

ONE Minute Brief

23 February 2016

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Economic and Political News

President Jacob Zuma, defended his decision to appoint Desmond van Rooyen in December, by stating that he was the most highly qualified Finance Minister he had ever appointed for the position.

About 800 workers ended a protected strike after South Africa's National Union of Mineworkers (NUM) and LafargeHolcim Limited, reached a one-year wage agreement which includes an 8% pay rise and an increase in housing grants and allowances for taking on temporary positions.

The Congress of South African Trade Unions (Cosatu) stated that the government needs to increase spending on infrastructure to revive the economy. It further warned that huge levels of unemployment, poverty and inequality are the result of the lack economic transformation.

Democratic Alliance (DA) finance spokesperson, David Maynier, indicated that Finance Minister Pravin Gordhan's ability to deliver a fiscal budget which will help avoid a downgrade of South Africa's credit rating to junk status, will be limited by the political space available inside the tripartite alliance.

South Africa Market ▲

South African markets closed higher

South African markets closed in the green yesterday, amid gains in resources sector stocks. The JSE All Share Index rose 0.4% to close at 49,112.80.



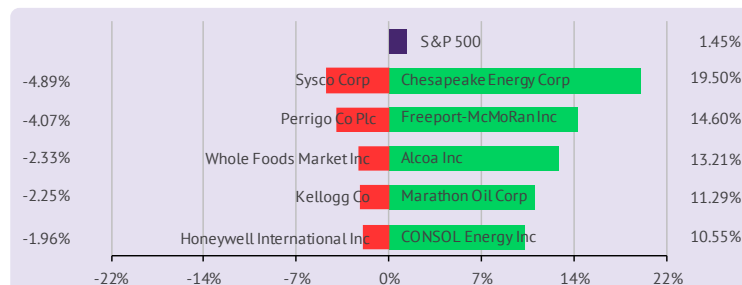
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	49112.80	▲	172.37	0.35%	0.35%	-0.06%	-3.06%
JSE Top 40	43694.03	▲	219.57	0.51%	0.51%	-0.84%	-4.59%
FTSE 100	6037.73	▲	87.50	1.47%	1.47%	-0.76%	-3.28%
DAX 30	9573.59	▲	185.54	1.98%	1.98%	-2.29%	-10.89%
CAC 40	4298.70	▲	75.66	1.79%	1.79%	-2.68%	-7.30%
S&P 500	1945.50	▲	27.72	1.45%	1.45%	0.27%	-4.82%
Nasdaq Composite	4570.61	▲	66.18	1.47%	1.47%	-0.94%	-8.72%
DJIA	16620.66	▲	228.67	1.40%	1.40%	0.94%	-4.62%

US Market ▲

The S&P 500 futures are trading in the red

US markets closed higher yesterday, supported by gains in energy sector stocks amid a rebound in oil prices. Data indicated that the US Markit manufacturing Purchasing Managers' Index (PMI) eased in February. The S&P 500 Index climbed 1.5% to close at 1,945.50.



UK Market ▲

The FTSE 100 futures are trading in negative territory

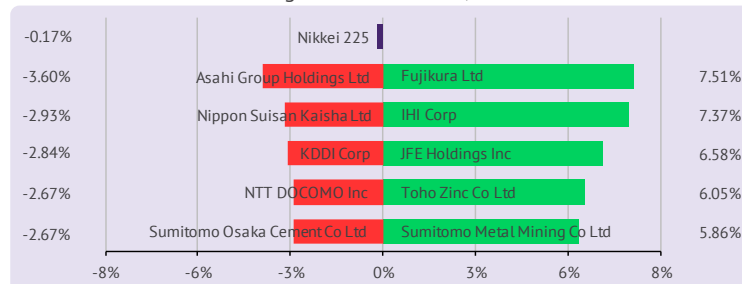
UK markets finished higher yesterday, led by gains in mining sector stocks. Meanwhile, data revealed a further decline in UK's industrial order book balance in February. The FTSE 100 Index advanced 1.5% to close at 6,037.73.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, after a decline in oil prices. Meanwhile, the Bank of Japan (BoJ) Governor, Haruhiko Kuroda, stated that negative interest rates has no direct impact on inflation. The Nikkei 225 Index is trading 0.2% lower at 16,084.11.



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USDZAR ▲

USD trading higher against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R15.2168. Later today, traders will keep a close watch on the US consumer confidence index and existing home sales for further clues. Furthermore, market participants will keep a watch on South Africa's leading indicator for December.

