

ONE Minute Brief

3 March 2016

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Economic and Political News

Deputy President, Cyril Ramaphosa, mentioned that restructuring and potential closure of few state-owned enterprises was still a subject of debate and proposals would be soon presented to the Cabinet.

Finance Minister, Pravin Gordhan, will miss a deadline set by police to answer questions on his role in the alleged spy unit at the South African Revenue Service (SARS) as he was preparing his Budget speech. Further, the Minister of Police, Nkosinathi Nhleko, indicated that the questions sent to the Minister Gordhan were only 'for clarity'.

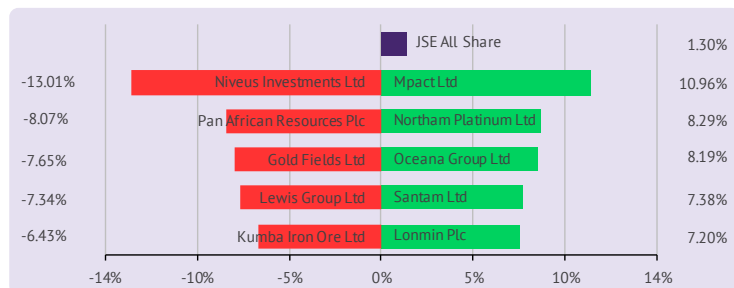
African National Congress (ANC) Chief Whip, Stone Sizani, resigned with immediate effect after holding the post since 2013 and would be taking up a new post as an ambassador to Germany.

Finance Minister, Pravin Gordhan, stated that the US will not suspend duty-free benefits for South Africa, as the nation met the requirements of the African Growth and Opportunity Act (AGOA). He further indicated that the US accepted the negotiated position on AGOA and the constraints that were placed have now been removed.

South Africa Market ▲

South African markets closed higher

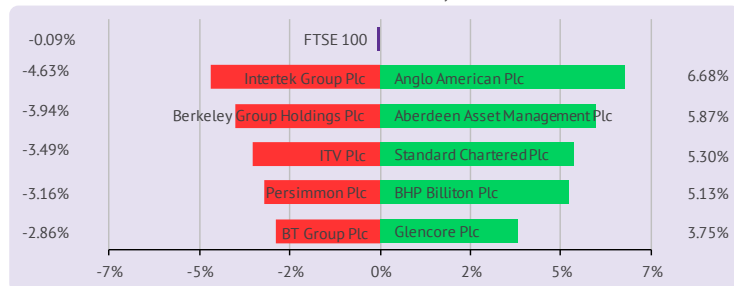
South African markets closed in the green yesterday, amid gains in platinum sector stocks and overnight gains in oil prices. The JSE All Share Index rose 1.3% to close at 50,966.93.



UK Market ▼

The FTSE 100 futures are trading in positive territory

UK markets reversed previous session gains and finished lower yesterday. Meanwhile, data revealed that the UK's Markit construction Purchasing Managers' Index (PMI) eased unexpectedly in February. The FTSE 100 Index declined 0.1% to close at 6,147.06.



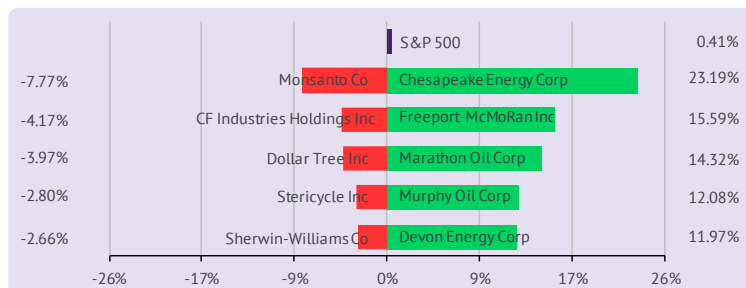
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50966.93	▲	651.84	1.30%	3.11%	3.14%	0.56%	0.54%
JSE Top 40	45266.30	▲	645.77	1.45%	3.21%	3.34%	-0.60%	-1.16%
FTSE 100	6147.06	▼	-5.82	-0.09%	0.84%	0.82%	0.22%	-1.53%
DAX 30	9776.62	▲	59.46	0.61%	2.77%	2.96%	-3.09%	-9.00%
CAC 40	4424.89	▲	18.05	0.41%	2.56%	1.64%	-1.44%	-4.58%
S&P 500	1986.45	▲	8.10	0.41%	1.97%	2.81%	-0.41%	-2.81%
Nasdaq Composite	4703.42	▲	13.83	0.29%	2.46%	3.19%	-1.21%	-6.07%
DJIA	16899.32	▲	34.24	0.20%	1.56%	2.32%	0.30%	-3.02%

