

ONE Minute Brief

3 February 2016

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Economic and Political News

The World Bank cut South Africa's growth forecast to 0.8% for this year from an earlier forecast of 1.4%. The forecast for next year was revised to 1.1% from 1.6%. Additionally, it warned that the country faced a risk of falling into recession.

Suspended National Police Commissioner, Riah Phiyega, will justify her actions on Thursday on the criminal case registered against her and four police officers by the Independent Police Investigative Directorate team (IPID) concerning the Marikana massacre.

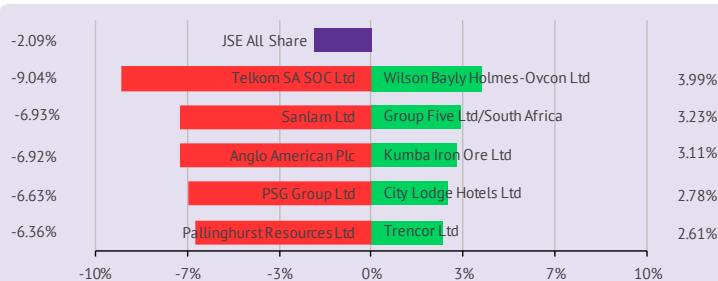
The Presidency stated that President Jacob Zuma proposed a settlement in the Constitutional Court case regarding upgrades in his private rural Nkandla home and reimburse the state an amount determined by the Auditor-General and the Minister of Finance.

Sharon Bomer Lauritsen, the Assistant US Trade Representative for Agricultural Affairs and Commodity Policy stated that the US is optimistic that South Africa will meet the March 15, 2016 deadline and retain preferential access for its farming goods under the AGOA.

South Africa Market ▼

South African markets closed lower

South African markets closed in the red yesterday, weighed down by losses in banking sector stocks. The JSE All Share Index fell 2.1% to close at 48,029.24.



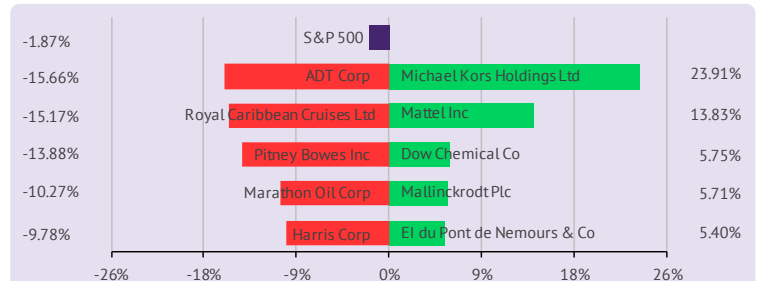
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	48029.24	▼	-1026.30	-2.09%	-2.26%	-2.26%	-5.26%
JSE Top 40	42972.08	▼	-909.27	-2.07%	-2.48%	-2.48%	-6.17%
FTSE 100	5922.01	▼	-138.09	-2.28%	-2.66%	-2.54%	-5.13%
DAX 30	9581.04	▼	-176.84	-1.81%	-2.22%	-2.22%	-10.82%
CAC 40	4283.99	▼	-108.34	-2.47%	-3.01%	-4.75%	-7.61%
S&P 500	1903.03	▼	-36.35	-1.87%	-1.92%	-1.92%	-6.89%
Nasdaq Composite	4516.95	▼	-103.42	-2.24%	-2.10%	-2.10%	-9.79%
DJIA	16153.54	▼	-295.64	-1.80%	-1.90%	-1.90%	-7.30%

US Market ▼

The S&P 500 futures are trading in the red

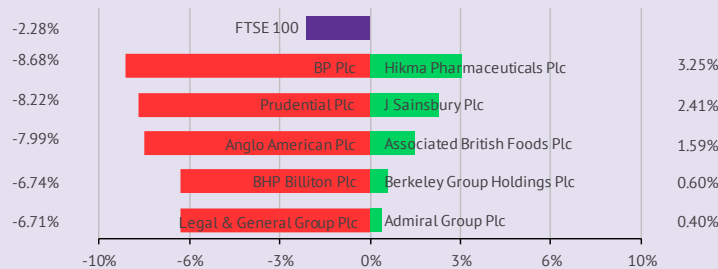
US markets closed lower yesterday, led by losses in energy sector stocks after a renewed decline in oil prices. The S&P 500 Index dropped 1.9% to close at 1,903.03.



UK Market ▼

The FTSE 100 futures are trading in negative territory

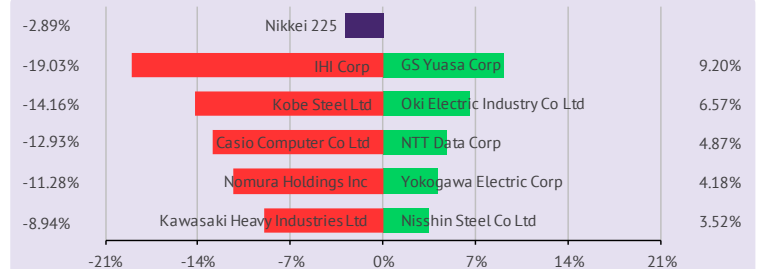
UK markets finished lower yesterday, after BP Plc posted its worst annual loss in 20 years. Data revealed a slowdown in UK's construction sector growth in January. The FTSE 100 Index declined 2.3% to close at 5,922.01.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street. Early morning data revealed a more-than-expected expansion in China's service sector in January. The Nikkei 225 Index is trading 2.9% lower at 17,283.53.



