

ONE Minute Brief

10 May 2016

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Economic and Political News

South Africa's unemployment rate climbed to 26.7% in 1Q16, from a level of 24.5% in the previous quarter.

The net gold & forex reserves in South Africa recorded an unexpected drop to USD41.16bn in April, compared to a level of USD41.18bn in the prior month. Meanwhile, gross gold & forex reserves climbed to USD46.96bn in April, from a reading of USD46.77bn in the preceding month.

Finance Minister, Pravin Gordhan, indicated that the team effort by the government, business and labour had helped the nation to avoid a credit rating downgrade by Moody and hoped that it would also convince Fitch and Standard & Poor's that South Africa is addressing its challenges.

President Jacob Zuma stated that the economy was "weathering the storm" and unveiled new initiatives to accelerate economic growth. He also mentioned that Moody's decision to maintain the credit rating was evidence of the hard work of the government.

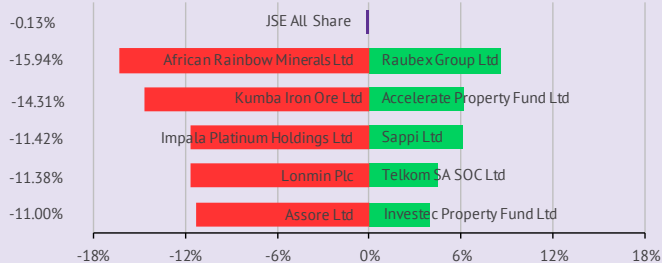
Key Indices

	Last Close	1 Day Chg	1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
JSE All Share	51348.72	▼	-68.66	-0.13%	-0.13%	-3.04%	1.35%
JSE Top 40	45136.68	▲	34.81	0.08%	0.08%	-2.87%	0.72%
FTSE 100	6114.81	▼	-10.89	-0.18%	-0.18%	-2.04%	1.08%
DAX 30	9980.49	▲	110.54	1.12%	1.12%	-0.58%	0.74%
CAC 40	4322.81	▲	21.57	0.50%	0.50%	-2.40%	1.00%
S&P 500	2058.69	▲	1.55	0.08%	0.08%	-0.32%	0.27%
Nasdaq Composite	4750.21	▲	14.05	0.30%	0.30%	-0.53%	-1.94%
DJIA	17705.91	▼	-34.72	-0.20%	-0.20%	-0.38%	0.50%

South Africa Market ▼

South African markets closed lower

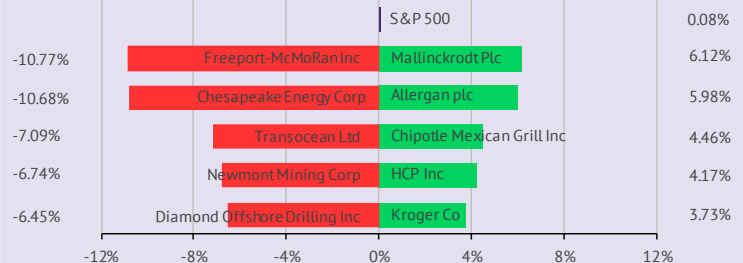
South African markets closed in the red yesterday, led by losses in platinum as well as gold mining sector stocks. Data revealed that South Africa's unemployment rate rose in 1Q16. The JSE All Share Index fell 0.1% to close at 51,348.72.



US Market ▲

The S&P 500 futures are trading in the green

US markets closed mostly higher yesterday, amid a rally in healthcare and pharmaceutical sector stocks. The S&P 500 Index climbed 0.1% to close at 2,058.69.