US Market ▲

The S&P 500 futures are trading in the green

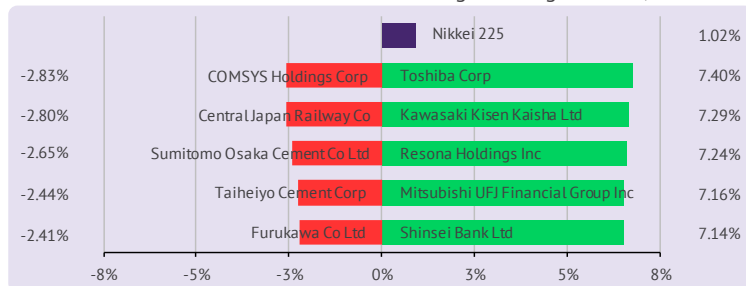
US markets closed higher yesterday, amid gains in energy sector stocks. Additionally, ADP data indicated that private sector employment in the US rose more-than-expected in February. The S&P 500 Index climbed 0.4% to close at 1,986.45.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning, tracking gains on Wall Street. Early morning data indicated that China's Caixin services PMI dropped in February while Japan's Nikkei services PMI eased in the same month. The Nikkei 225 Index is trading 1.0% higher at 16,917.36.



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USDZAR ▼

USD trading weaker against ZAR

At 06:00 SAST, the US Dollar fell marginally against the South African Rand to trade at R15.5473. Later today, traders will keep a close watch on the US ISM non-manufacturing PMI and durable goods orders data for further clues. Moreover, US initial jobless claims and the Markit services PMI will grab market attention. Separately, in South Africa, investors will look forward to the release of the Standard Bank's PMI.

The US Dollar fell against the South African Rand yesterday, despite the ADP private sector employment rose more-than-expectations in February. Moreover, the Fed's Beige book indicated that US economic activity in most districts expanded from early January to late February with growth remaining modest in half of the districts. It also reported that the nation's labour market continues to strengthen while wage growth "varied considerably" across districts.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound is trading 0.1% weaker against the South African Rand at R21.8850. Later today, traders will keep an eye on the Markit services PMI in the UK for further direction. Separately, in South Africa, traders will look forward to the Standard Bank PMI for more clues.

The British Pound advanced against the South African Rand yesterday, despite UK's disappointing construction PMI data. The downbeat figure showed that construction activity fell to a tenth-month low in February.

EURZAR ▼

EUR trading weaker against ZAR

At 06:00 SAST, the Euro is trading 0.1% lower against the South African Rand at R16.8852. Going forward, market participants will keep a tab on the Markit services PMI across the Eurozone along with the region's retail sales data, set for release in a few hours.

The Euro weakened against the South African Rand yesterday, after the Eurozone's producer's price index slipped more than expected in January, thus intensifying pressure on the ECB to add stronger easing measures at its policy meeting next week.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar advanced marginally against the South African Rand to trade at R11.3486. Earlier in the session, data showed that the Australian trade deficit narrowed more than forecasts in January and the AiG Performance of Service index rose in February. Elsewhere, in China, growth in the services activity slowed in February.