The US Dollar fell against the South African Rand yesterday, after the US manufacturing PMI unexpectedly dropped to its lowest level since October 2012. Meanwhile, the Chicago Fed national activity index rebounded, showing that the US economic growth picked up in January.

GBPZAR ▼

GBP trading lower against ZAR

At 06:00 SAST, the British Pound declined 0.1% against the South African Rand to trade at R21.4669. With no major economic releases in the UK today, investors will look forward to a leading indicator in South Africa, scheduled in a few hours.

The British Pound declined against the South African Rand yesterday, amid increasing possibility that Britain will leave the European Union (EU).

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro is trading 0.3% firmer against the South African Rand at R16.8085. Going forward, market participants will keep a tab on the German Q4 gross domestic product (GDP) data, scheduled in a few hours for further clues.

The Euro weakened against the South African Rand yesterday, after Eurozone's manufacturing and services PMI increased at its weakest pace for over a year in February. Moreover, Germany's manufacturing and services PMI slowed for a second month in February, indicating that Europe is facing pressures from a slowdown in emerging markets.

AUDZAR ▲

AUD trading higher against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.1% firmer against the South African Rand at R10.9861. With a light economic calendar in Australia this week, investor sentiment would be determined by global macroeconomic news.

The Australian Dollar fell against the South African Rand yesterday, continuing its previous session losses.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.2168	▲	-1.31%	-1.31%	-4.39%	2.70%	-1.81%
GBPZAR	21.4669	▼	-2.79%	-2.79%	-5.03%	-0.72%	-5.72%
EURZAR	16.8085	▲	-2.29%	-2.29%	-2.65%	2.40%	-0.32%
AUDZAR	10.9861	▲	-0.22%	-0.22%	-2.42%	-0.95%	-3.35%
EURUSD	1.1045	▲	-0.94%	-0.94%	1.77%	-0.30%	1.46%
GBPU\$	1.4109	▼	-1.48%	-1.48%	-0.73%	-3.33%	-4.03%
Brent (\$/barrel)	34.2	▼	5.09%	5.09%	-0.14%	-6.81%	-6.95%
Gold (\$/oz)	1221.7	▲	-1.70%	-1.70%	8.34%	5.30%	14.08%
Platinum (\$/oz)	932.1	▲	-1.88%	-1.88%	6.12%	-1.95%	4.05%
Copper (\$/MT)*	4697.5	▲	1.58%	1.58%	2.79%	-2.88%	-0.18%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices edged 1.0% higher to trade at \$1,221.70/oz.

Yesterday, gold prices fell 1.7% to close at \$1,209.50/oz, amid a rally in global equity markets and a stronger US Dollar, reduced demand for the precious metal as an alternative investment.

Brent Crude Oil ▼

Trading weaker

Brent crude oil reversed previous session gains and at 06:00 SAST, edged 1.4% lower to trade at \$34.21/bbl.

Yesterday, Brent crude oil advanced 5.1% to settle at \$34.69/bbl, following speculation of declining US shale output and a rally in global equities led to hopes of a fall in crude supply glut.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices advanced 0.5% to trade at \$932.10/oz.

Yesterday, platinum prices declined 1.9% to close at \$927.80/oz, extending previous session losses.



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Major South Africa Corporate News

AngloGold Ashanti Limited

In its FY15 results, the company, revealed that its revenue declined 18.3% from the preceding year to USD4.17bn. Its diluted headline loss stood at 18.00c/share, compared with 19.00c/share recorded in the prior year. For FY16, the company expects its production to be in the range of 3.60moz to 3.80moz and capital expenditure to be between USD790.00mn and USD850.00mn.

Cashbuild Limited

In its trading update for six months ended 31 December 2015, the firm, revealed that its basic, headline, diluted basic and diluted headline EPS are expected to increase in the range of 34.0% and 39.0% from the corresponding period of the preceding year. Excluding the impact of BEE transaction, its headline EPS is expected to be between 1,067.70c and 1,107.60c and its diluted headline EPS to be in the range of 1,057.40c to 1,096.80c.

Metair Investments Limited

In its trading statement for the year ended 31 December 2015, the company, stated that its headline EPS is expected to be in the range of 240.00c to 250.00c, indicating an increase of 17.5% to 20.8% from the same period of the prior year. Its EPS is expected to be between 260.00c to 270.00c, resulting in an increase of 12.3% to 15.6% from the corresponding period of the preceding year.

Oceana Group Limited

The company announced that its Executive Director, ABA Conrad has resigned from the board of the company, with effect from April 30, 2016.

