

ONE Minute Brief

13 May 2016

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Economic and Political News

In March, on a monthly basis, the seasonally adjusted manufacturing production index recorded an unexpected drop of 0.3% in South Africa, less than market expectations for an advance of 0.4%. The index had recorded a rise of 1.3% in the previous month.

In South Africa, mining production registered a drop of 18.0% on an annual basis in March, higher than market expectations for a drop of 12.4%. It had dropped by a revised 8.3% in the prior month.

On an annual basis, gold production in South Africa eased 7.4% in March, from a revised advance of 11.3% in the previous month.

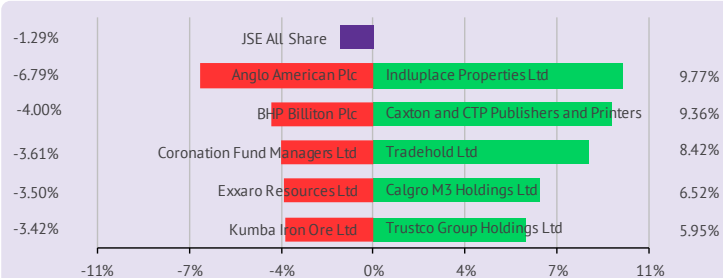
In South Africa, the platinum production dropped 23.7%, on an annual basis in March, compared with a 18.1% fall recorded in the previous month.

The state-owned power utility, Eskom suggested that the nation's electricity availability has improved and there might not be any load shedding in the coming winter or summer, indicating power stations are recovering after years of hard running and neglect.

South Africa Market ▼

South African markets closed lower

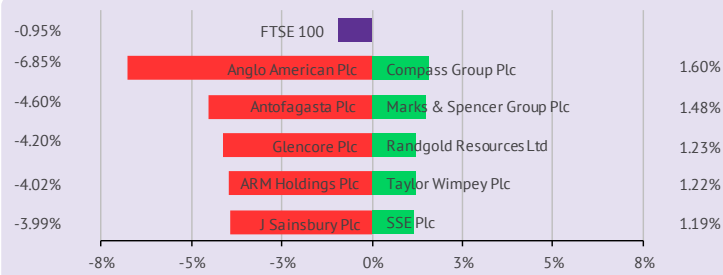
South African markets closed in the red yesterday, due to losses in resources sector stocks as commodity prices declined. Data indicated South Africa's manufacturing production index unexpectedly contracted in March. The JSE All Share Index fell 1.3% to close at 51,458.48.



UK Market ▼

The FTSE 100 futures are trading in negative territory

UK markets finished lower yesterday, led by losses in mining sector stocks. Separately, the Bank of England's held the benchmark interest rate at 0.5% and kept the asset purchase facility unchanged at a level of GBP375.00bn. The FTSE 100 Index declined 1.0% to close at 6,104.19.



