

ONE Minute Brief

4 May 2016

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Economic and Political News

In April, the Barclays manufacturing Purchasing Managers' Index (PMI) in South Africa advanced unexpectedly to a level of 54.90, compared to market expectations of a fall to a level of 50.20. In the prior month, the PMI had recorded a level of 50.50.

In South Africa, new vehicle sales recorded a drop of 9.2% in April on an annual basis, compared to a fall of 14.0% in the prior month. Markets were anticipating sales to drop 8.2%.

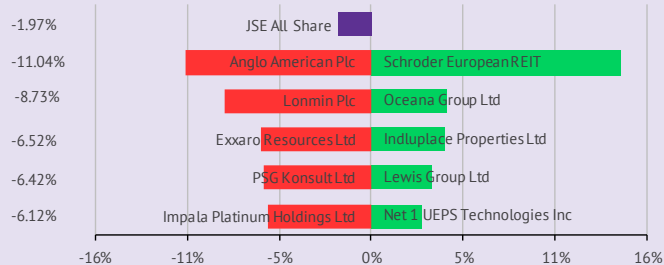
The South African Reserve Bank (SARB) warned that any more ratings downgrade by the credit rating agencies could lead to increased capital outflows. Further, the central bank mentioned there was a medium to high probability that the country's debt will be downgraded to non-investment status.

Democratic Alliance (DA) urged the National Prosecuting Authority (NPA) to indict charges against President Jacob Zuma following North Gauteng High Court's ruling last week which decided to drop 783 corruption charges against him.

South Africa Market ▼

South African markets closed lower

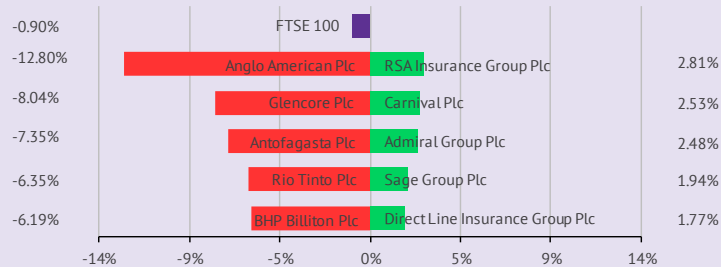
South African markets closed in the red yesterday, amid losses in resources and platinum sector stocks. Data indicated that South Africa's manufacturing PMI advanced surprisingly to a three-year high in April. The JSE All Share Index fell 2.0% to close at 51,912.11.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, due to losses in mining sector stocks. Data indicated that UK's manufacturing PMI contracted unexpectedly in April. The FTSE 100 Index declined 0.9% to close at 6,185.59.



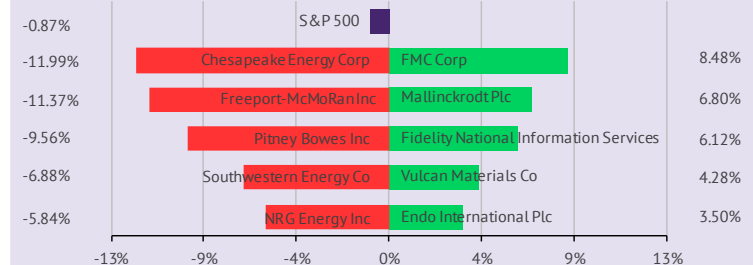
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51912.11	▼ -1045.21	-1.97%	-1.97%	-1.97%	1.35%	2.40%
JSE Top 40	45548.97	▼ -922.03	-1.98%	-1.98%	-1.98%	0.72%	-0.54%
FTSE 100	6185.59	▼ -56.30	-0.90%	-0.90%	-0.90%	1.08%	-0.91%
DAX 30	9926.77	▼ -196.50	-1.94%	-1.12%	-1.12%	0.74%	-7.60%
CAC 40	4371.98	▼ -70.77	-1.59%	-1.29%	-1.29%	1.00%	-5.72%
S&P 500	2063.37	▼ -18.06	-0.87%	-0.09%	-0.09%	0.27%	0.95%
Nasdaq Composite	4763.22	▼ -54.37	-1.13%	-0.25%	-0.25%	-1.94%	-4.88%
DJIA	17750.91	▼ -140.25	-0.78%	-0.13%	-0.13%	0.50%	1.87%

US Market ▼

The S&P 500 futures are trading in the red

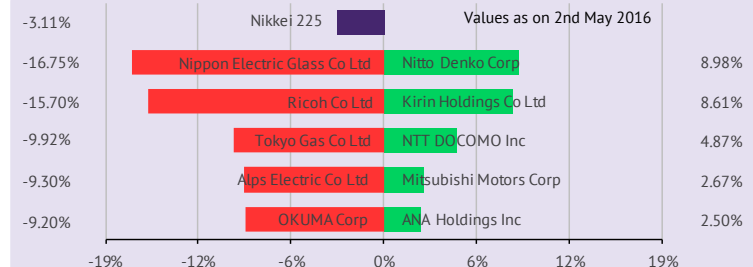
US markets closed lower yesterday, weighed down by losses in energy sector stocks. Data revealed that the US economic optimism index advanced in May. The S&P 500 Index dropped 0.9% to close at 2,063.37.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning, tracking overnight losses on Wall Street, on fears of weakening global growth. Markets in Japan are closed today on account of public holiday.