Steinhoff International Holdings NV

The company announced that it has proposed a cash offer to the board of Home Retail Group Plc for a consideration of 175.00p/share, comprising 147.20p/share in cash and 25.00p/share at the completion of the transaction. Remaining 2.80p/share will be paid in lieu of a final dividend in respect of the FY16.

Sun International Limited

In its 1H16 results, the company, indicated that its revenue from continuing operations rose to R5.84bn from R5.29bn posted in the corresponding period of the prior year. However, its adjusted headline EPS fell 19.3% from the same period of the preceding year to 346.00c. Its loss before tax stood at R28.00mn, compared with profit before tax of R1.07bn recorded in the corresponding period of the previous year.

Major Global Economic News

Eurozone

The flash Markit manufacturing PMI in the Eurozone, recorded a drop to 51.00 in February compared to a level of 52.30 in the prior month. Markets were expecting the index to ease to a level of 52.00.

In the Eurozone, the flash Markit services PMI fell more-than-expected to a level of 53.00 in February, following a level of 53.60 in January.

The flash Markit manufacturing PMI in Germany, dropped to 50.20 in February, from a reading of 52.30 in January. Market expectation was for index to fall to a level of 51.90.

In Germany, the flash Markit services PMI, advanced unexpectedly to a level of 55.10 in February, compared to a reading of 55.00 in the previous month.

UK

The CBI balance of firms reporting total order book above normal, in the UK, recorded a drop to -17.00 in February from a reading of -15.00 in the previous month.

US

The flash Markit manufacturing PMI in the US registered a drop to 51.00 in February, compared to a reading of 52.40 in the prior month.

The Chicago Fed national activity index in the US, registered a rise to 0.28 in January, compared to a revised reading of -0.34 in the previous month.

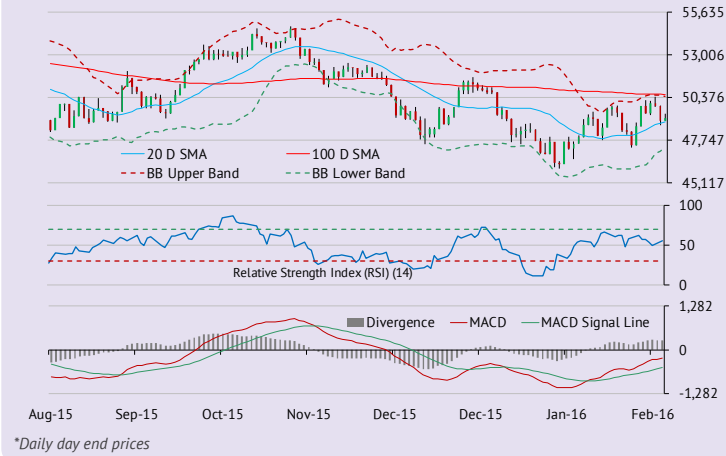
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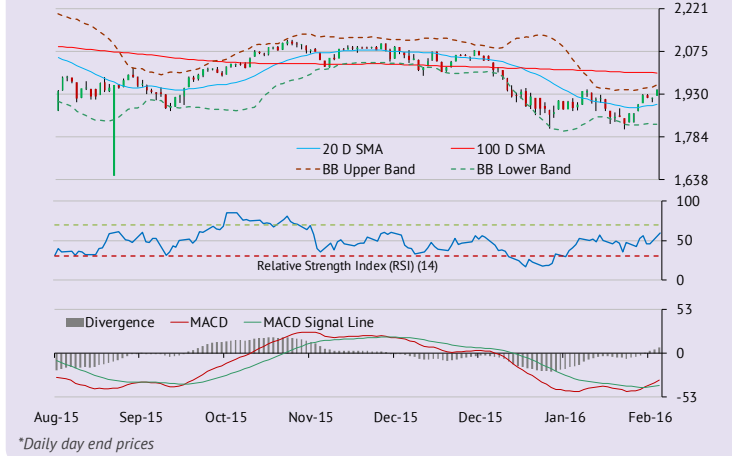
Technical Snapshot