UK Market ▼

The FTSE 100 futures are trading in positive territory

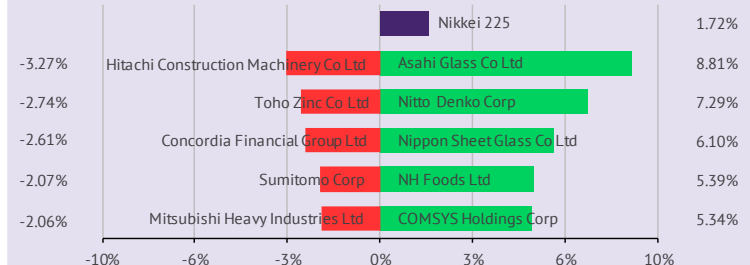
UK markets finished lower yesterday, weighed down by losses in mining sector stocks. The FTSE 100 Index declined 0.2% to close at 6,114.81.



Asian Market ▲

Trading mostly higher

Asian markets are trading mostly higher this morning. Early morning data indicated a rise in China's consumer price inflation and a more-than-expected decline in producer prices on a yearly basis in April. The Nikkei 225 Index is trading 1.7% higher at 16,495.14.



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USDZAR ▼

USD trading lower against ZAR

At 06:00 SAST, the US Dollar is trading 0.3% weaker against the South African Rand at R15.1370. Later today, traders will look forward to the US NFIB business optimism index for further direction.

The US Dollar rose against the South African Rand yesterday. Data indicated that South Africa's unemployment rate rose to the highest level since 2008 in 1Q16. Separately, the Chicago and the Minneapolis Federal Reserve (Fed) Presidents, Charles Evans and Neel Kashkari, indicated that they supported the Fed's current monetary stance.

GBPZAR ▼

GBP trading weaker against ZAR

At 06:00 SAST, the British Pound declined 0.2% against the South African Rand to trade at R21.8019. Earlier in the session, data revealed that, retail sales across all sectors in the UK dropped unexpectedly last month. Later in the session, investors will focus on UK's visible and total trade balance data for further clues.

The British Pound advanced against the South African Rand yesterday. Data showed that South Africa's unemployment rate rose to its highest level in 1Q16, increasing fears of a downgrade in the nation's credit rating.

EURZAR ▼

EUR trading lower against ZAR

At 06:00 SAST, the Euro dropped 0.2% against the South African Rand to trade at R17.2262. Going forward, market participants will keep a tab on Germany's industrial production and trade data scheduled to release in a few hours.

The Euro strengthened against the South African Rand yesterday, after German factory orders rose more-than-expected on a monthly basis in March, amid an increase in foreign demand. Separately, investor confidence in the Eurozone ticked up in May.

AUDZAR ▼

AUD trading weaker against ZAR

At 06:00 SAST, the Australian Dollar fell 0.1% against the South African Rand to trade at R11.0955. Earlier in the session, data showed that consumer price inflation of China, Australia's largest trading partner, grew in line with market expectations on a yearly basis in April, while producer prices dropped less-than-expected in the same period.

The Australian Dollar rose against the South African Rand yesterday.

Key Currencies & Commodities

	Current		1 D % Chg	WTD % Chg	MTD % Chg	Prev. Month % Chg	YTD % Chg
USDZAR	15.1370	▼	2.23%	2.23%	6.64%	-3.60%	-1.90%
GBPZAR	21.8019	▼	1.78%	1.78%	5.00%	-1.89%	-4.22%
EURZAR	17.2262	▼	1.98%	1.98%	5.94%	-3.01%	2.76%
AUDZAR	11.0955	▼	1.32%	1.32%	2.60%	-4.28%	-2.26%
EURUSD	1.1381	▼	-0.19%	-0.19%	-0.59%	0.62%	4.75%
GBPUSD	1.4403	▼	-0.16%	-0.16%	-1.37%	1.72%	-2.27%
Brent (\$/barrel)	43.8	▲	-3.84%	-3.84%	-9.35%	19.34%	17.03%
Gold (\$/oz)	1266.7	▲	-2.12%	-2.12%	-1.85%	4.56%	19.47%
Platinum (\$/oz)	1046.8	=	-3.53%	-3.53%	-2.93%	10.42%	17.39%
Copper (\$/MT)*	4698.5	▼	-2.63%	-2.63%	-7.22%	3.76%	-0.15%

*As of Previous Close

Gold ▲

Trading in the green

At 06:00 SAST, gold prices gained marginally to trade at \$1,266.70/oz.