Address: GTC @Grant Thornton, The Wanderers Office Park, 52 Corlett Drive, Illovo, 2196.
t: +27 (0) 21 412 1074 | e: oneminutebrief@gtc.co.za | w: www.gtc.co.za

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USDZAR ▲

USD trading firmer against ZAR

At 06:00 SAST, the US Dollar is trading 0.2% firmer against the South African Rand at R14.6851. Later today, traders will keep a close watch on US ADP employment change and trade balance data for further direction. Moreover, the ISM non-manufacturing, the Markit services PMI and durable goods orders will also grab market attention.

The US Dollar rose against the South African Rand yesterday, after the US economic optimism index improved in May, marking its highest level since May 2015, indicating confidence about the US economy in the minds of consumers. Moreover, the ISM New York city business conditions index advanced in April. Elsewhere, in South Africa, the Barclays manufacturing PMI rose to a three-month high in April.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound advanced 0.3% against the South African Rand to trade at R21.3440. Later today, traders will keep a watch on UK's construction PMI for further clues.

The British Pound advanced against the South African Rand yesterday, despite UK's manufacturing output contracting for the first time in three years in April, thus adding to the existing fears about the nation's economy's strength. Separately, South Africa's manufacturing activity growth expanded to the highest level in three years in April.

EURZAR ▲

EUR trading stronger against ZAR

At 06:00 SAST, the Euro gained 0.1% against the South African Rand to trade at R16.8611. Going forward, market participants will keep a tab on the Eurozone's services PMI and retail sales data, scheduled in a few hours. Moreover, Germany's services PMI will also be on investors' radar.

The Euro strengthened against the South African Rand yesterday, after Eurozone's producer prices rose for the first time in 12 months on a monthly basis in March. Meanwhile, the European commission indicated in their economic forecasts that the Eurozone's growth will be slower than previously anticipated, slashing growth outlook to 1.6% from 1.7% expected earlier for the current year, and for the next year slashed forecast to 1.8% from the previously estimated 1.9%.

AUDZAR ▲

AUD trading firmer against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.4% higher against the South African Rand at R11.0064. Earlier in the session, Australia's performance of services index rose slightly in April.

The Australian Dollar rose against the South African Rand yesterday. Separately, the Reserve Bank of Australia (RBA) unexpectedly slashed the key interest rate by 25 basis points to 1.75%. Elsewhere, in China, Australia's largest business partner, the Caixin manufacturing PMI eased unexpectedly in April, remaining in contraction territory for the 14th consecutive month.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.6851	▲	2.63%	2.91%	2.91%	-3.60%	-5.32%
GBPZAR	21.3440	▲	1.61%	2.30%	2.30%	-1.89%	-6.67%
EURZAR	16.8611	▲	2.28%	3.29%	3.29%	-3.01%	0.18%
AUDZAR	11.0064	▲	0.15%	1.25%	1.25%	-4.28%	-3.55%
EURUSD	1.1483	▼	-0.32%	0.40%	0.40%	0.62%	5.80%
GBPUSD	1.4533	▼	-0.94%	-0.50%	-0.50%	1.72%	-1.41%
Brent (\$/barrel)	44.9	▼	-1.88%	-6.57%	-6.57%	19.34%	20.63%
Gold (\$/oz)	1281.5	▼	-0.31%	0.10%	0.10%	4.56%	21.84%
Platinum (\$/oz)	1061.7	▼	-1.36%	-0.63%	-0.63%	10.42%	20.17%
Copper (\$/MT)*	4928.3	▼	-2.68%	-2.68%	-2.68%	3.76%	4.73%

*As of Previous Close

Gold ▼

Trading in the red

Gold prices edged 0.8% lower at 06:00 SAST, to trade at \$1,281.50/oz, extending losses from previous sessions.

Yesterday, gold prices fell 0.3% to close at \$1,291.80/oz, as a broad strength in the greenback, reduced demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

Brent crude oil declined 0.1% at 06:00 SAST, to trade at \$44.92/bl, extending losses from previous sessions.

Yesterday, Brent crude oil dropped 1.9% to settle at \$44.97/bl, as renewed fears of a global crude glut coupled with concerns about weaker Chinese demand weighed on oil prices. Moreover, the American Petroleum Institute (API) reported that crude oil inventories rose 3.1mn bls last week, less than analyst estimates.

Platinum ▼

Trading in negative territory

At 06:00 SAST, platinum prices edged lower 0.9% to trade at \$1,061.70/oz.

Yesterday, platinum prices declined 1.4% to close at \$1071.60/oz, reversing previous session gains.



