

ONE Minute Brief

28 April 2016

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Economic and Political News

President Jacob Zuma, while speaking on Freedom day, stated that the nation must protect the country against rebels who were trying to damage its hard-fought-for freedom and democracy through violence. He also lashed out at his political opponents stating that they were creating divisions among South Africans and abusing their political rights.

The Democratic Alliance (DA) mentioned that the ruling party, the African National Congress has been dividing the country on the racial lines and has failed to provide houses to the country's citizens.

Public Enterprises Minister, Lynne Brown, opined that she wanted the coal industry under a strict official investigation, including pricing, beneficiaries and a review of contractual responsibilities. Further, she stated that state-owned power utility, Eskom has reduced its diesel bill by more than ZAR750.00mn in five months and was happy with the utility's progress in ensuring the supply of electricity remains stable.

Key Indices

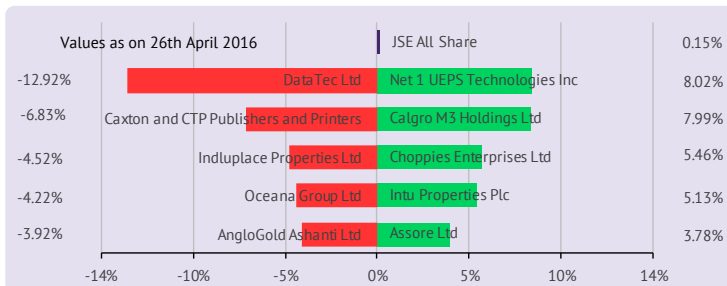
	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share*	53062.95	▲	77.64	0.15%	0.26%	1.56%	5.74%	4.67%
JSE Top 40*	46695.33	▲	112.60	0.24%	0.41%	1.20%	5.34%	1.96%
FTSE 100	6319.91	▲	35.39	0.56%	0.15%	2.35%	1.28%	1.24%
DAX 30	10299.83	▲	40.24	0.39%	-0.71%	3.35%	4.95%	-4.13%
CAC 40	4559.40	▲	26.22	0.58%	-0.22%	3.98%	0.72%	-1.67%
S&P 500	2095.15	▲	3.45	0.16%	0.17%	1.72%	6.60%	2.51%
Nasdaq Composite	4863.14	▼	-25.14	-0.51%	-0.88%	-0.14%	6.84%	-2.88%
DJIA	18041.55	▲	51.23	0.28%	0.21%	2.02%	7.08%	3.54%

*Values as on 26th April 2016

South Africa Market ▲

South African markets closed higher

Markets were closed yesterday in South Africa on account of a public holiday. The JSE All Share Index rose 0.2% on Tuesday to close at 53,062.95, amid gains in real estate and financial sector stocks.



US Market ▲

The S&P 500 futures are trading in the red

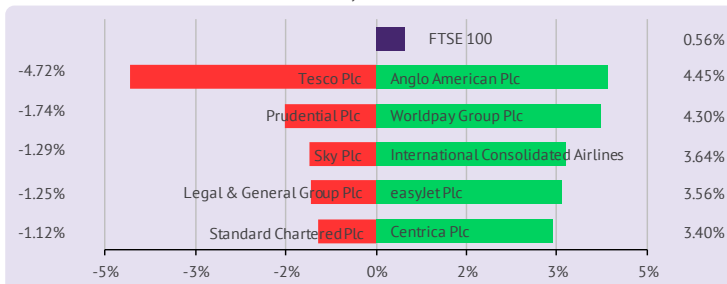
US markets closed higher yesterday, led by gains in telecommunication sector stocks. Separately, the Federal Reserve (Fed) kept the benchmark interest rate unchanged at 0.5% and remained firmly in a wait-and-see mode. The S&P 500 Index climbed 0.2% to close at 2,095.15.



