

ONE Minute Brief

18 February 2016

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Economic and Political News

The consumer price index in South Africa rose 0.8% on a monthly basis in January, higher than market expectations for an advance of 0.5%. In the prior month, the index had climbed 0.3%.

Retail sales in South Africa eased 0.9% on a monthly basis in December, compared to an advance of 2.5% in the previous month. The markets were expecting retail sales to fall 0.7%.

Energy Minister, Tina Joemat-Pettersson, suggested that South Africa should invest in nuclear energy as the nation did not have adequate water supply for coal-fired power generation. She further added that two privately-built coal power plants would be set up by 2021 to overcome the chronic power shortage.

Economic Development Minister, Ebrahim Patel, announced that South Africa has asked the BRICS New Development Bank for USD250mn to build transmission lines connecting solar and wind power plants to the national grid.

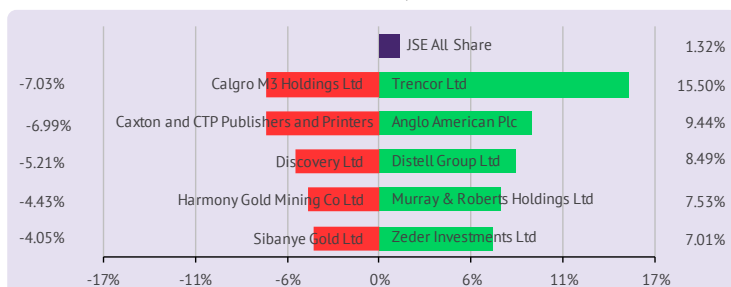
Key Indices

	Last Close		1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	50039.31	▲	652.21	1.32%	2.98%	1.83%	-3.06%	-1.29%
JSE Top 40	44591.74	▲	640.37	1.46%	3.41%	1.19%	-3.78%	-2.63%
FTSE 100	6030.32	▲	168.15	2.87%	5.65%	-0.88%	-2.54%	-3.40%
DAX 30	9377.21	▲	242.10	2.65%	4.57%	-4.30%	-8.80%	-12.71%
CAC 40	4233.47	▲	122.81	2.99%	5.97%	-4.16%	-4.75%	-8.70%
S&P 500	1926.82	▲	31.24	1.65%	3.33%	-0.69%	-5.07%	-5.73%
Nasdaq Composite	4534.06	▲	98.11	2.21%	4.53%	-1.73%	-7.86%	-9.45%
DJIA	16453.83	▲	257.42	1.59%	3.00%	-0.08%	-5.50%	-5.57%

South Africa Market ▲

South African markets closed higher

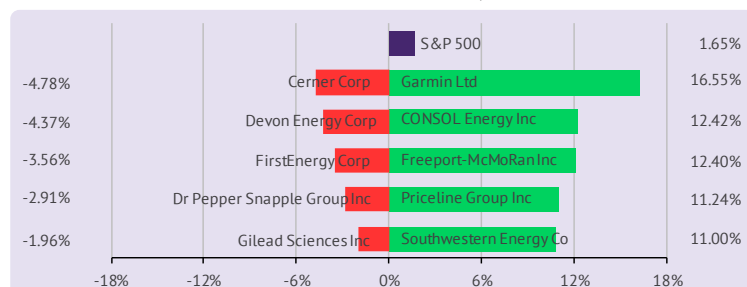
South African markets closed in the green yesterday, amid gains in resources sector stocks. Data revealed that South Africa's consumer price inflation rose higher-than-market expectations in January. The JSE All Share Index rose 1.3% to close at 50,039.31.



US Market ▲

The S&P 500 futures are trading in the green

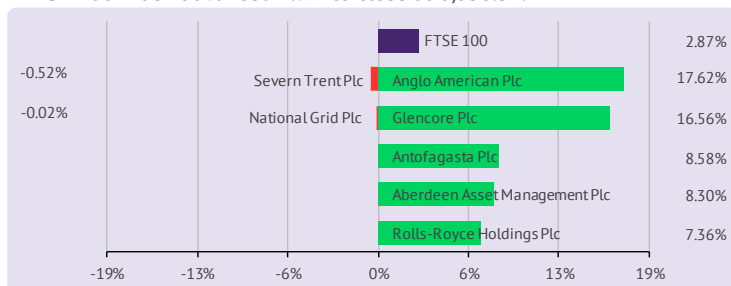
US markets closed higher yesterday, supported by gains in energy sector stocks. The US Fed's minutes indicated that the central bank would wait for more economic data to decide on the future course of interest rates. The S&P 500 Index climbed 1.7% to close at 1,926.82.



