

ONE Minute Brief

5 May 2016

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Economic and Political News

Finance Minister, Pravin Gordhan, stated that the treasury was confident that the fiscal targets for 2016-17 would be achieved along with upward growth and a reduction in the inflation rate will be seen in the second half of the year.

Democratic Alliance (DA) leader, Mmusi Maimane called President Jacob Zuma a thief, the African National Congress's (ANC) "looter in chief" and the main beneficiary of South Africa's 1990s arms acquisition programme. Further, Maimane was forced to withdraw his comment in the Parliament referring to the President.

South Africa's parliamentary protection services kicked out members of the Economic Freedom Fighters (EFF) from the Parliamentary meeting, as they tried to disturb the proceedings ahead of a speech by the President, Jacob Zuma.

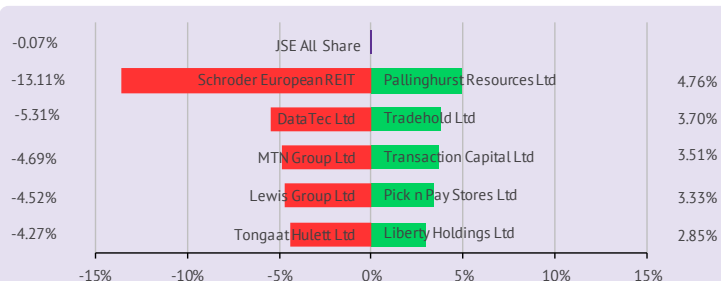
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51873.50	▼	-38.61	-0.07%	-2.05%	1.35%	2.33%
JSE Top 40	45559.49	▲	10.52	0.02%	-1.96%	0.72%	-0.52%
FTSE 100	6112.02	▼	-73.57	-1.19%	-2.08%	1.08%	-2.09%
DAX 30	9828.25	▼	-98.52	-0.99%	-2.10%	0.74%	-8.51%
CAC 40	4324.23	▼	-47.75	-1.09%	-2.36%	1.00%	-6.75%
S&P 500	2051.12	▼	-12.25	-0.59%	-0.69%	0.27%	0.35%
Nasdaq Composite	4725.64	▼	-37.58	-0.79%	-1.04%	-1.94%	-5.63%
DJIA	17651.26	▼	-99.65	-0.56%	-0.69%	0.50%	1.30%

South Africa Market ▼

South African markets closed lower

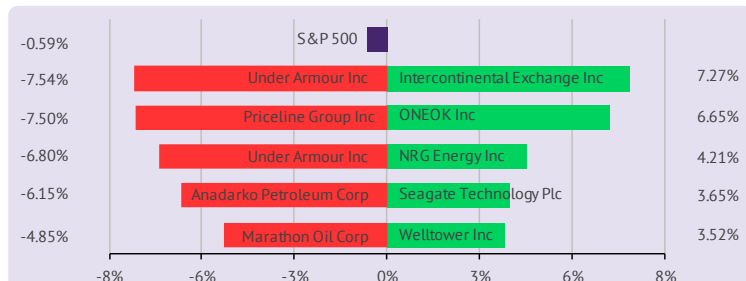
South African markets closed in the red yesterday, amid losses in platinum mining and banking sector stocks. The JSE All Share Index fell 0.1% to close at 51,873.50.



US Market ▼

The S&P 500 futures are trading in the green

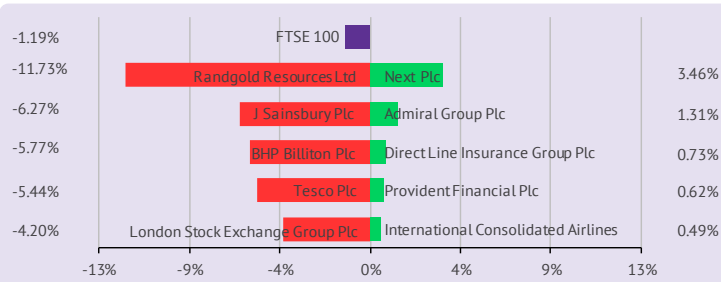
US markets closed lower yesterday, led by losses in energy sector stocks and weak data on private sector jobs. Other data revealed that the US ISM non-manufacturing PMI expanded more-than-expected in April. The S&P 500 Index dropped 0.6% to close at 2,051.12.