Yesterday, gold prices fell 2.1% to close at \$1,266.60/oz, amid a broadly stronger US Dollar.

Brent Crude Oil ▲

Trading stronger

At 06:00 SAST, Brent crude oil edged 0.5% higher to trade at \$43.83/bl.

Yesterday, Brent crude oil dropped 3.8% to settle at \$43.63/bl, after fears of the impact of the wildfires on Canada's crude output subsided. Additionally, market intelligence firm, Genscape, indicated a rise of 1.4mn bls of crude inventories in the Cushing Oklahoma delivery hub.

Platinum ◀▶

Trading flat

At 06:00 SAST, platinum prices were trading flat at \$1,046.80/oz.

Yesterday, platinum prices declined 3.5% to close at \$1046.80/oz, reversing previous session gains.



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Major South Africa Corporate News

Anglogold Ashanti Limited

In its market update report for 1Q16, the firm, indicated that its gold production from continuing operations declined to 861.00koz from 969.00koz posted in the same period of the preceding year. For FY16, the company expects its production to be between 3.60moz and 3.80moz.

Illovo Sugar Limited

In its revised trading statement for FY16, the firm, revealed that its EPS is expected to be approximately 125.90c, indicating a decline of 29.8% from the previous year. Its headline EPS is expected to slip 36.5% from the prior year to 113.60c.

Northam Platinum Limited

The firm announced that it has sold its 20.3% stake in the Trans Hex Group Limited for a total cash consideration of about R81.80mn, effective May 09, 2016.

Raubex Group Limited

In its FY16 results, the company, revealed that its revenue rose to R7.93bn from R7.25bn posted in the preceding year. Its headline diluted EPS advanced 12.7% from the prior year to 231.80c. Its profit before tax stood at R661.64mn, compared with R606.64mn recorded in the previous year.

Sappi Limited

In its 2Q16 results, the company, stated that its sales declined 3.3% from the corresponding period of the preceding year. However, its headline diluted EPS advanced to 18.00c from 11.00c posted in the same period of the previous year. For FY16, the company expects its capital expenditure to be in line with previous year.

Telkom SA SOC Limited

In its trading statement for FY16, the company, indicated that its reported basic EPS is expected to decline between 20.0% and 30.0%, i.e. by 122.00c to 183.00c down from the preceding year. Its reported headline EPS is expected to fall between 239.00c and 299.00c, indicating a drop in the range of 40.0% to 50.0% from the prior year.

Major Global Economic News

UK

In the UK, retail sales across all sectors unexpectedly eased 0.9% on a yearly basis in April, lower than market expectations for a rise of 0.5%. In March, retail sales across all sectors had dropped 0.7%.

The Halifax house price index in the UK recorded a drop of 0.8% on a monthly basis, in April, compared to a revised rise of 2.2% in the previous month. Market anticipation was for the index to ease 0.3%.

Eurozone

In May, the Sentix investor confidence index in the Eurozone advanced to 6.20, compared to market expectations of a rise to a level of 6.00. In the prior month, the index had recorded a reading of 5.70.

The seasonally adjusted factory orders in Germany climbed 1.9% on a monthly basis in March, higher than market expectations for a rise of 0.6%. Factory orders had dropped by a revised 0.8% in the previous month.

In Switzerland, the consumer price index (CPI) advanced 0.3% on a monthly basis in April, more than market expectations for an increase of 0.1%. In the prior month, the index had registered a similar rise.

US

The Chicago Fed President, Charles Evans, stated that solid economic data would increase US economic growth this year to about 2.5%. He also added that the Fed's current "wait-and-see" monetary policy approach is appropriate.

The Minneapolis Fed President, Neel Kashkari, reiterated that the central bank would continue to take a data-driven approach regarding the timing of its next rate hike and indicated that his current stance of monetary policy is "about right."