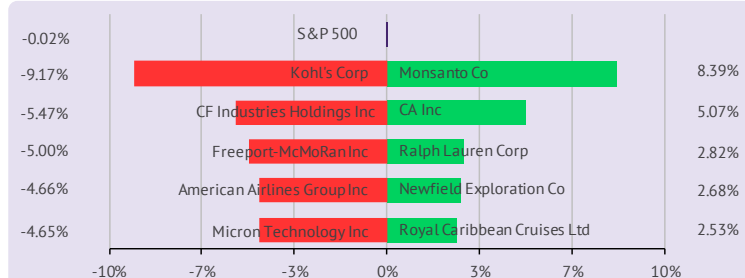
Key Indices

| | Last Close | 1 Day Chg | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|------------------|------------|-----------|-----------|-----------|-----------|-------------------|-----------|
| JSE All Share | 51458.48 | ▼ -671.86 | -1.29% | 0.08% | -2.83% | 1.35% | 1.51% |
| JSE Top 40 | 45190.30 | ▼ -649.39 | -1.42% | 0.20% | -2.76% | 0.72% | -1.33% |
| FTSE 100 | 6104.19 | ▼ -58.30 | -0.95% | -0.35% | -2.21% | 1.08% | -2.21% |
| DAX 30 | 9862.12 | ▼ -113.20 | -1.13% | -0.08% | -1.76% | 0.74% | -8.20% |
| CAC 40 | 4293.27 | ▼ -23.40 | -0.54% | -0.19% | -3.06% | 1.00% | -7.41% |
| S&P 500 | 2064.11 | ▼ -0.35 | -0.02% | 0.34% | -0.06% | 0.27% | 0.99% |
| Nasdaq Composite | 4737.33 | ▼ -23.35 | -0.49% | 0.02% | -0.80% | -1.94% | -5.39% |
| DJIA | 17720.50 | ▲ 9.38 | 0.05% | -0.11% | -0.30% | 0.50% | 1.70% |

US Market ▼

The S&P 500 futures are trading in the red

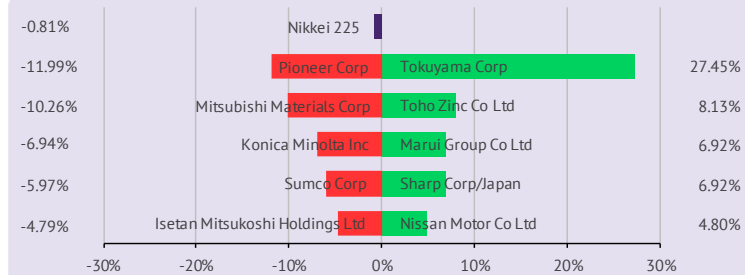
US markets closed lower yesterday, weighed down by losses in healthcare sector stocks. Data revealed that US initial jobless claims advanced surprisingly to a 17-week high during the last week. The S&P 500 Index marginally dropped to close at 2,064.11.



Asian Market ▼

Trading mostly lower

Asian markets are trading mostly lower this morning, as oil prices gave back recent gains. The Nikkei 225 Index is trading 0.8% lower at 16,511.52.



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USDZAR ▲

USD trading stronger against ZAR

At 06:00 SAST, the US Dollar climbed 0.4% against the South African Rand to trade at R15.0582. Later today, traders will keep a close watch on US advance retail sales and the Reuters/ Michigan consumer sentiment index for further cues.

The US Dollar fell against the South African Rand yesterday, after the number of people filling applications for new unemployment benefits advanced for a third consecutive week, as the figure hit a fourteenth month high level. Moreover, the import price index advanced less-than-expected in April. Elsewhere, in South Africa, manufacturing production eased in March, weighed down by a sluggish demand in the nation. Moreover, mining production dropped the most on record in March.

GBPZAR ▲

GBP trading higher against ZAR

At 06:00 SAST, the British Pound advanced marginally against the South African Rand to trade at R21.7242. Later today, traders will eye UK's construction output for further direction.

The British Pound traded flat against the South African Rand yesterday. Separately, the Bank of England (BoE) kept the key interest rate steady and the asset purchase programme intact during its latest monetary policy meeting. Moreover, the central bank cautioned about the economic uncertainties that will arise if Britain plans on leaving the European Union. The BoE Governor, Mark Carney, stated that the Brexit could lead to a technical recession in the nation. Further, in its quarterly inflation report, the bank slashed its growth forecasts to 2.0% from an earlier forecast of 2.2% in February and stated that the consequences of Brexit could heavily weigh on the Pound, hurt capital inflows and even lead to recession.

EURZAR ▲

EUR trading firmer against ZAR

At 06:00 SAST, the Euro is trading 0.2% higher against the South African Rand at R17.1179. Going forward, market participants will keep a tab on Eurozone's gross domestic product, scheduled in a few hours. Moreover, the German gross domestic product and the consumer price index will also be on investors' radar.

The Euro weakened against the South African Rand yesterday, after Eurozone's industrial production dropped unexpectedly in March, amid a drop in non-durable, durable goods, capital and intermediate goods. Separately, Germany's wholesale prices declined at its quickest pace in almost six years in April.

