

ONE Minute Brief

4 February 2016

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Economic and Political News

The Standard Bank's Purchasing Managers' Index (PMI) in South Africa edged up to 49.60 in January from 49.10 the previous month. Markets expected the index to rise to a level of 49.00.

Democratic Alliance (DA), leader Mmusi Maimane, stated that the party has decided to proceed with presenting its argument before the Constitutional Court after President Jacob Zuma offered to settle the court case on his Nkandla home.

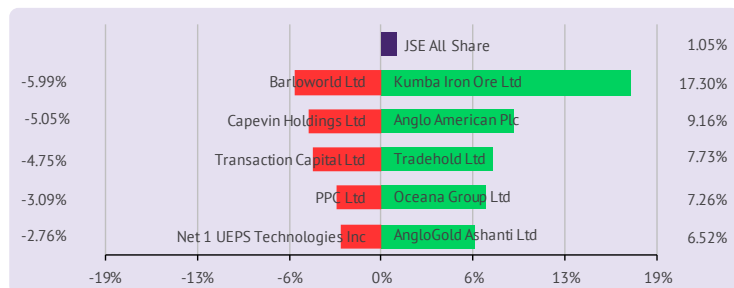
Suspended Police Commissioner, Riah Phiyega, stated that the Independent Police Investigative Directorate (Ipid)'s recommendation to prosecute her amounted to a "witch hunt against her for unclear personalised vendettas".

The Chief Executive Officer of Eskom, Brian Molefe, anticipated that there would not be any load shedding for the rest of summer and winter. The South African power utility served a notice to suspend electricity supply on March 30, 2016 to eight Free State municipalities on defaulting on payment plans of their bulk electricity account.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, led by gains in gold mining sector stocks. Meanwhile, data revealed that South Africa's manufacturing activity remained in contraction territory in January. The JSE All Share Index rose 1.1% to close at 48,535.48.



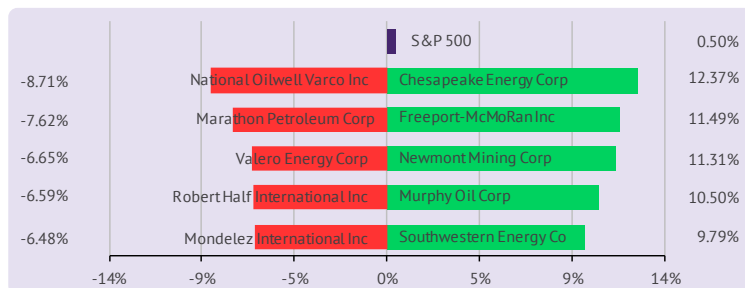
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	48535.48	▲	506.24	1.05%	-1.23%	-1.23%	-3.06%	-4.26%
JSE Top 40	43447.44	▲	475.36	1.11%	-1.40%	-1.40%	-3.78%	-5.13%
FTSE 100	5837.14	▼	-84.87	-1.43%	-4.05%	-4.05%	-2.54%	-6.49%
DAX 30	9434.82	▼	-146.22	-1.53%	-3.71%	-3.71%	-8.80%	-12.18%
CAC 40	4226.96	▼	-57.03	-1.33%	-4.30%	-4.30%	-4.75%	-8.84%
S&P 500	1912.53	▲	9.50	0.50%	-1.43%	-1.43%	-5.07%	-6.43%
Nasdaq Composite	4504.24	▼	-12.71	-0.28%	-2.38%	-2.38%	-7.86%	-10.05%
DJIA	16336.66	▲	183.12	1.13%	-0.79%	-0.79%	-5.50%	-6.25%

US Market ▲

The S&P 500 futures are trading in the green

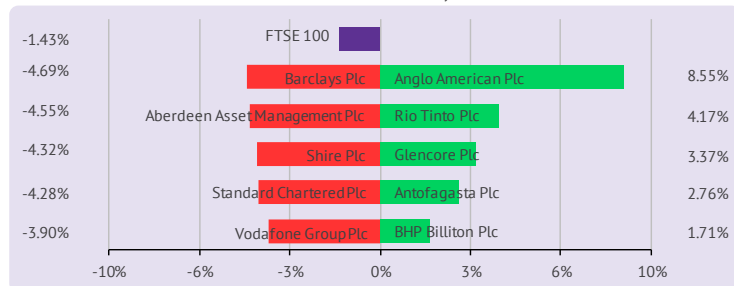
US markets closed higher yesterday, supported by gains in energy sector stocks after a rebound in oil prices. Additionally, ADP data showed that private employers in the US added more jobs than expected in January. The S&P 500 Index climbed 0.5% to close at 1,912.53.



