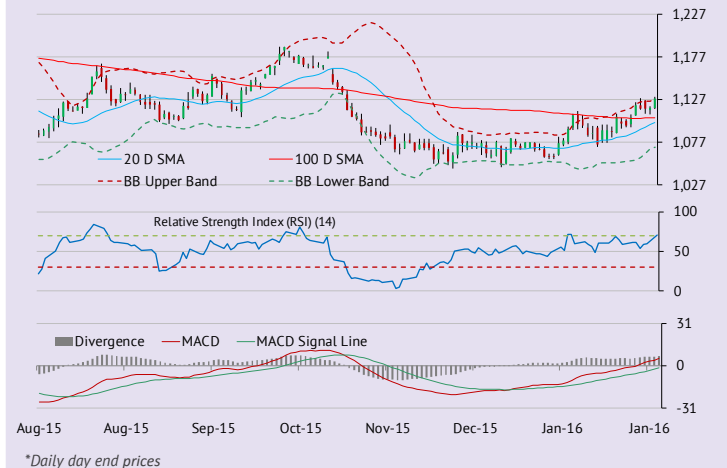
The S&P 500 index is expected to find support at 1,892.32, and a fall through could take it to the next support level of 1,845.26. The index is expected to find its first resistance at 1,966.82, and a rise through could take it to the next resistance level of 1,994.26.

### USDZAR



The pair is expected to find support at 15.6196, and a fall through could take it to the next support level of 15.3369. The pair is expected to find its first resistance at 16.4201, and a rise through could take it to the next resistance level of 16.9379.

### XAU/USD



Gold is expected to find support at \$1,113.40/oz, and a fall through could take it to the next support level of \$1,098.90/oz. The precious metal is expected to find its first resistance at \$1,136.20/oz, and a rise through could take it to the next resistance level of \$1,144.50/oz.

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## Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Monetary Base (Jan)	✓✓✓	JPY358.80tn*	JPY356.10tn	Monthly
Spain	10:00	Unemployment Change (Jan)	✓	71.00K	-55.80K	Monthly
Switzerland	10:15	Real Retail Sales (YoY) (Dec)	✓✓	-	-2.10%	Monthly
Eurozone	10:15	ECB Board Member Coeure Speaks in Frankfurt	✓	-	-	As scheduled
Germany	10:55	Unemployment Rate s.a. (Jan)	✓✓	6.30%	6.30%	Monthly
Germany	10:55	Unemployment Change (Jan)	✓✓✓	-8.00K	-14.00K	Monthly
Italy	11:00	Unemployment Rate (Dec)	✓	11.20%	11.30%	Monthly
UK	11:30	Markit Construction PMI (Jan)	✓✓	57.50	57.80	Monthly
Eurozone	12:00	Unemployment Rate (Dec)	✓✓	10.50%	10.50%	Monthly
Eurozone	12:00	Producer Price Index (MoM) (Dec)	✓	-0.60%	-0.20%	Monthly
US	15:55	Redbook Index s.a. (MoM) (29-Jan)	✓	-	-1.40%	Weekly
US	16:45	ISM New York Index (Jan)	✓	-	62.00	Monthly
US	17:00	IBD/TIPP Economic Optimism (MoM) (Feb)	✓	47.60	47.30	Monthly
US	20:00	Fed's George Speaks on U.S. Economy in Kansas City	✓	-	-	As scheduled
US	-	Domestic Vehicle Sales (Jan)	✓	13.70mn	13.46mn	Monthly
US	-	Total Vehicle Sales (Jan)	✓	17.30mn	17.22mn	Monthly

Note: ✓✓✓ High    ✓✓ Medium    ✓ Low

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