AUDZAR ▲

AUD trading stronger against ZAR

At 06:00 SAST, the Australian Dollar is trading 0.2% higher against the South African Rand at R11.0030.

The Australian Dollar fell against the South African Rand yesterday, after Australia's consumer inflation expectations eased in May.

Key Currencies & Commodities

| | Current | | 1 D % Chg | WTD % Chg | MTD % Chg | Prev. Month % Chg | YTD % Chg |
|-------------------|---------|---|-----------|-----------|-----------|-------------------|-----------|
| USDZAR | 15.0582 | ▲ | -0.23% | 1.02% | 5.37% | -3.60% | -3.06% |
| GBPZAR | 21.7242 | ▲ | 0.00% | 1.22% | 4.41% | -1.89% | -4.75% |
| EURZAR | 17.1179 | ▲ | -0.56% | 0.88% | 4.79% | -3.01% | 1.64% |
| AUDZAR | 11.0030 | ▲ | -0.95% | 0.21% | 1.47% | -4.28% | -3.34% |
| EURUSD | 1.1372 | ▼ | -0.43% | -0.24% | -0.64% | 0.62% | 4.70% |
| GBPU\$ | 1.4436 | ▼ | 0.02% | 0.14% | -1.07% | 1.72% | -1.97% |
| Brent (\$/barrel) | 47.7 | ▼ | 1.01% | 5.97% | -0.10% | 19.34% | 28.97% |
| Gold (\$/oz) | 1270.5 | ▼ | -0.34% | -1.76% | -1.50% | 4.56% | 19.90% |
| Platinum (\$/oz) | 1054.7 | ▲ | -1.13% | -2.87% | -2.26% | 10.42% | 18.20% |
| Copper (\$/MT)* | 4627.3 | ▼ | -1.92% | -4.11% | -8.62% | 3.76% | -1.67% |

*As of Previous Close

Gold ▼

Trading in the red

At 06:00 SAST, gold prices edged 0.1% lower to trade at \$1,270.50/oz.

Yesterday, gold prices fell 0.3% to close at \$1,271.20/oz, as a broad strength in the US Dollar, weakened demand for the precious yellow metal.

Brent Crude Oil ▼

Trading weaker

At 06:00 SAST, Brent crude oil edged 0.8% lower to trade at \$47.71/bL.

Yesterday, Brent crude oil advanced 1.0% to settle at \$48.08/bL, amid increased expectations of a decline in the crude glut, after a monthly report by the IEA suggested a reduction in stockpiles in the second half of the year. However, it also indicated that Iran is increasing its production at an incredible pace, adding to the existing glut of crude.

Platinum ▲

Trading in positive territory

At 06:00 SAST, platinum prices edged 0.1% higher to trade at \$1,054.70/oz.

Yesterday, platinum prices declined 1.1% to close at \$1054.00/oz, reversing previous session losses.



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Major South Africa Corporate News

African Oxygen Limited

The company stated that it has signed an import agreement with Petredec Limited and Bidvest Tank Terminals, to ensure security of supply of liquefied petroleum gas for existing customers in South Africa. The firm also won a 5-year 10.00t/day contract to supply bulk Nitrogen to Limpopo-based frozen fruits exporter, Westfalia Fruit Products Pty Limited.

Anglo American Plc

The company, announced that the Grosvenor project in the Bowen Basin of Queensland, Australia, has delivered its first coal from its underground longwall seven months ahead of schedule. It expects Grosvenor to produce 3.20mnt saleable coal in 2016.

Mondi Plc

In its trading update for 1Q16, the company indicated that underlying operating profit increased to EUR269.00mn, from EUR236.00mn posted in the corresponding period of the previous year. On a like-for-like basis, sales volumes were in line with the comparable period in the prior year, with lower volumes in the industrial bags segment. Profits from consumer packaging and uncoated fine paper, offset the impact of lower selling prices in certain packaging paper segments and margin pressure in fibre packaging.