UK Market ▼

The FTSE 100 futures are trading in positive territory

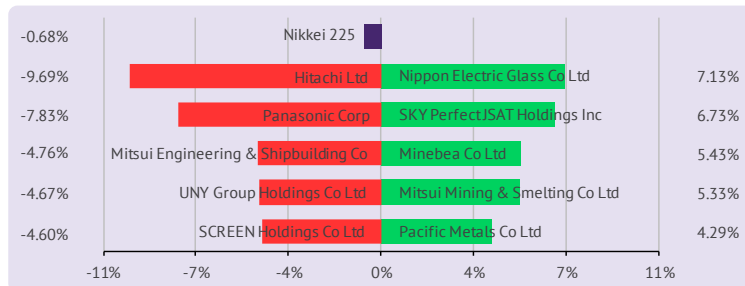
UK markets finished lower yesterday, weighed down by losses in financial sector stocks with banks among the top losers. Data showed that UK's service sector expanded more-than-expected in January. The FTSE 100 Index declined 1.4% to close at 5,837.14.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, after a weaker US Dollar boosted oil prices. The Nikkei 225 Index is trading 0.7% lower at 17,074.19.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% higher against the South African Rand at R15.9654. Later today, traders will look forward to US durable goods and factory orders data along with a report initial jobless claims. Additionally, South Africa's SACCI business confidence data will also attract market attention.

The US Dollar fell against the South African Rand yesterday, after US non-manufacturing activity dropped to its lowest level in nearly 2 years in January. Additionally, the Markit services PMI declined to a lowest level in 27 months in January. Meanwhile, private sector employment increased in the US in the same month. Elsewhere, manufacturing activity in South Africa remained in contraction territory in January.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R23.2739. Later today, investors will closely track the Bank of England's (BoE) interest rate decision along with the minutes of its monetary policy meeting. Furthermore, a speech by the BoE Governor, Mark Carney, will be eyed for further direction. Additionally, the SACCI business confidence data in South Africa will also attract market attention.

The British Pound declined against the South African Rand yesterday, despite a more-than-expected growth in UK service sector activity in January. Meanwhile, private sector activity in South Africa remained weak at the start of 2016.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.3% lower against the South African Rand at R17.6979. Going forward, market participants will keep a tab on a speech by Mario Draghi, the President of the European Central Bank (ECB) along with the central bank's monthly economic bulletin for further clues.

The Euro strengthened against the South African Rand yesterday, after retail sales in the Eurozone rose for the first time in 4 months on a monthly basis in December. Other economic data revealed that growth in service sector activity in the Eurozone and Germany slowed but remained in expansion territory in January.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% higher against the South African Rand at R11.4626. Earlier in the session, data revealed that business confidence in Australia rose in 4Q15.

The Australian Dollar rose marginally against the South African Rand yesterday. Meanwhile, data showed an unexpected increase in Australia's trade deficit in December. Elsewhere, in China, Australia's key trading partner, services sector expanded the most in six months in January.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.9654	▲	-1.84%	0.22%	0.22%	2.70%	2.93%
GBPZAR	23.2739	▼	-0.26%	3.03%	3.03%	-0.72%	2.28%
EURZAR	17.6979	▼	0.26%	3.12%	3.12%	2.40%	5.59%
AUDZAR	11.4626	▲	0.02%	1.46%	1.46%	-0.95%	0.49%
EURUSD	1.1091	▼	1.79%	2.54%	2.54%	-0.30%	2.24%
GBPUSD	1.4586	▼	1.28%	2.45%	2.45%	-3.33%	-0.96%
Brent (\$/barrel)	35.4	▲	7.09%	0.86%	0.86%	-6.81%	-6.01%
Gold (\$/oz)	1140.9	▼	1.24%	2.23%	2.23%	5.30%	7.65%
Platinum (\$/oz)	887.4	▲	2.85%	0.66%	0.66%	-1.95%	-1.30%
Copper (\$/MT)*	4638.5	▲	1.84%	1.50%	1.50%	-2.88%	-1.43%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices fell marginally to trade at \$1,140.90/oz.

Yesterday, gold prices rose 1.2% to close at \$1,141.30/oz, aided by a broadly weaker US Dollar on expectations that the US Federal Reserve will delay raising interest rates in near-term.

Brent Crude Oil ▲

Trading stronger

Brent crude oil, extended previous session gains and at 06:00 SAST, edged 1.0% higher to trade at \$35.40/bl.

Yesterday, Brent crude oil advanced 7.1% to settle at \$35.04/bl, snapping a two-day rout following weakness in the US Dollar. Additionally, Russia's Foreign Minister reiterated the country's willingness to talk with the Organization of the Petroleum Exporting Countries (OPEC) producers on a plan to help to trim output. Meanwhile, the EIA indicated that US crude oil inventories advanced more-than-expected by 7.79mn bls last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.8% to trade at \$887.40/oz.

Yesterday, platinum prices climbed 2.9% to close at \$880.10/oz, reversing previous session losses.



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Major South Africa Corporate News

Aquarius Platinum Limited

The platinum company announced that David Dix from its Board of Directors has passed away.