The Australian Dollar rose against the South African Rand yesterday, after Australia's economic growth slowed less than estimates in 4Q15.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.5473	▼	-0.23%	-3.81%	-2.03%	-0.10%	0.52%
GBPZAR	21.8850	▼	0.56%	-2.38%	-0.85%	-2.43%	-3.96%
EURZAR	16.8852	▼	-0.33%	-4.51%	-2.08%	0.31%	0.57%
AUDZAR	11.3486	▲	1.42%	-1.59%	0.09%	0.74%	-0.13%
EURUSD	1.0861	▼	-0.02%	-0.68%	-0.12%	0.42%	0.00%
GBPUSD	1.4077	▼	0.87%	1.54%	1.14%	-2.33%	-4.51%
Brent (\$/barrel)	36.9	▼	0.33%	5.21%	0.98%	5.27%	-0.94%
Gold (\$/oz)	1239.1	▼	0.89%	1.75%	0.60%	10.57%	17.13%
Platinum (\$/oz)	934.2	▼	-0.05%	2.31%	0.20%	6.86%	4.99%
Copper (\$/MT)*	4797.5	▲	1.47%	1.76%	1.96%	2.96%	1.95%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices dropped 0.2% to trade at \$1,239.10/oz.

Yesterday, gold prices rose 0.9% to close at \$1,241.80/oz, on the back of weakness in the US Dollar, despite rallying equities around the globe and better-than-expected US economic data.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil retreated 0.1% to trade at \$36.90/bl.

Yesterday, Brent crude oil advanced 0.3% to settle at \$36.93/bl, despite the US Energy Department reporting that crude oil inventories climbed by 10.37mn bls in the last week, marking the biggest gain since April 2015.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged 0.2% lower to trade at \$934.20/oz.

Yesterday, platinum prices declined 0.1% to close at \$936.20/oz. The World Platinum Investment Council, stated that the deficit in the platinum market is expected to shrink for a second year in 2016, due to a rebound in supply of recycled metal and falling investment outperformed the rising jewellery and automotive demand.



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Major South Africa Corporate News

Capevin Holdings Limited

In its 1H16 results, the company, indicated that its share of profit of joint venture advanced 17.3% from the same period of the prior year to R311.94mn. Its profit before tax stood at R309.97mn, compared with R263.50 recorded in the same period of the preceding year. Its diluted headline EPS advanced to 35.30c from 29.90c posted in the corresponding period of the previous year.

Clover Industries Limited

In its 1H16 results, the firm, stated that its revenue rose to R5.03bn from R4.66bn posted in the same period of the prior year. Its diluted headline EPS advanced 10.2% from the corresponding period of the preceding year to 114.20c due to higher demand for its products. Additionally, the company revealed that its gross margin slightly contracted from 31.0% in the previous comparable period, to 29.0% for this reporting period.

Growthpoint Properties Limited

In its 1H16 results, the company, revealed that its revenue rose to R4.78bn from R3.78bn posted in the corresponding period of the preceding year. Its profit before tax stood at R4.50bn, compared with R3.94bn recorded in the same period of the previous year. However, its headline diluted EPS declined 16.1% from the corresponding period of the prior year to 59.36c. The company delivered growth in distributions per share of 6.0% and declared an interim dividend of 89.50c/share with an option to reinvest the cash dividend in return for company shares.

Mpact Limited

In its FY15 results, the company, indicated that its revenue advanced 10.8% from the preceding year to R9.55bn, due to higher average selling prices, organic volume growth of 2.1% and acquisitions which contributed 1.2%. Its diluted headline EPS stood at 362.20c, compared with 260.50c recorded in the prior year. Its profit before tax rose to R790.20mn from R623.10mn posted in the previous year.

Santam Limited

In its FY15 results, the company, indicated that its gross written premium, including the impact of cell captive insurance, rose 7.1% from the preceding year to R24.32bn. Its headline diluted EPS stood at R18.22, compared with R14.35 recorded in the previous year. Its profit before tax advanced to R3.37bn from R2.33bn posted in the prior year.

Tsogo Sun Holdings Limited

The firm announced that Standard Bank Group has disposed some of its beneficial stake in the company such that now its total of all beneficial interest in Tsogo Sun's ordinary shares held by the bank now amounts to 5.8% of the issued ordinary share capital of the company.

Major Global Economic News

US

The ADP private sector employment in the US recorded a more-than-expected increase of 214.00 K in February, following a revised rise of 193.00 K in the prior month.

The Fed's Beige book indicated that most districts continued to expand from early January to late February but growth remained modest in half of the districts. Moreover, most districts reported modest improvement in labour-market conditions.

On a weekly basis, in the US, mortgage applications recorded a drop of 4.8% in the week ended February 26, 2016, compared to a decrease of 4.3% last week.