UK Market ▼

The FTSE 100 futures are trading in positive territory

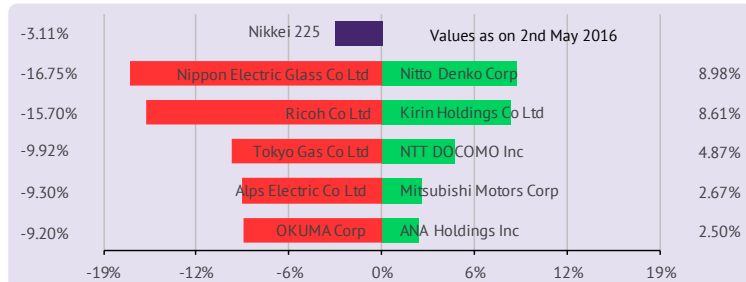
UK markets finished lower yesterday, due to losses in mining sector and supermarket stocks. Data indicated that UK's construction PMI expanded at a slower than expected pace in April. The FTSE 100 Index declined 1.2% to close at 6,112.02.



Asian Market ▼

Trading lower

Asian markets are trading lower this morning on the back of weak cues overnight from Wall Street. Earlier in the session, in China, the services PMI expanded moderately in April. Markets in Japan are closed today on account of a public holiday.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar declined 0.7% against the South African Rand to trade at R14.8816. Later today, traders will keep a close watch on US initial jobless claims for further direction. Additionally, South Africa's Standard Bank PMI will also grab market attention.

The US Dollar rose against the South African Rand yesterday, after the US service sector expanded more than market expectations in April, rising to its highest level in 2016. Moreover, factory orders rebounded strongly in March, showing robust demand from the defence equipment category. Further, the US services PMI advanced in April, marking its highest reading since January. Additionally, the nation's trade deficit narrowed in March, due to imports falling faster than exports. However, the ADP employment change indicated that employers added less jobs than expected in April, raising concerns about Friday's non-farm jobs report for April.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound fell 0.5% against the South African Rand to trade at R21.6075. Later today, traders will monitor UK's Markit services PMI and official reserves for further cues.

The British Pound advanced against the South African Rand yesterday, despite UK's construction sector marking its slowest expansion since mid-2013, as new orders fell with fears over weaker economic outlook continue to rise.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro retreated 0.7% against the South African Rand to trade at R17.0939. Going forward, market participants will keep a tab on ECB's economic bulletin, set to release in a few hours.

The Euro strengthened against the South African Rand yesterday. Data showed that the Eurozone's services PMI remained unchanged in April from March, yet the growth was likely to continue. Meanwhile, retail sales in the region fell sharply on a monthly basis in March, due to the earlier timing of the Easter holidays in 2016. Elsewhere, Germany's services PMI declined marginally in April, recording its six-month low reading.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar declined 0.2% against the South African Rand to trade at R11.1527. Earlier in the session, Australia's trade deficit narrowed more-than-expected in March. Moreover, retail sales advanced on a monthly basis in March. Elsewhere, in China, Australia's largest trading partner, the services sector continued to expand but at a moderate pace in March.

The Australian Dollar rose against the South African Rand yesterday, after Australia's performance of services index advanced marginally in April.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	14.8816	▼	2.26%	5.24%	5.24%	-3.60%	-3.18%
GBPZAR	21.6075	▼	2.04%	4.39%	4.39%	-1.89%	-4.77%
EURZAR	17.0939	▼	2.20%	5.56%	5.56%	-3.01%	2.38%
AUDZAR	11.1527	▼	1.95%	3.22%	3.22%	-4.28%	-1.67%
EURUSD	1.1487	▲	-0.08%	0.32%	0.32%	0.62%	5.71%
GBPUSD	1.4518	▲	-0.27%	-0.77%	-0.77%	1.72%	-1.67%
Brent (\$/barrel)	45.4	▲	-0.78%	-7.29%	-7.29%	19.34%	19.69%
Gold (\$/oz)	1282.7	▲	-1.35%	-1.25%	-1.25%	4.56%	20.20%
Platinum (\$/oz)	1061.6	▲	-1.49%	-2.11%	-2.11%	10.42%	18.38%
Copper (\$/MT)*	4879.5	▼	-0.99%	-3.64%	-3.64%	3.76%	3.69%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices climbed 0.7% to trade at \$1,282.70/oz.

Yesterday, gold prices fell 1.4% to close at \$1,274.40/oz, as a broad strength in the greenback, reduced demand for the safe haven asset.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 1.6% higher to trade at \$45.35/bl.