Oceana Group Limited

In its unaudited interim results for 1H16, the company stated that its revenue increased to R3.60bn from R2.57bn recorded in the corresponding period of the preceding year. Its headline diluted EPS rose 6.7% from the same period of the prior year to 210.20c. The firm anticipates that its overall performance for FY16 will be impacted by prevailing exchange rates, while its acquisitions of Foodcorp and Daybrook will continue to deliver the projected returns.

Major Global Economic News

UK

The BoE held its key interest rate steady at 0.5% and the asset purchase facility remained unchanged at a level of GBP375.00bn in the UK, at par with the market expectations.

In the monetary policy summary that accompanied the decision, the BoE stepped up its warnings about the economic risks ahead of a possible Brexit in the upcoming referendum in June, further indicating that the Pound could fall sharply and unemployment would probably rise. Further, the BoE Governor, Mark Carney, warned that the risks of a vote to leave the EU "could possibly lead to a technical recession in the UK". Furthermore, in the quarterly inflation report, the central bank cut its growth forecast for this year to 2.0% from 2.2% in February, suggesting the effects of uncertainties surrounding the referendum on the economy.

Eurozone

On a monthly basis, in March, the seasonally adjusted industrial production unexpectedly eased 0.8% in the Eurozone, less than market expectations for an unchanged reading. In the prior month, industrial production had fallen by a revised 1.2%.

In April, the wholesale price index advanced 0.3%, on a monthly basis in Germany, compared to a similar rise in the previous month.

US

In the US, the seasonally adjusted initial jobless claims climbed unexpectedly to 294.00K in the week ended May 7, 2016, compared to market expectations of a drop to a level of 270.00K. In the prior week, initial jobless claims had recorded a level of 274.00K.

In April, the import price index climbed 0.3% on a monthly basis in the US, lower than market expectations for a rise of 0.6%. In the previous month, the index had registered a revised similar rise.

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Economic Calendar

| Country | SAST | Economic Indicator | Relevance | Consensus/ *Actual | Previous/ **Previous Est. | Frequency |
|----------|-------|---|-----------|-----------------------|------------------------------|-----------|
| Japan | 06:30 | Tertiary Industry Index (MoM) (Mar) | ✓✓ | -0.70%* | -0.10% | Monthly |
| Germany | 08:00 | Gross Domestic Product s.a. (QoQ) (Q1) (P) | ✓✓✓ | 0.60% | 0.30% | Quarterly |
| Germany | 08:00 | Consumer Price Index (MoM) (Apr) (F) | ✓✓ | -0.40% | -0.20%** | Monthly |
| Eurozone | 08:00 | EU 28 New Car Registrations (YoY) (Apr) | ✓ | - | 6.00% | Monthly |
| France | 08:45 | Nonfarm Payrolls (QoQ) (Q1) (P) | ✓ | 0.20% | 0.20% | Quarterly |
| Spain | 09:00 | Consumer Price Index (MoM) (Apr) (F) | ✓ | 0.70% | 0.70%** | Monthly |
| Italy | 10:00 | Gross Domestic Product (QoQ) (Q1) (P) | ✓✓ | 0.30% | 0.10% | Quarterly |
| Portugal | 10:30 | Gross Domestic Product (QoQ) (Q1) (P) | ✓ | 0.40% | 0.20% | Quarterly |
| UK | 10:30 | Construction Output (YoY) (Mar) | ✓ | -2.70% | 0.30% | Monthly |
| Eurozone | 11:00 | Gross Domestic Product s.a. (QoQ) (Q1) (F) | ✓✓ | 0.60% | 0.60%** | Quarterly |
| US | 14:30 | Producer Price Index (MoM) (Apr) | ✓ | 0.30% | -0.10% | Monthly |
| US | 14:30 | Advance Retail Sales (MoM) (Apr) | ✓✓✓ | 0.80% | -0.30% | Monthly |
| US | 16:00 | Business Inventories (Mar) | ✓ | 0.20% | -0.10% | Monthly |
| US | 16:00 | Reuters/Michigan Consumer Sentiment Index (May) (P) | ✓✓✓ | 89.50 | 89.00 | Monthly |

Note: ✓✓✓ High ✓✓ Medium ✓ Low

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