JSE All Share



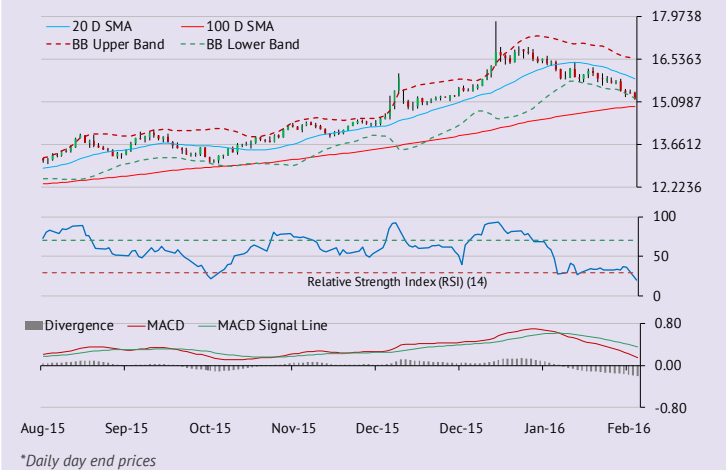
The JSE All Share index is expected to find support at 48,370.28, and a fall through could take it to the next support level of 47,627.76. The index is expected to find its first resistance at 50,144.84, and a rise through could take it to the next resistance level of 51,176.88.

S&P 500



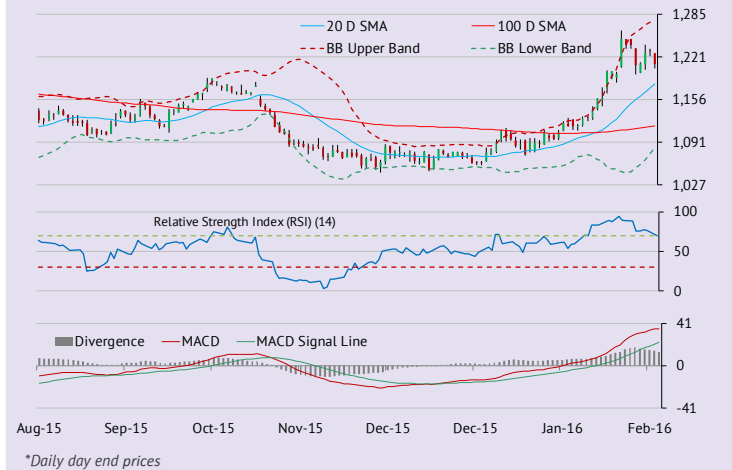
The S&P 500 index is expected to find support at 1,895.73, and a fall through could take it to the next support level of 1,845.95. The index is expected to find its first resistance at 1,970.99, and a rise through could take it to the next resistance level of 1,996.47.

USDZAR



The pair is expected to find support at 14.9445, and a fall through could take it to the next support level of 14.6963. The pair is expected to find its first resistance at 15.6602, and a rise through could take it to the next resistance level of 16.1277.

XAU/USD



Gold is expected to find support at \$1,189.00/oz, and a fall through could take it to the next support level of \$1,168.50/oz. The precious metal is expected to find its first resistance at \$1,234.60/oz, and a rise through could take it to the next resistance level of \$1,259.70/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
Germany	09:00	Gross Domestic Product s.a. (QoQ) (Q4) (F)	✓✓✓	-	0.30%**	Quarterly
Germany	09:00	Exports (QoQ) (Q4)	✓	-	0.20%	Quarterly
Germany	09:00	Imports (QoQ) (Q4)	✓	-	1.10%	Quarterly
South Africa	09:00	Leading Indicator	✓✓		93.70	Monthly
France	09:45	Business Climate (Feb)	✓	-	102.00	Monthly
Germany	11:00	IFO - Business Climate (Feb)	✓✓	-	107.30	Monthly
Germany	11:00	IFO - Current Assessment (Feb)	✓✓	-	112.50	Monthly
Germany	11:00	IFO - Expectations (Feb)	✓✓	-	102.40	Monthly
Eurozone	15:30	ECB's Danièle Nouy Speaks in London	✓	-	-	As scheduled
US	15:55	Redbook Index (YoY) (19-Feb)	✓	-	0.90%	Weekly
US	16:00	S&P/Case-Shiller 20 City s.a. (MoM) (Dec)	✓	-	0.94%	Monthly
US	16:00	S&P/Case-Shiller Composite-20 (YoY) (Dec)	✓	-	5.83%	Monthly
US	16:00	S&P/Case-Shiller Home Price Index (Dec)	✓	-	182.86	Monthly
US	17:00	Consumer Confidence (Feb)	✓✓✓	-	98.10	Monthly
US	17:00	Richmond Fed Manufacturing Index (Feb)	✓	-	2.00	Monthly
US	17:00	Existing Home Sales (Jan)	✓	-	5.46mn	Monthly
US	17:00	Existing Home Sales (MoM) (Jan)	✓	-	14.70%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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