UK Market ▲

The FTSE 100 futures are trading in negative territory

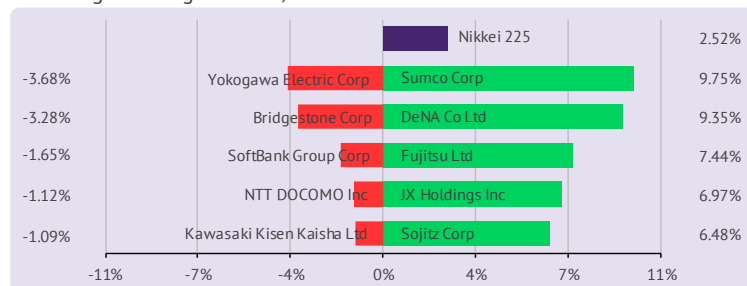
UK markets finished higher yesterday, led by gains in mining sector stocks. Data indicated that UK's ILO unemployment rate unexpectedly remained steady at 5.1% in the October-December 2015 period. The FTSE 100 Index advanced 2.9% to close at 6,030.32.



Asian Market ▲

Trading higher

Asian markets are trading higher this morning. Early morning data revealed a rise in China's consumer price inflation on a yearly basis while Japan recorded a trade deficit in January. The Nikkei 225 Index is trading 2.5% higher at 16,235.50.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading marginally weaker against the South African Rand at R15.4723. Later today, traders will keep a close watch on US initial jobless claims for the last week and the CB leading indicators for further clues.

The US Dollar fell against the South African Rand yesterday, after the FOMC minutes revealed that the central bank was compelled to keep the interest rates unchanged due to the global financial markets uncertainty and concerns over inflation expectations. It also indicated that the Fed policymakers would wait for more economic data to take a decision for a further interest rate hike. Meanwhile, industrial production in the US bounced back strongly in January after consecutive three months of declines. Separately, South Africa's Consumer price inflation rose in January.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound rose marginally against the South African Rand to trade at R22.1310. With no economic releases scheduled in the UK today, investors will look forward to the nation's retail sales and public sector net borrowings data slated to release tomorrow.

The British Pound declined against the South African Rand yesterday, after UK's ILO unemployment rate remained steady for the October-December 2015 period. Meanwhile, claimant count rate declined in January. Elsewhere, South Africa's consumer price inflation rebounded strongly on a monthly basis in January and retail sales fell more-than-market expectations in December.

EURZAR ◀▶

EUR trading flat against ZAR

At 06:00 SAST, the Euro is trading flat against the South African Rand to trade at R17.2300. Going forward the European Central Bank's monetary policy meeting accounts and the Euro-zone's trade balance data will attract market attention.

The Euro weakened against the South African Rand yesterday, after Eurozone's construction output registered a drop on a monthly basis in December.

AUDZAR ▼

AUD trading lower against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% weaker against the South African Rand at R11.0880. Earlier in the session, data showed that Australia's unemployment rate climbed surprisingly in January. On the other hand, in China, Australia's biggest trading partner, consumer inflation quickened on a yearly basis in January.

The Australian Dollar fell against the South African Rand yesterday, after the Australian Westpac leading index declined again on a monthly basis in January.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.4723	▼	-2.04%	-2.55%	-2.62%	2.70%	0.01%
GBPZAR	22.1310	▲	-1.98%	-3.91%	-2.27%	-0.72%	-2.97%
EURZAR	17.2300	■	-2.14%	-3.53%	0.13%	2.40%	2.52%
AUDZAR	11.0880	▼	-1.06%	-1.49%	-1.24%	-0.95%	-2.18%
EURUSD	1.1137	▲	-0.11%	-1.11%	2.74%	-0.30%	2.43%
GBPUSD	1.4305	▲	-0.03%	-1.52%	0.27%	-3.33%	-3.07%
Brent (\$/barrel)	34.9	▲	7.21%	3.42%	-0.69%	-6.81%	-7.46%
Gold (\$/oz)	1209.7	▼	0.26%	-2.26%	8.48%	5.30%	14.23%
Platinum (\$/oz)	945.9	▼	1.32%	-0.88%	8.62%	-1.95%	6.50%
Copper (\$/MT)*	4588.5	▲	0.60%	1.81%	0.40%	-2.88%	-2.49%

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged lower 0.1% to trade at \$1,209.70/oz.

Yesterday, gold prices rose 0.3% to close at \$1,211.10/oz, following the release of dovish Fed minutes. Minutes indicated that members expressed concerns over global financial markets and would wait for more economic data to decide on the future hike in interest rates.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.3% higher to trade at \$34.94/bl.

Yesterday, Brent crude oil advanced 7.2% to settle at \$34.50/bl, after Iran's oil minister welcomed the deal struck by Saudi Arabia, Qatar, Venezuela and Russia to limit its oil production. However, the nation refused to curb its own output. Moreover, the American Petroleum Institute (API) reported that crude oil inventories declined by 3.3mn bls last week.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices declined 0.4% to trade at \$945.90/oz.

Yesterday, platinum prices climbed 1.3% to close at \$949.70/oz, reversing previous session losses.

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Major South Africa Corporate News

Discovery Limited

In its updated trading statement for 1H16, the company revealed that it expects normalised headline EPS to be in the range of 335.90c to 352.70c, indicating a rise of around 0.0% to 5.0% from the same period a year ago. It expects headline EPS to decline in the range of 45.0% to 55.0% from the corresponding period of the preceding year to be between 264.00c and 322.60c. The company indicated that its headline EPS was positively impacted by the once-off accounting treatment resulting from the lapsing of the put options Prudential held in respect of its interest in the UK joint venture, which was due to its purchase of the Prudential's remaining 25.0% of the joint venture in November 2014.