Barloworld Limited

In its trading update for 1Q16, the company, indicated that the group's geographic and industrial diversity led to a stable performance despite challenging trading conditions. In equipment handling, trading in South Africa was down compared with the prior year due to persistent weakness in commodity markets. On the other hand, the automotive division produced a steady overall result, demonstrating the resilience of the integrated vehicle usage business model. Additionally, the company stated that its logistics division traded in line with 1Q15 with improved outcome in the freight management and services business. Separately, the company announced that Dominic Sewela, currently the Chief Executive of Barloworld Equipment Southern Africa, would be appointed as deputy Chief Executive of Barloworld Limited effective March 01, 2016.

Resilient Property Income Fund Limited

In its 1H16 results, the company, stated that its net rental and related revenue rose to R688.09mn from R573.66mn posted in the corresponding period of the prior year. Its profit before income tax stood at R2.48bn, compared with R2.20bn recorded in the same period of the preceding year. Its headline EPS advanced 3.8% from the corresponding period a year ago to R6.80. Furthermore, the company declared a dividend of R2.32/share for 1H16, which represents an increase of 25.2% from the dividend declared in December 2014.

Major Global Economic News

US

In the US, ADP reported that private sector employment advanced by 205.00K in January, higher than market expectations of a climb of 195.00K. Private sector employment had registered a revised gain of 267.00K in the prior month.

The ISM non-manufacturing PMI fell to a level of 53.50 in January, in the US, compared to market expectations of a drop to a level of 55.10. The PMI had recorded a revised level of 55.80 in the previous month.

The final Markit services PMI fell to a level of 53.20 in the US, in January, from a reading of 54.30 in the prior month. The preliminary figures had recorded a drop to 53.70. Markets were anticipating the PMI to decline to 53.70.

On a weekly basis, MBA mortgage applications in the US, dropped 2.6% in the week ended January 29, , from a rise of 8.8% in the prior week.

Asia

The consumer confidence index in Japan registered a level of 42.50 in January, compared to a level of 42.70 in the prior month. Markets were anticipating the index to record a reading of 42.50.

In Australia, the NAB business confidence index climbed to a level of 4.00 on a quarterly basis in 4Q15, compared to a level of 1.00 in the prior quarter.

Eurozone

In January, the final Markit services PMI registered a level of 53.60 in the Eurozone, at par with market expectations. The preliminary figures had indicated a reading of 53.60.

The final Markit services PMI recorded a level of 55.00 in January, in Germany, compared to a revised level of 56.00 in the prior month. Markets were expecting the PMI to register a level of 55.40. The preliminary figure had recorded a level of 55.40.

In December, the seasonally adjusted retail sales climbed 0.3% in the Eurozone on a monthly basis, in line with market expectations. In the prior month, retail sales had registered a decline of 0.3%.

UK

The Markit services PMI in the UK unexpectedly advanced to a level of 55.60 in January, compared to market expectations of a rise to 55.40. In the previous month, the PMI had recorded a level of 55.50.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Switzerland	08:45	SECO Consumer Climate (Q4)	✓✓	-15.00	-18.00	Quarterly
Switzerland	09:00	UBS Real Estate Bubble Index (Q4)	✓✓	-	1.38	Quarterly
US	09:15	Federal Reserve Bank of Boston President Rosengren Speech	✓	-	-	As scheduled
Eurozone	10:00	ECB President Mario Draghi Speaks in Frankfurt	✓	-	-	As scheduled
UK	10:30	Halifax House Prices (3m/YoY) (Jan)	✓	9.00%	9.50%	Monthly
Eurozone	11:00	ECB Publishes Economic Bulletin	✓	-	-	As scheduled
Eurozone	11:30	ECB Governing Council Member Knot Speaks in Frankfurt	✓	-	-	As scheduled
South Africa	11:30	SACCI Business Confidence Index (Jan)	✓✓	-	79.60	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Dec)	✓✓	-	-2.40%	Monthly
South Africa	13:00	Electricity Production (YoY) (Dec)	✓✓	-	-1.50%	Monthly
UK	14:00	BoE Interest Rate Decision	✓✓✓	0.50%	0.50%	As scheduled
UK	14:00	Bank of England Inflation Report	✓✓	-	-	As scheduled
Eurozone	14:00	ECB Board Member Mersch Speaks in Zurich	✓	-	-	As scheduled
UK	14:00	Bank of England Minutes	✓✓✓	-	-	As scheduled
UK	14:00	BoE Asset Purchase Facility	✓✓✓	GBP375.00bn	GBP375.00bn	As scheduled
UK	14:45	BOE's Governor Carney speech	✓✓✓	-	-	As scheduled
US	15:30	Non-Farm Productivity (Q4) (P)	✓	-2.00%	2.20%	Quarterly
US	15:30	Initial Jobless Claims (30-Jan)	✓✓	277.00K	278.00K	Weekly
US	15:30	Unit Labour Costs (Q4) (P)	✓	4.30%	1.80%	Quarterly
US	17:00	Durable Goods Orders (Dec) (F)	✓✓✓	-4.50%	-5.10%**	Monthly
US	17:00	Factory Orders (MoM) (Dec)	✓✓	-2.80%	-0.20%	Monthly

Note: ✓✓✓High ✓✓Medium ✓Low

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