Yesterday, Brent crude oil dropped 0.8% to settle at \$44.62/bl, after the US Energy Department reported that crude oil inventories rose by 2.78mn bls last week.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices gained 0.6% to trade at \$1,061.60/oz.

Yesterday, platinum prices declined 1.5% to close at \$1055.60/oz.



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Major South Africa Corporate News

African Oxygen Limited

The company announced that it has signed a contract for the commercialisation of the Free State Helium and Natural Gas field with alternative energy company Renergen Limited, through its subsidiary TETRA 4 Limited.

Impala Platinum Holdings Limited

The company announced that it has obtained US Court Order against A1 Specialised Services and Supplies Limited, in which the company will receive USD201.00mn.

Liberty Holdings Limited

The firm announced that Steven Braudo has resigned from the board of directors of the company with immediate effect.

SabMiller Plc

The company announced that the company along with The Coca-Cola Company and Gutsche Family Investments – and the South African Government have agreed to a comprehensive set of commitments that will be recommended to the Competition Tribunal in connection with the proposed creation of Africa's largest soft-drink beverage bottling operation.

Major Global Economic News

US

In April, the non-manufacturing PMI rose to a level of 55.70 in the US, compared to a level of 54.50 in the prior month. Market anticipation was for the index to advance to 54.80.

In the US, the private sector employment climbed by 156.00K in April, compared to market anticipations of an advance of 195.00K. The private sector employment had registered a revised gain of 194.00K in the prior month.

In March, the final durable goods orders in the US climbed 0.8% on a monthly basis, compared to a revised drop of 3.1% in the prior month. The preliminary figures had also indicated an advance of 0.8% and the markets were anticipating a similar rise.

In the US, on a monthly basis, factory orders climbed 1.1% in March, compared to a revised fall of 1.9% in the previous month. Market expectation was for factory orders to rise 0.6%.

In April, the final Markit services PMI climbed to 52.80 in the US, compared to a level of 51.30 in the previous month. Markets were expecting index to climb to a level of 52.10.

Asia

The Caixin/Markit services PMI index in China dropped to 51.80 in April, following a reading of 52.20 in the prior month.

On a MoM basis, in March, the seasonally adjusted retail sales climbed 0.4% in Australia, more than market expectations for a rise of 0.3%. In the previous month, retail sales had registered a revised rise of 0.1%.

In March, the seasonally adjusted trade deficit in Australia dropped to AUD2163.00mn, following a revised trade deficit of AUD3044.00mn in the previous month. Markets were expecting the nation to register a trade deficit of AUD2900.00mn.

Eurozone

In the Eurozone, the final services PMI remained steady at a level of 53.10 in April, compared to market expectations of an advance to 53.20.

The final services PMI in Germany dropped to 54.50 in April, from a level of 55.10 in the previous month. Markets were expecting index to drop to 54.60.

In the Eurozone, the seasonally adjusted retail sales eased 0.5% on a monthly basis in March, compared to a revised rise of 0.3% in the previous month. Markets were expecting retail sales to drop 0.1%.

UK

The construction PMI eased to 52.00 in the UK, in April, lower than market expectations of a fall to 54.00. In the previous month, the construction PMI had registered a level of 54.20.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
China	03:45	Caixin/Markit Services PMI (Apr)	✓✓	51.80*	52.20	Monthly
China	03:45	HSBC China Composite PMI (Apr)	✓✓	50.80*	51.30	Monthly
South Africa	09:15	Standard Bank PMI (Apr)	✓✓	47.50	47.00	Monthly
UK	09:30	Halifax House Prices (MoM) (Apr)	✓	-0.30%	2.60%	Monthly
Eurozone	10:00	ECB Publishes Economic Bulletin	✓	-	-	As scheduled
UK	10:30	Official Reserves (Changes) (Apr)	✓✓	-	USD756.00mn	Monthly
UK	10:30	Markit Services PMI (Apr)	✓✓	53.50	53.70	Monthly
Eurozone	12:30	ECB's Visco Scheduled to Speak at Florence Event	✓	-	-	As scheduled
South Africa	13:00	Electricity Consumption (YoY) (Mar)	✓	-	0.40%	Monthly
South Africa	13:00	Electricity Production (YoY) (Mar)	✓	-	2.80%	Monthly
US	13:30	Challenger Job Cuts (YoY) (Apr)	✓	-	31.70%	Monthly
Canada	14:30	Building Permits (MoM) (Mar)	✓	-4.80%	15.50%	Monthly
US	14:30	Initial Jobless Claims (30-Apr)	✓✓	260.00K	257.00K	Weekly

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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