Emira Property Fund Limited

In its 1H16 results, the firm indicated that its revenue rose 1.7% from the same period of the prior year to R878.82mn. It posted a diluted headline EPS stood at 103.87c, compared with 71.43c recorded in the corresponding period of the prior year. Additionally, the company declared a dividend of 70.34c/share for 1H16, payable on March 14, 2016, which was up 8.8% from the previous comparable period and in line with expectations.

Major Global Economic News

US

The Federal Open Market Committee (FOMC) minutes indicated that the central bank was forced to keep the key interest rate unchanged due to uncertainty in global financial markets and sluggish inflation expectations. Moreover, the Fed was worried that improvements in US economic conditions would be overshadowed by disappointing manufacturing data and weak economic growth.

The industrial production in the US rose 0.9% in January on a monthly basis, higher than market expectations for an advance of 0.4%. The production had fallen by a revised 0.7% in the previous month.

In the US, housing starts unexpectedly dropped by 3.8%, on monthly basis in January, to an annual rate of 1099.00K, compared to a revised level of 1143.00K in the previous month.

The building permits in the US recorded a drop of 0.2% in January, on monthly basis, to an annual rate of 1202.00K, from a revised level of 1204.00K in December.

UK

In the October-December 2015 period, the ILO unemployment rate in the UK remained unchanged at 5.1%. Markets were anticipating the unemployment rate to fall to 5.0%.

The average earnings including bonus climbed 1.9% on a yearly basis in the UK in the October-December 2015 period, compared to a rise by a revised 2.1% in the September-November 2015 period.

Asia

In China, the consumer price index recorded a rise of 1.8% in January on a yearly basis, lower than market expectations for an advance of 1.9%. In the prior month, the consumer price index had climbed 1.6%.

The seasonally adjusted unemployment rate in Australia rose unexpectedly to a level of 6.0% in January, higher than market expectations of a steady reading of 5.8%.

Eurozone

In the Eurozone, the seasonally adjusted construction output registered a drop of 0.6% in December on a monthly basis, compared to revised rise of 0.9% in the previous month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Japan	01:50	Exports (YoY) (Jan)	✓✓	-12.90%*	-8.00%	Monthly
Japan	01:50	Imports (YoY) (Jan)	✓	-18.00%*	-18.00%	Monthly
Japan	01:50	Merchandise Trade Balance Total (Jan)	✓✓	-JPY645.90bn*	JPY140.30bn	Monthly
US	03:00	Fed's Bullard Speaks to CFA Society St. Louis	✓	-	-	As scheduled
China	03:30	Consumer Price Index (YoY) (Jan)	✓✓✓	1.80%*	1.60%	Monthly
China	03:30	Producer Price Index (YoY) (Jan)	✓✓✓	-5.30%*	-5.90%	Monthly
Japan	03:30	BOJ Ishida speaks in Fukuoka	✓	-	-	As scheduled
China	03:30	Consumer Price Index (MoM) (Jan)	✓✓	0.50%*	0.50%	Monthly
Switzerland	09:00	Exports (MoM) (Jan)	✓	-	-1.40%	Monthly
Switzerland	09:00	Imports (MoM) (Jan)	✓	-	-8.00%	Monthly
Switzerland	09:00	Trade Balance (Jan)	✓✓	-	CHF2.54bn	Monthly
France	09:45	Inflation ex-tobacco (MoM) (Jan)	✓	-	0.20%	Monthly
Spain	11:00	Trade Balance (Dec)	✓	-	-EUR1.85bn	Monthly
Eurozone	11:00	Current Account s.a (Dec)	✓	-	EUR26.40bn	Monthly
Italy	11:00	Retail Sales s.a. (MoM) (Dec)	✓	-	0.30%	Monthly
Italy	11:30	Current Account (Dec)	✓	-	EUR4.46bn	Monthly
Eurozone	14:30	ECB account of the monetary policy meeting	✓✓✓	-	-	As scheduled
Canada	15:30	Wholesale Sales (MoM) (Dec)	✓	0.20%	1.80%	Monthly
US	15:30	Initial Jobless Claims (13-Feb)	✓✓	275.00K	269.00K	Weekly
US	15:30	Philadelphia Fed Manufacturing Survey (Feb)	✓✓	-3.00	-3.50	Monthly
US	17:00	Leading Indicator (MoM) (Jan)	✓✓	-0.20%	-0.20%	Monthly
US	17:00	Mortgage Delinquencies (Q4)	✓	-	4.99%	Quarterly
US	17:00	MBA Mortgage Foreclosures (Q4)	✓	-	1.88%	Quarterly
US	18:00	EIA Crude Oil Stocks Change (Barrels) (12-Feb)	✓✓	-	-0.75mn bls	Weekly
US	22:30	Fed's Williams Gives Outlook Speech in L.A.	✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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