UK Market ▲

The FTSE 100 futures are trading in negative territory

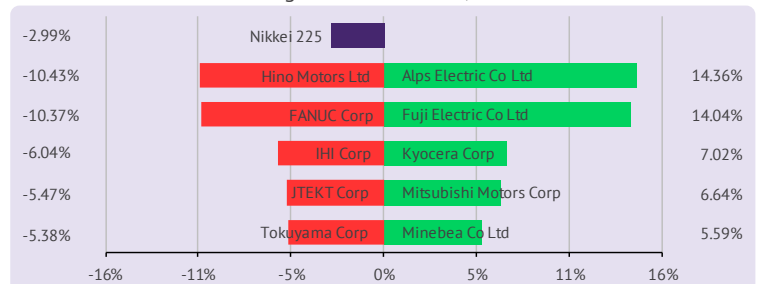
UK markets finished higher yesterday, helped by gains in oil prices coupled with upbeat corporate earnings report. Data indicated that UK's GDP advanced 0.4%, on a quarterly basis in the 1Q16. The FTSE 100 Index advanced 0.6% to close at 6,319.91.



Asian Market ▼

Trading mostly lower

Asian markets are trading lower this morning, as the Bank of Japan surprisingly maintained the key interest rate steady at -0.1% and its bond buying programme intact at an annual pace of JPY80.00tn. The Nikkei 225 Index is trading 3.0% lower at 16,77364.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar gained 0.5% against the South African Rand to trade at R14.4886. Later today, traders will keep a close watch on the US annualized gross domestic product and initial jobless claims for further clues. Moreover, the personal consumption and Kansas City Fed manufacturing activity will also grab market attention. Additionally, South Africa's, producers price index data will be on investors' radar.

The US Dollar rose against the South African Rand yesterday. The Federal Reserve kept the key interest rate unchanged in its monetary policy statement but signalled that it is open to raising interest rates in June. Further, it stated that the central bank will continue to monitor global economic and financial developments closely. Also, the Fed mentioned of an improving labour market but also agreed that the economic growth seemed to have slowed. Separately, US goods trade deficit narrowed more-than-expected in March, which could help the 1Q16 GDP push upwards.

GBPZAR ▲

GBP trading firmer against ZAR

At 06:00 SAST, the British Pound climbed 0.5% against the South African Rand to trade at R21.0625. With no major economic releases in the UK today, traders will eye UK's GfK consumer confidence and net consumer credit, scheduled to release tomorrow. Additionally, South Africa's producers price index will attract market attention.

The British Pound declined against the South African Rand yesterday, after data showed that UK's economy slowed on a quarterly basis in 1Q16, compared to its preceding quarter, due to a drop in construction and manufacturing sector activity along with the threat of leaving the EU weighing on the nation's economy.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.6% firmer against the South African Rand at R16.4194. Going forward, market participants will keep a tab on the Eurozone's consumer and economic sentiment indices for further direction. Moreover, Germany's unemployment rate and the consumer price index will keep investors on their toes.

The Euro strengthened against the South African Rand yesterday, after Germany consumer confidence rose for May, indicating optimism amongst consumers about the economy as increased employment, income growth and moderate inflation helped domestic demand. Moreover, the import price index rebounded on a monthly basis in March.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar advanced 0.6% against the South African Rand to trade at R11.0035. Earlier in the session, Australia's import and export price index eased more-than-expected on a quarterly basis in 1Q16.

The Australian Dollar fell against the South African Rand yesterday, after Australia's consumer price index fell unexpectedly on a quarterly basis in 1Q16, thus raising bets of a rate cut by the RBA.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.4886	▲	0.14%	0.15%	-2.34%	-6.98%	-6.80%
GBPZAR	21.0625	▲	-0.24%	0.95%	-1.17%	-4.01%	-8.11%
EURZAR	16.4194	▲	0.24%	0.95%	-2.91%	-2.64%	-2.90%
AUDZAR	11.0035	▲	-2.02%	-1.50%	-3.24%	-0.26%	-3.71%
EURUSD	1.1332	▲	0.22%	0.87%	-0.52%	4.61%	4.19%
GBPUSD	1.4538	▼	-0.26%	0.98%	1.27%	3.17%	-1.35%
Brent (\$/barrel)	46.9	▼	3.15%	4.59%	16.98%	10.28%	26.56%
Gold (\$/oz)	1249.3	▼	0.66%	1.77%	1.31%	-0.02%	17.94%
Platinum (\$/oz)	1029.8	▲	0.64%	1.52%	5.00%	4.53%	14.99%
Copper (\$/MT)*	4913.5	▼	-1.21%	-2.57%	0.68%	3.72%	4.41%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,249.30/oz.