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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.5% higher against the South African Rand at R16.3035. Later today, traders will look forward to the US ADP employment report as well as ISM non-manufacturing and Markit services Purchasing Managers' Index (PMI) data for further clues. Additionally, South Africa's Standard Bank manufacturing PMI will also attract market attention.

The US Dollar rose against the South African Rand yesterday. Additionally, data revealed a rise in US economic optimism in February. Meanwhile, the ISM New York business conditions index in the US dropped in January.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound gained 0.5% against the South African Rand to trade at R23.4920. Earlier in the session, the UK's BRC shop price index dropped in January. Later today, investors will keep a tab on the UK Markit services PMI along with the South African Standard Bank manufacturing PMI for further direction.

The British Pound advanced against the South African Rand yesterday. Meanwhile, data indicated that activity in the UK construction sector slowed to its lowest level in 9 months in January.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.5% higher against the South African Rand at R17.7943. Going forward, market participants will keep a track on the Eurozone as well as Germany's Markit services indices and the region's retail sales data for further clues.

The Euro strengthened against the South African Rand yesterday, after upbeat employment data in the Euro-zone. Data showed that unemployment in the Eurozone fell to its lowest level in January since September 2011. Separately, unemployment rate in Germany unexpectedly declined to a record low in January.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.3% firmer against the South African Rand at R11.4538. Earlier in the session, Australia reported an unexpected increase in its trade deficit and a rebound in building permits in December. Elsewhere, in China, Australia's biggest trading partner, services sector expanded the most in six months in January.

The Australian Dollar rose against the South African Rand yesterday. The Reserve Bank of Australia (RBA) maintained the key interest rate at 2.0% but left the door open for further monetary easing.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	16.3035	▲	2.02%	2.10%	2.10%	2.70%	4.86%
GBPZAR	23.4920	▲	1.58%	3.30%	3.30%	-0.72%	2.55%
EURZAR	17.7943	▲	1.97%	2.85%	2.85%	2.40%	5.31%
AUDZAR	11.4538	▲	0.92%	1.44%	1.44%	-0.95%	0.47%
EURUSD	1.0915	▲	0.18%	0.74%	0.74%	-0.30%	0.44%
GBPUSD	1.4409	▼	-0.19%	1.16%	1.16%	-3.33%	-2.21%
Brent (\$/barrel)	32.7	▼	-4.44%	-5.81%	-5.81%	-6.81%	-12.23%
Gold (\$/oz)	1128.2	▲	-0.05%	0.98%	0.98%	5.30%	6.33%
Platinum (\$/oz)	856.9	▲	-1.65%	-2.13%	-2.13%	-1.95%	-4.04%
Copper (\$/MT)*	4554.5	▼	-0.36%	-0.34%	-0.34%	-2.88%	-3.21%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 0.1% higher to trade at \$1,128.20/oz.

Yesterday, gold prices fell 0.1% to close at \$1,127.30/oz, notching its highest level in three months, with investors remaining concerned about the global economy.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.1% lower to trade at \$32.69/bl.

Yesterday, Brent crude oil dropped 4.4% to settle at \$32.72/bl, extending previous session losses, as worries over huge global crude supplies. Additionally, the American Petroleum Institute (API) reported that crude oil inventories climbed by 3.8mn bls to 500.4mn last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.1% to trade at \$856.90/oz.

Yesterday, platinum prices declined 1.7% to close at \$855.70/oz.



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Major South Africa Corporate News

African Oxygen Limited

The company announced that it has been awarded the V&A Waterfront contract worth R55.00mn for the supply of bulk Liquefied Petroleum Gas for the next five years. Separately, it has also been awarded a R100.00mn contract to supply Liquid Carbon Dioxide to Kingsley Beverages' new carbonated soft drinks plant in Roodepoort. Additionally, the company stated that it has also signed an LPG supply extension contract worth R260.00mn for over 5 years with a major re-seller in Botswana.

Kumba Iron Ore Limited

In its trading statement for the year ended 31 December 2015, the company, stated that its headline earnings are expected to be in the range of R3.67bn to R3.86bn. Headline EPS is expected to be in the range of R11.45 to USD12.05, a decrease of between 65.0% and 67.0% from the prior comparative period. Its basic EPS is expected to be between R1.37 and R1.52, representing a decrease of between 95.0% and 96.0% from the preceding year. The company indicated that the decrease in earnings is largely due to the significant decrease in export iron ore prices. As a result, the company is booking impairment on its Sishen pit in South Africa's Northern Cape Province which is the biggest mine in Africa producing the steelmaking ingredient.