Asia

In April, the CPI in China climbed 2.3% on an annual basis, compared to a similar rise in the prior month. Market anticipation was for the index to advance 2.3%.

In April, the producer price index dropped 3.4% in China on a yearly basis, compared to a fall of 4.3% in March. Market anticipation was for the index to decline 3.8%.

In April, the consumer confidence index dropped to 40.80 in Japan, compared to market expectations of a fall to 40.70. In the previous month, the index had registered a level of 41.70.

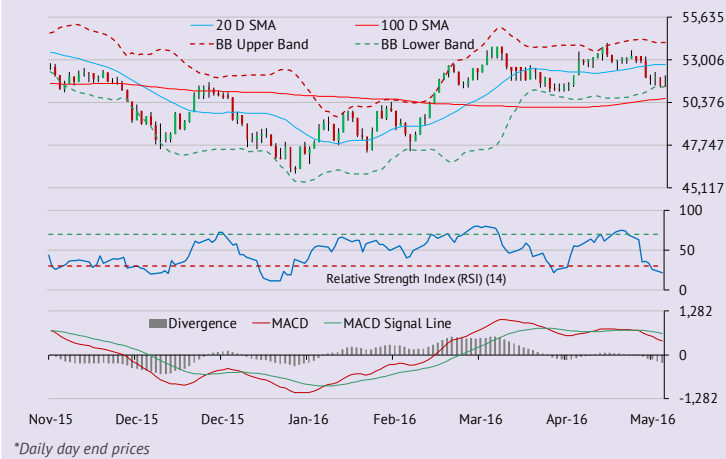
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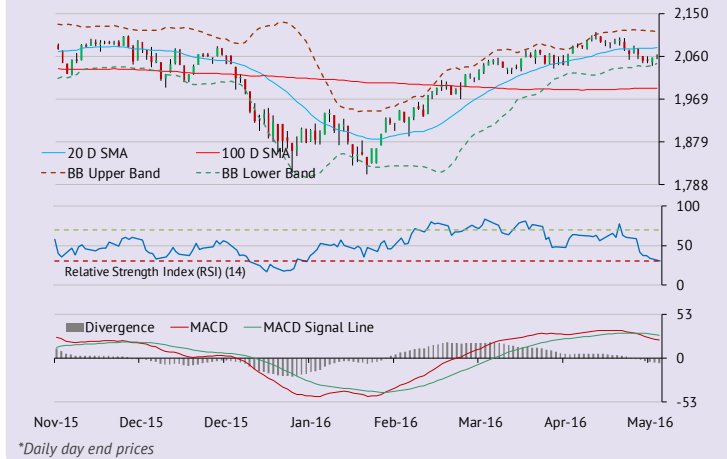
Technical Snapshot

JSE All Share



The JSE All Share index is expected to find support at 50,702.61, and a fall through could take it to the next support level of 50,056.50. The index is expected to find its first resistance at 52,599.18, and a rise through could take it to the next resistance level of 53,849.64.

S&P 500



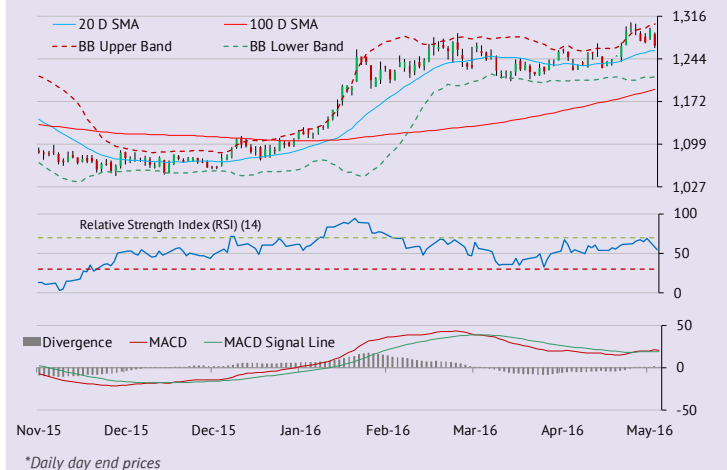
The S&P 500 index is expected to find support at 2,039.70, and a fall through could take it to the next support level of 2,020.71. The index is expected to find its first resistance at 2,077.43, and a rise through could take it to the next resistance level of 2,096.17.