Eurozone

The producer price index (PPI) in the Eurozone eased 1.0% in January on a monthly basis, compared to a fall of 0.8% in the prior month. Markets were expecting the index to drop 1.0%.

On a quarterly basis, the seasonally adjusted gross domestic product (GDP) in Switzerland, registered a more-than-expected rise of 0.4% in 4Q15, from a revised fall of 0.1% in the previous quarter.

Asia

In China, the Caixin/Markit services PMI index fell to a level of 51.20 in February, compared to a recorded a level of 52.40 in the previous month.

The Japan's Nikkei services PMI eased to a level of 51.20 in February, from a level of 52.40 in January.

In February, the AiG performance of services index in Australia recorded a rise to 51.80, compared to a level of 48.40 in the prior month.

The seasonally adjusted trade deficit in Australia narrowed to AUD2937.00mn in January, from a revised deficit of AUD3524.00mn in the prior month. Markets were expecting the nation to record a deficit of AUD3200.00mn.

UK

In February, the construction PMI recorded an unexpected drop to a level of 54.20 in the UK, compared a reading of 55.00 in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	Caixin/Markit Services PMI (Feb)	✓✓	51.20*	52.40	Monthly
China	03:45	HSBC China Composite PMI (Feb)	✓✓	49.40*	50.10	Monthly
Japan	04:00	Markit Japan Services PMI (Feb)	✓✓	51.20*	52.40	Monthly
Japan	04:00	Markit/JMMA Composite PMI (Feb)	✓✓	51.00*	52.60	Monthly
France	08:30	Unemployment Rate (Q4)	✓✓	10.20%	10.20%	Quarterly
UK	09:00	Nationwide House Prices s.a. (MoM) (Feb)	✓	0.40%	0.30%	Monthly
South Africa	09:15	Standard Bank South Africa PMI (Feb)	✓✓	49.70	49.60	Monthly
Spain	10:15	factory Orders (MoM) (Jan)	✓✓✓	54.00	54.60	Monthly
UK	10:30	Halifax House Prices (MoM) (Feb)	✓	0.00%	1.70%	Monthly
Italy	10:45	Markit Services PMI (Feb)	✓	52.80	53.60	Monthly
France	10:50	Markit Services PMI (Feb) (F)	✓	49.80	49.80**	Monthly
Germany	10:55	Markit Services PMI (Feb) (F)	✓✓	55.10	55.10**	Monthly
Eurozone	11:00	Markit Composite PMI (Feb) (F)	✓✓✓	52.70	52.70**	Monthly
Eurozone	11:00	Markit Services PMI (Feb) (F)	✓✓✓	53.00	53.00**	Monthly
UK	11:30	Official Reserves (Changes) (Feb)	✓✓	-	USD527.00mn	Monthly
UK	11:30	Markit Services PMI (Feb)	✓✓	55.10	55.60	Monthly
Eurozone	12:00	Retail Sales (MoM) (Jan)	✓✓	0.10%	0.30%	Monthly
South Africa	13:00	Electricity Consumption (YoY) (Jan)	✓✓	-	-1.50%	Monthly
South Africa	13:00	Electricity Production (YoY) (Jan)	✓✓	-	-0.30%	Monthly
US	14:30	Challenger Job Cuts (YoY) (Feb)	✓	-	41.60%	Monthly
US	15:30	Initial Jobless Claims (27-Feb)	✓✓	270.00K	272.00K	Weekly
US	15:30	Non-Farm Productivity (Q4) (F)	✓	-2.90%	-3.00%**	Quarterly
US	15:30	Unit Labour Costs (Q4) (F)	✓	4.30%	4.50%**	Quarterly
US	16:45	Markit Composite PMI (Feb) (F)	✓✓	-	50.10**	Monthly
US	16:45	Markit Services PMI (Feb) (F)	✓✓	50.00	49.80**	Monthly
US	17:00	Durable Goods Orders (Jan) (F)	✓✓✓	-	4.90%**	Monthly
US	17:00	Factory Orders (MoM) (Jan)	✓✓	2.10%	-2.90%	Monthly
US	17:00	ISM Non-Manufacturing PMI (Feb)	✓✓	53.10	53.50	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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