Yesterday, gold prices rose 0.7% to close at \$1,250.40/oz. However, gold prices pared its gains, after the Fed kept the door open for a rate hike at the next meeting in June.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.5% to trade at \$46.94/bl.

Yesterday, Brent crude oil advanced 3.2% to settle at \$47.18/bl, amid hopes that the global crude glut will soon decline. Meanwhile, the US Energy Department reported that crude oil inventories rose by 2.0mn bls last week to an all-time high of 540.6mn bls.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged higher 0.4% to trade at \$1,029.80/oz.

Yesterday, platinum prices climbed 0.6% to close at \$1025.40/oz.

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Major South Africa Corporate News

Afrimat Limited

In its voluntary trading statement, the company revealed that it expects EPS to be in the range of 153.00c to 160.00c, compared with 139.00c recorded in the same period of the preceding year. It expects its headline EPS to be between 153.00c and 160.00c, indicating an increase of 13.0% to 18.0% from the corresponding period of the prior year.

Datatec Limited

In its FY16 trading statement, the company indicated that it expects group revenues to be in line with previous year to be approximately USD6.50bn. It expects headline EPS to be around 18.00c, compared with 37.00c recorded in the previous year. It expects EPS to decline 51.5% from the prior year to 18.00c.

Impala Platinum Holdings Limited

In its 3Q16 production report, the company stated that its gross refined platinum production rose 17.0% from the previous comparable period to 353.00koz. This was due to increased output from Zimplats, good operational performances from Marula, Two Rivers and Mimosa, higher volumes from Impala Refining Services, as well as the release of material stockpiled ahead of the smelter.

Pick N Pay Stores Limited

In its FY16 results, the company indicated that its revenue rose 8.4% from the preceding year to R73.48bn. Its diluted headline EPS stood at 219.90c, compared with 174.72c recorded in the prior year. Its profit before tax advanced to R1.47bn from R1.21bn posted in the previous year.

Redefine International Plc

In its 1H16 results, the company stated that its revenue from continuing operations advanced to GBP41.50mn from GBP40.40mn posted in the same period of the prior year. However, its headline diluted EPS fell 33.3% from the corresponding period of the preceding year to 1.40p. Its profit before tax stood at GBP8.40mn, compared with GBP38.50mn recorded in the same period of the previous year.

Major Global Economic News

Asia

The BoJ kept monetary policy steady, with rates at -0.1% and maintained its pledge to increase base money, or cash and deposits in circulation, at an annual pace of JPY80.00tn. Further, the central bank announced a loan support program worth JPY300.00bn for banks in areas hit by the recent earthquake.

In Japan, unemployment rate registered an unexpected drop to a level of 3.2% in March, lower than market expectations of a steady reading. In the prior month, unemployment rate had recorded a reading of 3.3%.

The national CPI unexpectedly fell 0.1% on an annual basis in Japan, in March, less than market expectations for a flat reading. In the prior month, the national CPI had registered a rise of 0.3%.

In Japan, the flash industrial production registered a rise of 3.6%, on a monthly basis in March, compared to a fall of 5.2% in the prior month.

Eurozone

Private sector loans in the Eurozone registered a rise of 1.6% in March on an annual basis, compared to a similar rise in the prior month. Markets were anticipating it to climb 1.7%.

In Germany, the consumer confidence index advanced unexpectedly to 9.70 in May, compared to a level of 9.40 in the prior month. Markets were expecting the index to record a steady reading.

In March, the import price index rose 0.7%, on a monthly basis in Germany, compared to a drop of 0.6% in the previous month. Markets were anticipating the index to rise 0.3%.