USDZAR



The pair is expected to find support at 14.5240, and a fall through could take it to the next support level of 13.8687. The pair is expected to find its first resistance at 15.5240, and a rise through could take it to the next resistance level of 15.8687.

XAU/USD



Gold is expected to find support at \$1,251.63/oz, and a fall through could take it to the next support level of \$1,236.67/oz. The precious metal is expected to find its first resistance at \$1,292.73/oz, and a rise through could take it to the next resistance level of \$1,318.87/oz.

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Economic Calendar

Country	SAST	Economic Indicator	Relevance	Consensus/ *Actual	Previous/ **Previous Est.	Frequency
UK	01:01	BRC Retail Sales Monitor - All (YoY) (Apr)	✓	-0.90%*	-0.70%	Monthly
China	03:30	Consumer Price Index (YoY) (Apr)	✓✓✓	2.30%*	2.30%	Monthly
China	03:30	Producer Price Index (YoY) (Apr)	✓✓✓	-3.40%*	-4.30%	Monthly
Switzerland	07:45	Unemployment Rate s.a. (Apr)	✓✓	3.50%	3.50%	Monthly
Germany	08:00	Industrial Production s.a. (MoM) (Mar)	✓✓	-0.20%	-0.50%	Monthly
Germany	08:00	Exports s.a. (MoM) (Mar)	✓	0.00%	1.30%	Monthly
Germany	08:00	Current Account n.s.a. (Mar)	✓	EUR25.00bn	EUR20.00bn	Monthly
Germany	08:00	Imports s.a. (MoM) (Mar)	✓	-0.30%	0.40%	Monthly
Germany	08:00	Trade Balance s.a. (Mar)	✓✓	EUR20.60bn	EUR20.30bn	Monthly
France	08:30	Bank of France Business Sentiment (Apr)	✓	100.00	99.00	Monthly
France	08:45	Budget Balance (Mar)	✓	-	-EUR25.60bn	Monthly
France	08:45	Industrial Production (MoM) (Mar)	✓✓	0.70%	-1.00%	Monthly
France	08:45	Manufacturing Production (MoM) (Mar)	✓✓	0.60%	-0.90%	Monthly
US	09:15	Fed's Dudley Speaks in Zurich	✓✓	-	-	As scheduled
Italy	10:00	Industrial Production s.a. (MoM) (Mar)	✓	0.20%	-0.60%	Monthly
UK	10:30	Total Trade Balance (Mar)	✓✓	-GBP4.20bn	-GBP4.84bn	Monthly
UK	10:30	Visible Trade Balance (Mar)	✓✓	-GBP11.45bn	-GBP11.96bn	Monthly
UK	10:30	Trade Balance; non-EU (Mar)	✓	-GBP3.60bn	-GBP3.36bn	Monthly
Italy	11:00	Bank of Italy Publishes Monthly Report 'Money and Banks'	✓	-	-	As scheduled
Greece	11:00	Industrial Production (YoY) (Mar)	✓	-	-3.00%	Monthly
Greece	11:00	Consumer Price Index (YoY) (Apr)	✓	-1.30%	-1.50%	Monthly
South Africa	11:30	Unemployment Total (Q1)	✓✓	-	5.20mn	Quarterly
US	12:00	NFIB Small Business Optimism (Apr)	✓	93.00	92.60	Monthly
US	16:00	Wholesale Inventories (Mar)	✓	0.10%	-0.50%	Monthly
US	16:00	JOLTs Job Openings (Mar)	✓	5450.00K	5445.00K	Monthly
Eurozone	-	OECD Economic Outlook	✓✓	-	-	As scheduled

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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