Liberty Holdings Limited

The company announced the resignation of Swazi Tshabalala from the board of Liberty Holdings and Liberty Group Limited, effective January 31, 2016.

Major Global Economic News

UK

The construction PMI declined to 55.00 in January in the UK, compared to market expectations of a drop to a level of 57.50. The index had registered a revised reading of 57.80 in the previous month.

On an annual basis, the BRC shop price index in the UK fell 1.8% in January, from a drop of 2.0% in the prior month.

Asia

In China, the Caixin/Markit services PMI rose to a level of 52.40 in January, following a revised level of 50.20 in the previous month.

The minutes of the Bank of Japan's (BoJ) monetary policy meeting indicated that the board members were of the view that fine-tuning the BoJ's QE programme would allow the central bank to swiftly ease if needed. Members were unanimous in their decision to maintain the monetary policy as they noted that the underlying inflation trend was improving steadily.

Australia posted a seasonally adjusted trade deficit of AUD3535.00mn in December, following a revised deficit of AUD2727.00mn in the prior month. Markets were expecting a deficit of AUD2450.00mn

In January, the AiG performance of services index in Australia registered a rise to 48.40, compared to a reading of 46.30 in the previous month.

US

The IBD/TIPP economic optimism index climbed to a level of 47.80 in February in the US, following a revised reading of 47.30 in the previous month. Market expectation was for the index to rise to 47.60.

The New York City current business condition index in the US registered a level of 54.60 in January, from a revised level of 62.00 in the previous month.

Eurozone

In the Eurozone, the unemployment rate registered an unexpected decline to 10.4% in December, compared to market expectations of a steady level of 10.5%.

The Producer Price Index (PPI) in the Eurozone dropped more than consensus estimates by 0.8% in on a monthly basis in December, from a revised fall of 0.2% in the prior month.

The seasonally adjusted unemployment rate in Germany surprisingly fell to 6.2% in January, compared to market expectations of a steady level of 6.3% recorded in the preceding month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	02:01	BRC Shop Price Index (YoY) (Jan)	✓	-1.80%*	-2.00%	Monthly
China	03:45	Caixin/Markit Services PMI (Jan)	✓✓	52.40*	50.20	Monthly
China	03:45	HSBC China Composite PMI (Jan)	✓✓	50.10*	49.40	Monthly
Japan	04:00	Markit Japan Services PMI (Jan)	✓✓	52.40*	51.50	Monthly
Japan	04:00	Markit/JIMMA Composite PMI (Jan)	✓✓	52.60*	52.20	Monthly
Japan	04:30	BOJ Kuroda speaks in Tokyo	✓	-	-	As scheduled
Japan	07:00	Consumer Confidence Index (Jan)	✓✓	42.50	42.70	Monthly
South Africa	09:15	Standard Bank South Africa PMI (Jan)	✓✓	49.00	49.10	Monthly
Spain	10:15	Markit Services PMI (Jan)	✓✓✓	54.30	55.10	Monthly
Italy	10:45	Markit Services PMI (Jan)	✓	54.00	55.30	Monthly
France	10:50	Markit Services PMI (Jan) (F)	✓	50.60	50.60**	Monthly
Germany	10:55	Markit Services PMI (Jan) (F)	✓✓	55.40	55.40**	Monthly
Eurozone	11:00	Markit Composite PMI (Jan) (F)	✓✓✓	53.50	53.50**	Monthly
Eurozone	11:00	Markit Services PMI (Jan) (F)	✓✓✓	53.60	53.60**	Monthly
UK	11:30	Markit Services PMI (Jan)	✓✓	55.40	55.50	Monthly
Eurozone	12:00	Retail Sales (MoM) (Dec)	✓✓	0.30%	-0.30%	Monthly
Italy	12:00	Consumer Price Index (YoY) (Jan) (P)	✓	0.30%	0.10%	Monthly
Eurozone	12:00	European Commission Releases Economic Growth Forecasts	✓	-	-	As scheduled
Eurozone	12:00	Retail Sales (YoY) (Dec)	✓✓✓	1.50%	1.40%	Monthly
Italy	12:00	Consumer Price Index (MoM) (Jan) (P)	✓	-0.20%	0.00%	Monthly
US	14:00	MBA Mortgage Applications (29-Jan)	✓	-	8.80%	Weekly
US	15:15	ADP Employment Change (Jan)	✓✓	193.00K	257.00K	Monthly
US	16:45	Markit Composite PMI (Jan) (F)	✓✓	-	53.70**	Monthly
US	16:45	Markit Services PMI (Jan) (F)	✓✓	53.70	53.70**	Monthly
US	17:00	ISM Non-Manufacturing PMI (Jan)	✓✓	55.10	55.30	Monthly
US	17:30	EIA Crude Oil Stocks Change (Barrels) (29-Jan)	✓	-	8.38mnbls	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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