US

The Federal Reserve maintained key interest rate at 0.5%, in line with market expectations and gave no clear hints on future possibilities. The central bank stated at its last policy meeting in March, the committee acknowledged an improving labour market but agreed upon that economic growth seemed to have slowed. While it held back on its previous warnings about risks to US growth from the world economy, the Fed also insisted that it would closely monitor inflation indicators and global economic and financial developments.

On a monthly basis, US pending home sales rose 1.4% in March, higher than market expectations for an advance of 0.5%. Pending home sales had recorded a revised rise of 3.4% in the prior month.

UK

In 1Q16, on a quarterly basis, the flash GDP advanced 0.4% in the UK, compared to an advance of 0.6% in the prior quarter. Markets were expecting GDP to rise 0.4%.

In the UK, the CBI distributive trade survey's retail sales balance registered an unexpected drop to a level of 13.0% in April, compared to market expectations of an advance to 13.0%. The retail sales balance had recorded a level of 7.0% in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:30	Unemployment Rate (Mar)	✓✓	3.20%*	3.30%	Monthly
Japan	01:30	Household Spending (YoY) (Mar)	✓✓	-5.30%*	1.20%	Monthly
Japan	01:30	National Consumer Price Index (YoY) (Mar)	✓✓	-0.10%*	0.30%	Monthly
Japan	01:50	Industrial Production (MoM) (Mar) (P)	✓	3.60%*	-5.20%	Monthly
Japan	01:50	Retail Trade s.a (MoM) (Mar)	✓	1.40%*	-2.30%	Monthly
Japan	01:50	Large Retailer's Sales (Mar)	✓✓	-1.20%*	2.20%	Monthly
Japan	05:00	Bank of Japan Interest Rate Decision	✓✓✓	-0.10%*	-0.10%	As scheduled
Japan	05:00	BoJ Monetary Policy Statement and Press Conference	✓✓✓	-	-	As scheduled
Japan	06:00	Vehicle Production (YoY) (Mar)	✓	-	-6.90%	Monthly
Japan	07:00	Construction Orders (YoY) (Mar)	✓	-	-12.40%	Monthly
Japan	07:00	Housing Starts (YoY) (Mar)	✓	-0.60%	7.80%	Monthly
Japan	07:00	Annualised Housing Starts (Mar)	✓✓	0.91 mn units	0.97 mn units	Monthly
UK	08:00	Nationwide House Prices s.a. (MoM) (Apr)	✓	0.40%	0.80%	Monthly
Germany	09:55	Unemployment Rate s.a. (Apr)	✓✓	6.20%	6.20%	Monthly
Eurozone	11:00	Consumer Confidence (Apr) (F)	✓✓	-9.30	-9.30**	Monthly
Eurozone	11:00	Industrial Confidence (Apr)	✓	-4.00	-4.20	Monthly
Eurozone	11:00	Business Climate Indicator (Apr)	✓✓	0.14	0.11	Monthly
Eurozone	11:00	Economic Sentiment Indicator (Apr)	✓	103.40	103.00	Monthly
Eurozone	11:00	Services Sentiment Indicator (Apr)	✓	10.00	9.60	Monthly
South Africa	11:30	Producer Price Index (MoM) (Mar)	✓✓	1.10%	0.80%	Monthly
Germany	14:00	Consumer Price Index (MoM) (Apr) (P)	✓✓	-0.20%	0.80%	Monthly
US	14:30	Personal Consumption (QoQ) (Q1) (P)	✓✓	1.70%	2.40%	Quarterly
US	14:30	Gross Domestic Product Annualised (QoQ) (Q1) (P)	✓✓✓	0.60%	1.40%	Quarterly
US	14:30	Initial Jobless Claims (23-Apr)	✓✓	259.00K	247.00K	Weekly
US	14:30	Gross Domestic Purchases Price Index (Q1) (P)	✓✓✓	0.50%	0.90%	Quarterly
US	17:00	Kansas City Fed Manufacturing Activity (Apr)	✓	-	-6.00	Monthly
Japan	-	BoJ Press Conference	✓✓✓	-	-	As scheduled

Note: ✓✓✓ High

✓✓ Medium

✓ Low

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