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Major South Africa Corporate News

Attacq Limited

The company announced that Mr PH Faure and Mr AW Nauta have resigned from the board of the company, effective from April 30, 2016.

Holdsport Limited

In its FY16 results, the company stated that its sales rose 11.8% from the preceding year to R1.73bn. Its core headline EPS advanced to 548.70c from 452.30c posted in the prior year. Its profit before tax stood at R304.13mn, compared with R261.84mn recorded in the preceding year.

MMI Holdings Limited

The company announced that Mr Etienne de Waal has been appointed as the Chief Executive Officer of the Momentum Retail Segment, while its current CEO Mr Mark van der Watt has been appointed as the CEO of the Life Insurance Centre of Excellence, effective May 1, 2016. Also, Mr Blum Khan will retire as the CEO of the International Segment in June.

Octodec Investments Limited

In its 1H16 results, the firm indicated that its revenue rose to R856.03mn from R808.20mn posted in the corresponding period of the prior year. Its headline EPS advanced 23.6% from the same period of the preceding year to 120.10c. The firm declared interim dividend of 98.40c/share to be payable in cash or reinvested in the shares of the company.

Tiger Brands Limited

In its trading statement for six months ended 31 March 2016, the company indicated that its total EPS is expected to be in the range of 1,023.00c to 1,065.00c, indicating an increase between 23.0% and 28.0% from the corresponding period of the preceding year. Its EPS from continuing operations is expected to be between 1,002.00c and 1,049.00c, 5.0% to 10.0% higher from the same period of the prior year. Its headline EPS from continuing operations stood between 951.00c and 999.00c, compared with 975.00c recorded in the corresponding period of the previous year.

Major Global Economic News

Eurozone

The producer price index (PPI) in the Eurozone unexpectedly climbed 0.3% on a monthly basis in March, higher than market expectations for an unchanged reading. In the previous month, the PPI had recorded a drop of 0.7%.

The European commission in its economic forecasts projected that the Eurozone will grow at a slower pace than previously expected, weighed down by a subdued inflation in the region. The commission slashed the growth forecast in 2016 to 1.6% from 1.7%, and for 2017, it expects growth to accelerate to 1.8% compared to earlier forecast of 1.9%. Further, they also warned of global risks arising from a slowdown in China and fears of Britain's exit from the EU, as both were hurting the economic recovery.

UK

In the UK, the manufacturing PMI dropped unexpectedly to 49.20 in April, lower than market expectations of an advance to 51.20. The index had recorded a revised level of 50.70 in the previous month.

US

In April, the New York City current business condition index recorded a rise to 57.00 in the US. In the prior month, the index had recorded a reading of 50.40.

The economic optimism index in the US registered a rise to 48.70 in May, compared to a reading of 46.30 in the prior month. Market anticipation was for the index to advance to 46.50.

Asia

In April, the AIG performance of services index registered a rise to 49.70 in Australia, compared to a level of 49.50 in the prior month.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Shop Price Index (YoY) (Apr)	✓	-1.70%*	-1.70%	Monthly
France	08:45	Trade Balance (Mar)	✓	-EUR4.20bn	-EUR5.18bn	Monthly
Germany	09:55	Markit Services PMI (Apr) (F)	✓✓	54.60	54.60**	Monthly
Eurozone	10:00	Markit Composite PMI (Apr) (F)	✓✓✓	53.00	53.00**	Monthly
Eurozone	10:00	Markit Services PMI (Apr) (F)	✓✓✓	53.20	53.20**	Monthly
UK	10:30	Markit Construction PMI (Apr)	✓✓	54.00	54.20	Monthly
Eurozone	11:00	Retail Sales (MoM) (Mar)	✓✓	-0.10%	0.20%	Monthly
Eurozone	12:15	ECB's Weidmann Speaks at ADB Meeting in Frankfurt	✓	-	-	As scheduled
US	13:00	MBA Mortgage Applications (29-Apr)	✓	-	-4.10%	Weekly
US	14:15	ADP Employment Change (Apr)	✓✓	195.00K	200.00K	Monthly
US	14:30	Non-Farm Productivity (Q1) (P)	✓	-1.30%	-2.20%	Quarterly
US	14:30	Trade Balance (Mar)	✓✓	-USD41.20bn	-USD47.10bn	Monthly
US	14:55	Redbook Index s.a. (MoM) (29-Apr)	✓	-	-3.10%	Weekly
US	15:45	Markit Composite PMI (Apr) (F)	✓✓	-	51.70**	Monthly
US	15:45	Markit Services PMI (Apr) (F)	✓✓	52.10	52.10**	Monthly
US	16:00	ISM Non-Manufacturing PMI (Apr)	✓✓	54.80	54.50	Monthly
US	16:00	Durable Goods Orders (Mar) (F)	✓✓✓	0.80%	0.80%**	Monthly
US	16:00	Factory Orders (MoM) (Mar)	✓✓	0.60%	-1.70%	Monthly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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